



Advance Recovery Accruals

1. What is Advance Recovery Accruals?

- A. An accrual journal entry is a journal entry that records estimated amounts into the correct fiscal year when normal advance recovery clearing process, Goods Receipt (GR), Invoice (IR) and the advance recovery clearing was not completed in time in SAP.
- B. This applies to work performed, goods and services received in the closing fiscal year, but the invoices or documentation were not received or processed in time to post in time of the closing fiscal year.
- C. All accrual journal entries are temporary movements of amounts from one fiscal year to another. It will be reversed at the beginning of the new fiscal year. The regular transaction still needs to be completed in the new fiscal year after an accrual.

2. How to identify and complete Advance Recoveries needing accruals?

- A. Start with the Outstanding Advances
 - i. In SAP, run transaction **ZFMA**
 - ii. In the selection screen, use the available criteria to select the closing fiscal year and narrow down to your bureau or work group by using fund center or fund center group.

Bud to Act, w- Advance Reconcile: Selection

Variation Output Parameters... Data Source... Extract Parameters...

Selection values

Version	0
Fiscal Year	2018
Period (From)	1
Period (To)	16

Selection groups

Fund Group			
Or value(s)		to	
Funds Center Group	PK		
Or value(s)		to	
Funded Program Group			
Or value(s)		to	
Functional Area Group			

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- iii. The report will take 5-10 minutes to run. Once it comes up, scroll down to the bottom of the report and see a reconciliation area of the advance balances.

Advances Reconciliation	PY Advance	CY Advance	Recvrd Adv	Otstdg Adv
* External Materials & Services	199,551	753,483	(573,480)	379,553
* Capital Outlay	0	0	0	0
** Bureau Program Expenses	199,551	753,483	(573,480)	379,553
*** Expenditures	199,551	753,483	(573,480)	379,553

- iv. Double click the Outstanding Advances Amount to expand the table. Then drill down into each expenditure commitment item to get lists of the Outstanding Advances in each expenditure commitment item.

B. Identifying which ones need recovery accrual

- i. The list generated from the prior step is a document journal that contents all advance payments and recovery documents. You will need to filter out the payments and recoveries already completed (which balances to 0) to get to the open advances. The image below illustrates subtotaling Fund Center and Vendor Number to identify the Fund Center and Vendors with an open balance (**Layout: /ZJACK_ADV_R**). There are multiple ways to filter down the list. Please reach out to Central Accounting – **Financial Systems and Training (FST)** on additional tips and tricks.

Document Journal							
FM Area		COP1					
Year Commitment Item		529000					
Commitment Item		529000					
Funds Center		PKAM000000 to PKAM999999 ...					
Fund							
Layout		/ZJACK_ADV_R					
Year	G/L	Funds Center	Vendor	Payment	budget	Des...	Fund Cost Ctr
		PKCN000008		..	0.00		
		PKPR000011		..	0.00		
		PKPR000016		..	0.00		
		PKPR000045	100153		11,335.38		
			100299		12,500.00		
			100619		0.00		
			101103		0.00		
			101357		38,460.50		
			101989		37,500.00		
			106081		14,256.54		
		PKPR000045		..	114,052.42		
		PKSB000003		..	0.00		
		PKSB000012		..	0.00		
		PKSB000014		..	0.00		
		PKWC000001		..	0.00		
		PKWC000027		..	0.00		
				...	114,052.42		

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- ii. Use the lists generated in the prior step, review each outstanding advance and identify any “advance fulfillment” that has been performed or met in the closing fiscal year. Advance fulfillment is the action performed or goods and services delivered that fulfills what the advance payments were made for.
- iii. Tip: Using the invoices received but not processed in time for the closing fiscal year is usually a good starting point to determine if actions were performed or goods and services delivered.

C. Creating the advance recovery accrual journal entry

- i. Document type: YE
- ii. Document Date: Current Date
- iii. Posting Date: Last day of the closing fiscal year
- iv. Debit: 588301 / Credit: 185050.
- v. Amount: amount should have been recovered in the closing fiscal year
- vi. Sample document:

Item	D	PK	S	Account	Description	Amount in LC	Cost Center	Order	WBS elem.	Functional Area	Fund	BusA	Grant	Pe
1	S	40		588301	Adv recov YE NB - TA	3,744.33	MFSA000023			CDSA0000000000GC	100000	MF00	NOT-RELEVANT	
2	S	40		588301	Adv recov YE NB - TA	13,660.35	MFSA000023			CDSA0000000000GC			NOT-RELEVANT	
3	S	40		588301	Adv recov YE NB - TA	64,388.79	MFSA000023			CDSA0000000000GC			NOT-RELEVANT	
4	S	40		588301	Adv recov YE NB - TA	4,298.74	MFSA000023			CDSA0000000000GC			NOT-RELEVANT	
34	H	50		185050	Adv contra - TA ONLY	3,744.33-							NOT-RELEVANT	
35	H	50		185050	Adv contra - TA ONLY	13,660.35-							NOT-RELEVANT	
36	H	50		185050	Adv contra - TA ONLY	64,388.79-							NOT-RELEVANT	
37	H	50		185050	Adv contra - TA ONLY	4,298.74-							NOT-RELEVANT	

D. Please make sure to include sufficient supporting documentations for the journal entry.

E. Remember to work with Operational Accounting – Accounts Payable team to complete the proper recoveries in the new fiscal year in addition to the accrual.