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 a verification report. The reviewer's review and approval of the verification report should be documented.

C. A complete verification includes:

1. Verification of transactions on the UGLS1074 report, which includes all revenue, expense, fund equity, 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.

Both verifications and approvals must be completed by the 15th of the month following the close of an accounting period. Colleges/Departments review Period 998 data after the soft close to confirm expected figures. Colleges/Departments re-run the process after October 31 to validate final items, such as endowment income or debt service, with the final due date of November 30.

E. Each month, the verifier will document that they have completed the cost center verification, and the cost center manager or designee will document that they have 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 inactivate 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.

d. Original budget (base budget) is zero.

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice President for Finance

Review: Every five years

V. APPROVAL

Approved: /Raymond Bartlett/
Senior Vice President for Administration and Finance

/Renu Khator/
President

Date: March 16, 2026