

Closing An Account in the Finance System

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1. Getting Started

There are several things to consider when closing an account. While the process may seem automated, there are items that require manual intervention, which will take time. This document will help guide you through the process. In general, you should expire the account that you want to close, and then take the necessary steps to prevent future activity on the account. Some cleanup activities will be needed to adjust workflow, assets and accounting line data as well, before finally closing the now defunct account. The checklist in Appendix A of this document reflects the order in which activities should occur.

Course materials referenced in this document can be found on respective pages of the Finance area of the EBS Support web site. Begin here: <http://www.ebs.msu.edu/Finance/index.htm>.

Expiration Date and Continuation Account

For more information, please review the course materials for EBS-N260 - EBS: Creating Accounting Line Elements.

To close an account, you need to determine the Expiration Date and a Continuation Account:

- a. **Expiration Date: Expire an account at least 1 month before closing it** to confirm that all automatic transactions posting to the account have been moved. For information about automatic transactions, please refer to the Expired vs. Closed Accounts matrix in Appendix B of this document.
- b. **Continuation Account:** An account number must exist in the finance system before it can be assigned as a continuation account.
 - i. **Funding type** – you may want to use an account with the same fund/sub-fund type (e.g., choose a General Fund continuation account for closing General Fund accounts).
 - ii. **Salary charges** – confirm your continuation account can accept salary charges if necessary. If it cannot, payroll will not post to the continuation account and individuals' pay may be held up until an alternate account is provided by the unit.

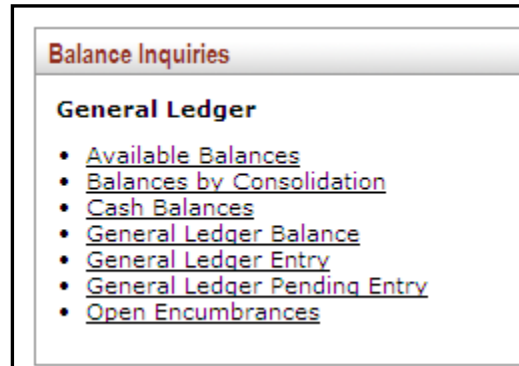
Closing an Account Checklist

Complete the "Closing An Account" checklist (see Appendix A of this document) and attach it to the note section on the account e-doc request to close the account. This will help approvers in the route node confirm that the appropriate steps have been taken to close the account.

2. Transactions in the Finance System

Pending Entries (enroute for approval)

If you try to close an account with pending entries, you will receive an error message. **Pending items must either be canceled or pushed to final.** To determine pending entries, go to Main Menu > Balance Inquiries > General Ledger Pending Entry inquiry (see screen shot below). For accurate results, remove any data in the Balance Type field, and search in all open periods. NOTE: Saved documents are considered pending and need to be cancelled in order to close an account.



Pre-Encumbrances

This section relates to pre-encumbrances created using the Pre-Encumbrance e-doc in the finance system. You should not have any pre-encumbrances open when you close an account. To determine encumbered items, go to Main Menu > Balance Inquiries > Available Balances (see screen shot above). Enter the account number, and set the “**Include Pending Ledger Entry**” field to “ALL.”

Open Purchase Orders (POs)

For more information, please review the course materials for EBS-N224 EBS: Purchase Orders.

Requisitions and purchase orders cannot be charged to an expired or closed account; therefore, campus should leave ample time for departmental approvals on the requisition as well as the processing time for Purchasing and additional approvals, if needed (i.e. vendor creation/approval, commodity approval, Contracts & Grants, Tax Manager). If the account expires after the PO is issued, a payment can still be made. On a Payment Request, the FO has the ability to override the expired account or charge a new account. Note, the FO cannot override a closed account. There are no approver levels that have the authority to override the accounts on the Purchase Order document. In cases where the account has expired prior to completion of the order, Purchasing will contact the unit, request a new requisition be submitted with a different account number, and will then cancel the original, unapproved Purchase Order. As the Purchase Order does not route to a Fiscal Officer for approval, a new requisition must be created by the unit to ensure departmental approvals occur as enabled by workflow based on the new accounting string.

To determine encumbered items, go to Main Menu > Balance Inquiries > Available Balances (see screen shot above). If an open purchase order exists, you have two options:

- a. Request that the PO be modified to include the new account number:
 - i. Open PO document.
 - ii. Add note.
 - iii. In the Notification Recipient field, enter the MSU Net ID of the Buyer/Contract Manager assigned to the PO.
 - iv. Click the “send” button to notify the Contract Manager.
- b. Update the Payment Request document each time you submit a payment against the PO (not recommended unless there are only a few remaining payments).

PCards

For more information, please review the course materials for EBS-N257 EBS: PCard Transactions.

There is no automated way to change a PCard account assignment. Please contact the PCard Admin Team. Closed or expired account activity on PCards (PCDO e-docs) will route to the PCard Admin Team, and they will contact the unit for a new account number.

Budget (Finance System)

You should not have an open budget when you close an account. To reallocate a budget, use the Budget Reallocation e-doc in the finance system. Access the e-doc by going to Main Menu > Balance Inquiries > Available Balances (see screen shot above). You should also use the Budget Reallocation e-doc to move the budget or net the budget to zero. Please refer to the Transferring Balances section of this document (below) for more information.

Transferring Balances

You cannot close an account with an asset, liability or fund balance. Additionally, revenues must equal expenses.

- a. To transfer cash only on an account, use the Transfer of Funds document in the finance system.
- b. To transfer revenue, expenses and cash balances on an account, use the Distribution of Income and Expense document in the finance system.
- c. To close an account with a fund balance, you **MUST** wait until the year-end process. Fund balances (activity in object code 3037) will zero out as part of the year-end process.
- d. To transfer an account with a budget, you have two options:
 - i. Option one: submit a budget reallocation to move the budgeted amount to a new account and use the documents listed in bullets a. through c. above to move other balances.

- ii. Option two: if the Office of Planning and Budgets (OPB) disapproves transferring the balance to a new account, the account will need to be closed as part of the year-end process. At this time, all balances (cash, revenue, expense and budgeted) will be swept into the General Fund balance.
- e. To transfer salary expenses, you must use a PJE (Payroll Journal Entry) in SAP. If you want to close an account and leave the salary charges on the account, you must remember to leave enough revenue in the account to cover salary charges. The net effect to the fund balance must be zero. Access to the PJE is limited to Payroll Staff. Contact the Payroll Office for more information on transferring salary expenses.

3. Reporting Requirements

Closing an account midyear and splitting activity to new accounts will have an effect on reporting. Your options and the respective impacts are:

Options	Impacts
Leave activity (transactions) in the closed account.	To report on a full year's activity, you will need to combine the old account activity and the new account activity.
Transfer activity (transactions) by object code balances.	Allows you to report using the new account, however, you will not be able to drill down to the actual transactions that make up the balance.
Move activity (transactions) to new accounts using the General Error Correction e-doc.	This may be time consuming, however, you can drill down to each transaction, and reporting will not be affected.

4. External Systems

Budgets (Cognos)

General Fund accounts cannot be closed during the budget-building process.

Automatic Transactions

You may have automatic transactions that post from campus units to the account you want to close. You will need to contact each of the units that use the closed account to provide them with an alternate account. To help identify systems that are using the account, you should expire the account at least one month prior to closing it. Please refer to the Expired vs. Closed Accounts matrix in Appendix B of this document.

Stores Profile

For more information, please review the course materials for EBS-N221 EBS: Shop at State.

Employees' Stores profiles may have the account you want to close associated with them, so it must be updated. NOTE: This must be done by the employee. To update the profile account, log into EBS, then click on the Finance System tab, then the Shop at State link (see below).



Select the link assigned to your name, update the account number, and click Save.

The screenshot shows the 'Accounting' form in EBS. At the top, there are navigation links: Favorites | My Account | Log Out. Below that, it says 'Logged in as Evelyn Griffith-Portee' and 'Shopping with profile Evelyn Portee'. The form fields are:

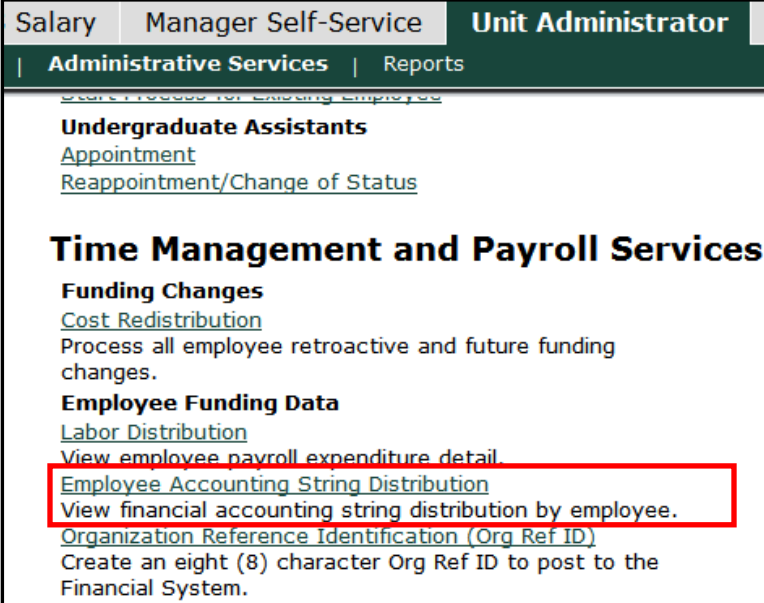
- * Chart Code: MS
- * Organization Code: 10076200
- * Account Number: RC060044
- Sub-Account Number: (empty)
- Project Code: (empty)

At the bottom of the form, there are two buttons: Save and Clear.


HR Appointments

For more information, please review the course materials for EBS-N360 EBS: Pay and Cost Redistribution.

Before closing an account in the finance system, please confirm that no Human Resources records exist on the account. HR Unit Administrators can determine if funding records exist on the account by going to Unit Administrator > Administrative Services > Time Management and Payroll Services > Employee Accounting String Distribution (see screen shot below).



The screenshot shows the 'Unit Administrator' interface. At the top, there are tabs for 'Salary', 'Manager Self-Service', and 'Unit Administrator'. Below the tabs, there is a navigation bar with 'Administrative Services' and 'Reports'. The main content area is divided into sections: 'Undergraduate Assistants' with links for 'Appointment' and 'Reappointment/Change of Status'; 'Time Management and Payroll Services' with sub-sections 'Funding Changes' (link: 'Cost Redistribution'), 'Employee Funding Data' (links: 'Labor Distribution', 'View employee payroll expenditure detail'), and 'Employee Accounting String Distribution' (link: 'View financial accounting string distribution by employee.'). The 'Employee Accounting String Distribution' link is highlighted with a red rectangular box. Below it is the 'Organization Reference Identification (Org Ref ID)' section with a description: 'Create an eight (8) character Org Ref ID to post to the Financial System.'

Choose the “radio button” for the appropriate portion of the accounting string. For Account only, enter chart MS, then Account, then Execute  +

5. Maintenance Items

Inactivate Sub-Accounts and Sub-Object Codes

For more information please review the course materials for EBS-N260 - EBS: Creating Accounting Line Elements.

Once an account is closed, you can no longer use sub-accounts and sub-object codes assigned to it. You can, however, continue to use them on other accounts to which they are also assigned. We strongly recommend you deactivate the sub-accounts and sub-object codes associated with the closed account.

In edit mode, uncheck the Active Indicator box on the Sub-Account e-doc (see below).

Old		New	
Chart Code:	MS	Chart Code:	MS
Account Number:	RG073138	Account Number:	RG073138
Sub-Account Number:	1	Sub-Account Number:	1
Sub-Account Name:	Test	* Sub-Account Name:	Test
Active Indicator:	Yes	Active Indicator:	<input checked="" type="checkbox"/>
Sub-Account Type Code:	EX	Sub-Account Type Code:	EX



In edit mode, uncheck the Active Indicator box on the Sub-Object Code e-doc (see below).

Old		New	
University Fiscal Year:	2011	University Fiscal Year:	2011
Chart Code:	MS	Chart Code:	MS
Account Number:	RH082218	Account Number:	RH082218
Object Code:	6428	Object Code:	6428
Sub-Object Code:	23434	Sub-Object Code:	23434
Sub-Object Code Name:	3423423	* Sub-Object Code Name:	3423423
Sub-Object Code Short Name:	342342343243	* Sub-Object Code Short Name:	342342343243
Active Indicator:	Yes	Active Indicator:	<input checked="" type="checkbox"/>

Inactivate Account Delegations

For more information, please review the the course materials for **EBS-N248: Creating Workflow**.

Account delegation assigned to a closed account will no longer be active. We strongly recommend that you deactivate the account delegations. Using the Account Delegate Lookup, in edit mode, uncheck the Account Delegate Active box on the Account Delegate e-doc (see screen shot below).

Old		New	
Chart Code:	MS	Chart Code:	MS
Account Number:	AA033626	Account Number:	AA033626
Document Type Name:	ACCT	Document Type Name:	ACCT
Account Delegate Principal Name:	griff183 - Griffith-Portee, Evelyn	Account Delegate Principal Name:	griff183 - Griffith-Portee, Evelyn
Approval From This Amount:		Approval From This Amount:	
Approval To This Amount:		Approval To This Amount:	
Account Delegate Primary Route:	Yes	Account Delegate Primary Route:	<input checked="" type="checkbox"/>
Account Delegate Active:	Yes	Account Delegate Active:	<input checked="" type="checkbox"/>
Account Delegate Start Date:	12/21/2010	* Account Delegate Start Date:	02/23/2011  

Move Assets

For more information, please review the course materials for EBS-N264: Capital Asset Transactions - Parts 1 and 2.

When an account is closed, you may move the asset to a new account. **This is optional.** To do so, the CAM processor for your unit needs to initiate an Asset Transfer and include the new account. Using the Asset e-doc, search for the Asset, and select the transfer option.

Account Attributes

For more information, please review the course materials for EBS-N260: Creating Accounting Line Elements.

Before closing an account, confirm it is not being used as an attribute of another account. Below is a list of fields to review:

- Endowment Account Number
- Non-Grad Fringe Benefit Account Number
- Grad Tuition and Fees Fringe Benefit Account Number
- Grad Health Fringe Benefit Account Number
- e. Continuation Account Number – VERY IMPORTANT TO REVIEW**
- Contract Control Account Number
- Indirect Cost Recovery Account Number

In order to review this data, you must have access to the Enterprise Data Warehouse to view the table FINANCE_KFS_CA_ACCOUNT_V. For more information about accessing the EDW, visit the Data Warehouse Access and Security page at <https://login.msu.edu/?App=EBSP-Dev-DataService>.

6. Workflow Items

Service Billing Processor

For more information, please review the course materials for EBS-N242 - EBS: Service Billing Preparer.

If your unit uses the Service Billing document, you must prepare an ARM form to update the account number qualifier.

7. Close An Account

For more information, please review the course materials for EBS-N260 - EBS: Creating Accounting Line Elements.

- a. Once you have completed the Closing an Account checklist (see Appendix A), you may now close the account.
- b. In the Finance System, using the account lookup, search for the account you want to close.
- c. Open the account e-doc in edit mode.
 - i. Populate the following fields:
 - ii. Expiration Date
 - iii. Check the Closed Indicator
 - iv. Continuation Chart and Account
- d. Attach the Closing an Account Checklist to the Note/Attachment section of the document.
- e. Submit the document for approval.

If you close an account in error, please contact Evelyn Portee, University Chart Manager at portee@ais.msu.edu immediately.

Please refer to the Expired vs. Closed Accounts matrix (see Appendix B) to learn more about what happens with closed or expired accounts.

Appendices

Appendix A – Closing an Account Checklist

		Completed?
1	Expire the account	
	Expiration date determined	
	Continuation account (accepts salary charges if needed)	
2	Transactions (Finance System)	
	Pending entries (canceled or pushed to final)	
	Pre-encumbrances removed from account	
	Open Purchase Orders (PO) removed from account	
	PCards assigned to different account	
	Budget reallocated	
	Balances transferred	
3	Reporting requirements reviewed	
4	External systems	
	Units submitting automatic transactions updated	
	Stores profiles updated	
	HR appointments corrected	
5	Maintenance items	
	Sub-accounts and sub-object codes inactivated	
	Account delegations inactivated	
	Assets moved	
	Confirmed that account is not an attribute on other accounts	
6	Workflow items	
	Service Billing Processors only: ARM submitted	
7	Close the account	

Appendix B – Expired vs. Closed Accounts

Items	System	Conditions	If the Account is expired,	If the Account is closed,	Sub-Account/Project is inactive,	Sub-Object Code
1	Feeder - Phys Plant	Feeder System (Exclude HR/Payroll)	post to continuation account	post to continuation account	batch removes accounting line, posts batch.	batch removes value
	Feeder (all others)	Feeder System (Exclude HR/Payroll)	post to continuation account	post to continuation account	batch removed for error correction and resubmission	batch removes value
2	HR/Payroll	Feeds from HR/Payroll System	post to expired account (with error report)	post to continuation account (with error report)	batch removes value (with error report)	batch removes value
3	HR/Payroll	Within HR/Payroll System - establishing NEW funding line on an employee payroll record using account number	disallowed	disallowed	disallowed	disallowed
4	HR/Payroll	Within HR/Payroll System - existing funding lines on employee payroll record	post to expired account (with error report)	post to continuation account (with error report)	batch removes value (with error report)	batch removes value
5	Finance	Documents within Finance System (Group A):	(see below)	(see below)	(see below)	(see below)
		Advance Deposit	override option is available	disallowed	disallowed	disallowed
		Auxiliary Voucher	override option is available	disallowed	disallowed	disallowed
		Budget Reallocation	override option is available	disallowed	disallowed	disallowed
		Cash Receipt	override option is available	disallowed	disallowed	disallowed

Items	System	Conditions	If the Account is expired,	If the Account is closed,	Sub-Account/Project is inactive,	Sub-Object Code
		Credit Card Receipt	override option is available	disallowed	disallowed	disallowed
		Disbursement Voucher	override option is available	disallowed	disallowed	disallowed
		Distribution of Income and Expense	override option is available	disallowed	disallowed	disallowed
		General Error Correction	override option is available	disallowed	disallowed	disallowed
		Indirect Cost Adjustment	override option is available	disallowed	disallowed	disallowed
		Internal Billing	override option is available	disallowed	disallowed	disallowed
		Pre-Encumbrance	override option is available	disallowed	disallowed	disallowed
		Transfer of Funds	override option is available	disallowed	disallowed	disallowed
		Intra Account Adjustment	override option is available	disallowed	disallowed	disallowed
		Sub-Account	prompt to confirm action	disallowed	disallowed	disallowed
		Sub-Object Code	prompt to confirm action	disallowed	disallowed	disallowed

6	Finance	Documents within Finance System (Group B):	(see below)	(see below)	(see below)	(see below)
		Asset Global (Add)	disallowed	disallowed	disallowed	disallowed
		Requisition	disallowed	disallowed	disallowed	disallowed
		Payment Request	disallowed	disallowed	disallowed	disallowed
		Invoice Request	disallowed	disallowed	disallowed	disallowed
		Vendor Credit Memo	disallowed	disallowed	disallowed	disallowed
7	Stores	Stores Purchases	disallowed	disallowed	disallowed	disallowed