



Actuals Year End Closing Processes

Script Description

After all entries are posted to the ledger for the Fiscal Year, run the Actuals Year End Close Process.

Process Assumptions

All closing entries have been made, and it is now time to close a prior year.

Understanding The Process

General Ledger stores in its ACTUALS ledgers the activity for each accounting period defined in the calendar for that ledger. You determine the beginning and ending date of each period by the calendar associated with each ledger.

There are several "special" system-defined periods that are not defined by are built into the system.

The following are common to year-end processing of ACTUALS ledgers:

Period 0	Contains the "balance forward" amounts-the balance at the beginning of each year. This represents the opening balance for balance sheet accounts. The Closing process is the only part of PeopleSoft General Ledger that updates this period.
Period 900	Contains the inception to date (ITD) totals for the ChartFields you specify in the Revenue/Expenditure Roll Forward Options panel in your Closing Rule. The Closing process is the only part of PeopleSoft General Ledger that updates this period.
Period 998	Contains adjusting entries you have entered. You indicate an adjusting entry when you enter journals by checking the adjustment check box on the Journal Entry Header panel.
Period 999	Contains the results of Year End Closing. The year end closing entry to book the current year net income to fund equity is posted here. The Closing process is the only part of PeopleSoft General Ledger that updates this period.

This following table shows how the ACTUALS ledger stores amounts after the close using a simplified calendar containing four quarters and applicable special accounting periods.

Prior Year		Closed Year								Next Year	
	<u>900</u>	<u>0</u>	<u>99Q1</u>	<u>99Q2</u>	<u>99Q3</u>	<u>99Q4</u>	<u>998</u>	<u>999</u>	<u>900</u>	<u>0</u>	<u>00Q1</u>
Cash		2000	2000	1000		2000				7000	
A/R		5000	-1000	-1000	-1000	1000				3000	
A/P		-3000		1000	1000	-2000	-1000			-4000	
Fund Equity		-4000						-2000		-6000	
Revenue	-6000	0	-3000	-4000	-5000	-6000		18000	-18000	0	
Expense	3000	0	2000	3000	5000	5000	1000	-16000	16000	0	

You can record your year-end adjustments in a separate accumulator without entering them into the last accounting period of the year. If you post adjusting entries in a normal accounting period, these entries might distort period-to-period or year-to-year comparisons of results. By isolating your closing adjustments from your regular transactions, you can choose whether to include them when you run reports and inquiries. The steps discussed in this section are required to activate this feature.

Setting Up the Adjustment Year

PeopleSoft General Ledger posts your adjusting journal entries to Period 998 (reserved for year-end adjustments) in the Adjustments Year specified for the ledger. You can also use this feature to post prior-year adjustments while you process current-year activity.

To use this option, indicate the Adjustments Year to which the system should post the adjustments for the ledger.

Access the Ledgers for a Unit Panels as follows:

GO	Define Business Rules
	Establish Business Units
USE A-M	Ledgers for a Unit
	Definition

Click the button

The farthestmost right hand scroll bar allows you to scroll to other Ledgers.

Specify the Adjustments Year

You typically want your Adjustments Year to match your fiscal year, but you can post adjustments to any year's adjustment period. If you do not specify an Adjustments Year, you cannot use Period 998 for adjusting journal entries. In order to avoid accidental posting to adjustment periods, leave the Adjustments Year field blank. Insert the appropriate year on the Ledgers For A Unit Definition panel when adjustment journals are necessary.

Note: The Journal Date does not control the period and year to which adjustment journals are posted. Adjustments are always posted to Period 998 in the Adjustment Year specified on the Ledgers For A Unit Definition panel.

Year-End Closing Process for Actuals Ledgers

Annual Closing is a background process that you must initiate in the Closing Request panel. When you run Closing, PeopleSoft General Ledger closes Revenue and Expenditure accounts and carries balances forward into the new year according to the Closing Set(s) being processed.

Choose Go, Process Financial Information, Maintain Ledgers, Process, Closing and the Closing Request panel.

GO	Process Financial Information
	Maintain Ledgers
PROCESS	Actual Closing Request
	ADD

- Enter Run Control ID
- Click on button

OR

GO	Process Financial Information
	Maintain Ledgers
PROCESS	Actual Closing Request
	Update/Display

Submitting a Request for Closing

Business Units and closing sets drive the closing process for the fiscal year you enter.

Select the

- **Business Unit for Prompting,**
Closing Set, and
Fiscal Year.

Select the Ledger Grp.

- **Enter a Ledger to be processed or leave this field blank to process all ledgers in the Ledger Group. The Closing program closes all the ledgers in the Ledger Group.**

You have a number of options from which to choose:

Close Request Type	If you made a mistake and want to reverse the fund equity and balance forward calculations, select Unclose. It is not necessary to Unclose before re-running a Close because old amounts are always deleted first.
Check Only, Do Not Process	Performs the validations listed in "Validation Checking" below, but will not calculate fund equity or balance forward amounts. This option runs much faster and should normally be run before you Close.
Do Not Roll Forward Zero Bal	Prevents the system from creating Period 0 rows for ledger rows with a zero ending balance.

Store P/L Reversal Entries	<p>Inserts ledger rows for the entries made to Period 999(23) to close revenue and expenditure accounts. You can access these amounts through the general ledger inquiry panels. If the Enable Separate Debit/Credit feature is turned on for a ledger on the Period 999 entries for Revenue and Expenditure accounts will offset not only the net ending balances, but also the debit and credit ending balances.</p>																								
Initialize DR/CR with Net Bal	<p>For balance sheet accounts, if the Enable Separate Debit/Credit feature is turned on for a ledger on the Initialize DR/CR with Net Balance option is available. Select the Initialize DR/CR with Net Balance option if you want to initialize the debit or credit balance with the net Period 0 balance.</p> <p>If you don't select this option, the system moves the ending debit and credit balances forward to become the beginning balances of the following year.</p> <p>For example,</p> <table border="1" data-bbox="350 884 1581 1184"> <thead> <tr> <th></th> <th>Debits</th> <th>Credits</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>Year End Balance</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Account 1000</td> <td>30,000.00</td> <td>35,000.00</td> <td>5,000.00 Cr.</td> </tr> <tr> <td>Post Closing</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Balance Forward</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Account 1000</td> <td>0.00</td> <td>5,000.00</td> <td>5,000.00 Cr.</td> </tr> </tbody> </table>		Debits	Credits	Balance	Year End Balance				Account 1000	30,000.00	35,000.00	5,000.00 Cr.	Post Closing				Balance Forward				Account 1000	0.00	5,000.00	5,000.00 Cr.
	Debits	Credits	Balance																						
Year End Balance																									
Account 1000	30,000.00	35,000.00	5,000.00 Cr.																						
Post Closing																									
Balance Forward																									
Account 1000	0.00	5,000.00	5,000.00 Cr.																						

The options in the Process Frequency box control how often to process a request.

- Choose Once to process the current request the next time a closing is executed. Once executed, the status changes to Don't Run. However, if you want this request to be processed each time closing is initiated, choose Always.

In the Specify Business Units(s) control box you can choose Selected Detail Values and select PROTO as is shown in the example.

It will be out of scope to select Detail - Selected Parents.

Validation Checking

PeopleSoft General Ledger performs validation checking for the business unit and closing set during the closing background process. The process produces an error message if any of the validations fail. Specifically, the system checks whether:

- All ChartFields in the Closing Rule are valid for the business unit and ledger.
- All ChartField values are valid.
- All Fund Equity accounts are valid for the business unit.

- **Duplication or overlapping in the Revenue and Expenditure selection criteria that could cause double entries to Fund Equity accounts occurred.**
- **The system displays an error message if any of these validations fail.**

Reviewing a Year End Actuals Ledger Procedures Checklist

Because your final adjustments may not be known for weeks after year-end, closing a year and opening a new one is often an iterative process. PeopleSoft General Ledger allows you to carry on normal accounting and reporting activities during year-end, while maintaining control over the closing process. The following procedures are typical of most year-end closings.

- 1. First consider if this will be a year-end closing for your Controlled Budget Ledgers as well as Actuals. If it is, refer to the topics in this section dealing with the closing of budgets. The processes are similar; however, if there are subsystems posting to the LEDGER_BUDG table additional reconciliation and timing consideration are required.**
- 2. Stop processing accounting transactions for the old year. As you would at the end of any accounting period, use the Ledger for A Business Unit - Definition panel to change the range of fiscal years and accounting periods to prohibit the entry and posting of additional transactions to the old year.**
- 3. Produce preliminary year-end reports. Produce your usual period-end reports and any other special year-end reports.**
- 4. Begin to normal processing in the new year. Just as at any other time of year, you can use the Ledger for A Business Unit - Definition panel to open for entry and posting the first accounting period in the new year.**
- 5. Record adjustments to the old year. When you are ready to post adjusting entries to the old year, you will enter them as Adjusting Journals or re-open the appropriate accounting period, enter and post the entries, and close off the period again.**
- 6. Close the old year. To close your revenue and expense accounts to Fund Equity and roll forward beginning balances to the new year, use the Closing Request panel to initiate the background request. PeopleSoft General Ledger performs closing according to the options selected in the Closing Set(s).**
- 7. Produce reports for the new year. Before you run Closing, your reports for the next year do not include any results for prior years. Once you close, balance sheet accounts and inception-to-date revenue and expense accounts are available for reporting.**
- 8. Make additional adjustments to the old year. When you need to make additional adjustments for the old year, follow the same process you used in step 4.**

9. **Reclose the old year. Whenever you make adjustments to a closed year, you should run the Closing again to ensure that the opening balances for the new year reflect all activity for prior years.**

Warning: The Year-End Closing process will not close any Accounts that were closed during the year. If you have Revenue or Expenditure accounts that were closed during the year, you have two options:

- a. **transfer the balances left in these old accounts to an open account,**
- b. **make manual journals to transfer the balances left in these old accounts to the fund equity accounts. You will in effect be manually closing these accounts. You could do this as a year-end adjusting entry.**