

FY18 Year-End Reporting and Communication Meeting

April 6, 2018





Agenda

1. Year-End Contacts
2. Year-End Memo
3. Year-End Cut-Off Deadlines .
4. Year-End Journals
5. Variance Analysis Process
6. Endowment Matters
7. RSF (Research Support Fund)
8. Important Tips
9. Knowledge Base Reference Articles
10. Questions & Comments



1. FY18 Year-End Contacts

Finance Infrastructure and Transaction Services

Director **Julie Ghayad** 398-2783

Transaction Services

Manager, Transaction Services Tonia Sciannamblo 398-8815

Accounts Payable & Pcard Kimberley-Ann Renaud 398-1065

Banking Services Peter Guertin 398-3353

Accounts Receivable Maria Anania 398-2311

Travel Help Desk traveldeskhhelp.acct@mcgill.ca 398-3180

1. FY18 Year-End Contacts

Finance Infrastructure and Transaction Services (cont'd)

Director	Julie Ghayad	398-2783
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Finance Infrastructure

Senior Financial Analyst	Quynh-Ly Pham	398-2956
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Finance Security	fissecurity.acct@mcgill.ca	398-8294
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Finance Help Desk	fishelp.acct@mcgill.ca	398-3463
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1. FY18 Year-End Contacts

Capital Projects

Manager

Luana Sorella

398-2261

Research Financial Management Services

Director

Elvie Coletta

398-5188

Student Accounts

Director

Mary Jo McCullogh

398-2315

Procurement Services

feedback.purchasing@mcgill.ca

2. Year-End Memo

<http://www.mcgill.ca/financialservices/resources/yearend>

Mon	Tue	Wed	Thurs	Fri
	26	27	28	29
			5:00pm: Deadline to submit to FS "do-not-cap" requests for spendable income funds	GOOD FRIDAY Statutory Holiday
ASTER MONDAY Statutory Holiday	2	3	4	5
				5:00pm: Expense reports for non-FST enabled units
10:00am: PO Crystal reports e-mailed 10:00pm: MARCH close	10	11	12	May 2018 (FY19) OPENS 5:00pm: Submit all payroll journals
	12 midnight: Submit POPS for last Bi-Weekly Casual payroll 12 midnight: Submit Bi-Weekly Student Appt. Form payroll 12 midnight: Submit Overtime & Misc. payment for Bi-Weekly Hourly payroll		5:00pm: Payment requests received by Accounts Payable	
10:00pm: PO Liquidation request Form for liquidation of encumbrances 10:00pm: Expense reports for FST enabled units	16	17	18	19
	5:00pm: Complete purchases for approval deadline in MOPS	4:00pm: Notify FS re: financial discrepancies	12 midnight: Submit Overtime & Misc. POPS	
10:00pm: Submit Finance AR Request for Invoice on WEB 10:00pm: Notify Procurement Services to cancel PRs & POs 10:00pm: Submit Finance AR feeds 10:00pm: Minerva Award Processing Form for BSA payments	23	24	25	26
	12:00pm: Cash & cheque deposits made via Macdonald campus security box 8:00pm: Reconciliation of P Card transactions using MOPS	2:00pm: Positive approvals returned to AP for payment 8:00pm: <u>Approval</u> of P Card transactions using MOPS for Research Grants/Contracts (2F/2M fund types) if Reconciler is not a FST	12:00pm MMP System unavailable until 9:00am May 1 st 3:00pm: Complete & Submit FY18 PRs 8:00pm: <u>Approval</u> of P Card transactions using MOPS for Non-Research Grants/Contracts (ALL fund types except 2F/2M) and for 2F/2M fund types if the Reconciler is a FST	2:00pm: Submit AP Feeds 3:00pm: FY18 PRs local approval 5:00pm: Submit Student AR feeds 5:00pm: Submit details of equip. leases
APRIL/MAY 2018				
Mon	Tue	Wed	Thurs	Fri
10:00am: Cheq s received by FS for deposit 10:00pm: Central approval of FY18 PR's 10:00pm: POs issued for all approved FY18 PRs 10:00pm: Complete online Banner AR forms 10:00pm: Complete online IDC & Journals 10:00pm: Cash/ cheque deposits directly at bank 10:00pm: Complete budget adjustments	30	1	2	3
	8:00am: Open online Banner AR forms 9:00am: MMP re-opens		4:00pm: Submit FY18 GL feeds	
1st CUT-OFF FISCAL 2018 All 2017-18 Standing Orders with a unit of measure of "YR" will automatically be closed	7	8	9	10
				5:00pm: Deadline to submit RSF
	14	15	16	17
VICTORIA DAY Statutory Holiday	21	22	23	24
	2nd CUT-OFF FISCAL 2018 12:00pm: Delete incomplete IDC's and journal entries			
	28	29	30	31
			5:00 pm: Variance analysis reports due (after payroll accrual)	

QM/MS: FS: Financial Services, Appt: Appointment, Misc.: Miscellaneous, AR: Accounts Receivable, AP: Accounts Payable, DR: Purchase Requisition, PO: Purchase Order



3. Year-End Cut-Off Deadlines

1st Cut-Off

On-line submission of journals: **Monday, May 7th**

Blackout Period

FGAJVCQ, FGAJVCD, & FGAENCB will **NOT** be accessible for processing transactions from: **Monday, May 7th 9:00 a.m. to Tuesday, May 8th 9:00 a.m.**

2nd Cut-Off..

On-line submission of journals: **Tuesday, May 22nd**

3. Year-End Cut-Off Deadlines

Final FY18 Close

- Scheduled for – **Friday, June 1st**

Year-End Audit

- External auditors on site:
1st week of July



4. Year-End Journals

Accruals:

- Payroll
- Accounts Receivable
- Inventories
- Prepaid Expenses
- Unearned Revenues

- Accounts Payable: **NEW** process in FY18



4. Recurring Journals

Recurring Journal Definition:

- A journal entry that is required every quarter and/or at year-end

Example recurring journals:

- re-allocate certain costs
- charge overhead
- redistribute net surplus/deficits between departments

4. Year-End Accruals

Payroll - Account 200307

Contact: Ani Kotchounian

Bi-Weekly Payroll: Accruals for FY18

PAY TYPE	PAY REF	START DATE	END DATE	PAY DATE	ACCRUAL IN FY18
Salaried	B0-10	April 29	May 12	May 11	10%
Hourly	B2-9	April 08	April 21	May 03	100%
Hourly	B2-10	April 22	May 5	May 17	60%

4. Year-End Accruals

Payroll – Account 200307

Payroll Accrual

- Last pay period for FY18 paid out in May:
 - Salaried : 1 day accrual in April → **April 30**
 - Hourly : 10 days accrual in April → **April 9-13 & April 16-20**
 - Salaried casuals: 6 days accrual in April → **April 23-27 & April 30**
- Posted after first cut-off in Period 14 with a transaction date of April 30, 2018
- Encumbrance released by the amount of the above accrual, with a transaction date of April 30, 2018
- ME16 journal type to be used
- Reversal of accrual with transaction date of May 1, 2018 (before May closes on June 7th)

4. Year-End Accruals

Payroll – Account 200307

Payroll Accrual – All Fund Types

- Do not accrue for Vacation – this is done centrally

4. Year-End Accruals

Payroll – Account 200307

Retirement

- Don't accrue for retirement settlements – this is done centrally

Pay Equity

- Accrual and/or adjustments to be done centrally

4. Payroll Adjustments

Contact: HR Service Centre – local 4747 or email pops.hr@mcgill.ca

The deadline for submitting payroll journals is **5:00PM FRIDAY, APRIL 13, 2018**. These payroll journals must pertain to salary adjustments already booked in Banner.

PAY FREQUENCY	PAY TYPE	PAY PERIOD ENDING	PAY DATE	SUBMIT BY
Bi-Weekly	Casual	April 7	April 19	Tues. April 10
Bi-Weekly	Student Appt Form	April 7	April 19	Tues. April 10
Bi-Weekly Hourly	Overtime & Misc	April 7	April 19	Tues. April 10
Bi-Weekly Salaried	Overtime & Misc	April 28	April 27	Thurs. April 19
ALL	Payroll Journals			Fri. April 13



4. Year-End Accruals

Accounts Receivables – Account 100046

Accounts Receivables

- Represent amounts due from external parties for goods or services rendered in the current year

However...

- Payment not received as at April 30th

4. Year-End Accruals

Accounts Receivable – Account 100046

Example:

- Goods are delivered to an external customer in FY18 but cash has not been received
- Consulting work is completed by April 30th but payment not received in FY18

What would be the journal entry to record these transactions?

Dr. A/R (100046)
Cr. Revenue (5xxxxx)



4. Year-End Accruals

Inventories – Account 100103

- All items held for **external resale** should be recorded as inventory
- Inventory must be valued at the lower of cost and net realizable value, i.e. what you can sell it for if lower than cost
- Not all Faculties/Units have inventory
- Bookstore, Dentistry, Residences, Faculty Club, Athletics **DO** hold inventory
- Stationery stock in your department is **NOT** considered inventory



4. Year-End Accruals

Inventories – Account 100103

Example:

- Residences – goods purchased for the vending machines and cafeterias that are to be sold to students
- Dentistry – equipment purchased for students

Journal Entry:

Dr. Inventories 100103

Cr. Purchases at Cost 700570



4. Year-End Accruals

Prepaid Expenses – Account 100111

Expenses paid in one fiscal year but which specifically relate to the operations of a future fiscal year.

Examples:

- Software license purchased in April 2018 covering the period of May 1, 2018 to April 30, 2019
- Course materials purchased or other fees paid for in April to be used for the Summer or Fall session

Journal Entry:

Dr. Prepaid Expenses 100111
Cr. Expense 7xxxxx

4. Year-End Accruals

Prepaid Expenses – Account 100111

Example:

In FY18, you have prepaid an expense for the total amount of \$150,000 for rental of the equipment (15 month contract from Feb. 1, 2018 – April 30, 2019). What is the correct entry to be booked in FY18 at Year-End?

Dr. Prepaid Expense (100111)	\$120,000
Cr. Expense	(7xxxxx) \$120,000



4. Year-End Accruals

Accounts Payable – Account 200008

Accruals: NEW

Faculties/departments/units are no longer required to book AP accruals.

➤ Prior to second cutoff:

- For invoices received in Accounts Payable (AP) with an **invoice date of April 30th or prior, regardless of amount**, AP will book **ALL** accruals via a Feed to the respective FOAPAL.
- For invoices received in AP with an **invoice date of May 1st or later, valued at \$25,000 or greater** before taxes, AP will **review and accrue, if necessary**, via a Feed to the respective FOAPAL.

If you are in possession of any invoices for goods and/or services received/rendered on or before April 30, 2018, please forward them no later than June 17th to Accounts Payable via email to accountspayable@mcgill.ca

4. Year-End Accruals

Unearned Revenue – Account 200086

- Cash or revenues collected in advance of the delivery of the good or service

Examples:

- Athletics – Annual Membership fee received for calendar year Jan to Dec 2018
- Residences – Revenue received for summer rentals

Journal Entry:

Dr. Revenue 5xxxxx
Cr. Unearned Revenue 200086



4. ME Journals

- **How to access and create an ME journal**
- **Reference #**
- **Why create an ME over a JE**
- <http://kb.mcgill.ca/kb/?ArticleId=3855&source=article&c=12&cid=6#tab:homeTab:crumb:8:artId:3855:src:article>

4. Year-End Journals & Accruals

Questions??

5. Variance Analysis

- Fiscal 2018 traditional 12 month fiscal year with quarters ending in July, October, January and April
- Comparatives for FY17 are also twelve months





5. Financial Statement Groupings

Examples of Groupings

- Knowledge base link to accessing hierarchy reports
<http://kb.mcgill.ca/fskb/easylink/article.html?id=4003>
- Each line item is driven by account types and account codes
- In FY18 with the Chart of Accounts Optimization project, some revenue and non-salary account codes have been terminated. This may have an impact on your variance analysis when comparing to prior fiscal year. Please refer to the links below ; dedicated section on FS website related to the Chart of Accounts:
 - [revenue account codes](#)
 - [non salary account codes](#)

5. Financial Statement Groupings

Examples of Specifications for P&L Statements

Line-item:	Line-item Specifications:
Sales of Goods & Services	Account type 2 is one of 5C, 5F, 5K, 5M and account code 3 <> 50010
Non-Academic Salaries	Account type 1 = 60 and Account code 1 = 603 or account code is one of 600096, 600097
Contract Services	Account code 3 = 70034 OR Account code = 770027, 770900



5. Financial Statement Groupings

Revenues

5C Sales of Goods & Services:

- 50005 – Sales of Goods & Services
- 50006 – Rental Revenue
- 50007 – Royalties, License Revenue
- 50008 – Registration/Membership Fees
- 50010 – Contract/Consulting Services Revenue
- 50057 – Sponsorship Revenue



5. Financial Statement Groupings

Salary Expenses

603 Admin & Support Staff Salaries

- 6005 – Admin & Support Staff Salaries
 - 60010 – Support Staff Salaries
 - 600018 – Managerial Salaries
 - 600020 – Technicians
 - 600021 – Clerical
 - 600022 – Trades & Services
 - 60011 – One time & Casual Staff Payments
 - 600023 – Overtime
 - 600024 – Casual & One time (Trades excl.)
 - 600146 – Trades, Casual & One time Payments



5. Financial Statement Groupings

Building & Occupancy Costs

Driven by account code hierarchy

- 70002 – Repairs/Maintenance
- 70003 – Renovation
- 70028 – Rental expense
- 70031 – Insurance
- 70037 – Loans (spec. internal loans)

Includes related internal sales accounts

- 770002 – Repairs/Maintenance Internal Sales
- 770026 – Rental Expense Internal Sales
- 770054 – Insurance Internal Sales
- 770479 – Renovations Internal Sales



5. Financial Statement Groupings

Other Non-Salary Expense

Detail of major expenses included in “Other Non-Salary Expense” line item:

- Miscellaneous (70006)
- Printing & Stationery (70004)
- Computer Charges (70007)
- Telephone/Equipment (70009)
- Advertising (70023)
- Photocopying (70010)

5. Variance Analysis

Crucial Dates for FY18



- Email request to all FFO's will be sent out on **April 16th**
- Self-serve process is still in place! You still need to know which reports to use and how to refresh
- Reports are refreshable daily – you can start the analysis now!
- All responses are due Thursday **May 31st** (i.e. this allows for 7 working days after 2nd cut-off)
- Explanations for line-items with variance of:
 - +/- \$100k



5. Variance Analysis

Reports

When refreshing, you will be prompted with the following 4 queries:

- Select Current Fiscal Year – 18
- Select Prior Fiscal Year – 17
- Select Org Code – see variance analysis grid
- Select Org Level – see variance analysis grid

Link : [Variance Analysis Grid](#)

5. Variance Analysis

Grid

#	Org Level 2	Org Level 3	Org Level 4	Org Title	Responsible Person
1	-	-	90053	Ancillary	John Burke
2	-	90021	-	Arts	Nancy Prsa
3	-	-	90303	Athletics	Ameen Shaheen
4	-	-	00284	Conservatory of Music	Henry Tin
5	-	-	00540	Content & Collaboration	Steven Vieira
6	-	90022	-	Continuing Educ - Dean's Office	Rosa Greco-Pepe
7	90008	-	-	Advancement Services	Matthew Lagace/Louise Blondeau
8	-	90023	-	Dentistry	Rosemary Cooke
9	-	90028	-	Desautels Faculty Of Management	Nina Dolea/Mark Michaud
10	-	90024	-	Education	Daniela Frischer
11	-	90025	-	Engineering	Niki Maphosa

5. Variance Analysis



Variance Analysis

900XX-Faculty/Unit

10 Unrestricted Funds
Org Level = 3

	Current Fiscal Year: 18			Prior Fiscal Year: 17			Variance	
	Operating 1A & 1F	Self Financing NON 1A & 1F	Total Current	Operating 1A & 1F	Self Financing NON 1A & 1F	Total Prior	Change Current vs Prior \$	%
I. Revenue								
Sales of Goods and Services	1,046,925.29	1,805,903.74	2,852,829.03	1,279,978.41	1,950,669.07	3,230,647.48	(377,818.45)	(11.7)
Gifts and Bequests	0.00	1,100.00	1,100.00	0.00	(596,530.00)	(596,530.00)	597,630.00	100.2
Investment Income	0.00	34,500.52	34,500.52	0.00	34,516.20	34,516.20	(15.68)	0.0
II. Salary Expenses								
Academic Salaries	(4,652,281.71)	(318,613.74)	(4,970,895.45)	(4,854,337.77)	(310,936.38)	(5,165,274.15)	194,378.70	3.8
Non-Academic Salaries	(2,458,486.68)	(331,837.09)	(2,790,323.77)	(2,424,302.67)	(351,615.88)	(2,775,918.55)	(14,405.22)	(0.5)
Student Salaries	(13,104.61)	0.00	(13,104.61)	(11,958.43)	0.00	(11,958.43)	(1,146.18)	(9.6)
Student Aid	(4,000.00)	(102,224.92)	(106,224.92)	0.00	(106,755.28)	(106,755.28)	530.36	0.5
Benefits	(1,127,838.97)	(87,622.66)	(1,215,461.63)	(1,168,989.93)	(94,766.80)	(1,263,756.73)	48,295.10	3.8



5. Variance Analysis

Important Tips & Reminders

Why do your responses matter?

- The FSA is a 75 page document supporting the audited financial statements produced for Board of Governors (BOG)
- The explanations you provide are verified and substantiated by our external auditors and form an integral part of the FSA which is presented to BOG
- FSA completed for internal review by June 2th, 2018 and 1st week of July 2018 for external auditors



5. Variance Analysis

Important Tips & Reminders

- For more examples of invalid and valid explanations, refer to “variance analysis how to” document on web
- Quick-turnaround required – timing is critical
- In your absence, assign a delegate to handle this query and notify us ASAP

5. Variance Analysis

Questions?



6. Endowment Matters

- **Thursday, March 29th, 2018** - Deadline to let Endowment Accounting know which spendable income funds you do **NOT** want to be capped **with justification**
- Refer to memo circulated **March 14, 2018**
- Decision to not cap must be made on annual basis
- MIP rate for FY19 is **\$17.25** per unit



6. Endowment Matters

Questions?



7. RSF- Research Support Fund

Research Support Fund Outcomes Report
5 areas of priority to report on:

- Research Facilities
- Research Resources
- Regulatory Requirements & Accreditation
- Intellectual Property
- Management & Administration



7. RSF- Research Support Fund

- Email to be sent out April 9th, 2018
- Responses due by **May 11, 2018**



8. Important Tips

- Letters of Guarantee
 - Cleared by 2nd Cut-Off

- Manual Encumbrances
<http://kb.mcgill.ca/fskb/easylink/article.html?id=4012>

- MMP

- BAVL – NSF Override
<http://kb.mcgill.ca/fskb/easylink/article.html?id=4029>



8. Important Tips

- Accrual Period 14
 - This year, accruals for AP invoices will be done centrally via a feed processed before second cutoff to the respective FOAPAL.
 - A journal initiated in Period 12 must be re-tabbed entirely to post in Period 14.
 - As of May 8th, documents will be posted to period 14. Remember to change your local Crystal report templates to reflect period 14.

- Check your approval queues periodically!



8. Important Tips

- Purchase Orders
 - Ensure you review all outstanding purchase orders.
 - If no longer valid, cancel as funds are unnecessarily being encumbered.

9. Knowledge Base

Reference Articles

How to Variance Analysis

- <http://www.mcgill.ca/financialservices/reporting/yearendvariances>

How to process ME15/16 journals #3855

- <http://kb.mcgill.ca/fskb/easylink/article.html?id=38>

General Information on Accrual Journal Entries #3858

- <http://kb.mcgill.ca/fskb/easylink/article.html?id=3858>

Copy and Reversal feature for journals #3959

- <http://kb.mcgill.ca/fskb/easylink/article.html?id=3959>

Liquidating Purchase Orders #7273

- <http://kb.mcgill.ca/fskb/easylink/article.html?id=7273>



Financial Services

QUESTIONS & COMMENTS

For your suggestions:

<http://www.mcgill.ca/financialservices/feedback/>