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

<table>
<thead>
<tr>
<th>Office of the Controller</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Controller</strong></td>
</tr>
<tr>
<td>Myriam Bensimon</td>
</tr>
<tr>
<td><strong>Year End Contact</strong></td>
</tr>
<tr>
<td>Ani Kotchounian</td>
</tr>
</tbody>
</table>

Financial Reporting, Endowments, Unrestricted Accounting

<table>
<thead>
<tr>
<th>Financial Reporting-Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ani Kotchounian</td>
</tr>
<tr>
<td>Financial Reporting-Endowments &amp; Restricted</td>
</tr>
<tr>
<td>Alan Moskovic</td>
</tr>
<tr>
<td>Endowment Administration</td>
</tr>
<tr>
<td>Rachida Adamou Diawara</td>
</tr>
<tr>
<td>Unrestricted Accounting</td>
</tr>
<tr>
<td>Orsola Sasso</td>
</tr>
</tbody>
</table>
# 1. FY18 Year-End Contacts

## Finance Infrastructure and Transaction Services

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Julie Ghayad</td>
<td>398-2783</td>
</tr>
<tr>
<td><strong>Transaction Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager, Transaction Services</td>
<td>Tonia Sciannamblo</td>
<td>398-8815</td>
</tr>
<tr>
<td>Accounts Payable &amp; Pcard</td>
<td>Kimberley-Ann Renaud</td>
<td>398-1065</td>
</tr>
<tr>
<td>Banking Services</td>
<td>Peter Guertin</td>
<td>398-3353</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Maria Anania</td>
<td>398-2311</td>
</tr>
<tr>
<td>Travel Help Desk</td>
<td><a href="mailto:traveldeskhelp.acct@mcgill.ca">traveldeskhelp.acct@mcgill.ca</a></td>
<td>398-3180</td>
</tr>
</tbody>
</table>
1. FY18 Year-End Contacts

Finance Infrastructure and Transaction Services (cont’d)

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Julie Ghayad</td>
<td>398-2783</td>
</tr>
<tr>
<td>Finance Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Financial Analyst</td>
<td>Quynh-Ly Pham</td>
<td>398-2956</td>
</tr>
<tr>
<td>Finance Security</td>
<td><a href="mailto:fissecurity.acct@mcgill.ca">fissecurity.acct@mcgill.ca</a></td>
<td>398-8294</td>
</tr>
<tr>
<td>Finance Help Desk</td>
<td><a href="mailto:fishelp.acct@mcgill.ca">fishelp.acct@mcgill.ca</a></td>
<td>398-3463</td>
</tr>
</tbody>
</table>
## 1. FY18 Year-End Contacts

<table>
<thead>
<tr>
<th>Category</th>
<th>Name</th>
<th>Contact Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects</td>
<td>Luana Sorella</td>
<td>398-2261</td>
</tr>
<tr>
<td>Research Financial Management Services</td>
<td>Elvie Coletta</td>
<td>398-5188</td>
</tr>
<tr>
<td>Student Accounts</td>
<td>Mary Jo McCullogh</td>
<td>398-2315</td>
</tr>
<tr>
<td>Procurement Services</td>
<td><a href="mailto:feedback.purchasing@mcgill.ca">feedback.purchasing@mcgill.ca</a></td>
<td></td>
</tr>
</tbody>
</table>
2. Year-End Memo

http://www.mcgill.ca/financialservices/resources/yearend
<table>
<thead>
<tr>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thurs</th>
<th>Fri</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>27</td>
<td>28</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

**EASTER MONDAY**
Statutory Holiday

| 2   | 3   | 4   | 5     |     |

**GOOD FRIDAY**
Statutory Holiday

| 8   | 9   | 10  | 11    | 12   |

**May 2018 (FY19) OPENS**

| 12   | 13   | 14   | 15   | 16   |

| 17   | 18   | 19   | 20   | 21   |

| 22   | 23   | 24   | 25   | 26   |

**May 2018 (FY19) OPENS**

| 26   | 27   | 28   | 29   | 30   |

### 2017-18 Financial Year:

- **April 2018:**
  - **8:** Payroll for deposit
  - **10:** Payroll for deposit

- **May 2018:**
  - **30:** Payroll for deposit
  - **3:** Payroll for deposit

- **June 2018:**
  - **10:** Payroll for deposit

- **July 2018:**
  - **31:** Payroll for deposit

- **August 2018:**
  - **31:** Payroll for deposit

**Note:** Dates and tasks are placeholders for illustrative purposes.
3. Year-End Cut-Off Deadlines

**1st Cut-Off**
- On-line submission of journals: Monday, May 7\(^{th}\)

**Blackout Period**
- FGAJVCQ, FGAJVCD, & FGAENCB will **NOT** be accessible for processing transactions from: Monday, May 7\(^{th}\) 9:00 a.m. to Tuesday, May 8\(^{th}\) 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

<table>
<thead>
<tr>
<th>PAY TYPE</th>
<th>PAY REF</th>
<th>START DATE</th>
<th>END DATE</th>
<th>PAY DATE</th>
<th>ACCRUAL IN FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaried</td>
<td>B0-10</td>
<td>April 29</td>
<td>May 12</td>
<td>May 11</td>
<td>10%</td>
</tr>
<tr>
<td>Hourly</td>
<td>B2-9</td>
<td>April 08</td>
<td>April 21</td>
<td>May 03</td>
<td>100%</td>
</tr>
<tr>
<td>Hourly</td>
<td>B2-10</td>
<td>April 22</td>
<td>May 5</td>
<td>May 17</td>
<td>60%</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>PAY FREQUENCY</th>
<th>PAY TYPE</th>
<th>PAY PERIOD ENDING</th>
<th>PAY DATE</th>
<th>SUBMIT BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bi-Weekly</td>
<td>Casual</td>
<td>April 7</td>
<td>April 19</td>
<td>Tues. April 10</td>
</tr>
<tr>
<td>Bi-Weekly</td>
<td>Student Appt Form</td>
<td>April 7</td>
<td>April 19</td>
<td>Tues. April 10</td>
</tr>
<tr>
<td>Bi-Weekly Hourly</td>
<td>Overtime &amp; Misc</td>
<td>April 7</td>
<td>April 19</td>
<td>Tues. April 10</td>
</tr>
<tr>
<td>Bi-Weekly Salaried</td>
<td>Overtime &amp; Misc</td>
<td>April 28</td>
<td>April 27</td>
<td>Thurs. April 19</td>
</tr>
<tr>
<td>ALL</td>
<td>Payroll Journals</td>
<td></td>
<td></td>
<td>Fri. April 13</td>
</tr>
</tbody>
</table>
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:

\[
\begin{align*}
\text{Dr. Revenue 5xxxxx} \\
\text{Cr. Unearned Revenue 200086}
\end{align*}
\]
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](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

<table>
<thead>
<tr>
<th>Line-item:</th>
<th>Line-item Specifications:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Goods &amp; Services</td>
<td>Account type 2 is one of 5C, 5E, 5K, 5M and account code 3 &lt;&gt; 50010</td>
</tr>
<tr>
<td>Non-Academic Salaries</td>
<td>Account type 1 = 60 and Account code 1 = 603 or account code is one of 600096, 600097</td>
</tr>
<tr>
<td>Contract Services</td>
<td>Account code 3 = 70034 OR Account code = 770027, 770900</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>#</th>
<th>Org Level 2</th>
<th>Org Level 3</th>
<th>Org Level 4</th>
<th>Org Title</th>
<th>Responsible Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>90053</td>
<td>Ancillary</td>
<td>John Burke</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>90021</td>
<td>Arts</td>
<td>Nancy Prsa</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>Athletics</td>
<td>Ameen Shaheen</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>Conservatory of Music</td>
<td>Henry Tin</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>Content &amp; Collaboration</td>
<td>Steven Vieira</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>90022</td>
<td></td>
<td>Continuing Educ - Dean's Office</td>
<td>Rosa Greco-Peppe</td>
</tr>
<tr>
<td>7</td>
<td>90008</td>
<td></td>
<td></td>
<td>Advancement Services</td>
<td>Matthew Lagace/Louise Blondeau</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td>90023</td>
<td>Dentistry</td>
<td>Rosemary Cooke</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td>90028</td>
<td>Desautels Faculty Of Management</td>
<td>Nina Doles/Mark Michaud</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td>90024</td>
<td>Education</td>
<td>Daniela Frischer</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td>90025</td>
<td>Engineering</td>
<td>Niki Maphosa</td>
</tr>
</tbody>
</table>
# 5. Variance Analysis

## Variance Analysis

### 900XX - Faculty/Unit

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year: 18</th>
<th>Prior Fiscal Year: 17</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating 1A &amp; 1F</td>
<td>Self Financing NON 1A &amp; 1F</td>
<td>Total Current</td>
</tr>
<tr>
<td>1. Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of Goods and Services</td>
<td>1,046,923.19</td>
<td>1,005,903.74</td>
<td>2,052,826.93</td>
</tr>
<tr>
<td>Gifts and Bequests</td>
<td>0.00</td>
<td>1,100.00</td>
<td>1,100.00</td>
</tr>
<tr>
<td>Investment Income</td>
<td>0.00</td>
<td>34,506.52</td>
<td>34,506.52</td>
</tr>
<tr>
<td>2. Salary Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>(4,652,281.71)</td>
<td>(218,613.74)</td>
<td>(4,870,895.45)</td>
</tr>
<tr>
<td>Non-Academic Salaries</td>
<td>(2,450,486.68)</td>
<td>(231,137.00)</td>
<td>(2,681,623.68)</td>
</tr>
<tr>
<td>Student Salaries</td>
<td>(15,104.65)</td>
<td>0.00</td>
<td>(15,104.65)</td>
</tr>
<tr>
<td>Student Aid</td>
<td>(4,049.00)</td>
<td>(102,224.92)</td>
<td>(4,151,274.92)</td>
</tr>
<tr>
<td>Benefits</td>
<td>(1,127,850.97)</td>
<td>(97,322.66)</td>
<td>(1,225,173.63)</td>
</tr>
</tbody>
</table>
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

McGill
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
  [Link](http://kb.mcgill.ca/fskb/easylink/article.html?id=4012)

- MMP

- BAVL – NSF Override
  [Link](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 8\textsuperscript{th}, 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

How to process ME15/16 journals #3855

General Information on Accrual Journal Entries #3858

Copy and Reversal feature for journals #3959

Liquidating Purchase Orders #7273
Financial Services

QUESTIONS & COMMENTS

For your suggestions:
http://www.mcgill.ca/financialservices/feedback/