



Year-end Accounts Payable (AP) Accruals

Purpose: This quick reference guide will help you go through the steps to identify and execute year-end AP accruals. Year-end AP accrual only applies to items that belong to the closing fiscal year, but the Goods Receipt (GR) and Invoices (IR) were not completed in SAP in the closing fiscal year. If GR and IR were completed with posting date in the closing fiscal year, accrual is not needed.

Process:

1. Identifying Items for Accrual:

- a. Year-end Purchase Orders (PO) Listing Report
 - i. Year-end PO Listing Report is available on the Accounting Website on July 1st. It can also be run by the bureaus at any time for early analysis.
 - ii. Establish accrual materiality level for each program (i.e. \$100 / \$1000 / \$10000?)
 - iii. In the report, filter out "Final Invoice Received" & "Deletion Indicator".
 - iv. Filter down to specific Business Area and Fund Center.
 - v. Review the amounts in the Remaining PO Balance column for items need to be accrued.
 - vi. Note any advances / down payments recovered in the closing fiscal year, but the Goods Receipt (GR) and the advance recovery clearing was not completed in time in SAP; and include it in Audit Schedule 148. Central Accounting will complete the year-end advance recovery accrual journal entry based on your note.
 - vii. Discuss each potential item with project/program managers on possible accruals.
 - viii. Most DPOs with a remaining PO balance and linking to a contract that are designated to be spent by the end of fiscal year needs to be accrued.
- b. PO/DPO not entered in SAP yet, but the goods or services were received in the closing fiscal year.
 - i. Discuss with project/program managers on the following items:
 1. Any planned orders that were received in the closing fiscal year, but not recorded in SAP in the closing fiscal year.
 2. Any unplanned orders received in the closing fiscal year, but not recorded in SAP in the closing fiscal year.
 3. Discuss with project/program managers on Budget Surplus and potential expenditures in the closing fiscal year.
- c. Non-PO Invoices not entered in SAP yet, the were received in the closing fiscal year.
 - i. Discuss with project/program managers on any orders received in the closing fiscal year that would result in a Non-PO Invoice.

ACCOUNTING DIVISION

CITY OF PORTLAND, OREGON

BUREAU OF REVENUE AND FINANCIAL SERVICES



2. Preparing Year-end AP Accrual Journal Entry

- a. Refer to SAP Learning Center for General Journal Entry Enter/Park Work Instruction:
<https://www.portlandoregon.gov/cao/article/460377>
- b. Document Date: Current Date
- c. Posting Date: 6/30 of the closing fiscal year
- d. Reference and Doc. Header Text fields: Short description of the item being accrued.
- e. Document Type: YE
- f. Debit G/L Account: The appropriate expenditure account being accrued, Include appropriate Cost Center, Order or WBS elements.
- g. Credit G/L Account: 240700 – Accrued liability payable – year-end, include appropriate Fund, Business Area and Grant. If not grant related, use “Not-Relevant” in the Grant field.
- h. Notify reviewer for “Saving as Complete”.

Quick Tip:

Advance Accrual vs. Advance Encumbrance Carry Over

- a. Advance Accrual: For goods or services actually received in the closing fiscal year but Goods Receipt Document (GR), Invoice (IR) and Advance Clearing were not completed in time to post to the closing fiscal year.
- b. Advance Encumbrance Carry Over: For goods or services planned to be received within the closing fiscal year, but actually were not. Bureaus or Offices will need to go through the Fall BMP process to carry over the budget from the closing fiscal year to the new fiscal year.