

## 6.2 Month-End/Year-End Procedures

### Policy Statement

It is government policy to ensure that procedures are in place to support timely and accurate reporting of financial position and expenses.

### Policy Objectives

The objective of the policy is to establish and communicate a standard set of month-end/year-end procedures as a checklist to ensure that government financial records are well maintained in a consistent manner.

### Application

This policy applies to all government departments.

### Policy Directives

#### **DEPOSITS**

Ensure that deposits are made in a timely manner; daily if possible. This is especially important at month end and year end.

#### **PETTY CASH**

Ensure that there is authorized documentation for outstanding advances. Prepare an annual checklist for each division to verify that the recorded holder of petty cash and the recorded amounts are correct.

#### **FLOATS**

Balance all floats daily and confirm the balance annually. Ensure that there is authorized documentation for all outstanding floats.

#### **CASH IN TRANSIT (CIT)**

Liability Management Treasury Services receives a report listing incoming cash. Departments must reconcile and clear cash in transit accounts to zero monthly. It is important to ensure that the cash belongs to your business area before clearing it to revenues. Complete the Monthly CIT Reconciliation Summary and forward it to Liability Management Treasury Services.

## **TRUST FUNDS AND SPECIAL PURPOSE FUNDS**

Reconcile these accounts monthly.

### **ACCOUNTS RECEIVABLE**

Throughout the year, departments should ensure that interdepartmental issues are resolved and adjustments are made on a timely basis. Government Accounting should review the balances in interdepartmental accounts receivable with interdepartmental accounts payable on a government-wide basis at least annually.

### **ACCOUNTS RECEIVABLE COLLECTION ACTIVITY**

Departments should have a standard accounts receivable collection procedure, addressing such things as use of customer account statements and dunning letters (collection letters) where appropriate. Departments should review accounts receivable customer balances and record an allowance for doubtful accounts including specific bad debts and estimated other uncollectable amounts (refer to Chapter 11.3, Bad Debt Write-off Procedures.)

### **NSF/ RETURNED CHEQUES**

NSF/Returned cheques should be reconciled on a monthly basis. Once departments become aware that cheques have been returned, they should set up an account receivable for the amount within SAP and follow up with collection efforts.

### **ACCOUNTS PAYABLE**

Government Accounting should reconcile accounts payable control accounts to the general ledger prior to month end close. Departments should reconcile manually posted accrual and accounts payable general ledger accounts to supporting documentation on a timely basis. Accounts with high volumes should be reconciled at least monthly, and may be reconciled weekly if warranted. Other accounts may require only quarterly reconciliation. Foreign exchange gains and losses, discounts lost and GR/IR clearing accounts should be cleared monthly.

## **General**

- Accounts for cash under/over should be monitored and reviewed. They should be balanced monthly.
- Submit quarterly advance reconciliation confirmations by the 20th calendar day of the following month to Government Accounting, Department of Finance.
- Corporate credit card (PCard, Fleet Card) suspense account 769600 to be cleared monthly, purchases reviewed.

- Invoices and documents that are entered into SAP daily/weekly should be checked against cut-off dates.
- Departments should check monthly dates for accounts payable close, external journal close, general ledger close to ensure data is complete before running reports.
- AP invoices are sometimes blocked for payment pending further information. A report of these blocked invoices should be run and reviewed monthly to ensure that blocking status is still required. Ensure these are cleared monthly.
- Expense reports should be processed up to date each month, ensuring expenses and HST are coded to the correct general ledger accounts.
- Expense reports for monthly travel allowances recipients should be checked for proper general ledger accounts and the proper mileage rate.
- Parked document reports should be run monthly and checked against purchase orders. Ensure parked documents are cleared/deleted.
- On a monthly basis, run a GR/IR report. Items older than 90 days are to be checked monthly against invoices processed. Procurement officers will need to check items on the report against purchase orders.
- Clear the discounts lost account monthly.
- Review outstanding commitments on a monthly basis to ensure they are still valid.

#### **INTERNAL ORDERS**

Internal orders should be reviewed and settled prior to the month-end close. This is especially important at year-end. Upon completion of the project, the internal order must be closed in order to prevent additional charges being recorded against it.

#### **RECOVERIES**

Reports for cost-recoverable programs should be prepared if required. Secondment journal entries should be processed and reviewed at least quarterly. Departments should ensure that rebills are completed monthly. For special projects where amounts are to be rebilled, departments should make sure that all time, travel, and expenses are recorded to be included in the rebill.

#### **REVENUE AND EXPENSES**

Monthly reviews of actuals should be compared to prior year, forecast, and estimate. Variances exceeding 10 per cent over the prior year's actuals should be investigated. It may be more meaningful to compare actuals with the percentage total estimates based on the amount of fiscal year that has elapsed.

## Accountability

Government Accounting is responsible for the development of the policy. Departmental finance management and staff are responsible for compliance and procedural implementation as well as for participating in ongoing revisions to meet operational needs.

## Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

## Enquiries

Accounts Payable Processing, Government Accounting  
Department of Finance  
(902) 424-6626

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