

6.2 Month-End/Year-End Procedures

Policy Statement

It is the policy of the Province of Nova Scotia to ensure that procedures are in place to support timely and accurate financial reporting.

Policy Objective

The objective of this policy is to establish and communicate a standard set of month-end/year-end procedures as a checklist to ensure that all transactions are completely and accurately recorded in the accounting system for the effective reporting of financial results.

Application

This policy applies to all of the Province's departments, public service units, agencies, boards, and commissions contained in the General Revenue Fund (hereinafter referred to as "departments").

Policy Directives

DEPOSITS

Ensure that deposits are made in a timely manner, daily if possible. This is especially important at month-end and year-end.

PETTY CASH/CASH FLOATS

Ensure that there is authorized documentation for any outstanding advances/floats. Prepare an annual checklist for each division to verify that the recorded holder of petty cash and the recorded amounts are correct. Obtain assurance that the fund is being managed in accordance with Province of Nova Scotia policies and procedures.

CASH IN TRANSIT (CIT)

The Liability Management and Treasury Services Division of the Department of Finance and Treasury Board is to be notified of large cash inflows. Departments must reconcile and clear cash in transit accounts to zero on a monthly basis. It is important for departments to ensure that the cash belongs to their respective business area before clearing it to revenues. Departments must prepare a CIT reconciliation each month. This reconciliation must be reviewed and signed by the financial manager and retained for audit purposes.

TRUST FUNDS AND SPECIAL PURPOSE FUNDS

Reconcile these accounts to the balances recorded in SAP on a monthly basis, including a reconciliation to the Continuity Statements prepared by Liability Management and Treasury Services. Departments must prepare annual financial statements for each of their Special Purpose Funds and send these statements to Government Accounting for consolidation purposes.

ACCOUNTS RECEIVABLE

Prepare and review an accounts receivable aging report on a monthly basis.

ACCOUNTS RECEIVABLE COLLECTION ACTIVITY

Standard accounts receivable collection procedures should be in place, addressing such things as the use of customer account statements and dunning (collections) letters, where appropriate. Departments should review accounts receivable customer balances for collectability. When warranted, an allowance for doubtful accounts should be recorded, including specific bad debts and estimated other uncollectable amounts (refer to Chapter 11.3, Bad Debts Write-off Procedures).

NSF/RETURNED CHEQUES

NSF/Returned cheques should be reconciled on a monthly basis. Once departments become aware that cheques have been returned, they should set up an account receivable for the amount within SAP and follow up with collection efforts.

ACCOUNTS PAYABLE

The Operational Accounting Division of the Department of Service Nova Scotia and Internal Services should reconcile accounts payable control accounts to the general ledger prior to month-end close. Departments should reconcile manually posted accruals and accounts payable general ledger accounts to supporting documentation on a timely basis. Accounts with high volumes should be reconciled at least monthly, and may be reconciled weekly if warranted. Other accounts may require only quarterly reconciliation. Foreign exchange gains and losses, discounts lost, and GR/IR clearing accounts should be cleared monthly.

Policy Guidelines

GENERAL

- Accounts for cash under/over should be monitored, reviewed, and balanced on a monthly basis.

- Quarterly advance reconciliation confirmations should be submitted to Operational Accounting by the 20th calendar day of the following month. Corporate credit card (PCard, Fleet Card) suspense account 769600 must be cleared and purchases reviewed on a monthly basis.
- Invoices and documents that are entered into SAP daily/weekly should be checked against cut-off dates to ensure transactions are posted in the correct period. Departments should check monthly dates for accounts payable close, external journal close, and general ledger close to ensure data is complete before running reports. AP invoices are sometimes blocked for payment pending further information. A report of these blocked invoices should be run and reviewed monthly to ensure that blocking status is still required. Ensure these are cleared monthly. Expense reports should be processed up to date each month. Parked document reports should be run monthly. Ensure parked documents are cleared/ deleted.
- On a monthly basis, a GR/IR report should be generated. Items older than 90 days are to be checked monthly against invoices processed. Procurement officers will need to check items on the report against purchase orders. The discounts lost account should be cleared on a monthly basis. Outstanding commitments should be reviewed on a monthly basis to ensure they are still valid.

INTERNAL ORDERS

Internal orders should be reviewed and settled prior to the month-end close. This is especially important at year-end. Upon completion of the project, the internal order must be closed in order to prevent additional charges being recorded against it.

RECOVERIES

Reports for cost-recoverable programs should be prepared if required. Secondment journal entries should be processed and reviewed at least quarterly. Departments should ensure that rebills are completed monthly. For special projects where amounts are to be rebilled, departments should make sure that all time, travel, and expenses are updated and recorded.

REVENUE AND EXPENSES

Monthly reviews of actuals should be compared to prior year, forecast, and estimate. Variances exceeding 10 per cent over the prior year's actuals should be investigated. It may be more meaningful to compare actuals to date with the percentage of total estimates based on the amount of fiscal year that has elapsed.

Accountability

Departmental Financial Services Divisions/Corporate Service Units are responsible for ensuring month-end/year-end procedures are completed on a timely basis for effective financial reporting.

Monitoring

Departmental Financial Services Divisions/Corporate Service Units are responsible for monitoring the implementation and compliance of this policy.

The Operational Accounting Division is responsible for monitoring the application, performance, and effectiveness of this policy.

Enquiries

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