

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Finance and Accounting
AREA: Finance and Accounting - General

Number: 05.04.02

SUBJECT: Reconciliation of General Ledger Cost Center Balances

I. PURPOSE AND SCOPE

In order to minimize the risk of unauthorized use of its funds and to ensure that revenues are properly recorded, entries in the PeopleSoft General Ledger (PSGL) must be monitored monthly.

II. POLICY STATEMENT

This document sets general guidelines for the university to follow in developing PSGL verification procedures.

III. GENERAL PROVISIONS

- A. Each department of the University of Houston shall perform a monthly verification of transactions for each of their active cost centers in PSGL to ensure the accuracy and propriety of the entries.
- B. Cost centers are to be monitored each month through the preparation of a verification report. The reviewer's review and approval of the verification report should be documented.
- C. A complete verification includes:
 - 1. Verification that transactions on the UGLS1074 report, which include all revenue, expense, fund equity, and budget transactions, open commitment, and soft commitment balances, and asset and liability transactions that were entered manually into the system (i.e., not system-generated offsets to revenue and expense), are accurate and in accordance with department records;
 - 2. Identification of transactions that appeared on a cost center in error and require a correction;
 - 3. Preparation and transmittal of requests for corrections to the appropriate office; and
 - 4. Completion, review, and approval of the verification report.
 - 5. The Controller will provide more detailed verification procedures for departments to follow and may approve alternative verification procedures for institutional cost centers managed centrally by finance departments.
- D. Monthly cost center verification reports must be verified by a unit administrator or designee who has knowledge of or access to the transactions for that unit. (Unit administrators are responsible for overseeing the financial transactions of the unit.) In addition, the cost center manager or designee, who must be someone in higher authority

than the person who performed the verifications and must be at the unit administrator level or higher, must review and approve the transactions in the 1074 Verification Worksheets that were previously verified. Verifications and approvals must both be completed no more than 60 days after the close of an accounting period.

- E. Each month, the verifier will document that he/she has completed the cost center verification, and the cost center manager or designee will document that he/she has reviewed and approved the cost center verification.
- F. Verification reports, including evidence of review and approval by the responsible person, shall be filed or maintained electronically at the department and made available to internal auditors upon request. In addition, a list of transactions that appeared on the cost center in error and require a correction shall be maintained with the verification report. Verification reports, documentation of review and approval of those reports, and written delegations of authority related to the verification or review and approval process are to be retained for all periods of the current and previous fiscal year.
- G. The UGLS1074 Verification Worksheet is an approved format for documenting cost center verifications and can serve as the verification report.
- H. Cost centers that will no longer be utilized should be inactivated within 60 days, so they are removed from the list of cost centers to be verified. The responsible department should inactive cost centers by submitting a completed Cost Center Action form to the Budget Office or Office of Contracts and Grants as appropriate. However, cost centers cannot be inactivated until all of the following conditions are true:
 - a. All individual asset and liability account balances are zero.
 - b. The net total of all fund equity accounts is zero.
 - c. _____ The cost center has no soft or open commitments.
 - ~~e-d.~~ Original budget (base budget) is zero.

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance
 Review: Every three years on or before August 31

V. APPROVAL

Carl Carlucci
~~Executive-Senior~~ Vice President for Administration and Finance

Renu Khator
 President

Date of President's Approval: October 8, 2013

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	04/ 4421 /2000	Initial version
2	05/06/2003	Applied revised MAPP template. Title change from "Financial Records System Verification of Account Balances" to "Reconciliation of General Ledger Cost Center Balances." Change from the Financial Records System (FRS) to PeopleSoft General Ledger (PSGL). Added Blank Reconciliation Form and Example Reconciliation Form as Addendums A, B, and C
3	02/17/2005	Introduced documentation of the UGLS1074 Verification Worksheet for verification activities, including a review and approval process. Documentation is retained for the current and previous fiscal year. Documented two conditions for cost centers to meet in order to be inactivated
4	02/28/2007	Documented three conditions for cost centers to meet in order to be inactivated, adding the net total of all fund equity accounts is zero, and removing that the cost center has not soft commitments
5	09/07/2011	Applied revised MAPP template and added new Revision Log. Documentation on retention of Verification worksheets and related documentation changed for last period of previous fiscal year and current fiscal year. Revised the three conditions for cost centers to meet in order to be inactivated
6	10/08/2013	Verification worksheets became Verification Reports throughout the procedure. Added review and approval for the reviewer must be documented in Section III.B. Added Section III.C.5 on the component controller approving alternative verification procedures. Added Section III.D information on the monthly cost center verification report process for the unit administrator. Added Sections III.E and Section III.F on cost center verification procedure responsibilities, retention periods, and time frames for reviews. In Section III.G, indicated the UGLS1074 Verification Worksheet can serve as the verification report
<u>7</u>	<u>TBD</u>	<u>Added inactive condition information to Section III.H for cost centers to have no open or soft commitments, and the original budget (base budget) must be zero</u>