



End of Month Processing

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Overview:

Each of the MAS accounting modules, excluding Bill of Lading, Packaging, Custom Office, Library Master and Report Master require a closing process at or near the end of each month. The process closes the module's current period and cycles the accounting period forward to the next period. Period to date data is purged along with some data files which makes it important that any period end reports are run before performing the period end processes. NOTE: the new 4.3 architecture modules (GL, AR, AP and SO) do allow some leeway and will keep period to date data from previous month in some areas for reporting purposes. The SO Sales Recap by Product Line is an example. Other reports require that you close the period before you can see the current period and you cannot go back to previous periods. The AP Monthly Purchase report is an example.

Certain modules (Inventory and Purchase Order) will allow you to have two periods open; period to date data is captured in a "future bucket" and when the current month is closed, this data then becomes the current data. This data is typically seen in the inquiry screens on the History screen. However, it is important to note that this future bucket is for all future transactions, those not in the current period. If the current period is left open past a second month end, the future data in the history screens will contain more than one month.

Fuel Tax Accounting and Cardlock must be closed before continuing with the new period. They continue to capture period to date data in the current period for the new month; they do not have future buckets to separate current and future period transactions.

This document will assist you in defining the procedures and the processes for closing the month in each of your modules. We will give you some Best Practice suggestions as well as module specific instructions. We will describe three ways period end can be performed. Each one of the methods has its pros and cons. You must decide which one works best for your company.



Methods to Closing the Period:

Freeze Inventory with No Updates – This first method is normally the method we teach our new clients. It has the advantage of being simple with straight-forward steps. If MAS is the first time a perpetual inventory system has been used, it allows the users to become familiar with the “Order of Operations” which insures that the quantity on hand and average cost is correct at all times.

This method suspends all inventory related updates for the new month until period end for the old month is completed. Data entry can continue, but updates to modules that affect inventory cost are not performed until period end processing is complete. This method lets you correct inventory to avoid the write-offs generated by the physical count variance. Costs are changed only by the correcting transactions entered and the valuation reports reflect actual month end inventory after the physical adjustments have been made. Its disadvantage is that updating must be halted until this process is completed.

Freeze Inventory with Updates – The second method allows you to keep on with the updates for the new month while you are closing the old month, but it is an advanced process. It impacts the Inventory Physical Count and Period End Closing greatly. The users must totally understand the “Order of Operations” and the consequences of not following it. They must also understand the implications of allowing the updates in a perpetual inventory world and be willing to accept some trade offs.

- Your inventory valuation reports must be printed before allowing the updates in the new month so that the average costs for the current month are not altered. You will be unable to balance to the GL control accounts otherwise. This means that the valuation report will not include the physical count adjustments.
- The physical count adjustments will be valued at whatever the cost is at the time they are updated.
- The user must be aware of the differences in this method when making inventory corrections during the physical count process. You cannot refreeze inventory to make correcting entries because the transactions that have been updated for the new month will affect the quantity on hand. You have to adjust your count so that the physical count adjustments are correct and then make your correcting entries.



This method allows you to continue with normal functions while the physical count process is on going. The main thing to remember about this method is that while the inventory on hand amounts are frozen during the physical count process, the average cost is not. It will continue to be updated with each updated transaction, so that it is possible to have a higher or lower write-off dollar-wise than you would have otherwise.

Hybrid Method – The third way is a combination of the two methods. It is also for advanced users that understand the “Order of Operations” and how not following it can have a negative impact. This method stops updates long enough to process the fuel physical counts and then allows updates to begin once the fuel physical count variances have been updated.

Fuel average costs are volatile and allowing updates to fuel inventories can affect the value of the physical count write offs. So halt updates long enough to freeze fuel inventories and update their physical counts. Then because lube average costs will not change that much, while you are working on the lube physical counts, you can allow updates to begin.

The only time you might not want to use this method is during a time period where lube prices are changing. Receipting in product at that time will affect your average cost and therefore the value of the physical count write-offs and inventory valuation.



Best Practices:

Form a Period End Processing Team that will guide your company through the process. It should consist of operational and accounting personnel. Make use of a schedule outlining the process and distribute to anyone responsible for module and GL updates in your company. Even though it doesn't change from month to month, having that schedule and knowing when things need to be done is a big help.

When all processing in all modules has been completed for the month, make an archive copy of the company. This will allow you to come back and print certain reports that are not available once period end processing has been done.

We suggest that all end of month reports be printed before you actually perform the close. Printing reports at the time you perform the close makes the process unnecessarily long. The process will not complete until the reports are printed and people cannot get into the module until the process is complete. All reports that the period end process can print can be printed from the module's reports menu and should be printed as soon as the department manager knows all data for the period has been entered and updated. If you like and you know for certain that your archive company contains ALL transactions for the month being closed, you can print your reports from the archive company.

Part of the process is balancing all control accounts: A/P, A/R, Purchase Clearing accounts, Inventory, Prepaid Tax Accounts, etc. If you have problems with balancing these accounts at month end, DM2 suggests balancing them periodically during the month, weekly or possibly even daily.

Before actually performing the period end processes in each module, make sure that you have a good complete back up. If you performed a complete backup the night before that should be sufficient.



General Information:

Closing Process Control

As a best practice, DM2 recommends that you designate at least one person that will initiate and manage the closing process. Even better would be to designate someone to oversee the operations or warehouse process and another to oversee the accounting process. If you have remote locations, you will need people there to help oversee the process at the locations. The person or group of people should utilize a check list, this manual and experience with MAS to ensure that the closing process is performed properly each month. This will insure that processes occur in order and are done at the appropriate time.

Department to Module Cross Reference

Your company may utilize different nomenclature to identify your departments. The following list establishes a link between a sample of typical departments and MAS modules. The manager within each of these departments would be responsible for the closing activity related to the associated MAS module.

Department	MAS Module
Customer Service	Sales Order, Bill of Lading (customer deliveries)
Inventory Control	Inventory Management, Purchase Order, Bill of Lading (inventory deliveries)
Accounting	Accounts Payable, General Ledger, Fuel Taxes,
Accounts Receivable	Cardlock, Accounts Receivable

The “Closing Control Manager” should coordinate with the manager of each of your departments during the closing process.



Closing Process Flow

As in all other aspects of processing in MAS, the month end close should follow the order of operations. You do not want to close AR if you haven't finished updating SO Invoices or to close Inventory before you have finished receiving products.

Purchase Order

 Bill of Lading

 Sales Order

 Cardlock

 Inventory Management

 Payroll

 Fuel Tax Accounting

 Accounts Receivable

 Accounts Payable

 General Ledger

Note: The A/R, A/P and G/L are not required to be closed on the last day of the month but we highly recommend that you close A/R at this time, A/P by the 10th and G/L after you have published the Financial Statements for that period.



Module Specific Information:

This document will present the period end procedures for each module addressing two separate functional areas. These two functional areas are as follows:

- Operational Paper Flow – Gathering and distributing source document information required to record current period transactions
The Paper Flow is critical to ensure all source documentation is turned in to the appropriate department for entry into MAS.
- MAS Processing – MAS related data entry, update and period end process.

MAS Processing must be performed correctly to ensure all transactions for a current month are entered appropriately and updated prior to running the Period End Processing.



Purchase Order Closing

Paper Flow:

Open purchase orders should be reviewed daily to ensure that product receipts have been recorded within the MAS system.

In the warehouse, as product is received, the packing slip should be reviewed to ensure all product received is documented properly on the packing slip. The packing slip should be matched to the purchase order to determine that product ordered has been received without discrepancies.

Once the packing slip and purchase order has been reconciled, the receiving documents must be forwarded to the purchasing department for MAS processing.

MAS Process:

Before the day of the period close, the inventory management department must ensure that all receiving documents have been gathered together and any not processed are ready to be entered into MAS.

Before Closing

- Run Open Purchase Order report and review outstanding orders to verify that all orders that should have been received, were received.
- Make sure all Receipt of Goods for the month have been entered and updated. As always review the Receipt Register for accuracy and update.
- Print the GL Daily Transaction Register and update.
- After all of the month's Receipt of Goods have been entered and updated, print all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed.

Balancing Point

- Run the PO Purchases Clearing Report and compare the total on the report with the total in the Purchases Clearing Non-Fuel GL Account. If there are any discrepancies, they should be found and corrected before closing. Discrepancies are typically caused by processing a receipt of Goods though Purchase Order (the update is a DR to Inventory and a CR to Purchases Clearing) and the Receipt of Invoice through Accounts Payable instead of PO Receipt of Invoice. Processing the Invoice through



PO receipt of Invoice automatically clears out the Purchases clearing (the update is a DR to Purchases Clearing and a CR to Accounts Payable) If you have problems with balancing these accounts, DM2 suggests balancing them periodically during the month, weekly or possibly even daily.

Closing

- Verify that there are no open receipt batches for the month.
- Verify that all GL transactions for PO have been updated.
- Ensure that the PO module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



Bill of Lading Closing

Paper Flow:

Similar to the receipt of packaged goods, receipt of fuel must be recorded properly for accurate inventory quantities. You may utilize common carriers as well as your own delivery personnel. In either case, all Bill of Lading documentation must be received and be properly recorded.

Depending on your departmental organization, your billing department and/or your inventory department may handle your Bill of Lading processes. Whichever department is in charge, should perform the following steps prior to the MAS process.

- Contact your personnel or your common carriers to verify that all BOL documents have been returned to Dispatch or the Billing Department.
- Contact all locations to verify that all Bill of Lading documents for the month being closed have been received, entered and updated in MAS.

MAS Process:

Before Closing

- Make sure all BOLs have been entered and updated.
- As always, review the BOL journals and Inventory registers for accuracy and that all gallons have been distributed.
- Make sure all GL Daily Transaction Registers have been updated.
- After all BOLs have been entered and updated, print any required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed.

Balancing Point

- Run the BOL History report, asking for only those BOLs that have not been invoiced through AP. The total on this report should balance to the Purchases Clearing Fuel Account. If there are any discrepancies, they should be found and corrected before closing. If you have problems with balancing these accounts, DM2 suggests balancing them periodically during the month, weekly or possibly even daily.



Closing

There is no period end processing for BOL as such. The process that can be run will purge BOLs based on a date that you enter. It will purge all BOLs, not just those that have been invoiced, so you must be careful as to what date you enter.

DM2 would normally suggest keeping about a year's worth of BOLs in the history file.



Sales Order Closing

Paper Flow:

Because sales activity occurs consistently throughout each day, the closing process must include sales that are in process for the current accounting period, but exclude sales being processed for the next accounting period. Coordination between Inventory, Sales and Purchasing is of great importance during this process.

Your Dispatcher must verify that all orders in process for delivery have been delivered and the paperwork has been returned to the billing department.

MAS Processing:

Before Closing

- Customer Service Manager should run the Open Order report and review for orders that have been delivered but not invoiced.
- Sales Order Invoicing – Make sure that all returned delivery tickets for the current period have been invoiced and updated.
- Sales Order Returns – Make sure that all returned product has been credited to the customer and updated.
- As always, review journals and gross profit registers, making sure the costing and pricing is correct. Make corrections as needed.
- Make sure all GL Daily Transaction Registers have been updated.
- After all invoicing has been completed, run all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed.

Closing

Do not perform the period end until A/R gives approval. It might be necessary to invoice a customer for something additional and if the SO module has already been closed, it will not be recorded in the correct period.

- Verify all invoice batches have been updated.
- Verify that all GL transactions for SO have been updated.



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- Ensure that the SO module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



Cardlock Closing

Paper Flow:

If you are part of a network, make sure you download all transactions for the current month. If you are not part of a network, make sure you communicate with all of your site controllers and download the transactions from your sites.

MAS Process:

Before Closing

- Process all transactions, verifying that all transactions process and none are left. This can be verified by going into the Cardlock Manual Post Menu, Manual Transaction Data Entry screen. You should not see any transactions if you try to sequence through.
- Process all CL inventory issues and the resulting GL Daily Transaction Register.
- Process any required automatic charges and update.
- Make sure that all invoicing for all billing cycles that should be processed have been. Print the CL Sales Journal and as always, verifying the gross profits before updating.
- If you have billing cycles that cross month end, leaving some transactions uninvoiced for the month, process the Unrecognized Revenue Report. This will make the necessary entries that will record this revenue in the current month and will reverse it in the new month.
- Make sure all GL Daily Transaction Registers have been updated.
- Run any sales tax and fuel tax reports that are required. Once period end processing has been done, you will not be able to run them.
- After all processing has been completed, run all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed.

Closing

- Verify all required invoicing has been done and updated.
- Verify that all tax reports, sales and fuel, have been printed. Once the period has been closed, they are gone.



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- Ensure that the Cardlock module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



Inventory Management Closing

Paper Flow:

Most of the source documents that impact inventory are captured in the other modules that impact inventory (i.e. PO, SO, Packaging, BOL, etc).

However, adjustments may be processed from time to time to record corrections for inventory. Direct inventory transactions are processed within the Inventory Management module.

All documentation from physical counts, internal use, or damaged goods should be gathered by the Inventory Control manager for entry into MAS.

MAS Process:

- As soon as all product has been physically received into the warehouse, all repackagings have been physically performed and all product to be delivered has been physically removed from the warehouse, the Inventory Physical Count process can begin.

Print the count sheets. Do not freeze inventory at this point.

- Enter all inventory transactions that impact the month to be closed. Review the registers and update.
- Print and update the GL Daily Transaction Register.
- Consult with the Inventory Control Manager and the Billing manager to make sure that all PO, Packaging, BOL and invoicing has been completed and updated.

If it has, freeze inventory and enter month end physical counts.

- Review the physical variance register for reasonability.

You do not allow updates during period end: if corrections need to be made, make them and then refreeze inventory so these changes are included in the Quantity on Hand amount. Do not unfreeze inventory prior to freezing it again. This will clear all physical counts that have been entered.

You allow updates to continue during period end: if corrections need to be made, make them, using a date within the current month. DO NOT REFREEZE. You will include ALL transactions that have been updated, not just your corrections. Adjust your count by the corrections you entered.



- Update Variance Register. You can update each warehouse separately if you like. This would then allow that warehouse to get on with the new month.

If you update each warehouse separately, before performing the period process, run the Variance Register one more time for all locations and make sure it is empty.

- Update the GL Daily Transaction Register created from the Variance Register update.
- After all processing has been completed, run all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed.

Balancing Point

You do not allow updates during period end: after entering and updating physical counts, run the inventory trial balance for each warehouse and sort it by product line. Verify that the inventory module has the same inventory total as the appropriate inventory GL accounts.

- **You allow updates to continue during period end:** BEFORE allowing any updates, run the inventory trial balance for each warehouse and sort it by product line. Verify that the inventory module has the same inventory total as the appropriate inventory GL accounts. Remember that allowing updates during period end means that you will not have an inventory valuation/trial balance report that will include the physical count adjustments.
- In either case, if you are out of balance to GL and the difference is not material, make GL journal entries to adjust the GL inventory accounts to equal the trial balance totals.
- If the out of balance amount is material, you should research and make the required corrections.
- If you have problems with balancing these accounts, DM2 suggests balancing them periodically during the month, weekly or possibly even daily.

Closing

- Verify there are no Inventory Transaction Registers that have not been updated for the current month.



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- Verify that all Inventory GL Daily Transaction Registers have been updated.
- Ensure that the Inventory module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



Fuel Tax Accounting Closing

Paper Flow:

There is no operational paper flow required for the period end process in Fuel Tax Accounting.

MAS Process:

Before Closing

- Print all stock Fuel Tax reports required by your company. They will not be available after period end unless you have made an archive company for the month.
- Print all custom tax reports. These can usually be printed after period end.

Balancing Point

- Using your inventory trial balance quantity on hand, calculate what you should have in your pre-paid tax accounts.
- Adjust for tax exempt sales and inventory physical count adjustments
- If you have problems with balancing these accounts, DM2 suggests balancing them periodically during the month, weekly or possibly even daily.

Closing

- **If you allow updates during the period end processing you MUST do period processing before allowing updates.**

The stock summary reports do not “know” about future periods. They continue to accumulate totals until period end is processed. So if you allow updates and do not do period end processing before allowing them to begin, your Fuel Tax Summary reports will not have the correct amounts on them.

- Ensure that the Fuel Tax Accounting module date is set to the last day of the month which you are closing.
 - Select Period End Processing and run the period end.
 - Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.
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Accounts Receivable Closing

Paper Flow:

Most of the source documents that affect Accounts Receivable are captured in the other modules that impact A/R; SO for example. The exception would be Cash Receipts and the assessment of Finance Charges at month end. These transactions are processed within the A/R module.

MAS Process:

Before Closing

- Make sure all transactions that impact A/R have been entered and updated: Cash Receipts, Sales Order Invoice and A/R Sales Journals.
- As always, review journals for accuracy and update.
- Print and update GL Daily Transaction Registers.
- Run Finance Charges from the Period End Menu; print and review the journal.
- Edit Finance Charges if necessary and rerun the journal.
- Update the Finance Charge Journal and print the GL Daily Transaction Register.
- Run AR Statements.
- Print all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed. Please note the differences between the Aged Invoice Report and the A/R Trial Balance. While BOTH should have the same totals, you should be using the A/R Trial Balance to balance back to GL.

Balancing Point

- Compare the A/R Trial Balance total to the A/R GL account. If it does not balance, you should know why. If necessary (which should be very, very rarely) make any adjusting entries to make the GL account equal to the A/R Trial Balance total.



Closing

- Whether you allow updates during the period end processing or not, Cash Receipts is the one place you can safely allow people to continue with updating.

Because A/R Statements and the A/R Open Invoice Report both look to the cash receipt date to determine whether or not to include it, as long as the user is using the correct date, Cash Receipts can be entered all during the period end process. And because the A/R Trial Balance uses the module date, as long as the user updates the cash receipt batches in the correct month, the Trial Balance will be correct.

- Verify all invoice updates (SO and AR) have been entered and updated.
- Verify all cash receipts for the current month have been entered and updated.
- Verify all AR GL Daily Transaction Registers have been updated.
- Ensure that the Accounts Receivable module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



Accounts Payable Closing

Paper Flow:

Depending on your company policies, in addition to your AP group, you may have your PO and BOL people entering invoices.

The Accounting Manager should communicate with the Inventory Control and possibly Billing Managers to make sure that all AP invoices have been entered for product purchases.

Also depending on your company policies, you may keep your Accounts Payable module open longer than the other modules. If you are trying to accelerate your closing, you may want to think about what you are keeping AP open for. Because you have booked product purchases using the Purchases Clearing accounts, it isn't really necessary to wait for product invoices to come in. Certain other bills you may be waiting for may not be material or may not vary that much from month to month so it may be all right to allow those invoices to post in the next month.

MAS Process:

Before Closing

- Make sure all invoices and checks (manual and auto) have been entered and updated.

If you are using Manual Check Entry to track supplier drafts for POs and BOLs, don't wait until the last few days of the month to enter. Keep up with them during the month.

- As always, review journals for accuracy and update.
- Print and update GL Daily Transaction Registers.
- Print all required period end reports. Please refer to the EOM Reports document for a list of reports and those DM2 suggests be printed. Please note the differences between the Aged Invoice Report and the A/P Trial Balance. While BOTH should have the same totals, you should be using the A/P Trial Balance to balance back to GL



Balancing Point

- Compare the A/P Trial Balance total to the A/P GL account. If it does not balance, you should know why. If necessary (which should be very, very rarely) make any adjusting entries to make the GL account equal to the A/P Trial Balance total.

Closing

- Verify all invoice batches and check registers have been entered and updates.
- Verify all AP GL Daily Transaction Registers have been updated.
- Ensure that the Accounts Payable module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Closing Control Manager.



General Ledger Closing

Paper Flow:

At this point in the period end process, everything is in the hands of the Accounting Manager. The Closing Control Manager has successfully guided the other operational and accounting areas to a successful close.

Before Financial Statements can be published, bank statements should be reconciled and any journal entries required as a result of the bank statement reconciliation should be made.

Most journals posted to GL come from the various different modules and the updates that occur in them. However, there may be recurring journals, standard journals, transaction journals, adjusting journal entries or allocations that need to be entered and updated. If budgets are part of your Financial Statements, budget maintenance may need to be performed.

MAS Process:

Before Closing

- Create all required journals: recurring, standard, transaction, adjusting or allocation journals.
- As always, review journal entries for accuracy and update.
- Verify that all control accounts have been balanced back to the subsidiaries.
- Verify that the GL Trial Balance is in balance. If not, find and correct errors.
- Make any Budget adjustments required.
- Print all required Financial Statements and distribute.

Closing

- While it is not necessary to close GL every period, DM2 highly recommends that you do. A user could accidentally make an entry to a prior period causing problems down the line to the current period.
- If you choose to not close GL, remember that you can have only 24 periods open at any one time. When you hit the 25th period, you will not have any beginning balances for the period until you close the first period.



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- Verify that all GL Daily Transaction Registers for the current period have been updated.
- Verify that all other GL journals for the current period have been updated.
- Ensure that the General Ledger module date is set to the last day of the month which you are closing.
- Select Period End Processing and run the period end.
- Ensure that the month being closed is presented properly. If the system prompts you with a different month than anticipated, STOP processing and contact the Accounting Manager.