

FILO User Group June 12, 2014



AGENDA

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1)	Welcome Agenda	Jane Kingston, Controller	5 min.
2)	Budget Update	Claudio Campuzano Senior Financial Analyst, City Budget Office	10 min.
3)	Revenue Recognition: 65xxxx > 64xxxx on Credit Side What it Means for You	Aaron Diamond Accountant III, OMF	15 min.
4)	New Report Painter Reports What they are and how they can be useful	Aaron Diamond Accountant III, OMF	15 min.
5)	GRIR clearing account monitoring – Why your expenses should equal your payments and what YOU can do about it.	John Maloney Senior Accounting Supervisor, OMF	10 min.
6)	Important Year-End Dates and Information	Sami Gillum Technical Accounting Supervisor	10 min.

Budget Update

CLAUDIO CAMPUZANO

PRINCIPAL FINANCIAL ANALYST



Internal Revenue Recognition 65xxxx > 64xxxx on Credit Side

Aaron Diamond

Accountant III, OMF





Agenda



1. Overview
2. What's Changing?
3. What's Not Changing?
4. What Does This Mean for End-Users?



Overview



- The City of Portland records interagency billings between funds or bureau/ business areas as interagency revenues and expenses.
- 65xxxx accounts represent the expense side of the transaction
- 64xxxx accounts represent the revenue side of the transaction.
 - Currently, 64xxxx accounts are only visible in FM reporting. In Controlling and General ledger these entries are posted as a credit to 65xxxx.



What's Changing?



- Starting July 1, 2014 (going forward) the posting of interagency revenues will be recorded the same way in **all** financial ledgers (FI, CO and FM).
- Interagency revenues will post to 64xxxx accounts in all ledgers, making reporting from CO and GL consistent with FM.



What's Changing



- Interface and journal entries for internal service fund billings will be made directly to 641xxx accounts when posted.
- For entries from CO such as settlements, cash transfers, distributions, and metric billings, an automatic nightly journal entry will be posted to reclassify interagency revenue from 65xxxx to 64xxxx.



What's Not Changing



- Budget to Actual Reporting in FM – after the nightly job, all interagency revenue will continue to be reflected in 64xxxx accounts.
- Receivers can continue using “BR” doc type to reallocate internal service costs within the same business area.
- Not retroactive—so prior year reports will not change.
- Bureau to Bureau billing process.



Benefits



- More consistent reporting across all modules
- Will allow all CAFR reporting of actuals to be pulled from GL.



What Does This Mean for End-Users?



Reports:

The postings in reports will look different.

<http://www.portlandoregon.gov/cao/article/492540>



What Does This Mean for End-Users?



For Internal Service Funds:

- Use 64xxxx instead of 65xxxx for the revenue side on internal service billings.
- This will require a new doc type, YC, which is specific to this type of Journal Entry.
- ZC and RR doc types will no longer be used for these types of Journal Entries.
- The ZC doc type will be limited to postings originated in CO.
- The reclassified doc type is YY.



What Does This Mean for End-Users?



Interfaces:

- Internal Service Interfaces will post with doc type YC and internal revenue will post to 641xxx.

Report Painter

Aaron Diamond

Accountant III, OMF

Goods Received - Invoice Received G/L Account 211000

What is it all about?

John Maloney

Senior Accounting Supervisor, OMF

What is the GR/IR account?

General Ledger account 211000. The GR/IR account compares the goods received to the invoice. It is a liability on the financial statements that is grouped with Accounts Payable.

Purpose of the GR/IR account:

- The Good Receipt records the expense, the Invoice records the payable, and the GRIR Clearing Account links the two together.
- Allows for good internal controls by comparing the cost of the goods received to the related invoice. Part of the three-way match.
- Year-end accruals – if the item is received before year end, there is no need for an accruing entry. If receipt is not recorded in SAP but the goods are in the City's hands, transaction requires accruing journal entry.

Potential Problems with the GR/IR account

- Goods received but not invoiced.
- Invoiced but not received.
- Either the invoice reversed or the goods returned, but not the other.
- Entries on different PO line item.
- One item differs from the other in terms of dollars.

Why Do We Care?

- Archiving cannot be done due to older data not cleared.
- Excessive data to review by bureaus.
- Overall system performance reduction.
- Possible audit comment.
- Older items require complex fixes due to closed purchase orders.
- Liability on financial statements that is not real.

Benefits :

- Eliminate a potentially material weakness in internal control.
- Enable Operational Accounting to reconcile the GR/IR clearing account on a monthly basis.
- Enable Operational Accounting to efficiently and effectively monitor and work with the bureaus to offset open GR/IR clearing account items.

Benefits :

- Allow errors in receiving or invoicing to be more easily identified and corrected in a timely manner.
- At fiscal year-end, expense and inventory account balances will be more accurate.
- Eliminate one barrier that prevents archiving of SAP FY2009 and FY2010. Archiving older data will improve the performance of SAP.

Where are we now?

Open GR/IR Items by Count

Bureaus with High Open Item Count

(Total includes all Bureaus)

Bureau	1	2	3	4	5	Total
Year						
2009					4	28
2010			2		11	21
2011	8				287	295
2012	15	28	3		42	88
2013	20	35	70	4	23	159
2014	50	93	89	34	92	422
	93	156	164	38	459	1,013

Open GR/IR by '000s of Dollars

Five Largest Bureau Balances

(Differences in Totals due to Rounding)

<u>Bureau</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>Total</u>
Year						
2009	(51)					(51)
2010	(34)			(1)	4	(32)
2011						0
2012			(44)	(51)	1	(92)
2013			65	(128)		(63)
2014		(14)	(43)	69	(59)	(83)
<u>Total</u>	<u>\$(84)</u>	<u>\$(14)</u>	<u>\$(24)</u>	<u>\$(112)</u>	<u>\$(53)</u>	<u>\$(323)</u>

Documentation For Goods Receipt and Invoice Reconciling

Packing Slip

Time card

Invoice

Important Year-End Dates and Information

Sami Gillum

Technical Accounting Supervisor, OMF

John Maloney

Senior Accounting Supervisor, OMF

Next FILO User Group Meeting

Sept 11, 2014

Topic Ideas? Feedback?

Send to EBSSupport@portlandoregon.gov