# Performing Month-End Procedures

| Interfacing with Other Systems | Processing General Journal Voucher Entries | Processing Special Journal Voucher Entries | Recording Allotments & Reversions | Processing Intragovernmental Transactions | Performing Daily Procedures and Identifying Errors | **Performing Month-End Procedures** |

## Overview

At the end of each month, agencies are required to certify to central managers that agency month-end reports are accurate and complete. Month-end reporting requires the use of the cash basis accounting method in specifically prescribed report formats. Before an agency can certify their month-end reports, several steps must be completed correctly to ensure the validity of the report data.

## Preliminary Steps

The preliminary steps that should be completed before reviewing the month-end reports are described below. These steps correlate to the first ten steps on the Month-End Report Certification Readiness Checklist. (See **QRG 15: Month-End Report Certification Readiness Checklist** for the complete list.)

### Unfinished Budgetary Control (BC) Documents

Verify that all unfinished BC documents keyed with an effective date in the month being certified are completed, approved and posted to the General Ledger. (To avoid posting BC document transactions to the SBM, end all unfinished BC on the last business day of the month.)

### Suspense Balance

Verify that the general accounting suspense distribution (account 99999999899 / center 999999999998) has a zero balance for all companies. Additionally, all entries posted to suspense with an effective date in the month being certified must be correctly accounted for. A zero balance in the suspense distribution does not necessarily indicate that all transactions are properly posted to the General Ledger. A detail line debit and credit to suspense for the same amount will result in a zero balance, but may actually represent transactions that need to be cleared to the appropriate accounting distributions.

### Statewide Interface Suspense Balances

Verify that the suspense balances for specific interfaces are zero in all companies.

- Payroll Interface Suspense (account 531999 / center 9999)
- Health Benefits Interface Suspense (account 531998 / center 9999)
- Mail Service Center Interface Suspense (account 532849 / center 9999)

**Agency Specific Interface Suspense Balances**

Verify that the suspense balances for agency specific interfaces are zero in all companies.

**Suspended Batch Master (SBM) File**

Verify that there are no error batches in the SBM with effective dates in the month being certified. Error batches should be corrected and released for posting to the General Ledger.

**Cash Disbursement Account Balance**

Verify that the cash disbursement account (111250) has a zero balance for all companies. The disbursing account should be cleared after each Accounts Payable (AP) check cycle with a cash requisition BC entry. If there are balances, then a suspense transaction may not have been cleared correctly or a cash requisition entry may still be in the unfinished BC documents list.

**Quarterly Allotment Reversion**

Verify that the allotment reversion is keyed correctly. If the month being certified is a quarter-end month, the quarterly reversion must be recorded prior to reconciling the month-end reports so that the BD702 reflects the reversion. The appropriate effective dates for allotment reversion entries are:

| Quarter Ending Date | Effective Date of Reversion Entry |
|---|---|
| September 30 | In October |
| December 31 | In January |
| March 31 | In April |
| June 29 | June 30 |

**Encumbrance Balances**

Verify that the Accounts Payable (AP) and Purchasing (PS) encumbrances listed on the Box Totals report (C-GL-BOX-TOTALS) are each zero for all companies. The AP encumbrances are the total of all 03 type account balances and the PS encumbrances represent the total of all 83 type account balances. If encumbrances are posted correctly, each account type should always equal zero. If balances do exist for encumbrances on the Box Totals report, then it is possible that encumbrance postings to suspense were cleared incorrectly.

**Company Totals**

Verify that the Total Debits and Total Credits on the Box Totals report are equal for all companies. This indicates that the company is in balance.

**Budget Fund Cash Balances**

Verify that the ending cash balances on the Statement of Cash, Receipts, Disbursements, and Balances (BD704) report are correct for all special revenue funds. The ending cash balance for the Current Month and Year-To-Date rows should always be equal for each budget fund. Differences in the two indicate that expenses or revenues have been reclassified from one budget fund to another without a corresponding reclassification of the budget fund cash.

Once the NCAS transactions are verified as accurate and complete, a review of the month-end reports is begun. The month-end report reconciliation process represents steps 11 through 14 of the Month-End Report Certification Readiness Checklist **(QRG 15: Month-End Report Certification Readiness Checklist)**.

# Monthly Budget Report Reconciliation Procedures

The purpose of the Monthly Budget Report Reconciliation Procedures is to verify that the following systems are in balance by budget code:

- Cash Management Control System (CMCS)

- North Carolina Accounting System (NCAS)

There are four reconciliation procedures designed to assist agencies in verifying the fiscal representation of each possible type of budget code:

- General Funds (**see Procedure 28: Reconciling General Funds**)

- Federal Funds (**see Procedure 31: Reconciling Procedures for Federal Funds**)

- Capital Improvement (CI) Funds (**see Procedure 30: Reconciling Procedures for Capital Improvements**)

- Special Funds (**see Procedure 29: Reconciling Special Funds**)

Any fund other than a General Fund, Federal Fund, or CI is termed a Special Fund.

# Month-End Reports

The OSC produces the month-end reports needed for report reconciliation. These reports are available in Systemware (X/PTR, X/TND, or X/NET), and can be viewed or printed as needed.

🗁 Beginning July 2018, an enhancement to the month end reporting process was implemented.   All versions of the monthly reports for a fiscal year will reside in the same Systemware report group names.   These new group names replace the following group names: current month (MOCUR), prior month (MOPRE), and all certified reports (current (MOCER, MOCEY), late (LTNCE) or re-certified (MORCE).

The Systemware report group names and reports contained in each group are as follows:

| Systemware Group Name | Report Name |
|---|---|
| OSCOP* FY20YY BD701 REPORTS | C-GL-BD701-CERT-REPORT |
| OSCOP* FY20YY BD701 EXCEL** | |
| OSCOP* FY20YY BD701F REPORTS | C-GL-BD701-GRANT |
| OSCOP* FY20YY BD702 REPORTS | C-GL-BD702-REPORT-CV1 |
| OSCOP* FY20YY BD725 REPORTS | C-GL-BD725-CI-REP0RT |
| OSCOP* FY20YY BD800 REPORTS | C-GL-CASH-RECON-BD800 |
| OSCOP* FY20YY BD704 REPORTS | C-GL-BD704-CSH-REC-FUND |
| OSCOP* FY20YY BDBOX REPORTS | C-GL-BOX TOTALS |
| OSCOP* FY20YY BD701A REPORTS | C-GL-BD701-AUTH-REPORT |
| OSCOP* FY20YY RPTG BD701 TITLES** | |

🗁 An asterisk (*) in the job/group name represents a region-specific variable. Use **C** to reference report groups in the SCCP region. Use **F** to reference report groups in the NC23 region.    The YY denotes the Fiscal Year (2017, 2018, etc).

🗁 ** The BD701 Excel report series contains the same data (at the full company-account-center level) as the corresponding BD701 but in columnar form that makes it easily imported into Excel. The RPTG BD701 Titles report series contains center element descriptions that can be used in conjunction with the BD701 Excel for reporting purposes.

Each report in Systemware contains 12 versions, corresponding to the 12 periods of the cash basis fiscal year.

```
X 1 V10: Report OSCOPC FY2018 BD701 REPORTS                          Line         1
Command ===> _                                                  Scroll ===> PAGE

Commands:  BQ  - Batch Query
Opts:  B   - Browse    X   - Index     I   - Ix Names  SQ  - Ix Query
       V   - Views     N   - Notes     PRT - Print      Q   - Work Q
Use END to exit.

Opt Created                Total pages
    07/18/2017 22:41                1   <———     Period 12 - June
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1   <———     Period 7 - January
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41                1
    07/18/2017 22:41            3,013   <———     Period 1 - July
********************************* End of list ********************************
```

For viewing report, the first period of the year (July) will be at the bottom of the list, and the last period of the year (June) will be at the top of the list.

| Period | Month |
|--------|-----------|
| 12 | June |
| 11 | May |
| 10 | April |
| 09 | March |
| 08 | February |
| 07 | January |
| 06 | December |
| 05 | November |
| 04 | October |
| 03 | September |
| 02 | August |
| 01 | July |

The change to the Systemware report series is meant to keep accurate and up-to-date reports all in one location.

As a new period is opened, the version corresponding to the period will begin to contain the monthly reports.   The monthly reports will continue to run nightly for that period until the agency's certified reports are generated.

If an agency posts transactions to **<u>ANY</u>** prior period, the reports for that period and all subsequent periods, up to and including the current period, will be re-run during the nightly production run.   In the event the prior period had been certified, the new reports would replace the certified version of the reports for those periods.

Report headings have been modified to contain a "NOT CERTIFIED" or "CERTIFIED ON MM/DD/YYYY" message.   As agencies certify for a period, the versions for that period that say "NOT CERTIFIED" will be replaced by the "CERTIFIED ON MM/DD/YYYY" message.

```
RMDSID13       CERTIFIED ON 05/12/2017              STATE OF NORTH CAROLINA
BD701-01                                                 AGENCY MANAGEMEN
1X0   DEPARTMENT OF XXXXXXXXXXXXXX                   FOR THE PERIOD END
1XX00 AGENCY-GENERAL
                                                         BUDGET  CO


                        ******** B U D G E T E D ******** ********** A C
ACCOUNT       DESCRIPTION              CERTIFIED     AUTHORIZED   CURRENT-MON
```

If an agency posts to a period already certified, the certified reports will be removed for the period affected, and new "NOT CERTIFIED" updated reports replaced in the version corresponding to the period.

Versions of these reports are also available in the GLPUBLIC IE library with the prefix C-U-GL-report name. Agency staff can produce these versions with selected runtime parameters as needed.

> 🗁 The reports in Systemware will ALWAYS contain the latest reports, based on posting activity.   <u>Agency staff running these reports from GLPUBLIC library of IE incur agency costs and will not produce anything different than the reports in the above location</u>.

# Special Reports

Systemware contains two reports created to assist agencies in the certification process. The OSCOP* PRECERTIFICATION DIFF RPT is sorted by budget code and quickly shows the agency whether or not they are in balance for that particular code. The report will show what areas are out of balance. The step-by-step reconciliation procedures can then be used to correct out of balance conditions. The OSCOP* PRECERT CMCS RECEIP & EXP report lists transactions from CMCS, so they can be compared to the BD800 report to show differences between cash transactions posted to CMCS and NCAS. These reports are only available in Systemware.

# Report Certification Process: Guidelines

Once all the month-end reports have been reconciled to each of the central management systems, an agency can begin the report certification process. Statewide reporting guidelines require an agency to certify, by the tenth business day of the current month, that its prior month's financial reports are accurate and ready to be made available to the central managers.

**Precertification**

To meet reporting deadlines, an agency must call the OSC Support Services Center by 2:00 pm. on the 10th business day of a month to *precertify* its prior month's reports. A HEAT ticket is assigned to the pre-certification by the Support Services Center and the ticket number given to the appropriate agency staff member. The following restrictions apply:

- Only authorized agency personnel can precertify month-end reports.

- Pre-certifications received after 2:00 pm. are deferred for processing until the next business day.

- Agencies cannot precertify their reports until CMCS has closed the prior month (generally the 6th day.)

- The original pre-certification HEAT ticket number must be retained by the agency in cases where re-pre-certification or re-certification is required.

The OSC verifies that the budget code cash balances reported on the month-end reports correctly reflect the cash balances on the CMCS. If discrepancies exist, the agency is notified of the error and adjustments or corrections are processed by the agency. Certified reports are not generated until no discrepancies exist and the agency has re-pre-certified the month-end reports. (See **QRG 17: Common Sources of Discrepancies in Performing Month-end Procedures for General Fund**.)

To re-precertify the month-end reports, an agency must call the Support Services Center by 2:00 pm. and reference the HEAT ticket number received during the original pre-certification.

**Certification**

Once the pre-certification process is complete, the master Certification Table is updated to create the certified reports. Certified reports are generated during the nightly production cycle and are available through Systemware under the same report groups as above. You will note in the title of the report the word Certified along with the date the certified reports were generated.

Agency personnel are responsible for ensuring Central Management agencies (General Assembly – Fiscal Research Division. OSBM, and OSC) receive any certified reports required by them.

🗁 Central managers are striving to utilize the electronic reports supplied by the North Carolina Accounting System for analysis of agency financial information. Central managers utilize DSS, Systemware, and Information Expert reports. The OSC reviews the reports in Systemware. Other central managers have established their own requirements as to hard copy reports. Refer to correspondence from all other central manager agencies for changes to their requirements.

> ⓘ
> **INFORMATION**
> **Quarter End Process:** *Effective September 2010, OSBM began approving quarter end certifications before an agency/university can finalize the certification process. The addition of this step will not extend the 10-day requirement.*

# Late Month-End Report Certifications

Agencies that have not certified their reports by the 10th business day of the month are considered to be late. The procedures for certifying reports late are identical to the normal certification process.   Each night, reports are generated for every period that is late for certification.   These reports are placed in the same location as noted above in the Month End Reports section.

Once the agency calls in to certify, the certification table will be updated by OSC, and certified reports will be generated.

# Re-Certification of Month-End Reports

Occasionally, an agency needs to recertify a period previously certified.   **If an agency posts to a prior period after they have certified, that period, and all subsequent periods, will be flagged as "not certified" and will require the agency to go through the certification process again for each period to insure accuracy. The procedure for recertifying a prior period is the same as the original certification process.**

# Current Month Reports

Agencies can begin reconciling discrepancies for the current month by reviewing the reports in Systemware.   Current month reports are run daily and placed in the same location as stated above in the Month End reports section.

# BD701 Excel

Systemware contains the report series, BD701 Excel which contains agency BD701 information (at the full company-account-center level) in columnar form to allow for easy import into Excel. This report populates on the same schedule as the other reports in the series and also denote whether the agency reports are certified or not.

To import this report into Excel, agency personnel will need to save the desired version of the report as a text file and then import.   The text file is delimited using a "|", and can be imported using this character as a delimiter.   The columns in the file are defined as follows:

| Column | Column Title | Certified BD701-03 |
|---|---|---|
| A | PD | Period ( ex: 1 = July, 12 = June)    Center Heading of Report |
| B | YEAR | Fiscal Year in Center Heading of Report |
| C | FRU | Not a title - FRU located in left Heading of Report |
| D | FRU DESCRIP-TION | FRU Description located in left Heading of Report |
| E | BUDGT | Budget Code located in left Heading of Report |
| F | CO | NCAS Company - Not in Certified BD701 |
| G | FUND | Fund located in left Heading of Report |
| H | FUND DE-SCRIPTION | Fund title located in left Heading of Report |
| I | I | Indicator for how the account is treated in report - see be-low** |
| J | ACCT # | Account = Full NCAS posting account |
| K | ACCOUNT DE-SCRIPTION | Account description from NCAS for the account listed on the line |
| L | CENTER | Center = Full NCAS posting center |
| M | CERT BUDGET | Certified Budget = Amounts posted to 68 and 78 accounts |
| N | AUTH BUDGET | Authorized Budget = Amounts posted to 63 and 73 ac-counts |
| O | CUR ACTUAL | Current-Month Actual |
| P | YTD ACTUAL | Year-to-Date Actual |
| Q | ENCUM-BRANCES | Encumbrances |
| R | CERTIFIED | Indicates whether agency report has been certified or not. Values will either be "**N**" for Not certified, or "**C**" for certi-fied. |

** **E** = Expenditures, **E1** = Adjustment to Cash Basis in Expenditures Section
** **R** = Revenues, **R1** = Adjustment to Cash Basis in Revenue Section

The file does not contain the following calculations seen on a printed BD701:

> Unexpended Certified
> Unexpended Authorized
> Rate

Once the report is imported in Excel, these columns may be recreated by using the following formulas.

**The Unexpended Certified Column** = Column M minus Column P

**The Unrealized Authorized Column** = Column N minus Column P

**The Rate** is calculated as (Column P + Column Q) divided by (Column N * Column A)

The RPTG BD701 Titles report is a "|" delimited report that contains agency center element descriptions from NCAS and can be downloaded as a text file and used by agencies in conjunction with the BD701 Excel to link titles to centers/center elements.

# *SUMMARY*

The following is a summary of important time frames related to month-end processing:

| Activity | Schedule |
|---|---|
| | |
| CMCS prior month transactions | Prior month (setback) transactions made after the 2nd working day, must be pre-approved by OSC. These transactions, generally should be used for correcting errors that are detected during month-end reconciliation. |
| Earliest that month-end reports can be pre-certified | May begin pre-certification process after CMCS has balanced for the prior month. |
| Deadline for pre-certifying month-end | 2:00 pm. on the 10th business day |
| Deadline for certifying and distributing month-end reports | The10th business day |
| | |
| CMCS prior month transactions | Prior month (setback) transactions made after the 2nd working day, must be pre-approved by OSC. These transactions, generally should be used for correcting errors that are detected during month-end reconciliation. |

Refer to the monthly Operations Calendars on the OSC website at the link below for specific report availability dates.

**http://osc.nc.gov/state-employees/ncas**