



Chapter 17 Appendices

Appendix H: Posting of Post Close Adjustments to the Core Financial Systems

Proposal for Use of Accounting Period (AP) 00 for CFO adjustments (Prepared by participants of the Solomon's Island FY 2000 Financial Statement Workshop)

Background

During the preparation of the financial statements there are adjustments made to the statements that are not timely enough to get into the accounting system (FFS/ABACIS) prior to close. As a result in the subsequent fiscal years the beginning balance for the financial statements (Hyperion) does not match the beginning balance in the accounting system. Based on recommendations from the Solomon's Island Workshop in 2000 the Department's recommended approach is to use accounting period 00 (AP 00) for making Financial Statement Adjustments (FSAs) as a more efficient use of resources, more timely and more streamlined process as opposed to the manual reconciliation that is otherwise required. Entering transactions into accounting period 00 causes a charge to the beginning balance in the system so that the accounting system beginning balance will agree to the Hyperion beginning balance.

Methodology for use of Accounting Period 00

After all FSAs are identified, documented, written up and placed in the hold status, AP 00 is opened for a very short amount of time possibly an hour or two to process the documents. This is usually done during non-business hours to ensure control of the data. During the nightly cycle this data is added to the information already in AP 00 and the current monthly reports are re-run. Bureaus do not need to go back and re-create the reports run prior to re-opening AP 00 because adjustments are made at such a high level that they generally don't impact program management. However, if a major restatement requires program management action based on revised historical information, it would be up to management's discretion to determine if previous reports should be recreated. The adjustment entered into AP 00 generally go in at the high level (Bureau) and then will be backed out during the next month's business at the same level. Then the actual document is entered at the cost account (program) level. (See example below.)

Benefits from Re-open AP 00 and make all CFO adjustments to the beginning balance.

The benefits of using this approach are that:

- No reconciliation required off line to ensure that all CFO adjustments are booked.
- OIG prefers this methodology because no further review of the beginning balance is needed other than to ensure it matches the ending balance from Hyperion.



- The integrity of the bureau's book of record (the accounting system) is kept consistent with the Department's financial statement book of record (Hyperion).

When using this approach bureaus should recognize that there are risks involved in reopening AP 00 that include the re-running of extracts and the sequencing of events. Care should be taken to ensure to maintain the accuracy of the accounting records.

Example:

Adjustment for accrued liabilities that did not get entered into the accounting system in the appropriate fiscal year.

Hyperion Adjustment FY 1999

610A	Operating Expenses
2110	Accounts Payable
4801	Undelivered Orders
4901	Unpaid Expenditures

Accounting Period AP 00 adjustment entered at high level (Bureau) FY 2000

331A	Equity
2110	Accounts Payable
4801	Undelivered Orders
4901	Unpaid Expenditures

Back out during regular business at high level (Bureau) FY 2000

2110	Accounts Payable
610A	Operating Expenses
4901	Unpaid Expenditures
4801	Undelivered Orders

Actual payment voucher entered to cost accounts (program) during regular business FY 2000

610A	Operating Expenses
2110	Accounts Payable
4801	Undelivered Orders
4901	Unpaid Expenditures

The net effect of steps 3 and 4 is a wash. All expense activity and other general ledger account balances and changes accurately reflect current year business vs. prior year adjustments.