Year-end Process

Fiscal Year 2019

Nichole Curley, Controller’s Office

Agenda

- Importance of Year-end close
- Information and key dates
  - Purchasing
  - Accounts Payable
  - Payroll
  - Cashier
  - General Accounting
- Reminders & Updates
Year-end close for Brown

- No significant change in process from prior year
- Don’t wait until July!

Importance of a Close

- To prepare complete and accurate financial statements for the University for the period ending June 30, 2019 to distribute to our stakeholders (i.e. trustees, government agencies, bondholders).
Purchasing

• Creating New Orders
• Spend Category Changes
• Blanket Orders
• Receipting Goods & Services
• Closing Purchase Orders
• Purchasing Reminders & Updates

Jeanne Hebert, Director of Insurance & Purchasing Services

Jane Bonacich, Purchasing Operations Manager and Information Analyst, Insurance & Purchasing Services

Creating New Orders

Reminders:
• Create punch out orders as early as possible
  - Standard Requisition type
  - Supplies only
• When creating new Non-Catalog Items requisitions:
  - Use the correct Requisition Type
  - Review the spend category listing for correct spend (living document)
  - Provide pricing documentation

Tip: Use Preferred Suppliers whenever possible to take advantage of University-wide discount pricing. Go to Home | Purchasing and click on Preferred Suppliers link on left; or in Workday, click on the Preferred Supplier Listing icon on the landing page.
Spend Category Changes

- To provide more meaningful data and support the University's goals for strategic sourcing, spend categories have been added and made more specific; refreshed with revised descriptions
  - A dozen new spend categories have been created for IT purchases; for laptops, desktops, servers, networking equipment, tablets, storage systems and hosting
  - Copy & Print Paper (3820) for copier paper purchases
  - New spend category for Audio / Visual / Teleconference Equipment & Digital Displays <$5K (3079)
  - Instructional - 4055, to be renamed to Audio/Visual/Teleconference Equipment & Digital Displays >$5K (4055).
- Please see the spend category listing on the Controller’s web site
  https://www.brown.edu/about/administration/controller/workday

Tip: review spend category listing whenever requisitions are being created. Updates are frequent. Better reporting helps get better prices through contract negotiation

Blanket Orders

- Is a blanket order really needed?
- Blanket Orders are:
  - Orders that stand for one fiscal year only
  - Used to make payments for goods and services provided on a regular and consistent basis
    - Amount requested must be reasonable and based on expected purchasing activity for FY2019
    - Require pricing documentation to be submitted when requisition is submitted
- Blanket Orders are not:
  - To be used for consultants
  - A line of credit
Blanket Orders (continued)

- FY 2019 orders must be closed after the last invoice has been submitted
- New Blanket orders must be opened for FY2020, but only if truly needed
  - Select “Blanket Orders” as the requisition type
  - Enter the order description and any important information in the Item Description field of the Requisition
  - Enter Start and End dates
    - Goods: include dates in Item Description
    - Services: use the Start & End Date fields

Tip: Use last year's spend and revise for FY2020 expected changes. The better the estimate, the less time and effort spent on change orders.

Receipting of Goods & Services

- If placing an order in June – the expense will be reflected in FY19 if you actually receive the items or service by June 30th
- For Goods and Services received by June 30th – initiate the Workday task “Create Receipt” as soon as possible in order for that expense to be recorded in FY19
- Send invoice to Accounts Payable
Closing Purchase Orders

- All completed purchase orders need to be closed prior to year-end – even those with a zero balance
- New- Financial Coordinators are to close department POs
- Purchasing will close all punch out order POs- no form needed
- To find all open purchase orders, use the “Open Purchase Orders” Workday report (includes Requisition Type)
  - Keep “PO Date – Start” and “PO Date – End” blank
  - De-select “Only Open Invoice Amount” and “Only Open Receipt Amount”
  - Select Worktags (Cost Center, Grant, etc.)

Tip: To easily see 0.00 and low dollar balance POs in the report, click in column header “Open to Invoice (New)” and select Ascending to sort by remaining balance.

Closing Purchase Orders (continued)
Purchasing Reminders & Updates

- Uniform Guidance requirements as of July 1, 2018
  Increased focus on competition and transparency in the procurement process

- New signature authority schedule – please remember to check and have authorized individuals sign agreements

- PSA process:
  - The process is being reviewed and will include consolidation of some of the existing templates as well as a new form to help with the classification of employee vs. independent contractor
  - Communications will be sent as changes are made

Accounts Payable and Payroll

- Accounts Payable & Expense Reports– Closing Dates
- Manual Accruals & Prepaid expenses
- FY19 Salary Expenses & Payroll Accounting Adjustments

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Accounts Payable – Closing Date

- Accounts Payable transactions in Workday will close at 4:00 pm on July 15th for FY19.

- All invoices dated June 30th or prior and for goods or services received or performed in FY19 that have fully completed the business process will be automatically accrued in Workday (i.e. the expense will be recorded to FY19).

Expense Reports – Closing Date

- Expense reports will close in Workday at 4:00 pm on July 15th for FY19.
  - If the expense report is for travel or other reimbursable items incurred in FY19, you will need to change the expense report date to June 30, 2019.
  - Workday will automatically accrue the invoice and the expense will be posted to FY19.
Manual accruals

• There will be **NO** manual accruals*

(*Note that accruals may be allowed in certain circumstances if material and must be booked directly by the Controller’s Office - Please contact us at accounting@brown.edu)

Prepaid Expenses

• Expenses $5,000 or greater for FY20 requiring payment prior to July 1<sup>st</sup> can be processed by Accounts Payable if clearly marked “PREPAID FY20” in the memo field.
  - For example: PREPAID FY20 subscriptions

• The Controller’s Office will record a manual journal entry by July 16<sup>th</sup> to record the FY20 expense
Salary Expenses

- Workday will record salary expenses to FY19 through the following payroll period end dates:

<table>
<thead>
<tr>
<th>Salary frequency</th>
<th>Pay period end date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Biweekly</td>
<td>June 22, 2019</td>
</tr>
<tr>
<td>Weekly</td>
<td>June 29, 2019</td>
</tr>
</tbody>
</table>

*Weekly and biweekly payroll periods ending July 6th will be recorded in FY20

Payroll Accounting Adjustments

- FY19 payroll accounting adjustments that are approved and completed thru the Workday business process by the end of the day on July 15th will be posted in FY19.
Financial Services

- Deposits
- Credit Card Receipts
- Customer Accounts
- Updates & Reminders

Wynette Zuppardi, Financial & Administrative Services

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Deposits

- Do NOT hold checks. Bring to the Cashier’s window immediately as they are received.
- Closing – done ONCE on Friday June 28th
- Submit deposits, reimbursements, and transmittals by 12:00 noon on June 28th to ensure processing for FY19.
- No accruals/backdating on any deposits!

Review Cash & Check Handling Policy at www.brown.edu/cashier
Credit Card Receipts

- Credit Card receipts will be processed by the bank receipt date. Keep in mind the timing of receipt of funds – approximately 3-5 days after transaction.

Customer Accounts

- If you need to invoice for FY20 in June, use a July 2019 date on the invoice and the revenue will be reflected in FY20 beginning June 14, 2019
- July 1, 2019, DO NOT backdate any invoices (normal policy)
General Accounting

- Journal Entries
- Deficit Balances
- Workday Allocations

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Journals - integrations

- All integrations / internal services journal entries will be recorded by July 15th

- These include:
  - FAMIS
  - Bookstore
  - Dining
  - Graphics
  - etc.
Journals – XML Batkeys vs. Worktags

- Use of the XML template that uses Batkeys in the Salesforce journal entry application will be discontinued in FY20.
- The below XML template using Worktags is already available. Please contact accounting@brown.edu if you have questions or need the Worktags XML template:

<table>
<thead>
<tr>
<th>Driver Worktag</th>
<th>Optional Worktag 1</th>
<th>Optional Worktag 2</th>
<th>Optional Worktag 3</th>
<th>Spend Category / Sales</th>
<th>Debit Amount</th>
<th>Credit Amount</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG94025</td>
<td>PRG163</td>
<td></td>
<td></td>
<td>S6410</td>
<td>752</td>
<td>18764</td>
<td></td>
</tr>
<tr>
<td>CC30195</td>
<td></td>
<td></td>
<td></td>
<td>S6410</td>
<td>416.72</td>
<td>19263</td>
<td></td>
</tr>
<tr>
<td>EN463843</td>
<td>PRG159</td>
<td>Common1</td>
<td></td>
<td>S6410</td>
<td>693.86</td>
<td>18883A</td>
<td></td>
</tr>
<tr>
<td>CC30330</td>
<td></td>
<td></td>
<td></td>
<td>S9800</td>
<td>1862.58</td>
<td></td>
<td>Closed Projects</td>
</tr>
</tbody>
</table>

Journal Entries - Worktag Reminders

<table>
<thead>
<tr>
<th>DRIVER WORKTAGS:</th>
<th>RELATED WORKTAGS:</th>
<th>OPTIONAL WORKTAGS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Center (CC)***</td>
<td>Cost Center (CC)***</td>
<td>Location (LOC)</td>
</tr>
<tr>
<td>Grant (GR)</td>
<td>Business Unit (BU)</td>
<td>Assignee (A)</td>
</tr>
<tr>
<td>Project (PJ)</td>
<td>Fund (FD)</td>
<td>Program (PRG)</td>
</tr>
<tr>
<td>Endowment (EN)</td>
<td>Expense Purpose Code</td>
<td></td>
</tr>
<tr>
<td>Spendable Gifts and Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Worktags (GFT, SAC,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG, BIN, PRS, CN, etc.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REMINDERS:
1) *** A Cost Center can be a driver or a related worktag
2) Always enter DRIVER worktags first!
3) Do not change the default related worktags (except for cost sharing)
4) For more info on worktags, including spends/sales items/PRG’s:
   https://www.brown.edu/about/administration/controller/workday
Journal Entries – Year-end timing

- FY19 journals will be accepted by the Controller’s Office until 4:00 pm on July 18th

- Be careful with dates on journal entries and include Fiscal Year in Description to expedite posting entries!
  - FY19: remember to backdate to 6/30/19 and state “FY19 entry” in Workday memo field.
  - FY20: Include “FY20 entry” in Workday memo field

- The Controller’s Office will complete its review and approval by 4:00 pm on July 19th (all operating fund activity should now be complete)

Deficit Balances

- Endowments, spendable gifts and agency funds
- Helpful Workday reports
  - Endowment Income Report
  - Spendable Gift Report
  - Agency Account Report
Workday Allocations

- Facilities and sold service related allocations will be run by the Controller’s Office by the close of business on July 19th.

- Reserves – Allocations to close out cost centers to reserves (FD130) will be run by the Controller’s office by July 20th.

*Note: Workday will be unavailable Saturday July 20th from 2 am to 2 pm for scheduled maintenance.*

Journal Entries - Reserves

- FY19 designated fund transfers reserve journal entries (FD130 – reserves) will be accepted by the Budget / Controller’s Office until 4:00 pm on July 23rd.

- Please keep in mind:
  - Use journal source Designated Fund Transfer
  - Entries will route to the budget office for review and approval
  - Units will be contacted by the budget office if any additional adjustments need to be made
Summary of Key Dates

| Through June 30, 2019 | 1. Memo noting FY20 payments now through June 30, 2019, should state: “PREPAID FY20”
| | 2. Close completed Purchase Orders
| June 28 | 1. Deposits must be made by 12:00 pm
| | 2. Create receipt ASAP on goods received by June 30th
| July 15 | Last day FY19 operational activity including internal services, PAA’s, supplier invoices & expense reimbursements recorded in Workday. *Must complete entire business process*
| July 18 | Manual FY19 journals accepted until 4 pm (remember to backdate to 6/30/19 and include FY in description!)
| July 19 | All facility allocations / sold services are run
| July 20 | All operating fund activity is complete, and reserves allocations are run
| July 23 | FY19 designated fund transfers reserve journal entries (FD130 – reserves) will be accepted by Budget / Controller’s Office until 4:00 pm (*Designated Fund Transfer journal source should be used*)

Thank you for your time! Happy year-end!