FY19 Year-End Reporting and Communication Meeting
April 5, 2019

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
10. Questions & Comments

1. FY19 Year-End Contacts

Office of the Controller

Controller: VACANT

Year End Contacts: Ani Kotchounian 398-8090
Dara Wall 398-5999

Financial Reporting, Endowments, Unrestricted Accounting

Financial Reporting, Unrestricted: Ani Kotchounian 398-6117
Tara Wilkins 398-5999

Financial Reporting, Endowments & Restricted: Dara Wall 398-5999

Unrestricted Accounting: Orsola Sasso 398-1513
### 1. FY19 Year-End Contacts

**Finance System Support 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>Associate Director</td>
<td>Tonia Sciammamblo</td>
<td>398-8815</td>
</tr>
<tr>
<td>Accounts Payable &amp; Pcard</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></td>
<td>398-3180</td>
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</table>

**Finance System Support**

<table>
<thead>
<tr>
<th>Position</th>
<th>Email</th>
<th>Phone</th>
</tr>
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<tbody>
<tr>
<td>FIS Reporting</td>
<td><a href="mailto:fis-reports@mcgill.ca">fis-reports@mcgill.ca</a></td>
<td>398-2956</td>
</tr>
<tr>
<td>FIS Security</td>
<td><a href="mailto:fissecurity.acct@mcgill.ca">fissecurity.acct@mcgill.ca</a></td>
<td>398-1820</td>
</tr>
<tr>
<td>FIS Help</td>
<td><a href="mailto:fishelp.acct@mcgill.ca">fishelp.acct@mcgill.ca</a></td>
<td>398-3463</td>
</tr>
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</table>

**Capital Projects**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Phone</th>
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</thead>
<tbody>
<tr>
<td>Director</td>
<td>Luana Sorella</td>
<td>398-2261</td>
</tr>
</tbody>
</table>

**Research Financial Management Services**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Elvie Coletta</td>
<td>398-5188</td>
</tr>
</tbody>
</table>

**Student Accounts**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Mary Jo McCullough</td>
<td>398-2315</td>
</tr>
</tbody>
</table>

**Procurement Services**

<table>
<thead>
<tr>
<th>Email</th>
<th>Phone</th>
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</thead>
<tbody>
<tr>
<td><a href="mailto:feedback.purchasing@mcgill.ca">feedback.purchasing@mcgill.ca</a></td>
<td></td>
</tr>
</tbody>
</table>
2. Year-End Memo

https://www.mcgill.ca/financialservices/gfm/schedules/yearend

3. Year-End Cut-Off Deadlines

1st Cut-Off
On-line submission of journals: Tuesday, May 7th (prior to 9:00 a.m.)

Blackout Period
FGAJVCQ, FGAJVCD, & FGAENC will NOT be accessible for processing transactions from: Tuesday, May 7th 9:00 a.m. to Wednesday, May 8th 9:00 a.m.

2nd Cut-Off
On-line submission of journals: Tuesday, May 21st (prior to 7:30 a.m)
3. Year-End Cut-Off Deadlines

Final FY19 Close
- Scheduled for – Friday, May 31st
- 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 (refer to Year End Memo – section 5) Accounts Payable

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. 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 12, 2019. 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 DURING</th>
<th>PAY DATE</th>
<th>SUBMIT BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bi-Weekly Casual</td>
<td>April 6</td>
<td>April 18</td>
<td>Tues. April 9</td>
<td></td>
</tr>
<tr>
<td>Bi-Weekly Student Appoint</td>
<td>April 6</td>
<td>April 18</td>
<td>Tues. April 9</td>
<td></td>
</tr>
<tr>
<td>Bi-Weekly Hourly Overtime &amp; Misc.</td>
<td>April 6</td>
<td>April 18</td>
<td>Tues. April 9</td>
<td></td>
</tr>
<tr>
<td>Bi-Weekly Hourly Overtime &amp; Misc.</td>
<td>April 13</td>
<td>April 26</td>
<td>Tues. April 16</td>
<td></td>
</tr>
<tr>
<td>ALL Payroll Journals</td>
<td>Fri. April 12</td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

4. Year-End Accruals

Payroll - Account 200307

Contact: Ani Kotchounian

Bi-Weekly Payroll: Accruals for FY19

<table>
<thead>
<tr>
<th>PAY TYPE</th>
<th>PAY REF</th>
<th>START DATE</th>
<th>END DATE</th>
<th>PAY DATE</th>
<th>ACCEL IN FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaried</td>
<td>B0-30</td>
<td>April 7</td>
<td>April 20</td>
<td>May 2</td>
<td>100%</td>
</tr>
<tr>
<td>Hourly</td>
<td>B2-09</td>
<td>April 21</td>
<td>May 4</td>
<td>May 18</td>
<td>70%</td>
</tr>
<tr>
<td>Hourly</td>
<td>B2-30</td>
<td>April 21</td>
<td>May 4</td>
<td>May 18</td>
<td>70%</td>
</tr>
</tbody>
</table>

4. Year-End Accruals

Payroll – Account 200307

Payroll Accrual

- Last pay period for FY19 paid out in May:
  - Salaried: 2 days accrual in April → April 29-30
  - Hourly: 10 days accrual in April → April 8-12 & April 15-19
  - Hourly: 7 days accrual in April → April 22-26 & April 29-30
- Posted after first cut-off in Period 14 with a transaction date of April 30, 2019
- Encumbrance released by the amount of the above accrual, with a transaction date of April 30, 2019
- ME16 journal type to be used
- Reversal of accrual with a transaction date of May 1, 2019 (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. 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 FY19 but cash has not been received
- Consulting work is completed by April 30th but payment not received in FY19

What would be the journal entry to record these transactions?
- Dr. A/R (100046)
- Cr. Revenue (5xxxxx)

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

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 2019 covering the period of May 1, 2019 to April 30, 2020
- 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 FY19, you have prepaid an expense for the total amount of $150,000 for rental of the equipment (15 month contract from Feb. 1, 2019 – April 30, 2020). What is the correct entry to be booked in FY19 at Year-End?

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

4. Year-End Accruals

Accounts Payable – Account 200008

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, 2019, 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 2019
- 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

Questions??

McGill
5. Variance Analysis

- Fiscal 2019 traditional 12 month fiscal year with quarters ending in July, October, January and April
- Comparatives for FY18 are also same quarters

5. Financial Statement Groupings

Examples of Groupings

- Each line item is driven by account types and account codes
- Chart of Accounts – Account Codes
  https://www.mcgill.ca/financialservices/gfm/foapal/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 9C, 9E, 9K, 9M, and account code 3 = 50000</td>
</tr>
<tr>
<td>Non-Academic Salaries</td>
<td>Account type 1 = 60 and Account code 3 = 605 or account code is one of 600096, 600007</td>
</tr>
<tr>
<td>Contract Services</td>
<td>Account code 3 = 70004 OR Account code = 700022, 700000</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

**Salary Expenses**

603 Admin & Support Staff Salaries

- 6005 – Admin & Support Staff Salaries
  - 60010 – Support Staff Salaries
    - 60018 – Managerial Salaries
    - 60020 – Technicians
    - 60021 – Clerical
    - 60022 – Trades & Services
  - 60011 – One time & Casual Staff Payments
    - 60023 – Overtime
    - 60024 – Casual & One time (Trades excl.)
    - 600146 – Trades, Casual & One time Payments

**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 FY19

• 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 30th (i.e. this allows for 6 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 – 19
➢ Select Prior Fiscal Year – 18
➢ Select Org Code – see variance analysis grid
➢ Select Org Level – see variance analysis grid

Link: Variance Analysis Grid
5. Variance Analysis

<table>
<thead>
<tr>
<th>Grid</th>
<th>Org Title</th>
<th>Responsible Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>90008</td>
<td>Advancement Services</td>
<td>Matthew Lagace/Louise Blondeau</td>
</tr>
<tr>
<td>90020</td>
<td>Agriculture &amp; Environmental Science</td>
<td>Sylvie Parent/Seana Care</td>
</tr>
<tr>
<td>90053</td>
<td>Ancillary</td>
<td>Michelle Beun</td>
</tr>
<tr>
<td>9021</td>
<td>Arts</td>
<td>Sunny Fri</td>
</tr>
<tr>
<td>90023</td>
<td>Athletics</td>
<td>Kenneth Shirley</td>
</tr>
<tr>
<td>9005</td>
<td>Campus Planning and Development</td>
<td>Mandana Bassiri/Teresa Stading</td>
</tr>
<tr>
<td>90303</td>
<td>Cont &amp; Collaboration</td>
<td>Ismael Yafis/Mohamed El-Emam</td>
</tr>
<tr>
<td>90542</td>
<td>Continuing Education - Dean's Office</td>
<td>Ismael Yafis/Mohamed El-Emam</td>
</tr>
<tr>
<td>90323</td>
<td>Dentistry</td>
<td>Kenneth Shirley</td>
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<tr>
<td>90024</td>
<td>Dentistry</td>
<td>Ismael Yafis/Mohamed El-Emam</td>
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<td>90022</td>
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<td>Ismael Yafis/Mohamed El-Emam</td>
</tr>
<tr>
<td>90025</td>
<td>Engineering</td>
<td>Ismael Yafis/Mohamed El-Emam</td>
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</tbody>
</table>

**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 20th, 2019 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

- Monday, April 1, 2019- Deadline to let Endowment Accounting know which spendable income funds you do NOT want to be capped with justification
- Refer to memo circulated March 15, 2019
- Decision to not cap must be made on annual basis
- MIP rate for FY20 is $16.42 per unit
6. Endowment Matters

Questions?

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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

Email to be sent out April 8th, 2019

Responses due by May 13, 2019
8. Important Tips

- Letters of Guarantee
  - Cleared by 2nd Cut-Off
- Manual Encumbrances
- MMP
- BAVL – NSF Override

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8. Important Tips

- Accrual Period 14
  - As of FY18, 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!

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8. Important Tips

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

- How to Process a Year End Closing Journal (ME15/ME16)
  https://www.mcgill.ca/financialservices/gfm/fis-system/banner
- Overview of McGill’s Chart of Accounts
  https://www.mcgill.ca/financialservices/gfm/foapal
- How to Process a Manual Encumbrance (FGAENCB)
  https://www.mcgill.ca/financialservices/gfm/fis-system/banner
- Understanding Budget Availability Checking (BAVL)

9. How To’s (Cont’d)

- Year End Variance Analysis
  https://mcgill.ca/financialservices/reporting/yearendvariances
- Understanding Accruals
  https://www.mcgill.ca/financialservices/gfm/schedules/yearend/accruals
- Copy and Reversal feature for Banner Journals
  https://www.mcgill.ca/financialservices/gfm/fis-system/banner
- Liquidating Purchase Orders
  https://www.mcgill.ca/financialservices/gfm/payments/invoices
QUESTIONS & COMMENTS

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