Monthly Department Finance Reconciliations

CONTROLLER’S OFFICE

Updated June 2020
Department Reconciliations

- Objectives
  - Reconciliation Requirements – overarching
  - Reconciliation Requirements – grant fund specifics
  - Finance Reconciliation Reports
    - Snapshot by Organization Report
    - Transaction Detail Report
    - MicroStrategy link
Recon. Requirements - Overarching

- Financial Reconciliations are required by University Policy 3100: Fiscal Responsibility, which states:
  
  - “Departments shall perform monthly reconciliations and reviews of financial transactions, including revenues and expenditures recorded in the funds assigned to their organizational unit. The monthly reviews and reconciliation should cover the activity recorded in the funds during the prior month.”

  - See www.policies.vt.edu for this and any other official University policy;
Recon. Requirements - Overarching

- Complete reviews as soon as reasonably possible after the close of each month, but no later than the end of the following month;
  - For example, September reconciliations should be completed by October 31st;
- Complete corrections within 60 days of the posting of the original transaction;
- Document the review by certifications signed by the person who performed the reconciliation as well as by the manager responsible for the final review of the funds;
**Recon. Requirements - Grant Funds**

- University Policy 3100: Fiscal Responsibility stipulates when performing monthly reconciliations “for specialized funds, such as sponsored projects, the review must be done in conjunction with the principal investigator;”
  - Therefore, it is best practice and consistent with Policy 3100 that monthly reconciliations for grant funds include direct PI involvement. It is the recommendation of the Controller’s Office that this include a documented interaction that shows the PI is comfortable with monthly activity on grant funds for which they are responsible;
Additionally, if cost transfers are identified for grant funds, University Policy \textit{3255: Cost Transfers on Sponsored Projects} states that department managers must ensure \textit{“the cost transfer has been made in consultation with and has been authorized by the principal investigator,”}.

- When submitting a journal voucher for cost transfers, it is best practice to have the PI sign the journal voucher form indicating approval;
- If obtaining PI signature on the JV form is not practical, support included with the journal voucher should be able to support that the PI has expressly authorized the transfer;
Separation of Duties

- Each department should ensure they have the proper segregation of duties for fiscal responsibilities;
- The person who approves transactions on funds (normally the department head) should not be the same person who is initiating the transactions and reconciling the funds for independence considerations;
Reconciliation MicroStrategy Reports

- **Snapshot by Organization Report**
  - At a minimum, the Snapshot by Organization report must be run monthly;
  - This report provides a summary listing of activity by fund for all departmental funds that should be reconciled each month;
  - This report also provides a certification statement for the reconciler and the department head to sign;
  - This report does **not** provide detail transaction information necessary to certify that all monthly transactions exist, are accurate and complete, and that all revenue collected has been deposited (as applicable);
  - The reconciliation documentation and signed certifications must be retained in the department’s files for at least 3 years and is subject to audit by Internal Audit, ARMICS, and State Auditors.
Reconciliation MicroStrategy Reports

- Transaction Detail Report
  - It is the best practice to run this report for each fund listed on the Snapshot by Organization Report;
  - This report provides the necessary detailed information to review in order to properly certify the reconciliations on the Snapshot by Organization Report;
Reconciliation MicroStrategy Reports

- Transaction Detail Report (continued)
  - This report lists all transactions by account that has posted to each fund;
  - Each month when the reconciler reviews the transactions they should:
    - Verify transactions were properly initiated and authorized;
    - Verify transactions were initiated and posted in a reasonable period;
    - Verify accuracy of recorded transactions and agree amounts back to department's records (invoices, journal voucher, etc.)
    - Scan for unusual amounts/vendors;
    - Look out for transactions that appear missing based on your knowledge/expectations;
Reconciliation MicroStrategy Reports

- Transaction Detail Report (continued)
  - Salary funds: at a minimum salary fund transactions should be reviewed for reasonableness;
    - Be familiar with the names of individuals who are being charged to each fund;
    - Pay special attention to any P14 activity during the summer months;
    - Follow up on any unusual names or amounts by first reviewing with the person in your department who is responsible for payroll; contact the payroll office with questions or clarification at payroll@vt.edu;
Reconciliation MicroStrategy Reports

- Transaction Detail Report (continued)
  - If discrepancies are identified as part of the reconciliation/review process:
    - Document items that do not agree to your originating documentation and follow up with the proper personnel in order to resolve the item within 60 days of identification;
    - Use highlights or tick-marks on the report to document reconciling items and to show evidence of review/reconciliation;
    - Best practice is to initial the Transaction Detail Report after your review is complete for proper documentation/evidence of review and to keep it with the certifications from the Snapshot by Org report;
Reconciliation MicroStrategy Reports

• Transaction Detail Report (continued)
  • Reviewing Transactions;
    • Refer to the Departmental Business Management Guide for more guidance on CNS Charges, Credit Card Transactions, and Budget and Encumbrance Transactions;
    • The guide provides a reference for department heads and other administrative personnel to outline basic duties and responsibilities and provides minimum standards for good business practices necessary to establish an adequate system of internal accounting controls and effectively comply with university policies and procedures; and applicable federal and state laws and regulations;
    • [https://cafm vt.edu/businesspractices/conductstand/dbmg.html](https://cafm.vt.edu/businesspractices/conductstand/dbmg.html)
Reconciliations - Summary

- On a monthly basis run the Snapshot by Organization and Transaction Detail MicroStrategy Reports;
- Perform your detailed review of all transactions;
- Certify completion by initialing or signing the Transaction Detail Report and signing the Snapshot by Organization Report;
- Make any corrections within 60 days of the original post date of the transaction;
- Retain reconciliation documentation and certifications for at least 3 years.
Where to find MicroStrategy Reports
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https://www.controller.vt.edu/microstrategyfinance.html
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- Refer to the associated web training for a video demonstration of how to run the reports;
Additional questions?

- Please see the FAQ document for answers to common questions regarding monthly reconciliations at the following location on the general accounting portion of the controller’s office website:
Thank you!

For further information or additional questions contact:
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