

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.

Policy Directives

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 daily.
- Confirm annually.
- Ensure that there is authorized documentation for outstanding floats.

CASH IN TRANSIT (CIT)

- Treasury Services/Banking section should have a list for tracking incoming cash report.
- 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 Treasury Services.

(SPECIAL ACCOUNTS) TRUST FUND BANK ACCOUNTS

Reconcile monthly.

ACCOUNTS RECEIVABLE

- Government Accounting should reconcile interdepartmental accounts receivable with interdepartmental accounts payable on a government-wide basis at least annually.

- Throughout the year departments should ensure that interdepartmental issues are resolved and adjustments made on a timely basis.

ACCOUNTS RECEIVABLE /COLLECTION ACTIVITY

- Departments should have a standard accounts receivable collection procedure, including such things as customer account statements and dunning letters (collection letters) where appropriate.
- Departments should review accounts receivable customer balances and record any bad debts or doubtful accounts (refer to Chapter 8.3 Bad Debt Write-off Procedures).

ACCOUNT PROCEDURE FOR RETURNED CHEQUES

- Returned cheque accounts should be reconciled on a monthly basis.
- Once departments become aware that cheques have been returned, departments should debit the account for the original amount 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 monthly, more often to catch errors sooner. Other accounts may require only quarterly reconciliation.
- Foreign exchange gains and losses clearing accounts should be cleared monthly.
- Discount loss should be cleared each month.

General

- Accounts for underage or overage of cash should be monitored and reviewed.
- Underage or overage of cash should be balanced monthly.
- Outstanding Advance Reconciliation should be submitted to Government Accounting on a quarterly basis.
- Purchasing card clearing accounts should be cleared monthly.
- Gas card clearing accounts should be cleared monthly.
- 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 (e.g., I05 report).

- 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.
- Reports for monthly travel allowances should be checked against general ledger numbers and monthly travelers, making sure that they use the proper rate when processing claims.
- Parked document reports should be run monthly and verified.
- GR/IR and commitment reports should be run monthly and checked against purchase orders.

INTERNAL ORDERS

- Internal orders should be reviewed and settled prior to the month-end close.
- 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 where applicable.
- Secondments journals should be processed and reviewed at least quarterly.
- Departments should ensure that rebills are completed monthly where possible.
- 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

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