



University of California  
San Francisco

# Fiscal Year 2017 Year End Close Presentation

*Controller's Office & Budget and Resource Management*


May 24, 2017 / June 5, 2017

# Agenda

- Overview of close process
  - Calculation of net position
  - Which accounts & chartfields carryforward?
- State Educational Appropriations
- Deficit management
- Crossing Funds
- Year end close key takeaways
  - Prelim, interim, and final dates
  - Specific processing deadlines
  - Financial and Internal Control audits
  - MyReports
  - GL Verification
- FY2018 updates

# Calculation of Net Position

	FY2017	FY2018
Net position-beginning*	\$ 50	\$200
Plus: Revenues*	200	
Minus: Expenses	100	
Plus: Other Changes*	<u>50</u>	
Net position-ending*	\$200	



- Net position is the accumulation of surplus / deficits over time
- \*MyReports “normalizes” sign conventions to show financial statement presentation and favorable/(unfavorable)
- FY2018 beginning of period net position balances cannot be finalized until after final close and Central review
- Controller’s Office will communicate when FY2018 beginning balances are available in MyReports

# Checking your Net Position in MyReports

In preparation of year-end close, use the Net Position report in MyReports to review balances and make appropriate transfers and allocations as necessary

Report Date Filters

Net Position Report

Report Date Range\*

From Jul 2016 To May 2017 -or- Quarter FY 2016-17, Q3 FY 2016-17, Q2 FY 2016-17, Q1

Run Report

1. Select date range

3. Click "Run Report"

Chartstring Filters

Select from MyFavorites

BU\*

Account

Fund

Dept ID▲

Project▲

Activity Pd

Function

Flexfield▲

SFCMP

SFMED

SFFDN

SFFPO

SFHEA

SFCHO

SFCHF

SFLPH

SFBCEP

SFCF1

SFJVA

SFNGO

Level D

Level E

Level 1

505054 - W\_General Accounting

Add Remove

Add Remove

Add Remove

Add Remove

Add Remove

Add Remove

Add Remove

2. Select Dept ID, then click "Add"

# Checking your Net Position in MyReports

Only selecting Dept ID in criteria will result in ending Net Position shown on report for each combination of Dept ID, Fund, and Project (DFP) under selected Dept ID

UCSF

University of California, San Francisco

Net Position Report

Chartstring:

Bus Unit: SFCMP; Fund/Fund Groups: All; Dept ID Node: 505054 - W\_General Accounting; Project: All; Function: All; Act Per: All; Flex: All;

Chartfield Attributes:

Dept ID Site: All; Project Award/Parent: All; Project Manager/PI: All; Project Use: All; Lab Owner: All;

Show Liens:

No

Show Flexfield:

No

Show 2 Decimal Places:

No

Report Specific Filter:

Fund Type: All; Fund Restriction: All; Deficits/Positive Net Position: All

Amount Types Displayed:

Date Parameters:

Jan 2016-May 2016

Run Date:

May 23, 2016 4:46 PM

Run by:

Turner, Shannon O

Sort 1

None

Sort 2

None

Show Liens

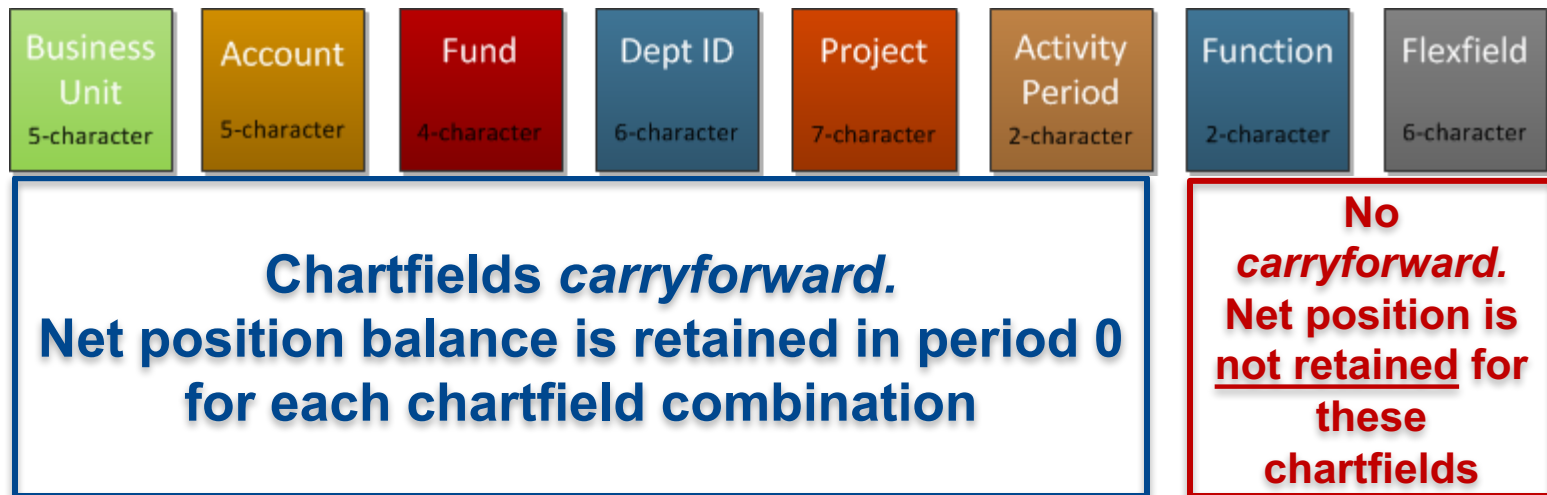
Show Flexfield

Update

Business Unit	Dept ID	Fund	Project	Parent/Award ID	Net Position - Beginning of period	Revenues	Expenses	Other Changes	Increase/(Decrease) in Net Position	Net Position End of Period
SFCMP	505054 - W_General Accounting	4005 - Federal Appropriations-ARRA	1111111 - General Unspecific	1111111 -General Unspecific	1,686,692	-	-	(1,686,692)	(1,686,692)	0
SFCMP	505054 - W_General Accounting	5000 - Campus core fund	1111111 - General Unspecific	1111111 -General Unspecific	(63,766,899)	-	-	63,766,899	63,766,899	0
SFCMP	505054 - W_General Accounting	5000 - Campus core fund	2000615 - Bank Fees	2000615 -Bank Fees	(78,356)	-	-	79,623	79,623	1,267
SFCMP	505054 - W_General Accounting	5000 - Campus core fund	2014055 - Laurel Heights Ground Lease	2014055 -Laurel Heights Ground Lease	0	-	-	(63,766,899)	(63,766,899)	(63,766,899)
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	1111111 - General Unspecific	1111111 -General Unspecific	(388,638)	606,722	1,674,751	218,323	(849,705)	(1,238,344)
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	2000612 - CVRI Faculty Support	2000612 -CVRI Faculty Support	0	-	(10)	-	10	10
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	2000615 - Bank Fees	2000615 -Bank Fees	(155,313)	-	152,460	313,519	161,058	5,745
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	2000621 - CFIA	2000621 -CFIA	(217,311,143)	-	-	1,763	1,763	(217,309,380)
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	2000622 - Remediation Liability	2000622 -Remediation Liability	(1,100,000)	-	-	-	0	(1,100,000)
SFCMP	505054 - W_General Accounting	5018 - Sale & Service Other [Bud]	2011976 - Neuroscience Bdg Rent	2011976 -Neuroscience Bdg Rent	6,866,722	-	-	-	0	6,866,722
SFCMP	505054 - W_General Accounting	5020 - Sales & Service Teaching Hosp	1111111 - General Unspecific	1111111 -General Unspecific	540,000	-	-	-	0	540,000
SFCMP	505054 - W_General Accounting	5030 - Sales & Service Aux Enterprise	1111111 - General Unspecific	1111111 -General Unspecific	7,264,048	-	-	-	0	7,264,048
SFCMP	505054 - W_General Accounting	8000 - Balancing	1111111 - General Unspecific	1111111 -General Unspecific	(32)	-	(72,167)	-	72,167	72,135

# Which Chartfields Carryforward?

The following illustrates what chartfields retain net position balances and roll forward from one year to the next during the close process:



# Account Carryforward based on Fund Type

Sponsored funds carry forward balances at the project level in period 0 for all awards for aforementioned chartfields, including revenue, expense and transfers so inception-to-date reporting can be easily extracted over the life of a project/award

Account type	Sponsored Funds	Non-Sponsored Funds
Asset	Carryforward inception-to-date balances in period 0 for all chartfields	Carryforward balances in period 0
Liability		
Net position		
Revenue		Each year net position is calculated and balances exist in periods 1-12 only
Expense		
Transfers		

- Additionally, sponsored budgets carryforward in the PeopleSoft ledger from one fiscal year to the next

# General Planning for Fiscal Close

- Note balances in 1900/1924 and plan to have no deficits and only small carry-forward balances
- Look at your endowment income fund balances and make sure you are in compliance with the 5 year rule
- Review gift balances and make good stewardship choices about using these funds
- Manage deficits across all funds
- In general, revenue should not be moved from one fund to another fund
- Note STIP income for June will post during final close



# State Educational Appropriations should be fully expended during the fiscal year

- State Educational Appropriations are funds 1900 and 1924
- Managers should plan to end the year with a zero balance
- Deficits are not permitted
- Carry-forwards are permitted, but discouraged. Control Points should partner with BRM to identify balances needing to be carried forward by June prelim
- Carry-forwards are permitted on other centrally-allocated funds

# A deficit is defined as a negative financial net position at the close of the fiscal year

- Deficits are identified by Fund and Level 2 Dept ID Net Position
- When there is a deficit at the Fund/Dept ID level 2, analysts should identify the specific project(s) where deficits exist and take action to clear the deficit or provide an explanation to your Control Point. Deficits below the Dept ID Level 2 do not need to be resolved by fiscal close
- Best practice: As part of regular planning and financial cycles, identify structural and ongoing deficits and take action. Doing so will help smooth your fiscal close activities in future years
- <http://policies.ucsf.edu/policy/250-12>

# Deficits on non-sponsored activities may be carried forward in certain circumstances

A deficit may be carried forward if/when:

- An authorized deficit resolution business plan is in place and the unit is in compliance with the plan
  - Deficit resolution business plans are first approved by the control point and then are submitted for approval to Budget and Resource Management who will review the plan(s) on behalf of the Chancellor
- The deficit occurs on a recharge fund and the unit is in compliance with campus recharge policy

# Endowment income should not be allowed to accumulate beyond five years

- The campus has a legal requirement to expend endowment income as specified by donors
- Per policy, endowment income should not accumulate more than the equivalent of five years of income
  - <http://controller.ucsf.edu/gifts/>
- Best practice: review your endowment income funds and plan on expending balances that have accrued five or more years of payout

# Crossing funds

- The fund chart field exists to enable tracking uses against sources
- In general, revenue should not be transferred from one fund to another. Doing so changes the “color of the money” for transactions
- Instead, expenses should be recorded against available funds in order to spend down balances
- Exceptions are allowed for certain funds to be used to fund capital projects, debt service, or to create a fund functioning as an endowment. For a complete list of exceptions:

[http://controller.ucsf.edu/accounts/files/COA\\_Moving\\_Money\\_Quick\\_Reference.pdf](http://controller.ucsf.edu/accounts/files/COA_Moving_Money_Quick_Reference.pdf)

# Posting June STIP

- UCOP distributes June STIP income to UCSF during the interim close period
- June STIP earnings will be calculated based on the Fund-DeptID balance at interim close
- June STIP will post in the final close period
- While discouraged, units may move STIP around during the course of the year. Please refer to the STIP job aid for instructions: <https://brm.ucsf.edu/stip>

# Year End Close Key Dates

The following dates are key items for this year's close process:

- June 12-23: PwC interim audit
- July 14: June prelim close
- July 21: June interim close
- July 25: June Control Point close
- July 28: June final close
- Aug 14-Sept 8: Year-end audit

JULY 2017						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

[www.print-2017-calendar.com](http://www.print-2017-calendar.com)

- Note there are possible June entries identified during the PwC year-end audit; CO will work with CP's if impact to Departments
- Please see Monthly Schedule on Controller's website for detailed year end close deadlines <http://controller.ucsf.edu/accounts/procs.asp>

# Journal Entry Processing

During year end close, there are some unique items related to journal entry processing:

- Departments must be complete with journals by interim close
- Final close is for Control Points only
- No exceptions will be granted to these deadlines due to reporting requirements and strict timelines outlined by UCOP
- Prelim and interim journal entries follow normal month end close workflow process; no additional journal entry approval is required
- Final close journal entries route in PeopleSoft to Control Points and then to the Controller's Office for review and approval
- For any reversing journal entries, remember the reversing journal entry box in PeopleSoft must be checked



# July Journal Entries

July (Period 1 for FY18) also has some unique items related to journal entry processing:

- Both the June FY2017 and July FY2018 periods will be open at the same time in PeopleSoft GL
- July 17<sup>th</sup>: July period opens (following prelim close)
- August 7<sup>th</sup>: July period closes for Campus
- August 9<sup>th</sup>: July period closes for UCSF Health
- Default journal entry effective date is calendar date journal entry is created in PeopleSoft; reminder to change date if applicable
- Reminder to check to ensure any reversing journal entries have correctly reversed

# Payroll

Note the following Payroll specific action items and deadlines related to the year end close:

- Reconciliation of FY2017 payroll transactions to ensure:
  - Employees are active and paid on the correct Dept ID and fund
  - Expense transfers and adjustments are identified
- The last date to submit Payroll Expense Transfer Uploaders (PETUs) to the CO Solutions Center to be included in the June ledger:
  - June 23<sup>rd</sup>: PETUs for sponsored funds
  - July 10<sup>th</sup>: PETUs for non-sponsored funds
- Please remember to use the [Payroll Expense Transfer Uploader](#) (PETU)

# Payroll Pay Cycle Summary

- The biweekly salary accrual now occurs monthly and will post with June payroll on **June 26<sup>th</sup>**
- June leave usage will be included in the **July 13<sup>th</sup>** pay compute and will be reflected in MyReports on **July 17<sup>th</sup>**
- Posting dates for June payroll transactions:

Pay Cycle	PETU*	Pay Compute	Available in MyReports
<u>June</u> MO/MM	6/21/17	6/23/2017	6/26/2017
July XX-1	6/27/17	6/29/2017	7/3/2017
July B1	7/3/17	7/6/2017	7/10/2017
July XX-2	7/10/17	7/13/2017	7/17/2017

\*PETUs received by 5pm on this date are guaranteed for batching into the adjacent pay compute. You will be contacted if the PETU requires additional review that may delay batching.

# Payroll Expense Transfers

- PETs are accrued when received using journal id *CGAMMDDA*, where *MMDD* is the month and day processed.
- The reversing journal (*CGAMMDDAR*) will occur the same night the actual payroll expense posts to the General Ledger.
- PETUs for June received on or after July 11<sup>th</sup> will:
  - Automatically be included in the July payroll journal and accruals will appear in the July general ledger.
  - Require approval from your Control Point Finance Administrator and a justification if you are requesting to accrue for the PETU in the June ledger.

# Cash

Note the following Cash specific action items and deadlines related to the year-end close:

- June 30<sup>th</sup>: deadline to deposit cash for FY2017
- Record related non-sponsored cash / check deposit journal entry in timely manner from when the deposit was made
- Review wire / ACH deposit lists to claim additional funds received for your department
- All related journals must be complete, accurate and legible to ensure review and approval by Cash and Controls
- Refer to job aid on non-sponsored cash related journal entries at [http://controller.ucsf.edu/cash\\_handling/procs.asp](http://controller.ucsf.edu/cash_handling/procs.asp)

# Purchasing

Note the following Purchasing specific action items and deadlines related to the year end close:

- May 31<sup>st</sup>: deadline for BearBuy approved requisitions <\$50k to be received by Supply Chain Management (SCM)
  - Requisitions after May 31<sup>st</sup> will be processed as received, but not guaranteed to be included in FY2017
- Requisitions >\$50k are dependent upon complexity; no guaranteed processing timeline
- Notify SCM if time sensitive orders may be delayed in the approval process
  - Send notification via email to: [BearBuy@ucsf.edu](mailto:BearBuy@ucsf.edu)
  - Include the requisition number, supplier name, amount, Dept ID, Fund, Project and Account

# Purchasing, cont.

- June 6<sup>th</sup>: deadline to submit PO close, lien removal and chartfield change requests
  - Requests received after deadline will be processed in the order they are received, but are not guaranteed to be completed by fiscal year end
  - Use BearBuy Change Order Request form to request chartfield changes or PO closure to remove lien

# Accounts Payable

Note the following Accounts Payable specific action items and deadlines related to the year end close:

- June 30<sup>th</sup>, 5pm: deadline for items below to be submitted to Accounts Payable
  - Invoices
  - Check requests or BearBuy Payment Request Forms
  - Meeting and Entertainment Forms
  - Approved MyExpense reimbursements
- All items must be complete, accurate, legible, and applicable POs are open and valid to ensure processing by AP
- P-card transactions for Statement End Date of 6/26/2017 will be posted for FY17 close.



# Accounts Payable – Accruals

Note the following Accounts Payable - Accrual specific action items and deadlines related to the year end close:

- July 19<sup>th</sup> (Noon): deadline to submit accrual requests to AP for invoices >\$100k related to FY2017
- After July 19<sup>th</sup> only invoices >\$300k will be accrued
- BearBuy Match Exceptions and approved invoice accruals are made by AP for invoices received, but not yet paid because of errors such as chartfields, missing approvals, etc.
- Send invoice accrual requests to Jeff Uchida at [jeffrey.uchida@ucsf.edu](mailto:jeffrey.uchida@ucsf.edu)

# Sponsored Research

Note the following Sponsored Research specific action items and deadlines related to the year end close:

- June 30<sup>th</sup>: deadline to deposit cash for FY2017; Departments should not prepare cash journal entries
  - CGA is responsible for recording revenue and accounts receivable into both the General Ledger and Research Administration System (RAS)
  - Please see Sponsored Research cash handling procedures for more information: [http://controller.ucsf.edu/cash\\_handling/drop\\_safe.asp#3](http://controller.ucsf.edu/cash_handling/drop_safe.asp#3)

# Sponsored Research, cont.

Note the following Sponsored Research specific action items and deadlines related to the year end close:

- All FFRs and Final Cost Reimbursable invoices are prepared based on General Ledger balances (i.e., no manual adjustments)
- Reports and invoices based on June balances will be prepared using the interim close balances
- Final Reporting Certifications should be submitted via PeopleSoft RAS using normal operating procedures and timelines appropriate for the award

# Sales and Services Revenue

Note the following Sales and Services Revenue specific action items and deadlines related to the year end close:

- Controller's Office General Accounting will be recording accruals for sales and service revenues related to FY2017 activities where the cash has not been received by Departments by June 30<sup>th</sup>
- July 14<sup>th</sup>: deadline to provide invoices >\$50k billed to a 3<sup>rd</sup> party on or before June 30<sup>th</sup> which remain unpaid at June 30<sup>th</sup>
  - Email invoices to Christine Tran at [Christine.tran2@ucsf.edu](mailto:Christine.tran2@ucsf.edu)
- Additionally, we are required to review cash receipts received after June 30<sup>th</sup> to ensure the related revenue and accounts receivable has been properly stated in FY17 results
  - Controller's Office will work with Control Points for cash receipts related to Departments

# Internal Control Audit

The internal control audit is part of the financial statement audit and is performed to ensure key financial controls are appropriately designed and operating effectively

- Controller's Office is liaison with PwC
- Process walkthroughs and key control testing performed Centrally include cash, capital assets, purchasing, accounts payable, sponsored research, sales and service and payroll
- Key control for Departments is GL Verification
- In preparation of the audit:
  - Ensure GL Verification documentation is complete and organized
  - Have documentation readily available
  - Be ready to discuss your process if requested

# Financial Audit

The financial audit is to ensure our financial statements have been prepared in conformity with accounting principles generally accepted in the United States

- August 14<sup>th</sup> – Sept 8<sup>th</sup>
  - PwC performs year-end fieldwork
- Mid - September
  - Roll-up certifications provided to applicable parties
  - See details at <http://controller.ucsf.edu/accounts/cert/>
  - Roll-up certifications due to Controller's Office
- Single Audit (formally A-133): UCSF is not in scope for FY17

# MyReports

MyReports will update during the year-end close consistent with the process throughout the year and will reflect previous business day posted activity

- There is no differentiation between prelim, interim and final close in MyReports
- Run reports throughout the close process to obtain the most up-to-date information
- Transaction Detail Report displays the ledger posting date if the Show Detail Columns option is selected
- MyReports will notify users once FY2018 beginning balances are updated, estimated to be week of July 31<sup>st</sup>

# GL Verification

GL Verification is the key control for UCSF

- Departments are required to review transactions recorded to their Dept ID(s) throughout the year
- Verification of transactions involves timely:
  - Review of transactions in the General Ledger
  - Summary level review of Departmental results
  - Correction of any errors discovered and appropriate cost transfers
  - Completion of the verification signoff sheet with at least two signatures and date of reconciliation and review
  - Organization of all related supporting documentation



# GL Verification, cont.

- GL Verifications should be complete 30 days after the previous month-end close
- To allow time for necessary corrections and transfers at year-end, complete June GL Verification no later than July 21<sup>st</sup>
- Please see link below for additional guidance and best practices related to verification of expenditures
  - [http://controller.ucsf.edu/accounts/files/GL\\_Verification\\_Procedures.pdf](http://controller.ucsf.edu/accounts/files/GL_Verification_Procedures.pdf)

# Questions or Feedback

## Contact Information:

Functional Area	Contact	Email
Close Coordinator	Shannon Turner	<a href="mailto:Shannon.Turner@ucsf.edu">Shannon.Turner@ucsf.edu</a>
Payroll	Shylah Hamilton	<a href="mailto:Shylah.Hamilton@ucsf.edu">Shylah.Hamilton@ucsf.edu</a>
Accounts Payable	Gail Kawakami	<a href="mailto:gail.kawakami@ucsf.edu">gail.kawakami@ucsf.edu</a>
Purchasing	Vanessa Wong	<a href="mailto:Vanessa.Wong@ucsf.edu">Vanessa.Wong@ucsf.edu</a>
CGA	MC Gaisbauer	<a href="mailto:mc.gaisbauer@ucsf.edu">mc.gaisbauer@ucsf.edu</a>
PET	Ellyn McCaffrey	<a href="mailto:Ellyn.McCaffrey@ucsf.edu">Ellyn.McCaffrey@ucsf.edu</a>
BRM	Deb Fry	<a href="mailto:Debra.Fry@ucsf.edu">Debra.Fry@ucsf.edu</a>



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