Chapter 5 - Accounting Period Clearing and Closing

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This chapter describes the accounting period clearing and closing functions which are integral to governmental accounting and the maintenance of the AFS database.

The clearing and closing functions serve two primary purposes. First and foremost, is the summarization of the detailed information in the Detailed General Ledger for the current accounting period to a level suitable for efficient responsibility and financial reporting. The second is the maintenance of the AFS database such that only current and relevant information is maintained.

Of course, the meaning of the terms relevant and current may change from installation to installation. For that reason, AFS provides the capability to perform clearing and closing based on user-defined parameters that indicate what information should be maintained in the database and how current it should be.

Period Clearing

The period clearing function purges closed records from the open item application tables and ledgers. Older and less frequently accessed or unused data is cleared from the open items tables and ledgers, thereby increasing operating efficiencies and conserving space.

The clearing function consists of two programs, one to clear the tables, and one to clear the ledgers. Usually, the two programs will be executed on the same day using the same parameters to preserve conformity among the tables and the ledgers. They may be executed separately, however, according to your installation's requirements.

The clearing programs may also be executed using different parameters to control which records are to be purged and the amount of historical data maintained in the current ledgers and tables. This provides the capability for an installation to meet reporting requirements that dictate separate clearing schedules for the tables and the ledgers. For example, a year-to-date or quarter-to-date open item ledger may be desirable for some special reports, whereas year-to-date information in the tables may be impractical.

Open Item Ledger Clearing

The Ledger Clearing program performs two functions. It *closes* records in the ledgers that reference open items that have been closed and it purges closed open item records based on a user-supplied time parameter.

Ledger records are closed based on the status of corresponding records in the open item tables. (The table records are closed by the document processors.) Thus, for the time period between when a document is closed by a document processor and when the ledger clearing program is run, records will exist in the ledger with an open status while the corresponding document in the open item table is closed. This means that

any open item reports that are produced from ledgers may show different status codes from those shown in the tables. To prevent this, open item reports should be run *after* the Ledger Clearing program is run.

Only closed ledger records will be purged from the open items ledgers. Even then, the closing date of the open item referenced by the ledger record must be earlier than the accounting period parameter supplied by the AFS System Administrator.

The Ledger Clearing program will bring the ledgers up-to-date with the open items tables, updating the status codes and purging all records for which there is no corresponding table record. The Ledger Clearing program affects the following files:

- Open Purchase Order Ledger (POOPEN)
- Open Payment Voucher Ledger (PVOPEN)

The open item ledgers contain the following types of records:

- Original open item transactions (original purchase orders and payment vouchers)

- Succeeding documents that reference the open item. (For example, the Open Purchase Order Ledger contains payment voucher transactions that reference purchase orders.)

- Modifications made to the above transactions.

A match key field on these ledger records identifies records that are associated with each other. The match key field on the original open item records is the document ID. On the succeeding document records, it is the document number of the *referenced* open item. All records with the same match key field are treated as a set by the Ledger Clearing program. Their status is changed at the same time and they are deleted together.

Closing Records in Open Item Ledgers

The status field on the open item ledgers has a value of:

- "O" for open, or
- "C" for closed.

When a record is posted to an open item ledger, its status is open. The Ledger Clearing program changes that status to "C" when appropriate. It compares ledger records to the appropriate record in one of the open item header tables: Open Purchase Order Header (OPOH) and Open Payment Voucher Header Inquiry (OPVH).

If the record in the table contains a closing date, then the Ledger Clearing program changes the status code of the ledger record to "C" if it is not already "C". If the header table record does not contain a closing date, then the Ledger Clearing

program leaves the status as "O", or changes it to "O" if it is currently "C". (A status would be changed from "C" to "O" if a document was previously closed and then reopened.) No record is marked closed in the ledgers until the document is closed according to the header table.

The parameters required for Ledger Clearing can be found in the *ISIS/AFS Operations Guide*.

Open Item Ledger Purging

Records are purged from the ledgers according to the following rules:

- If the closed date in the header table is blank (the document is still open), then no records are purged.

- If the closed date in the header table falls within an accounting period that is *equal to* or *later than* the clearing period parameter, then no records are purged.

- If the closed date in the header table falls within an accounting period that is *earlier than* the clearing period parameter, then all associated records in the ledger are purged.

- If no matching record is found in the header table (the record was cleared from the table), then the ledger record is purged.

Purged records are written to the Clear Ledger (CLRLED) for archiving purposes. The Clear Ledger can then be written to tape if future access to this information is desired.

The Table Clearing Program

The tables involved in this process are:

- Open Purchase Order Header Inquiry (OPOH)
- Open Purchase Order Line Inquiry (OPOL)
- Open Payment Voucher Header Inquiry (OPVH)
- Open PV Line Inquiry (OPVL)
- Open Vendor Invoice Header Inquiry (OVIH)
- Document Control Inquiry (DCTL)

The open item header and line tables contain a closed amount field. In addition, the header tables contain a closed date field. These fields are maintained by the document processors. Line records are considered closed when the closed amount field equals the line amount field or when the line was forced closed by an "F" in the partial/final indicator field. Header records (documents) are considered closed when all lines in the document are closed. When this happens, the header record is assigned a closed date by the document processor.

The parameters required for Table Clearing can be found in the *ISIS/AFS Operations Guide*. Records are purged from the tables according to the following rules:

- If the closed date in the header table is blank (the document is still open), no records are purged.

- If the closed date in the header table falls within an accounting period that is *equal to* or *later than* the clearing period parameter, then no records are purged.

- If the closed date in the header table falls within an accounting period that is *earlier than* the clearing period parameter, then the header record and all associated line records are purged.

The Table Clearing program also purges Document Control Inquiry (DCTL) of all records with accounting periods *earlier than* the clearing period parameter.

Period Closing

This function *closes* an accounting period and produces summary financial data (to be used in AFS reports) for the period. When an accounting period is closed, no additional transactions or adjustments can be recorded against the period. All journal voucher transactions, such as period-end adjustments, recurring accruals, depreciation documents, and warrant vouchers must be accepted by the system before the accounting period is closed.

Periods are not closed until closing is specifically requested and executed. More than one accounting period can be open at a time, but periods must be closed in sequence. Period 03, for example, must be closed before period 04 can be closed.

The AFS monthly closing cycle does the following:

- It marks the accounting period as closed on Accounting Period (APRD).

- It examines ledger files and separates all transactions belonging to the accounting period being closed from all other transactions belonging to open periods. The ledger files examined are:

  - Detail General Ledger (GENLED)
  - Detail Budget Ledger (BUDLED)
  - Federal Aid Ledger (FEDAID)
  - Federal Aid Accounting Ledger (ITDFAID)

- It creates closed ledgers which contain the records from the most recently closed period only.

  - Closed General Ledger (CLSLED)
  - Closed Budget Ledger (CLSBUD)
  - Closed Federal Aid Ledger (CLSFEDAD)
  - Closed Federal Aid Accounting Ledger (CLSFAID)

- It also summarizes transactions from the closed period for update to the following files:

  - Year-to-Date General Ledger (YTDLED)
  - Year-to-Date Budget Ledger (YTDBUD)
  - Year-to-Date Federal Aid Ledger (YTDFEDAD)
  - Year-to-Date Federal Aid Accounting Ledger (YTDFAID)

Requesting Period Closing and Clearing

This function is performed by computer programs which your computer center will run. However, one person at your installation should be responsible for ensuring that the closing function is performed on a regular basis. Period Closing and Clearing will be performed on a schedule determined by OSRAP.

The user responsible for overseeing the clearing and closing functions should make sure that all accounting transactions have been entered for the period, and that all adjustments have been made. This step could involve requesting preliminary trial balance reports from your data processing personnel to use in a review step before declaring the period closed.

See the *ISIS/AFS Operations Guide* for a list of parameters that must be provided instream in the JCL by the System Administrator.

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