

Best Practices Locking Fiscal Periods

Why would you want to 'lock' fiscal periods?

The main reason you should consider locking fiscal periods is to prevent posting into the wrong period. Everyone has the problem of accidentally entering the wrong date and posting into the wrong period. By correctly using Great Plain's ability to close (lock) periods you can prevent most of these mistakes.

Where do you go to 'lock' a period?

The 'Fiscal Period Setup' screen.

Version 7.x- Setup-> Company-> Fiscal Periods. The 'Series Closed' section.

Version 8 & 9- Tools-> Setup-> Company-> Fiscal Periods. The 'Series Closed' section.

A period is locked for a specific module if the 'Series Closed' box has a checkmark. You can close (lock) specific modules or the whole period by checking the boxes in the appropriate row.

What does closing a period do?

It prevents anyone from posting into that period. It does NOT permanently close the period. If you discover that you really do want to post to a locked period you uncheck the box and then post the transaction. If someone attempts to post to a closed period they will get an error message. The error message tells them they are trying to post to a closed period.

When should you close a period?

1. At the beginning of a new year. All periods that you are not currently entering transactions for should be closed. This includes future periods. At the beginning of each new year someone must go to the 'Fiscal Period Setup' screen to create the new year. At that time all of the periods with the exception of Period 1 (typically January) should be closed. Use the 'Close All' button to close all periods in the new year and then individually uncheck the boxes for Period 1 (and perhaps Period 2). At this point you will probably be working in two periods; the final period of the old year and the first period of the new year. All other periods in the old and new years should be checked.
2. At the end of each month (period). At the end of each month someone will do a month-end close for each module. This can be very brief or very detailed depending on the needs of the organization. At some point the Controller will decide that no more transactions will be posted to a specific module. At that point the module should be closed. The last step of the Month-End close is to print the financial statements. At that point all the boxes for that period should have a checkmark. This will prevent someone from accidentally posting to that period and invalidating the financial reports. This is also a good time to open another future period in preparation for entering

transactions. Most companies do well having two or three periods open at a time; the current period plus one or two future periods.

How do you post an adjusting entry to a 'closed' period?

If you are posting to a currently open year then you just uncheck the appropriate box and post the transaction. Don't forget to re-check the box to prevent future unintentional postings to that period.

If you are posting to an historical year (a year where the GL has been closed) then you need to uncheck the appropriate box and you also need to go to Setup-> Financial-> General Ledger to get to the 'General Ledger Setup' screen. Check the 'Allow Posting to History' box. Post your transaction and then return both boxes to their original state (uncheck 'Allow Posting to History' and check the Series Closed box).