

## Chapter 7- Month End & Year End Close

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PeopleSoft uses two different terms that are important:

**Close Period** refers to blocking further posting of transactions in a specific period.  
**Close Ledger** is the year-end process of adjusting the revenue, expense and net asset accounts and creating the beginning balances for the next fiscal year.

### 7.1 Close Period

Preparation for month-end is a very consistent process. Each accounting manager should have a detailed check list of tasks in some sequence.

Tasks in PeopleSoft include:

- Completion of all accounts payable (AP) transactions for the month including posting (to GL)
- Close the period in AP
- Completion of all asset management (AM) tasks including calculation and posting of depreciation (to GL)
- Close the period in AM
- Query to check for any unposted journals (LC\_UNPOSTED\_JOURNALS\_BY\_PD)
- Other period-end allocations
- Run statements and validate results
- Run trial balance and review for accuracy
- Run GL Period Balance function to post for Journey to Excellence (JTE)

Closing the period is a rather simple matter of moving a timeline of open periods to exclude the month being closed. There is an option to close one module at a time such as AP, then later AM, and finally GL. Here is the breadcrumb string to follow for a single module.

1. **PeopleSoft Product** – Enter or search for GL, AP or AM
2. **Business Unit** – Enter your business unit
3. **Ledger Group** – Select ACTUALS or BUDGET.
4. **Click “Search”**

Once you click on “Search” the following screen will appear.

1. Enter Year and Period to begin OPEN status.
2. Enter Year and Period to end OPEN status.
3. Save to modify open/close status.
4. DO NOT CHANGE THESE – We do not use this function

**Warning: Changing the open date back into a prior year and making changes requires additional “year-end” steps that are explained below in 7.3.**

## 7.2 Prepare to Close Ledger (Year End Close)

Closing the year is primarily a business function in terms of completing all year end reconciliations, reviews, allocations and adjustments as needed to be prepared for final reporting and the audit. Once those items are completed, the year-end close in PeopleSoft is a deliberate process. Typical steps would include:

- Normal Month-end processes for December
- Additional Reconciliations not done monthly
- Review of pledges receivable and adjustment to allowance and provision for uncollectible
- Documentation of each asset balance for the auditor
- Documentation of each liability balance for the auditor
- Other normal year-end processes
- Allocation of deferred projects over the year-end (see 5.13 above)

When all adjustments and allocations are complete and all transactions in PeopleSoft are posted including those coming from other software, the year-end close process can be run. The national standard is to complete these processes and close the year by the 10<sup>th</sup> business day of the new fiscal year. There are two parts to the process that should be done in sequence:

1. Process the Year-end Transactions

## 2. Close the 12<sup>th</sup> period

**NOTE: For a complete list of where various accounts close at year end, consult the Chart of Accounts contained in this guide.**

### 7.3 Process the Year End Transactions

This process will touch every account with balances in the 12<sup>th</sup> period of the year. Transactions are created by journal and posted to period 999. The final automated step is to create the beginning balance in period 0 of the next fiscal year. **What the Year End Close does:**

- Asset Account balances are rolled forward into period 0 of the next year.
- Liability Account balances are rolled forward into period 0 of the next year.
- Unrestricted Support and Revenue Account balances are moved to the appropriate unrestricted net asset account by journal. Projects are not retained for any unrestricted net assets.
- Temporarily Restricted Support and Revenue Account balances are moved to the appropriate Temporarily Restricted net asset account by journal. Projects are retained in the related Temporarily Restricted net asset account based on the type of contribution or revenue.
- Permanently Restricted Support and Revenue Account balances are moved to the appropriate Permanently Restricted net asset account by journal. Projects are retained in the related Permanently Restricted net asset account based on the type of contribution or revenue.
- Expense Account balances are moved to the appropriate unrestricted net asset account by journal. Projects are not retained for any unrestricted net assets.
- Net Asset Adjustment Account balances are moved to the related net asset account by journal. Projects are retained.
- Release from restriction Net Asset Account (3600 series) balances are moved to the related net asset account by journal. Projects are retained for temporarily restricted and permanently restricted entries.

#### 7.3.1 Processing the Year End Close

Unlike the period close, closing the ledger performs all the above stated processes. This process can be undone to post adjustments and then reported if needed. (See section 7.5.3.1)

Within the General Ledger tab, in Closing Ledgers open “Request Ledger Close”

The following screen will appear.

Favorites Main Menu > General Ledger > Close Ledgers > Request Ledger Close

## Ledger Close Request

Run Control ID: close [Report Manager](#) [Process Monitor](#) **Run** <sup>10</sup>

**Process Request Parameters** Find | View All | First | 1 of 1 | Last

**Process Frequency**

Once  **Always** <sup>1</sup>  Don't Run

Request Number: 1

\*Close Request Type: **Close** <sup>2</sup>

Business Unit for Prompting: L <sup>3</sup>  Check only, Do not process

Closing Group: YEAR\_END <sup>4</sup> [Rules to Execute](#)

Fiscal Year: 2018 Ledger Group: ACTUALS <sup>5</sup> Ledger: ACTUALS <sup>6</sup>

**Closing Date Option**

BU Process Date  **As of Date** Specify: 12/31/2018 <sup>7</sup>

**Selections**

Selected Detail Values  Detail - Selected Parents

Tree SetID: Tree: Level:

**Business Unit to Close** Personalize | Find | View All | First | 1 of 1 | Last

\*Select Value

L <sup>8</sup>

**9** **Save** [Return to Search](#) [Notify](#) [Refresh](#) [Add](#) [Update/Display](#)

1. Select "Always"
2. Select "Close" from the drop-down list.
3. Enter Business Unit
4. Closing Group – Search for "Year-End" from the list.
5. Search for ACTUALS.
6. Search for ACTUALS.
7. Click on the "As of Date" radio button and enter the year end date
8. Enter Business Unit again (must agree with above).
9. Click "Save"
10. Click "Run"

### Verify and Review

To check after the close, run a trial balance for January of the new year and look for beginning balances in asset, liability and net asset accounts.

## 7.4 Adjustments after Year-End Close

When there are transactions that were not completed before the year-end was processed, they may be accomplished using one of two prior year entry types. Some corrections will be made prior to the auditor beginning an analysis. The auditor may recommend certain adjustments to the prior year to conform to the final audit statements.

### 7.4.1 Council Adjustments

After the year-end process has run and before the audit has begun, the council may receive information that requires a journal change to the prior year. These should be recorded in the 12<sup>th</sup> period of the prior

year with a source code of “CA” for Council Adjustment. Keep careful documentation for the auditor for any such entries.

Create Journal ID that indicates this is a council adjustment and be sure the date is 12/31/XXXX of the prior year. Label your adjustments as needed.

1. Verify the Journal ID came over correctly
2. Verify the date is correct
3. Verify the desired accounting date is entered (period 12 of the previous year)
4. Change the Source code from GL to CA (Council Adjustment).
5. Click Save

Proceed to the lines tab and enter detail, Edit, and post as normal.

#### 7.4.2 Auditor Adjustments

The audit process may discover other areas where prior year balances need to be modified and recommend adjustments. These entries, when approved by the audit committee, should be entered using a source code of “AA” for Audit Adjustments.

Be sure the 12th period of the prior year is OPEN.

Favorites | Main Menu > General Ledger > Journals > Journal Entry > Create/Update Journal Entries

Header | Lines | Totals | Errors | Approval

Unit: L | Journal ID: AA-27 | Date: 12/31/2018

Long Description: AA ##27 - Reclass Deferred Revenue

\*Ledger Group: ACTUALS | Adjusting Entry: Non-Adjusting Entry

Ledger: | Fiscal Year: 2018

\*Source: AA | Period: 12

Reference Number: | ADB Date: 12/31/2018

Journal Class: | Transaction Code: GENERAL

SJE Type: |  Auto Generate Lines

Currency Defaults: USD / CRRNT / 1 |  Save Journal Incomplete Status

Attachments (0) |  Autobalance on 0 Amount Line

Reversal: Do Not Generate Reversal

4 | Save | Notify | Refresh | Add | Update/Display

Header | Lines | Totals | Errors | Approval

1. Create a unique Journal ID such as AA-#XX - Put date on 12/31/XXXX (last year)
2. Verify the accounting date is period 12 of the prior period
3. Select the "AA" source code from the list.
4. Save

Proceed to the "lines" tab, enter your journal, edit and post as normal.

### 7.4.3 Reclosing the Year – After Adjustments

After adjustments are made to period 12 the year-end process must be run again. This is a two-step process:

#### 7.4.3.1 Undo the Year-end Process

This will reverse the entries that created the entries in period 999 (year-end)  
It will also reverse the entries to period 0 of the next year (beginning balances)

Pull up the same Run Control ID you saved when you closed the year.

**Rule** –Journal entries can be made to any account except the pure net asset accounts. If modifications to these account balances are needed, use the appropriate adjustment accounts to affect the net asset balance. The council Audit Committee should review and approve of the adjustments recommended by the auditor.

The screenshot displays the 'Ledger Close Request' interface. Key elements include:

- Run Control ID:** Year-End-Close
- Process Request Parameters:**
  - Process Frequency:** Always (selected)
  - Request Number:** 1
  - \*Close Request Type:** Undo (highlighted in a red box)
  - \*Closing Type:** Year End
  - Business Unit for Prompting:** L590
  - Closing Group:** YEAR\_END
  - Ledger Group:** ACTUALS
  - Fiscal Year:** 2012
- Closing Date Option:** As of Date (selected), Specify: 12/31/2012
- Selections:** Selected Detail Values (selected)
- Business Unit to Close:** L590
- Buttons:** Save (highlighted in a blue box), Notify, Refresh, Run (highlighted in a yellow box), Add, Update/D

The only change should be in the red box.

1. Closing Request Type – Select “Undo” from the drop-down list.
2. Click “Save”.
3. Click “Run” AND On the next screen click “OK”.

#### 7.4.3.2 Deferred Allocations

Review the adjusting entries that were made and determine if any values were changed in revenue or expense accounts for projects that are deferred over the year-end. If that is the case, you will need to repeat instructions in 5.13.3 above with the assumption that the year-end deferred projects are still maintained in the year end allocation rules.

#### 7.4.3.3 Re-Close the Year

This will recreate the entries into period 999 (year –end)



It will also recalculate and re-populate the values in period 0 of the next year (beginning balances)

Now complete the same process described in **7.3.1** above to recalculate the year-end transactions and pass the beginning balances on to the new fiscal year.

**Close the 12<sup>th</sup> period of the prior year.**