



FY26 Year-end Preparation

April 1, 2026





McGill

YEAR-END PROCESS ROADMAP

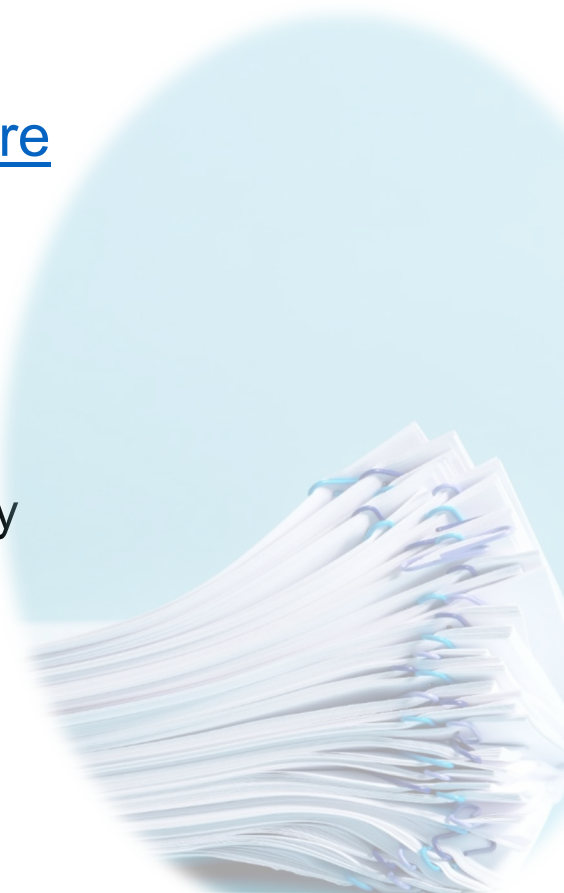


1. Year-end



Year-end fundamentals

- Year-end memo was distributed March 30, 2026 and is available [here](#)
- Key contacts are listed in the memo
- 1st Cut-off: **Thursday May 7, 2026**
 - On-line submission of journals –Prior to 9:00 a.m.
 - Blackout period –FGAKVCQ, FGVJVCD & FGAENCB will NOT be accessible from 9:00 a.m. on Thursday May 7, 2026 to 9:00 a.m. on Friday May 8, 2026
- 2nd Cut-off: **Wednesday May 20, 2026**
 - Online submission of journals –Prior to 7:30 a.m.
 - 7.5% overhead recovery fee will be processed after 2nd cutoff
- Final FY26 Close: **Friday May 29, 2026**



Year-end journals: Accruals

- An accounting concept – Record the expense or revenue **in the period it occurs** (i.e. when goods are delivered or services rendered)
- Matching principle – Recognize the revenues generated in the same period as the relevant expenses are incurred
- Do this by accruing and deferring revenues and expenses
- Have to establish a cutoff – a precise point in time and using that date as the finish line



Year-end journals: Accruals

- Prepared for:
 - Payroll
 - Accounts Receivable
 - Inventories
 - Prepaid Expenses
 - Unearned Revenues
 - Accounts Payable



Year-end journals: Recurring journals

- Recurring journal: a journal that is required every quarter and/or at year-end
- Example of recurring journals:
 - Re-allocate certain costs
 - Charge overhead
 - Redistribute net surplus/deficits between departments



Year-end journals: Payroll accrual

- **Account 200307**
- Posted prior to first cut-off in Period 12 with a transaction date of April 30, 2026
- Encumbrance released by the amount of the above accrual, with a transaction date of April 30, 2026
- ME16 journal type to be used
- Reversal of accrual with transaction date of May 1, 2026 will be posted June 2, 2026 (first working day after April is fully closed)



Year-end journals: Payroll accrual

- Processed centrally but pushed to individual funds
- Based on last pay period **available** in FY26
- Meant to simulate the days in April that are yet to be paid:
 - Salaried: 9 days accrual in April → **April 19-30**
 - Hourly: 14 days accrual in April → **April 12-30**
- Questions can be directed to **Pik Chuan Chin**



PAY TYPE	PAY REF	PAY PERIOD	PAY DATE	PAY PERIOD ACCRUED FOR	ACCRUAL IN FY25	PAY USED TO CALCULATE FORWARD ACCRUAL
Salaried	B0-09	APRIL 19-MAY 2	MAY 1	APRIL 19-May 1	90%	B0-09
Hourly	B2-09	APRIL 12-APRIL 25	MAY 7	APRIL 12-APRIL 25	100%	B2-09
Hourly	B2-10	APRIL 26-MAY 9	MAY 21	APRIL 26-APRIL 30	40%	B2-09



Year-end journals: Payroll accrual

- Reminder we are using a **forward** accrual, calculated over 10 days
- How is a forward accrual different?
 - Based on the **LAST** pay period available **BEFORE** first cut-off
 - The forward accrual is an estimate
 - This estimate is subject to being different from actuals
 - Variances between the estimate and actuals tend to be minor and net out year over year



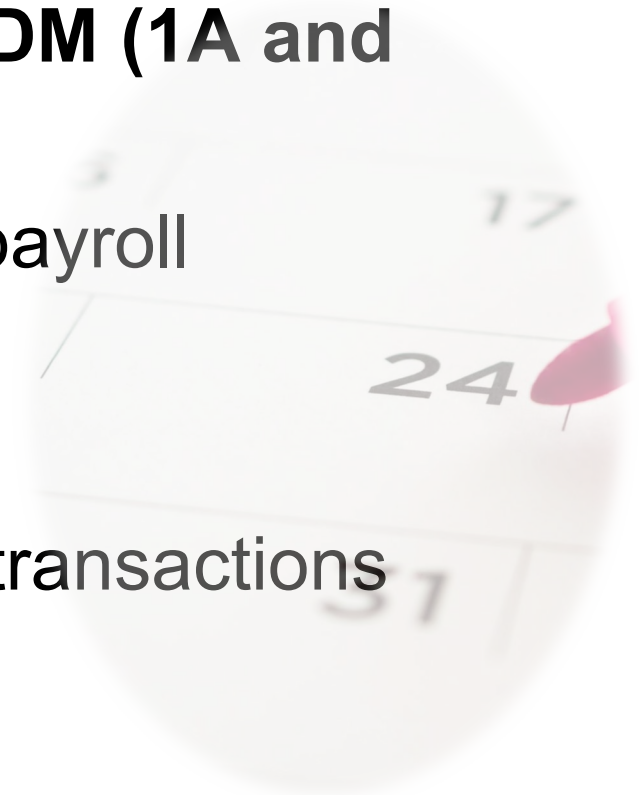
Year-end journals: Other payroll related accruals

- **Account 200307**
- All other payroll-related accruals, including Vacation, Retirement, Pay equity, are done centrally



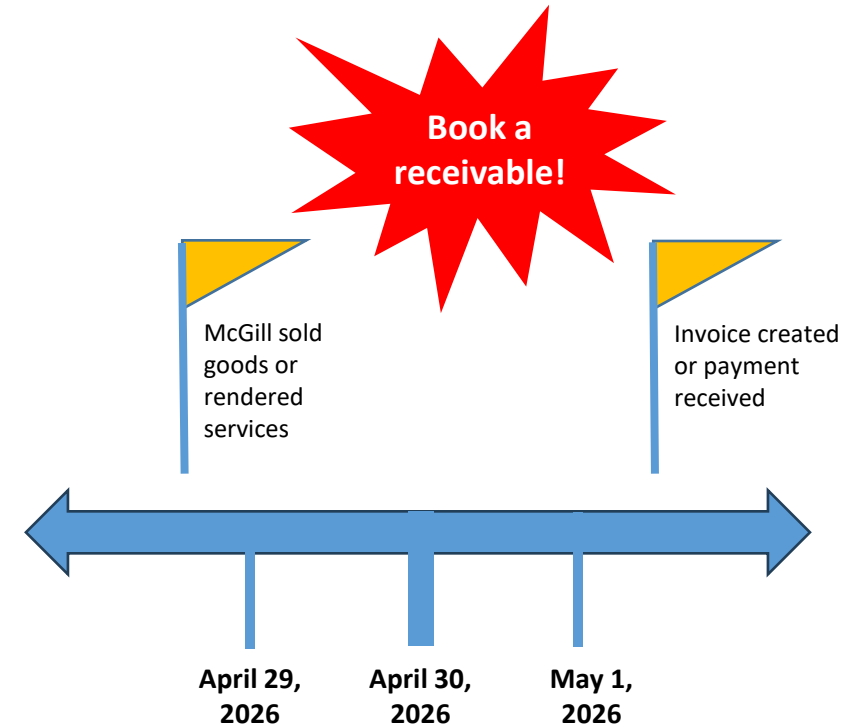
Year-end journals: Past payroll transactions

- **Contact: FADM (all non 1A or 1B funds) or BADM (1A and 1B funds)**
- The deadline for submitting adjustments on past payroll transactions is
5:00PM Friday, April 10, 2026.
- These payroll adjustments must pertain to salary transactions already booked in Banner.



Year-end journals: Accounts receivable

- **Account 100046**
- Represents amounts due from external parties for goods we sold or services we rendered in the current year, but we have not issued an invoice nor received payment before April 30, 2026
- Our Accounts Receivable office is available to help you with invoicing



Year-end journals: Accounts receivable

Example:

- Goods are delivered to an external customer in FY26 but cash has not been received
- Consulting work is completed by April 30th but payment not received in FY26

What would be the journal entry to record these transactions?

Dr. A/R (100046)

Cr. Revenue (5xxxxx)



Year-end journals: Inventory

- **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



Year-end journals: Inventory

Example

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

Journal Entry:

Dr. Inventories	100103
Cr. Purchases at Cost	700570

- Amounts posted should be gross as taxes are calculated behind the scenes



Year-end journals: Prepaid expenses

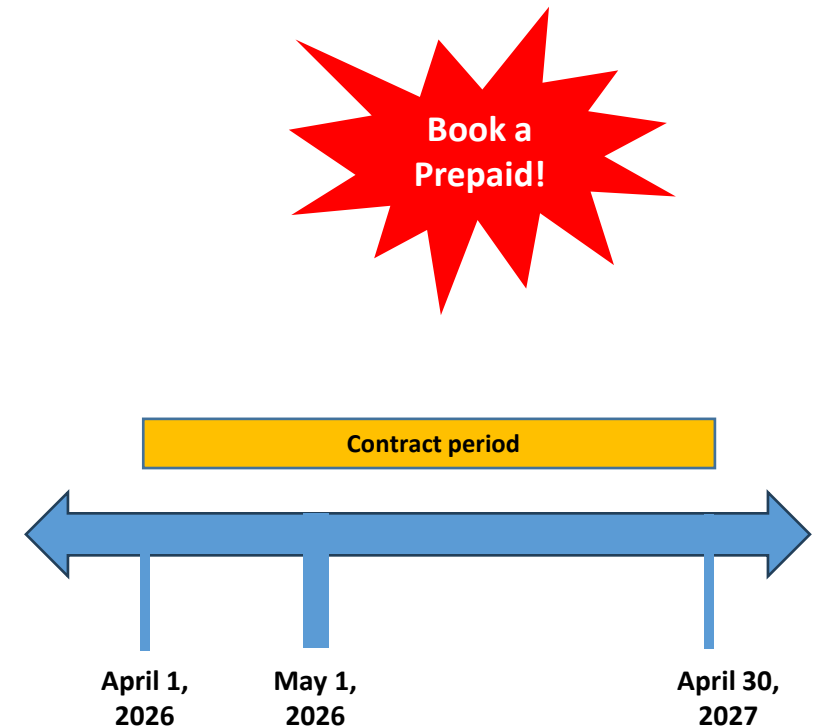
- **Account 100111**
- Expenses paid in one fiscal year but which specifically relate to the operations of a future fiscal year.

Examples

- Software license purchased in April 2026 covering the period of May 1, 2026 to April 30, 2027
- 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



Year-end journals: Prepaid expenses

Examples

- In FY26, you have prepaid an expense for the total amount of \$150,000 for rental of the equipment (15-month contract from Feb. 1, 2026– April 30, 2027).
- What is the correct entry to be booked in FY26 at Year-End?

Journal entry:

Dr. Prepaid Expense (100111) \$120,000*

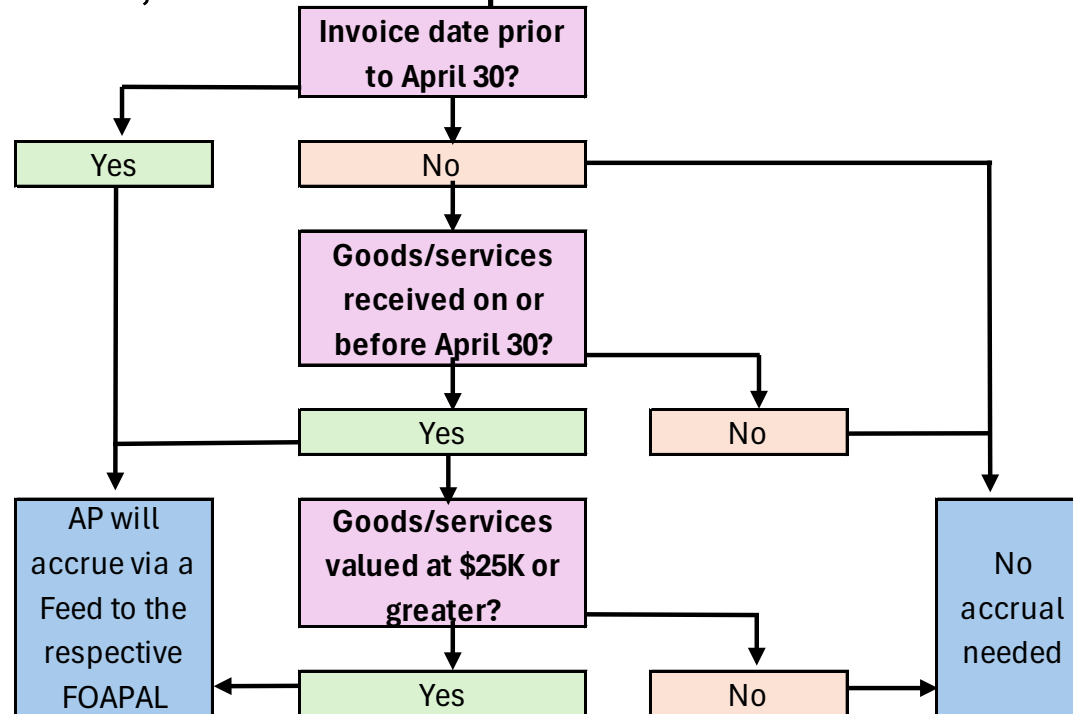
Cr. Expense (7xxxxx) \$120,000

*Calculated as $(12/15 * \$150,000)$ to represent that 12 of the 15 months are prepaid.



Year-end journals: Accounts payable

- Faculties/departments/units are **not** required to book AP accruals.
- Prior to second cutoff, for invoices posted to Banner:



Accrual Caveat for Accounts Payable

Assumption: We centrally accrue **accounts payable**

Our assumption is based on us receiving an invoice before year-end.



The Risk: What if we don't receive an invoice?

Last year, an invoice came 90 days after year-end because the vendor was missing a signature, leading to no accrual for equipment the unit had received. **Don't let this happen again.**

Reminder: You are responsible for identifying any missing invoices and notifying us promptly.



Year-end journals: Unearned revenue

- Account 200086
- Cash or revenues collected in advance of the delivery of the good or service

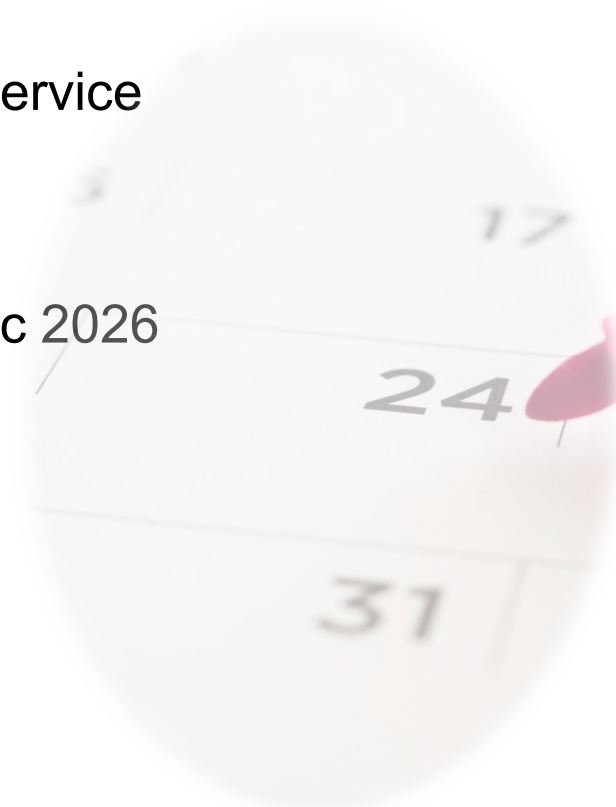
Examples

Athletics – Annual Membership fee received for calendar year Jan to Dec 2026

Residences – Revenue received for summer rentals

Journal Entry:

Dr. Revenue	5xxxxx
Cr. Unearned Revenue	200086



April Push for Expense Report Approval!

Only **APPROVED** Reports Hit the Funds!

Take Action Now!

 Review Pending Reports

 Prioritize & Approve

APPROVE BY

29

To Post by April 30

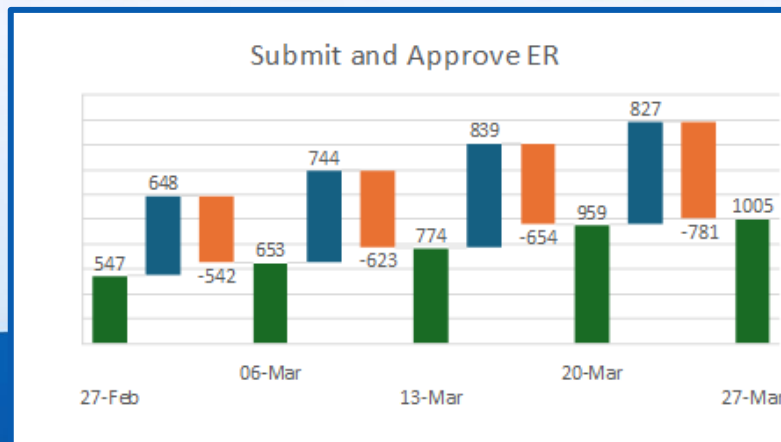
Deadlines Matter!

 Approved by April 29

 Posts to April 30

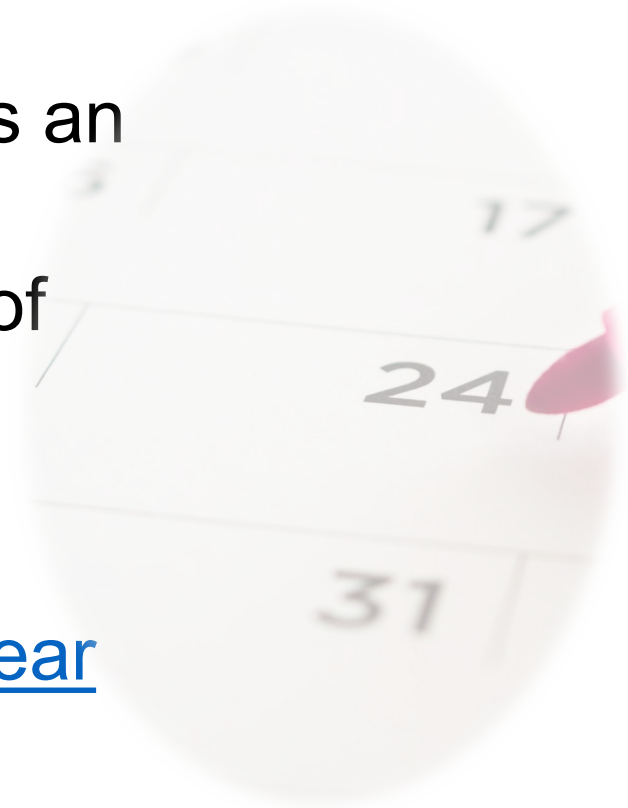
 Reports **NOT** approved by April 29 will post to the NEXT fiscal year!

*New -Virtual card accruing monthly



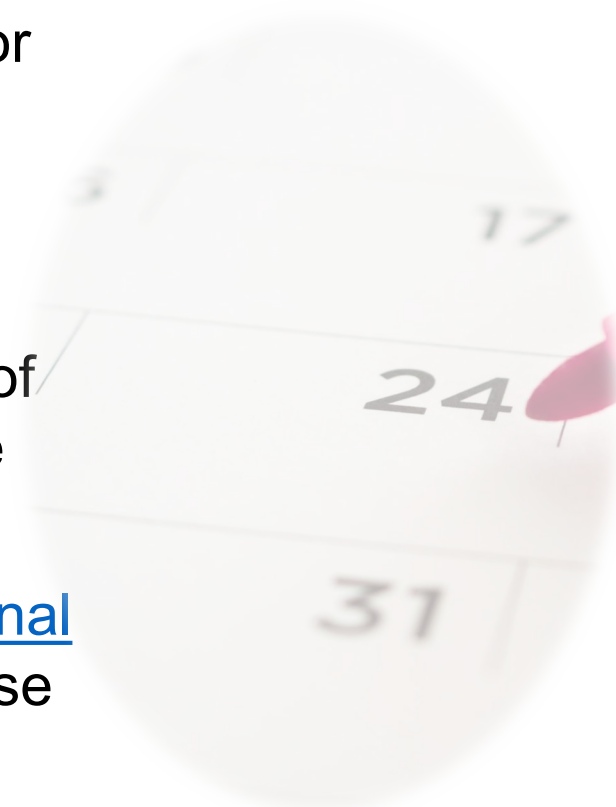
Year-end journals: ME journals

- Closing journals that are recurring in nature (i.e. monthly, quarterly, yearly) should be processed as an **ME instead of a JE**
- Allows reports to be run to single out these types of entries as they often need to be identified during financial reporting
- To access report:
<https://www.mcgill.ca/financialservices/reporting/yearendvariances>



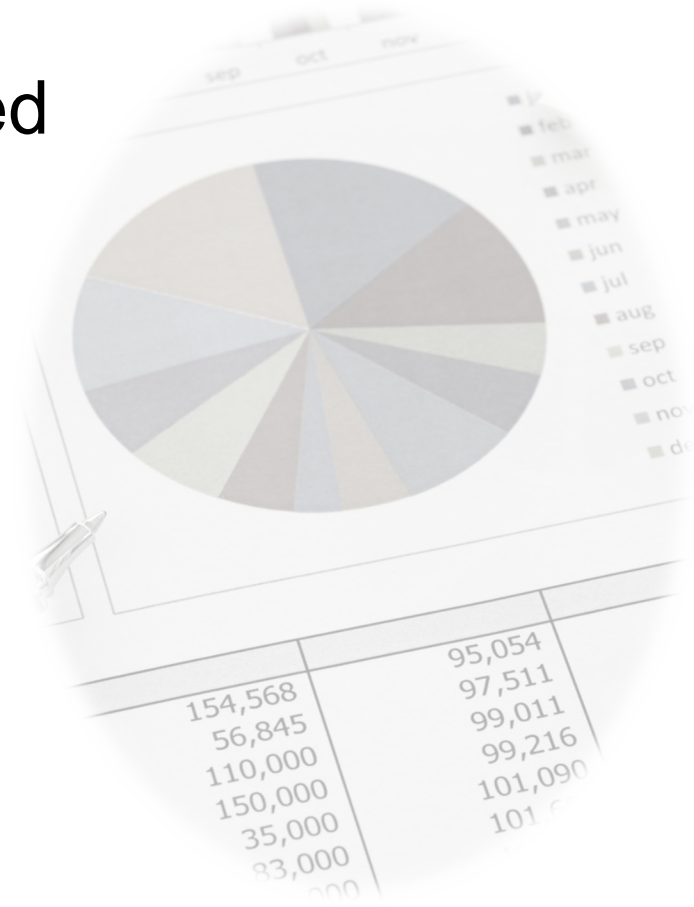
Year-end journals: ME journals

- **Best to use FGAJVCD** over FGAJVCQ which does not allow for inputting a reference #
- Fill in previous year's journal number in Doc Reference Field or "NEW" if it's a new type of entry this year
- Prepare your reversal at the same time with a transaction date of May 1, 2026, with the original accrual number in Doc Reference Field
- Consult ["HOW TO process a Month End/Year End Closing Journal \(ME15/ME16\) FGAJVCD"](#) on Financial Services Knowledge Base ("FSKB")



Financial statement groupings

- The University's financial statements are prepared based on certain groupings
- We ask for variance analysis based on these groupings
- Each line item is driven by account types and/or codes
- Chart of accounts-[Account codes](#) on the FSKB

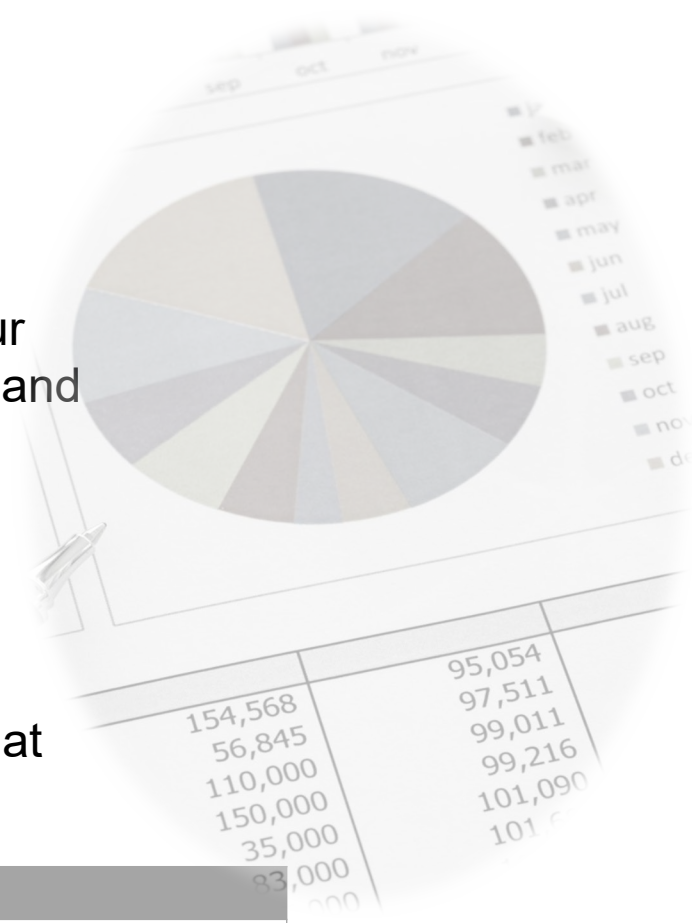


Financial statement groupings

Examples of Specifications for P&L Statements

- Below is a sample of the specifications for some of the line-items given to our report writers to produce the P&L. It is the same definition for all fund types and it represents a definition of each line item disclosed.
- All line-items are driven by the account code hierarchy
 - Internal sales/purchases is an exception
- You need to understand the account code hierarchy to understand the specifications. When you are doing your analysis, it is important to know what account codes are included and which ones are not before you begin your analysis

Line item	Line item specifications
Sales of goods and services	Account type 2 is one of 5C, 5F, 5M, 5P and account code 3 <>50010
Non-academic salaries	Account type 1 = 60, Account code 1 = 603 or account code is one of 600018, 600921, 600027
Contract services	Account code 3 = 70034 OR Account code =700027, 700068



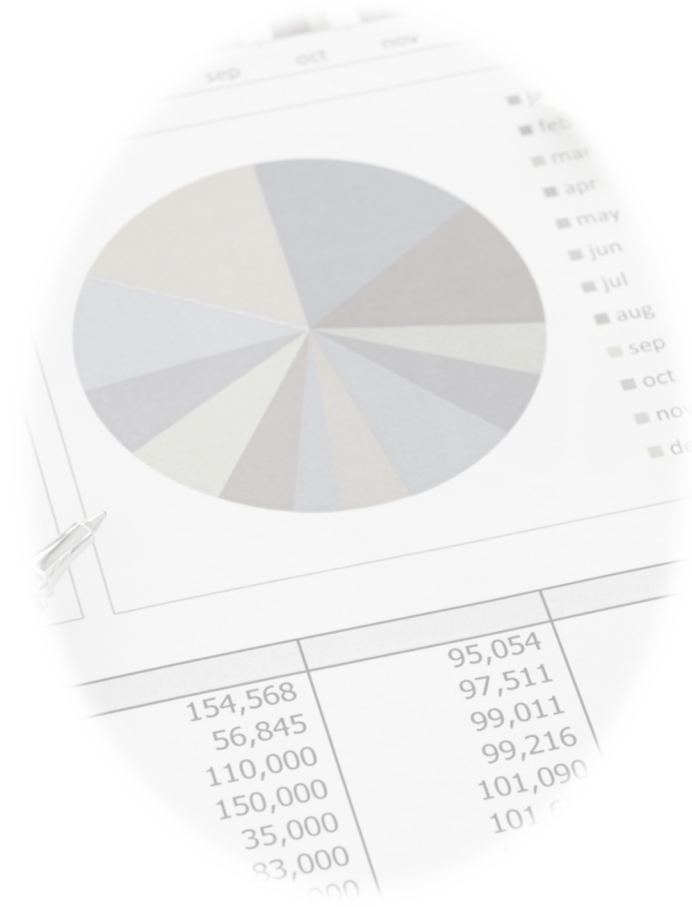
Financial statement groupings

Revenues

- 5C Sales of Goods & Services:
- 50005 – Sales of Goods & Services
- 50006 – Rental Revenue
- 50007 – Royalties, License Revenue
- 50008 – Registration/Membership Fees
- 50009 – Fines revenue
- 50010 – Contract/Consulting Services Revenue
- 50010 – Computing Services
- 50057 – Sponsorship Revenue

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



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 (i.e. 77xxxx)

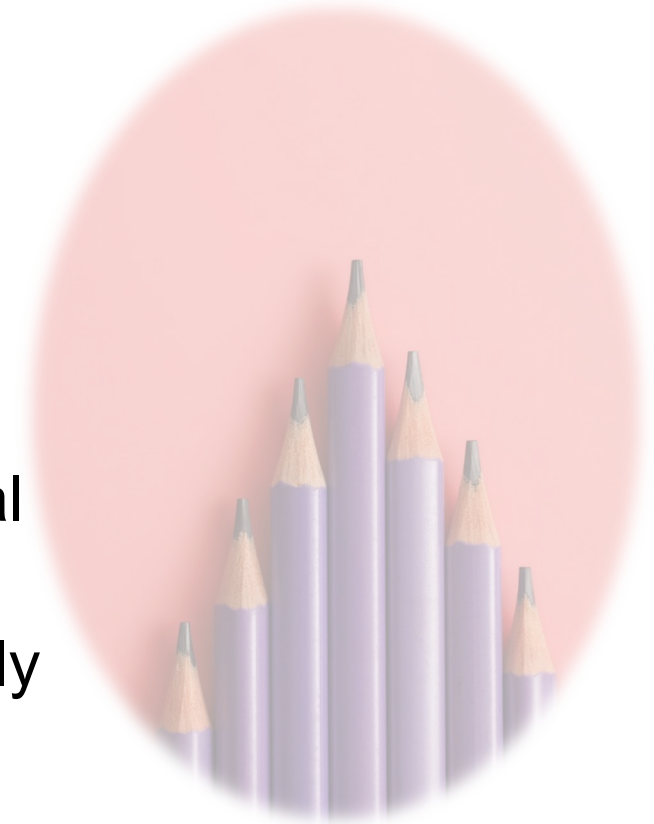
Other Non-Salary Expense

- 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)



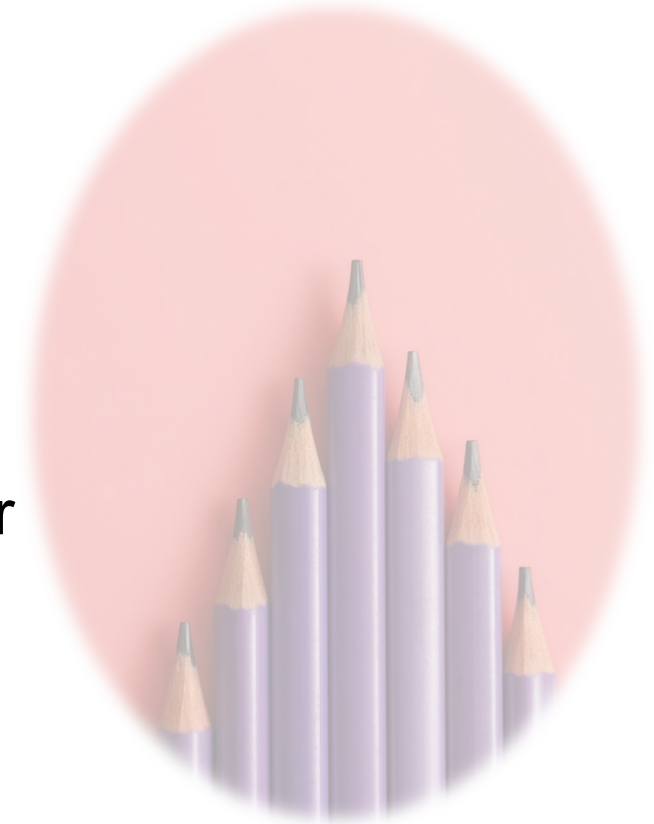
Variance analysis: Overview

- Fiscal 2026 traditional 12-month fiscal year with quarters ending in July, October, January and April
- Comparatives for FY25
- What's this for?
 - Helps us produce the Financial Statement Analysis which is a crucial part of our audit and general financial reporting
- Remember: Variance analysis is not a bad thing, it's simply an explanation of what has happened in the year



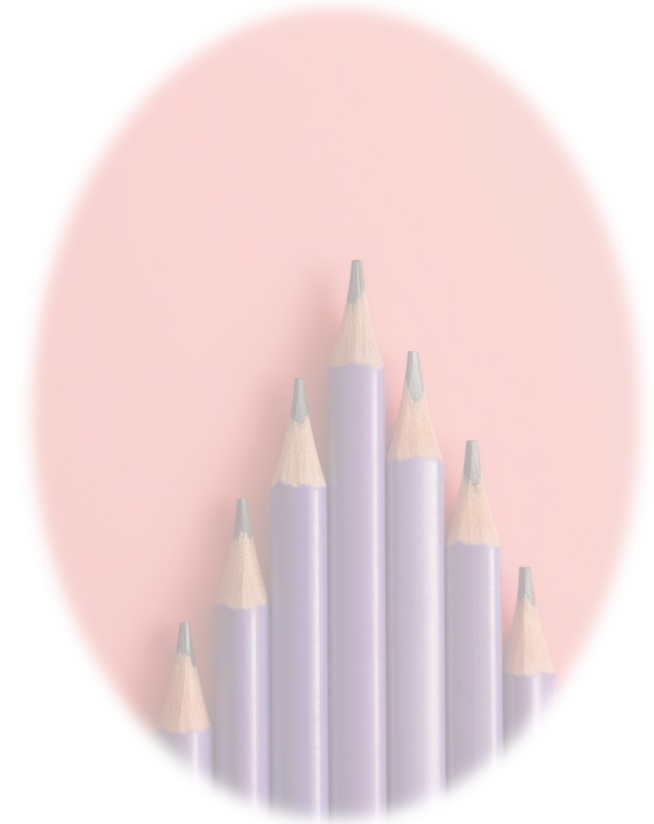
Variance analysis: FY26 dates

- Email request to all FFO's will be sent out on April 10th
- 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 Friday May 22rd (i.e. this allows for 2 business day after 2nd cut-off to make required adjustments)
- Explanations for line-items with variance of:
 - +/- \$100k



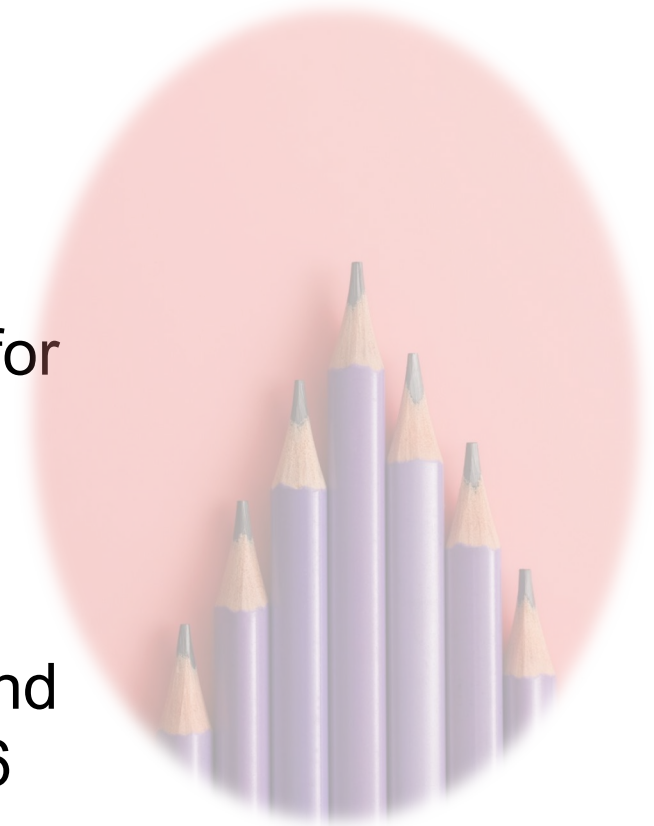
Variance analysis: Reports

- When refreshing, you will be prompted with the following 4 queries:
 - Select Current Fiscal Year – 26
 - Select Prior Fiscal Year – 25
 - Select Org Code – see variance analysis grid
 - Select Org Level – see variance analysis grid
- Link : [Variance Analysis Grid](#)



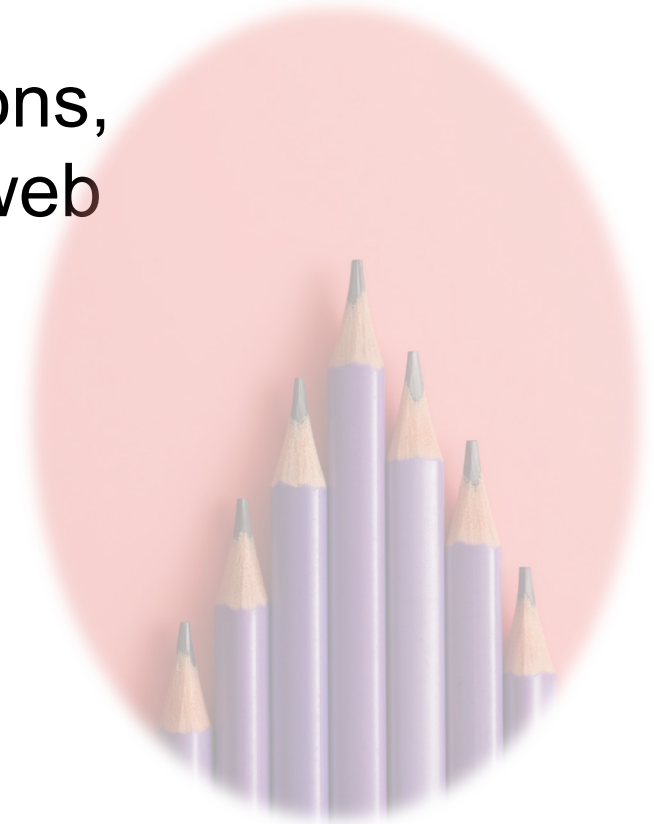
Variance analysis: Tips & Reminders

- Why do your responses matter?
 - They are used to prepare the Financial Statement Analysis (FSA), which is a 75-page document supporting the audited financial statements produced for the report to the Board of Governors (BOG)
 - The explanations you provide are verified and substantiated by our external auditors
 - FSA completed for internal review by June 11, 2026 and provided to external auditors the 1st week of July 2026



Variance analysis: Tips & Reminders

- For more examples of invalid and valid explanations, refer to “variance analysis how to” document on web
- Avoid vague, ambiguous answers and aim for responses that are substantiated
- Quick-turnaround required – timing is critical
- In your absence, assign a delegate to handle this query and notify us ASAP



Banking announcements



1. Clearing needed for unclaimed Wires and direct deposits (non-RFMS and non-A/R billed revenue)
 - If you are/were expecting cash, please reach out to FIS-Help
 - Only for non-RFMS and Non-A/R billed revenues
2. Clear follow-ups on bank reconciliations



Year-end – New Process for CAPZ

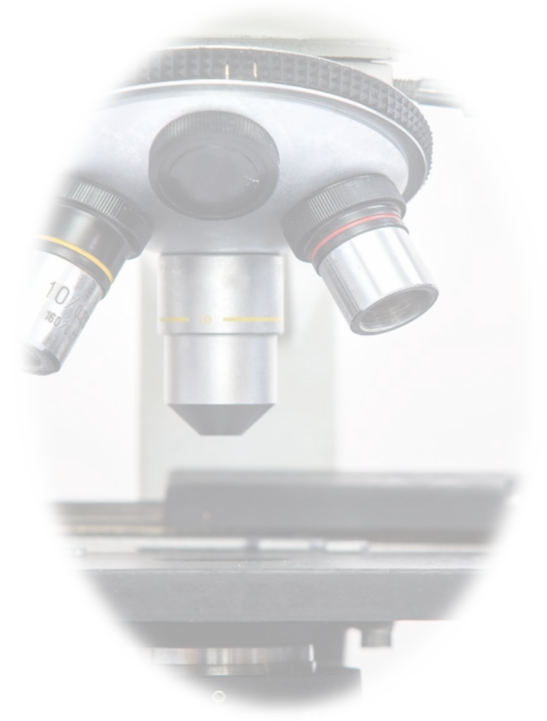
- Beginning in FY25, MES process now requires McGill to post capital expenses to match MES year end (March 31)
- Thus, Year end CAPZ entries will be posted twice going forward
 - May to March transactions will be posted in April
 - April transactions in May

DIFFERENT



Research Support Fund (RSF)

- The Research Support Fund assists with the expenses associated with managing the research funded by three federal research granting agencies
- The RSF has an initial reporting period of April 1 to March 31, 2026
- 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 in early April as requirements are being revised by government
- Responses due by **May 15, 2026**



Important tips: Manual encumbrances

- **Review manual encumbrances and consider:**
 - Are they still valid?
 - Have they been liquidated against the expenditure
 - If at zero, liquidate them using journal type rule class E032 as they form part of calculation unnecessarily and slow down processing
 - Best practice is to do so **NOW** or at 1st cutoff at the very latest



Important tips

Letters of Guarantee

- Cleared by 1st Cut-Off

MMP

- Purchase requisitions must follow Purchase Order Procedures
- FY26 Long-Term PO's will be rolled over if there are remaining encumbrances
- Purchase requisition are to be setup for the full term of the contract (enter contract end date in delivery date field)
- Amounts should reflect budget available for fiscal year



Important tips

BAVL – NSF Override

- Even though FY27 budget may not be processed you will be able to process transactions as severity is set to warning which allows you to spend.
- Keep in mind that BAVL balances are affected by “pipeline” documents therefore, in Minerva, under “Budget query for Fundholders”, check the “pending documents” button.
- BAVL quirk: looks at line sequence, so do credit first then debit (ex: increase intra fund transfer) so as not to reject the journal
- [FAQS –BAVL](#) can be accessed on the FSKB

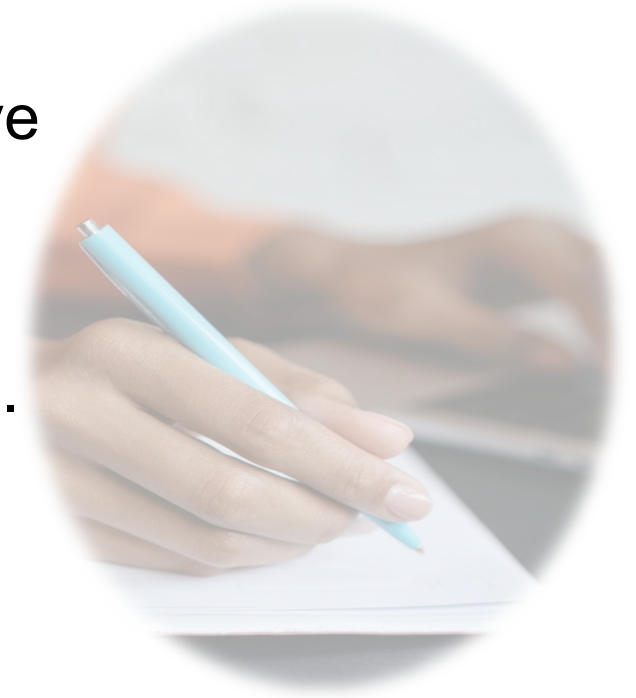


Important tips

Accrual Period 14

- 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!



Important tips

Purchase Orders

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



How to's

[How to Process a Year End Closing Journal \(ME15/ME16\)](#)

[Overview of McGill's Chart of Accounts](#)

[How to Process a Manual Encumbrance \(FGAENCB\)](#)

[Understanding Budget Availability Checking \(BAVL\)](#)



How to's

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

Liquidating Purchase Orders



Year-End = 4 Things to Get Right



Record transactions
in the correct year



Ensure proper
classification



Submit before
cutoffs



Provide clear
explanations



Questions, Comments or Concerns?



Thank you and Happy
New (fiscal) Year!

