

Fiscal Year End Accounting Cut-off Procedures



May 14, 2025
Zoom



Agenda

- Why is proper Year End Cut-off important?
- What information is available?
- What are key considerations to remember?



Why is proper Year End Cut-off important?

- Required by GASB as GAAP for a clean audit opinion
- Ensures consistency in reporting from year to year
- Audit is relied upon by stakeholders to 'evaluate' MSU as an entity
- Accrual basis vs. Cash basis
 - Focuses on earned/incurred vs. received/dispensed



What information is available?

<https://ctrl.msu.edu/financial-reporting/year-end-cutoff-procedures>

Year End Cutoff

- [Click for a complete download of the Year-End 2025 Cutoff Procedures.](#)
- [Click for Calendar of the Year-End 2025 Cutoff Dates.](#)
- [Click for the Fiscal Year End 2024 Accounting Cutoff Procedures Campus Forum Presentation](#) - *2025 Presentation Upcoming*
- [Click to View a Recording of the 2024 Cutoff Town Hall Presentation](#) - *2025 Presentation Upcoming*

For a review of the individual Year-End 2025 Cutoff Procedures sections:

- [Index: Year-End 2025 Cutoff Significant Dates Summary](#)
 - [Index: Year-End 2025 Cutoff Significant Dates Summary \(Excel version\)](#)
 - [What is New: Summary of New or Changed Year End Cutoff Procedures](#)
 - [Section A: Finance System Close Dates and New Year Activation Dates](#)
 - [Section B: Purchasing and Payments](#)
 - [Section C: Cash Receipts and Departmental Receivables](#)
 - [Section D: Intra-University Financial Documents](#)
 - [Section E: Account Maintenance and Accounting String Elements.](#)
 - [Section F: Human Resources and Payroll](#)
 - [Section G: Capital Equipment/Assets](#)
 - [Section H: Budget Reallocations and Organization of Interest \(OOI\)](#)
 - [Section I: New Fiscal Year Information](#)
 - [Section J: KFS Access/Role Review](#)
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Key considerations – Close dates

- Fiscal Period 12 (June) closes 5pm on June 30, 2025, except for:
 - Accounts payable until 5pm, July 7, 2025
 - Bi-weekly payroll until 5pm, July 8, 2025
 - Credit card receipts until 5pm, July 1, 2025
 - SPB and SSB documents initiated in June, but not approved until July
- Final Period 12 Operating Statements will be available on July 9, 2025.
- If you initiate a transaction in June, but it does not get approved by June 30, 2025, it will post to the new year (2025-26) in July once approved.
- Fiscal Period 13 (June – 2nd close) is open to campus from July 1, 2025, through 5pm, July 14, 2025. Period 13 is open further for central processing through July 24, 2025.



https://fin.ebsp.msu.edu/kfs-prd/portal.do?selectedTab=main

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Financial Systems Main Menu Maintenance Administration

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Message Of The Day

Accounting resources available at - <http://ctrl.msu.edu/COAccounting/FinancialSystemTrans.aspx>

Transactions

Financial Processing

- [Advance Deposit](#)
- [Auxiliary Voucher](#)
- [Budget Adjustment](#)
- [Cash Receipt](#)
- [Credit Card Receipt](#)
- [Disbursement Voucher](#)
- [Distribution of Income and Expense](#)
- [General Error Correction](#)
- [Indirect Cost Adjustment](#)
- [Internal Billing](#)
- [Intra-Account Adjustment](#)
- [Pre-Encumbrance](#)
- [Transfer of Funds](#)

Purchasing/Accounts Payable

- [Contract Manager Assignment](#)
- [Payment Request](#)
- [Requisition](#)
- [Vendor Credit Memo](#)

Administrative Transactions

Capital Asset Builder

- [Capital Asset Builder AP Transactions](#)
- [Capital Asset Builder GL Transactions](#)

Capital Asset Management

- [Asset Manual Payment](#)
- [Barcode Inventory Process](#)

Financial Processing

- [General Ledger Correction Process](#)
- [Journal Voucher](#)
- [Non-Check Disbursement](#)
- [Service Billing](#)
- [Service Provider Billing Upload](#)

System

- [Electronic Fund Transfer](#)

Lookup and Maintenance

Capital Asset Builder

- [Pre-Asset Tagging](#)

Capital Asset Management

- [Asset](#)
- [Asset Fabrication](#)
- [Asset Global \(Add\)](#)
- [Asset Location Global](#)
- [Asset Payment](#)
- [Asset Retirement Global](#)
- [Asset Transfer Global](#)

Chart of Accounts

- [Account](#)
- [Account Global](#)
- [Account Delegate](#)
- [Account Delegate Global](#)
- [Account Delegate Model](#)
- [Account Delegate Global From Model](#)
- [Financial Reporting Code](#)
- [Mission Code](#)
- [Object Code](#)
- [Object Code Global](#)
- [Organization](#)
- [Organization Review](#)
- [Program/Initiative Code](#)
- [Project Code](#)
- [Project Code Import](#)
- [Sub-Account](#)
- [Sub-Account Import](#)
- [Sub-Object Code](#)
- [Sub-Object Code Global](#)
- [Sub-Object Code Import](#)
- [Use of Funds](#)

Procurement Card (Pcard)

- [Procurement Card Maintenance](#)
- [Pcard Transactions](#)

Spartan Marketplace

- [Order Auto Limit](#)

Vendor

- [Vendor](#)
- [Vendor Contracts](#)

Year End Transactions

Capital Asset Management

- [Year End Depreciation](#)

Financial Processing

- [Year End Budget Adjustment](#)
- [Year End Distribution of Income and Expense](#)
- [Year End General Error Correction](#)
- [Year End Intra-Account Adjustment](#)
- [Year End Transfer of Funds](#)

Custom Document Searches

[Financial Transactions](#)

Capital Asset Management

- [Asset Maintenance](#)

Financial Processing

- [Disbursement Vouchers](#)

Purchasing/Accounts Payable

- [Electronic Invoice Rejects](#)
- [Payment Requests](#)
- [Purchase Orders](#)
- [Requisitions](#)
- [Vendor Credit Memos](#)

Balance Inquiries

General Ledger

- [Available Balances](#)
- [Balances by Consolidation](#)
- [Cash Balances](#)
- [General Ledger Balance](#)
- [General Ledger Entry](#)
- [General Ledger Pending Entry](#)
- [Open Encumbrances](#)
- [Current Account Balances](#)

Reports

General Ledger

- [Trial Balance](#)

Period 12/
Period 1 Entries

Period 13 Entries

100%

Key considerations – Procurement and Accounts Payable

- Invoices to be paid against purchase orders must be submitted to Accounts Payable by June 25, 2025.
- To make a payment, an approved vendor must be in the system. Please make sure all vendors requiring payments in June are established in KFS.
- PCard documents must be fully approved by June 30, 2025.
- Have you considered Accruals?
 - Any goods/services that you have received but not yet paid for?
 - Any funds you have disbursed for goods/services that will be used in the future?



Key consideration – Receipts

- Credit card receipts for June 30 will be entered on July 1, 2025, but post back to fiscal period 12 as a Journal Voucher. Related, administrative fee charges associated with this revenue will post on July 2, 2025, but will post back to fiscal period 12 as well.
- Have you considered Accruals?
 - Any revenue that you have earned but not yet received?
 - Any funds you have received but that apply to goods/services to be provided in the future?



Key consideration – Overdrafts

- In general, overdrawn accounts are not permitted, and Fiscal Officers and Fiscal Officer Delegates are responsible for managing their accounts to maintain positive balances.
- Fiscal Officers and delegates are responsible to make necessary ledger entries to fund overdrawn accounts, where applicable, at least on a quarterly basis. Period 13 balances will be used for Q4.
- See MBP Section 1 – Fiscal Officer Responsibility, for more information on overdrafts and related responsibilities.
- Stagnant accounts (no activity in the past year or more) should be considered for closure by the Fiscal Officer.



Key consideration – Fiscal Officer Certification

- As was communicated in the Fall, Finance is moving ahead with Fiscal Officer Certification
 - Fiscal Officers will be sent a required certification for completion.
 - The certification asks the Fiscal Officer to acknowledge responsibility for fulfilling specific duties as an FO and asks whether they have the appropriate training.



Accruals Deeper Dive - Expenditures

- GAAP requires that expenses be recognized when incurred.
- Incurred can be loosely defined as when did the transaction of goods or services occur.
 - Date goods that were ordered were actually received.
 - Period of time that consultants assisted the University.
 - Time worked by employees for which they are owed compensation.
 - Benefits earned by employees for work performed



Accruals Deeper Dive - Receipts

- Nonexchange – University receives something of value without directly giving value in exchange (ex. Donations).
 - GAAP requires recognizing revenue when resources or valid pledge are received assuming all eligibility requirements met.
 - Date that a contribution is received by a donor.
- Exchange – University receives and sacrifices something of approximate equal value (ex. Tuition).
 - GAAP requires recognizing revenue when earned meaning the University has performed its obligation.
 - Period that classes are hosted by the University.
 - Date goods are shipped to a purchaser.
 - Period that services are provided to a purchaser.



Accruals Deeper Dive

- “Slido”
 - These services keep adding paywalls... this one still appears to be free! Limited to 100 participants.
 - Please take out your phone/computer
 - Navigate to Slido.com and enter #694921 in the “Joining as a Participant?” field.
 - Once I activate the quiz, it will ask for your name on the “Polls” tab, and the quiz will run on this tab.
 - Assume all questions are related to cutoff at 6/30/2025 (FY25).



Key considerations – Intra-University financial documents (e.g. GEC, DI, SB, etc.)

- All Service Provider Billing (SPB) and Student System Billing (SSB) documents must be submitted by 5pm, June 30, 2025, and units will have 5 (SPB) or 6 (SSB) calendar days to approve. All SPB and SSB transactions will post to Period 12 regardless of when they are approved.
- If a transaction is initiated during Period 12 but is not approved in time for posting to Period 12, it will post to the new year once approved. If, for proper cut-off, the transaction should post to the old fiscal year, then the original transaction should be disapproved and a Period 13 transaction should be initiated and approved.



Key considerations – Account Maintenance

- To be used for FY 2024-25 activity (including Period 13), all accounts and sub-accounts must be final by 5pm, June 30, 2025. If an account or sub-account is created in July and a Period 13 transaction is posted to it, its balances will not roll forward properly.
- All sub-object codes must be final by 5pm, June 30, 2025. All pending requests not finalized by this deadline will be disapproved and the request will need to be re-submitted in the new fiscal year.



Key considerations – HR/Payroll

- Take note of due dates for personnel actions to be effective for final payrolls of the fiscal year.
- Similarly, please take note of due dates for salary redistributions to be effective for 2024-25.



Key considerations – Capital Equipment/Assets

- All invoices related to equipment received by June 30, 2025 should be sent to Accounts Payable for inclusion in the proper fiscal year.
- All capital equipment/asset maintenance, including retirements or transfers, should be completed by June 30, 2025. Capital equipment/asset activity must be frozen during July to finalize year end reporting and annual depreciation processing. Maintenance of assets can resume in August.



Summary

- Reference the year-end cut-off information in planning your June and July work.
- **DON'T DELAY!** Begin reviewing fiscal year-to-date activity and make adjusting entries now.
- Track your entries throughout the close process to ensure entries post to the proper fiscal year.



Thank you for attending!

Questions?

