

UNIVERSITY *of* HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Finance and Accounting

Number: 05.04.02

AREA: Finance and Accounting - General

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 the UGLS1074 Verification Worksheet. The reviewer should approve the Verification Worksheets by initialing each one, signing a coversheet that lists the attached Worksheets, or by email.
- C. A complete verification includes:
 - 1. verification that transactions on the UGLS1074 Verification Worksheet, 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 UGLS1074 Verification Worksheet.

D. Cost center managers are responsible for reviewing/approving monthly verification reports. The review/approval process may be delegated in writing to a department or college/division business administrator. However, the cost center manager is still ultimately responsible for the transactions on his/her cost centers.

Note: The verification report must be reviewed/approved by someone other than the preparer of the verification report.

E. Verification Worksheets, including documentation of their review/approval, shall be maintained (paper or computer file) 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 must be maintained with the Verification Worksheets. Documentation is to be retained for the current fiscal year. The prior year-end verification should be retained also.

F. 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 are true:

a. All asset, liability, and fund equity account balances are zero.

b. The cost center has no open commitments or soft commitments.

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance

Review: Every three years, on or before August 31

V. APPROVAL

John M. Rudley
Vice President for Administration and Finance

Jay Gogue
President

Date of President's Approval: 02/17/05

VI. REFERENCES

Index Terms: Accounting Records
PSGL