

# Fiscal Year End Accounting Cut-off Procedures



May 15, 2024  
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/disbursed



# 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 2024 Cutoff Procedures.](#)
- [Click for Calendar of the Year-End 2024 Cutoff Dates.](#)
- [Click for the Fiscal Year End Accounting Cutoff Procedures Campus Forum Presentation](#)
- [Click to View a Recording of the 2023 Cutoff Town Hall Presentation](#)

## For a review of the individual Year-End 2024 Cutoff Procedures sections:

- [Index: Year-End 2024 Cutoff Significant Dates Summary](#)
- [Index: Year-End 2024 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](#)



# Key considerations – Close dates

- Fiscal Period 12 (June) closes 5pm on June 30, 2024, except for:
  - Accounts payable until 5pm, July 5, 2024
  - Bi-weekly payroll until 5pm, July 9, 2024
  - Credit card receipts until 5pm, July 1, 2024
  - SPB and SSB documents initiated in June, but not approved until July
- Final Period 12 Operating Statements will be available on July 10, 2024.
- If you initiate a transaction in June, but it does not get approved by June 30, 2024, it will post to the new year (2024-25) in July once approved.
- Fiscal Period 13 (June – 2<sup>nd</sup> close) is open to campus from July 1, 2024, through 5pm, July 12, 2024. Period 13 is open further for central processing through July 23, 2024.



action list doc search

Message Of The Day  
Accounting resources available at - <http://ctr.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](#)

Period 12/  
Period 1 Entries

- 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](#)

Period 13 Entries

- 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](#)



# Key considerations – Procurement and Accounts Payable

- Make sure all purchase order (PO) amendments are updated prior to June 28, 2024.
- 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, 2024.
- 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, 2024, but post back to fiscal period 12 as a Journal Voucher. Related, administrative fee charges associated with this revenue will post on July 2, 2024, 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

- The Office of the Controller is expanding outreach to departments to resolve overdraft accounts.
- Overdrafts should be cleared throughout the year, but Fiscal Officers should pay extra attention as the fiscal year approaches its close.
- Stagnant accounts (no activity in the past year or more) should be considered for closure by the Fiscal Officer.



# 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 #694922 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 6/30/2024 (FY24).



# 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, 2024, 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 2023-24 activity (including Period 13), all accounts and sub-accounts must be final by 5pm, June 30, 2024. 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, 2024. 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.
- 27 pay periods in FY 2024 – First time since 2013!
  - 6/16-6/29 pay period will post on July 9, 2024, with a post date of June 29, 2024, in KFS.
  - Office of Financial Planning and Budget will allocate additional budget to units to fund the 27<sup>th</sup> biweekly payroll on GF accounts.
- Similarly, please take note of due dates for salary redistributions to be effective for 2023-24.



# Key considerations – Capital Equipment/Assets

- All invoices related to equipment received by June 28, 2024 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 28, 2024. 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?

