Agenda

- Month-end Close
- Reimbursements and Unauthorized Purchases
- Fiscal Year-end Close
- Hospitality Procedures & Form
- Topics / Issues / Questions / Concerns

Next Scheduled Meeting: August 2014
Month-End Closing
Month-End closing

Is the last day of the month the end of the month?

Not for accounting purposes. Financial Services takes about 7 business days past the end of the calendar month to post final transactions, corrections, and budget entries.

Will this effect my department reports?
Month End Tasks

Yes, below is a list of the significant tasks that affect department balance and transaction reports but are not posted until after calendar month-end.

- LCD
- Chargebacks
- P-Card
- Direct bill travel (BTA/CRBTA)
- Office Max
- Voyager (gas card)
- Miscellaneous JE requests to correct/relocate transactions
Month End Notification

Rather than notifying departments via FIN-CMS when LCD is populated, beginning with May month-end close we will notify FIN-CMS when the fiscal month is closed.

- It is at that point that you can view/download your prior month’s transactions/balances and be assured that they WILL NOT change.

- With the exception of June closing, usually this is around the 7th business day following a calendar month-end.
Reimbursements vs. Unauthorized Purchases
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Why are reimbursements bad?

- Against CSU policy
- TIME
- Additional paperwork (4 vs 2)
- Skews purchasing data and strategic sourcing
- Out of pocket.....am I willing to risk the reimbursement amount being denied?
- Higher risk of conflict
- Asset tagging
- IRS Reporting
Reimbursements vs. Unauthorized Purchases

Is my purchase a valid PO reimbursement?

- Was the purchase related to hospitality?
- Was it needed that day?
- Was buying it NOW the only way to get the item?

If one or more of the above are “yes” then this is a valid PO reimbursement.
Reimbursements vs. Unauthorized Purchases

Is my purchase UNAUTHORIZED?
- Was it for a service?
- Was it for computers or networked devices?
- Was it made strictly for convenience?
- Was it made to circumvent normal campus processing?
- Was it over $1000?

If any of the above answers are “yes” then the reimbursement is UNAUTHORIZED and will require the completion of the Unauthorized Purchase Approval Request form.

NOTE: Completion of the form does not guarantee approval and reimbursement.
Fiscal Year End Close
Cutoff Timing between years is important.

Process all current year transactions
  Deposits received
  Obligations, if applicable
  Invoices received

In other words— the Actuals’ column should reflect ALL of the 2013-2014 revenues earned and expenses incurred – and ONLY 2013-2014 revenues earned and expenses incurred.
Open Commitment – Unpaid balance on PO

Obligation – Amount of open commitment that gets moved from the encumbrance to the actual column because the goods or services received pertain to the current fiscal year.

Encumbrance – an earmark or burden on the budget that has not yet been realized to the actuals’ column yet
Prepaid Expenses

**Prepaid Expense** – Payment in current fiscal year for services that will not be received until a future fiscal year.

- Usually “prepaids” are for subscriptions, memberships and licenses where you pay for services for a period of time that crosses into the next fiscal year or years.

- For example, payment of $12,000 in May 2014 for a subscription 6/1/14 - 5/31/15. Only 1/12 or $1,000 pertains to 2013-14. Therefore $11,000 would be considered a Prepaid Expense.
What is our objective at yearend?

The Actuals’ column should reflect **ALL** of the 2013-2014 revenues earned and expenses incurred – and **ONLY** 2013-2014 revenues earned and expenses incurred.

Prepaid Expenses need to be moved out of the Actuals’ column of expenses.
But what about the budget that I wanted to use in the current year to pay for that prepaid expense?

Financial Services has your back!
- We record the prepaid expense in the Encumbrance column as of 6/30—BBA is unchanged.
- On 7/1 of the new year the prepaid amount is returned to Actuals’ column from the encumbrance column.
- Since the prepaid amount was included in the encumbrance column at 6/30 the budget for this item will be rolled to your department by the Budget Office.
That sounds like a lot of work. How do I figure out how much is prepaid?

Yes, Financial Services still has your back! Financial Accounting & Reporting will compute the prepaid amount based on analysis of the invoices. We will post the entries that are needed in the encumbrance and actuals columns. Budget Office posts the budget entry rollforward for encumbrances.
May 22, 2014

Financial Services Forum

http://www.csuchico.edu/fin/Financial-Services-Forum.shtml

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