

AS 223.1 Account Reconciliations Guidelines for Federally Sponsored Projects

Purpose

To supplement CM-21 – Financial Management Responsibility Policy by providing guidelines related to the reconciliation of accounts. Verification of financial transactions ensures the accuracy and integrity of financial reporting records and protects University assets, serving as a key element of the University's system of internal controls.

For most transactions, the financial report review process serves as the primary method for detecting errors, omissions, and fraud. The responsible Fiscal Agents performs the financial report review process to ensure that:

1. Fiscal transactions are processed and recorded correctly in the general ledger; adhere to the University's policies and sponsor or donor stipulations; and are posted in the appropriate accounting period.
2. General ledger activity, to the extent that it is under the department's control, including, but not limited to: accounts receivable, residual balance accounts, deferred revenue, inventory, internal transactions, animal care bills, core charges, and p-paid expenses are reconciled to the responsible unit's supporting documents ideally on a monthly basis but not less than quarterly.
3. All reconciling items are resolved promptly.
4. The fiscal transactions represent proper use of University resources.
5. Available resources are sufficient to cover the fiscal transactions, considering all outstanding commitments.
6. Financial reports, reconciliations, and issues are reviewed and discussed with the Approver on a monthly basis but not less than quarterly.

NOTE: Some Schools may follow their own CM-21 implementation guidelines. This guideline is in lieu of any guidelines the School already has in place.

Definitions

- *Fiscal Agent(s)*: The individual(s) designated by their department or administrative head with approval authority over one or more projects. Fiscal agents are typically business managers, assistant business managers, coordinators, principal investigators, or contract monitors, but may be any faculty or staff designated to this role.

- *Allocable expense*: a cost incurred that is for the benefit of an account and directly related to its purpose.
- *Allowable expense*: a necessary, reasonable, and appropriate purchase of goods or services permitted by university policy to be paid from a specific cost object.
- *Approver*: individual authorized to review and approve work of the responsible person or reconciler.
- *Cash*: the amount of funds the individual program or sponsored program holds in the University's financial system.
- *Ledger*: the official university record of all financial transactions. Ledgers may list transactions for any PeopleSoft program or project.
- *Reasonable expense*: a payment that is not extreme or excessive and reflects a prudent decision to incur the cost on behalf of University business and meets the requirements of the individual program.
- *Reconciliation*: a process that compares two independent sets of records to make sure they agree, and identifies and resolves differences. For the purpose of this policy, the comparison is between the supporting documentation maintained by the department and PeopleSoft system information.
- *Reconciler*: individual designated to keep documentation and compare it to the report of transactions generated from University Reports, usually the business manager.
- *Responsible person*: individual identified as responsible for managing the funds in this speedtype.
- *Supporting documentation*: records such as payroll documents, procurement card receipts, purchase orders, time allocated to a project/contract, request for disbursements, travel vouchers, cash transmittals, and journal entries (JEs) that are the source of accounting transactions; may be paper or electronic.

Responsibilities

Departments

The Fiscal Agent or designee performs various reviews on a regular basis, quarterly at a minimum. The reviews and reconciliations may consist of:

1. Perform variance analysis to compare actual operations to budgeted amounts. Investigate and resolve any large or unusual variances.

2. Reviewing support for any unusual or large variances.
3. Correct errors on a timely basis, including contacting other departments or other appropriate person to correct the discrepancy.
4. Maintain evidence of reviews as required in CM-21.

Accounting Services Office

1. Post documents such as Request for Disbursements, travel vouchers, cash transmittals, and journal entries in a timely manner to provide accurate monthly data in PeopleSoft for University Reports.
2. University Accounting Services will provide assistance to departments regarding program reconciliations.
3. Closeout accounts in a timely manner.

Sponsored Projects Accounting

1. Sponsored Projects will provide assistance to departments regarding sponsored program reconciliations, and will conduct checks on sponsored agreements at the appropriate stage in a project's life cycle and as required by the funding agreement to ensure compliance. When invoices and/or financial reports are being prepared for submission to a sponsor or prime awardee, Sponsored Projects will run financial reports on project activity and will note expenditures which are in excess of the award amount, or which have occurred after a project's end date, and will work with departments to ensure that excess expenses are moved off projects via personnel actions and/or journal entries. Issues of non-compliance which are not addressed within 30 calendar days of Sponsored Projects' notifying departments of the issue, or which exceed more than 50% of the projects' overall revenue and expenditure estimate will be reported to the appropriate Dean's Office.
2. Sponsored Projects will partner with departments in advance of the project end dates on reconciliation preparation to alleviate non-compliance.

Guidelines

The responsible Fiscal Agent or designee reconciles projects based on the “**Responsibilities**” section above. If a project is a sponsored program and has any transactions during the quarter, the reconciliation must be reviewed and signed/certified by the Approver.

Transactions are reconciled to the supporting documentation. Any discrepancies or errors must be corrected as soon as possible in accordance with CM-21. Note that exceptions should be corrected prior to fiscal year-end close by the date specified in the schedule published annually by Accounting Services.

Procedures

Once the fiscal period has closed, the reconciler should:

1. **GENERATE** the necessary system University Reports for the program or project being reconciled. For line item detail, a suggested report is the NVision report called "WAM091ZZ" available in PS Financials Reports. For a quicker overview, a suggested report is BI Publisher Report called "ZZ_BIP_SUMMARY2", also available in PS Financials Reports. Departments may choose to utilize other reports as well, provided that the data is pulled from the University's PeopleSoft Financials system.
2. **REVIEW** any supporting documentation. Examples include purchasing documents, p-card reconciliations/submissions, payroll, submitted journal entries, etc.
3. **COMPARE** supporting documentation to system generated (University Reports) line item reports ensuring all transactions are allowable, reasonable, allocable, accurate, and approved for the program or project. Review both actual line items and budget line items (i.e. budget transfers and revisions) during the reconciliation process.
4. **CHECK** payroll activity to ensure personnel charges are allowable, reasonable, allocable, accurate, and approved for the program or project charged.
5. **CLEAR** any discrepancies found during the reconciliation process by preparing the required JE's or payroll corrections immediately. For those discrepancies that require action outside your department, contact the appropriate office or individual to have the discrepancy corrected immediately. Prepare a JE for all other corrections to actual amounts and submit to the appropriate office. Any JEs involving sponsored programs (grants) must be routed to the Sponsored Programs Accounting department first.

6. REVIEW encumbrances and project future open encumbrances to ensure all encumbrances are allowable, reasonable, allocable, accurate, and approved for the account.
7. CERTIFY the reconciliation. Approval of the ledger acknowledges that a proper reconciliation and review of funds has been performed and that there were no unauthorized transactions or steps to correct. A sample certification statement can be found on the Accounting Services website.

Reconcilers and approvers should consider the following questions during their review of fund balances:

- According to the department's budget, has a cost center or program been overspent? If so, why?
- Do the transactions appear appropriate for departmental or university business?
- Are there any suspicious-looking transactions?
- Have all changes requested previously been appropriately posted?
- Has the reconciler explained any unrecognized transactions?
- Has a record been maintained of the reconciliation and approval, either a hard copy of the ledger signed by both reconciler and approver, or a digital record such as an e-mail from the reconciler with the ledger attached specifying approval sent to the approver who replies with an approval?
- If the project has ended, has account closeout paperwork been submitted to the Dean's Office, if applicable?

Records Retention

Keep reconciliation records per University Records Program or Sponsor Record Retention Policies, whichever is longer, in either hardcopy or electronic format. See <https://www.lsuhsu.edu/administration/ocp/docs/RecordRetentionPolicy.pdf>. For all Sponsored Programs, please refer to the specific agreement, as retention requirements may vary.

Certification Statement Form

A fillable PDF form is available on Accounting Services Website.