

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.

Additional tasks that are new to the implementation of 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 (to GL)
- Close the period in AM
- Query to check for any unposted journals
- Other period-end allocations
- Run statements and validate results
- Run trial balance and review for accuracy

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.

Main Menu > Set Up Financials/Supply Chain > Business Unit Related > General Ledger > Open Periods > Open Period Update

Open Period Update

Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value

Limit the number of results to (up to 300):

PeopleSoft Product: begins with

Business Unit: =

Ledger Group: =

[Basic Search](#)

NOTE: General Ledger (GL) Accounts Payable (AP) and Asset Management (AM) must each be managed separately related to the open and close period process.

1. **PeopleSoft Product** – Enter or search for GL (or AP or AM)
2. **Business Unit** – Enter your business unit
3. **Ledger Group** – Enter ACTUALS or BUDGET.
4. **Click "Search"**

Once you click on "Search" the following screen will appear.

Open Period Update

PeopleSoft Product: GL Business Unit: L144 Ledger Group: ACTUALS

Show all transaction types

Ledgers for a Unit

Trans Type	Description	From Year	From Period	First Open	To Year	To Period	Last Open
DEF	Default	2012	6	06/01/2012	2012	8	08/31/2012

*Adjustment Period	*Adjustment Year	Is Open	Default
998	2012	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Save Return to Search Notify

1. Keep this check-mark off – Rare need to activate this option.
2. Enter Year and Period to begin OPEN status.
3. Enter Year and Period to end OPEN status.
4. Do not change anything here.
5. Save to modify open/close status.

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 10th 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 12th 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

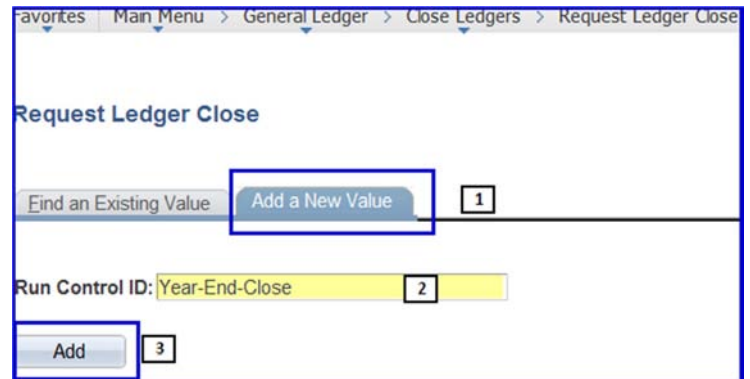
This process will touch every account with balances in the 12th period of the year. Transactions are created by journal and posted to period 999. The final automated step is to create the beginning balance in period 0 of the next fiscal year. **What the Year End Close does:**

- 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

The first time you access this process, you will want to create a "Run Control ID that is unique to you and can be used again

1. Click on the "Add a New Value" tab.
2. Add a Run Control ID.
3. Click on the "Add" button.



The following screen will appear.

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.
8. Enter the 12/31/XXXX date.
9. Enter Business Unit (must agree with above).
10. Click “Save”
11. Click “Run”

1. Select a server.
2. Click “OK” to run process.

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

NOTE: The “Budget” Ledger does not require a close process either for month or year.

Select	Description	Process Name
<input checked="" type="checkbox"/>	PS/GL Ledger Close	GLPCLOSE

7.4 Close the 12th Period

Closing the 12th period simply means that no more journals can be posted to the old year. Please refer to item 7.1 above for details on closing the 12th period.

7.5 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 by the local council prior to the auditor beginning an analysis. The auditor may recommend certain adjustments to the prior year to conform to the final audit statements.

7.5.1 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 12th period of the prior year with a source code of "CA" for Council Adjustment. Keep careful documentation for the auditor for any such entries.

Select a good Journal ID and be sure the date is 12/31/XXXX of the prior year. Label your adjustments as needed.

1. Search for "CA" from the list.
2. Save-Enter detail on the lines tab - Edit and post as normal.

7.5.2 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.

The screenshot shows a software interface for creating a journal entry. Key elements include:

- Unit:** L590
- Journal ID:** AA-#27 (with a '1' in a box next to it)
- Date:** 12/31/2012
- Long Description:** AJE #27 - To adjust investment growth (with a '2' in a box next to it)
- *Ledger Group:** ACTUALS
- Adjusting Entry:** Non-Adjusting Entry
- Ledger:** (empty field)
- Fiscal Year:** 2012
- *Source:** AA (with a '3' in a box next to it)
- Period:** 12
- Reference Number:** (empty field)
- ADB Date:** 12/31/2012
- Journal Class:** (empty field)
- Transaction Code:** GENERAL
- Auto Generate Lines:** (checkbox)

1. Create a unique Journal ID such as AA-#XX - Put date on 12/31/XXXX (last year)
2. Create a descriptive label
3. Search for "AA" from the list.

Enter your journal on the "Lines" tab. Edit and post as normal.

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.

7.5.3 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:

7.5.3.1 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.

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 select a server and click “OK”.

7.5.3.2 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.

7.5.3.3 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 12th period of the prior year.