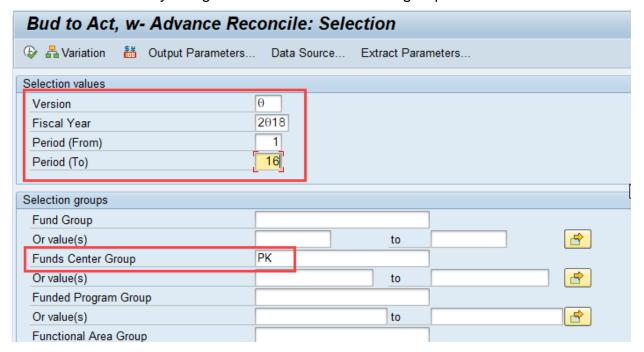# Advance Recovery Accruals

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 the "normal" business transaction was not done in time before the year is closed.
    B. An Advance Recovery Accrual is to estimate and record the advance recovery transaction if it was not done in time in the closing fiscal year. 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. The regular transaction still need 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.

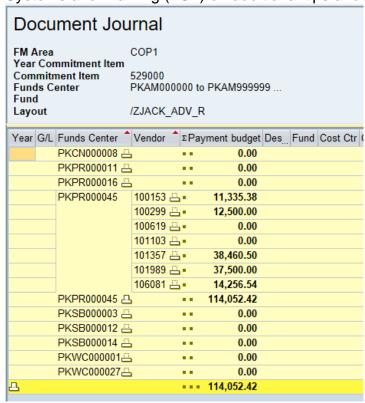iii. The report will take 5-10 minutes to run. Once it comes up, scroll down to the bottom of the report and see a reconciliation area of the advance balances.

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		
Commitment Item	529000	
Funds Center	PKAM000000 to PKAM999999 ...	
Fund		
Layout	/ZJACK_ADV_R	

Year	G/L	Funds Center	Vendor	ΣPayment 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			

    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	Pa
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.