Guide to Complete the Monthly Financial Reports Reconciliation

Finance & Accounting
University of Florida
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Introduction

The purpose of this manual is to guide you through the monthly financial reconciliation process. The first three sections provide background information to set a foundation of understanding about your reconciliations and Monthly Financial Reports (also called departmental ledgers). It is important to understand these sections before you begin the process. The later sections provide a more detailed guide on specific steps to complete the monthly reconciliation and offer additional resources that may be helpful to you throughout this process.

Who Does the Reconciliation?

Typically, the fiscal employee within a department would prepare the reconciliation. The completed reconciliation should then be reviewed and approved by another employee. The Vice President, Dean, Director, or Department Chair may choose to delegate the monthly financial reconciliation process to another employee. However, the Vice President, Dean, Director, or Department Chair should still perform a detailed monthly review of the reconciliation, and document this review.

When assigning these roles, it is essential to remember effective separation of duties. For example, an employee who makes purchases for the department could prepare the reconciliation, but there should be another employee responsible for reviewing/approving the monthly reconciliation.

If you are responsible for completing reconciliations, please make sure you are subscribed to the UFACC listserv. This listserv alerts subscribers when the Monthly Financial Reports (departmental ledgers), the reports needed to complete the reconciliation process, are updated each month.

Instructions on how to be added to the listserv are found here: http://www.fa.ufl.edu/departments/general-accounting/staying-informed/
The Basic Reconciliation Process

The basic idea of reconciliation is to match the **transaction data** to **source documents** to ensure your records are accurate.

**Transaction data** comes from myUFL and includes the following:

- Delivered reports (such as the Monthly Financial Reports)
- FIT Cube or Query Studio reports

*For the purposes of this guide, we are specifically referring to the delivered Monthly Financial Reports (departmental ledgers) when we talk about transaction data.*

**Source documents** are receipts/proof of the transaction and include the following:

- Hardcopies (receipts, invoices, etc.)
- Electronic (PDF, images, snips of email conversations, etc.)
- Image from Accounts Payable (AP) subsystem (voucher images, etc.)

**Remember**: The goal of a reconciliation is to make sure that the transaction data is correct. Since our transaction data comes from myUFL, think carefully about what information produced in myUFL would be appropriate to use to reconcile.

For example, if there is an image of a receipt in OnBase (which is usually connected to the “View Documents” link in various myUFL screens), then that receipt image can correctly be used as a source document. A final paylist can also be used as a source document to reconcile payroll. However, typically source documents will come from outside of myUFL, such as a receipt from a hotel.
Important Information

- **Reconciliations are required monthly.** The best practice for reconciliations is to complete the reconciliation the month immediately following the month being reconciled. This practice provides the opportunity to correct errors as quickly as possible. Reconciliations may be performed more frequently depending on the needs of a department.

- All transactions over $100 are **required** to be matched to source documents. The source documents should be included in your completed reconciliation.
  - The exception to this is payroll; **all** payroll transactions should be reviewed and reconciled regardless of amount.

- Transactions under $100 should be spot-checked
  - This means the source document does not have to be included, but all other aspects of the transaction, such as Chartfield, appropriateness, duplicate payments, unfamiliar vendors, etc., should be verified.

- All inaccuracies or incomplete information should be noted, investigated, and corrected in a timely manner.

- All reconciliation documentation for the current and two prior fiscal years should be maintained to document that a reconciliation was completed. It is suggested to have an electronic file/folder saved, keep a drawer in a filing cabinet, or have a binder for your reconciliation documentation.

- Reconciliation of contract and grant transactions may require more detail than the process illustrated in this manual. When performing such reconciliations, be sure to review and understand sponsor requirements that need to be completed in addition to this basic process.

- When recording transactions for your department, it is in your best interest to give as much detail as possible in the description. Detailed transaction descriptions make the reconciliation process easier.

The reconciliation process may feel tedious, but is **essential to your department and the University’s internal controls and integrity**! Proper and timely reconciliation prevents and detects fraud, assists in assigning accountability among employees, and improves financial information accuracy.

**Reconciliations are a key internal control!**
Performing the Reconciliation

There are only three basic steps to performing the reconciliation.

1. **Obtain** Monthly Financial Reports
2. **Reconcile** the Monthly Financial Reports to source documentation
3. **Research** and correct any errors noted

There are 8 standard Monthly Financial Reports.

The Monthly Financial Reports include:

1. Transaction Detail
2. Appropriations Summary
3. Budget Transaction Detail
4. Cash Summary
5. KK to GL Summary Comparison
6. Open Encumbrance Summary
7. Payroll Reconciliation Detail
8. Projected Payroll Detail

Each of these Monthly Financial Reports provides different information about your department’s monthly financial activities. This guide will provide detailed information about reconciling each report in Step 2 – Reconcile the Monthly Financial Reports.

Please note, you may not have all of these reports each month, depending on what applies to your department. Save and complete the reconciliation for all reports available for your department each period.
**Step 1 – Obtain Monthly Financial Reports**

The delivered Monthly Financial Reports (department reports or ledgers) found in myUFL should be used for reconciliation. The reports are usually ready by the 5th business day of the month.

The UFACC listserv sends out an email when these reports are updated and ready for use – please refer to “Who Does the Reconciliation?” for more information about this listserv.

myUFL navigation: Main Menu ➔ Enterprise Reporting ➔ Department Reports

1. If the page is blank, click “Show all content” at the bottom of the page

   ![Show all content](image)

2. Select your college.

   **Department Reports**

   Select a College

   - 00000000 BOARD OF TRUSTEES
   - 01000000 OFFICE OF PRESIDENT
   - 02000000 OFFICE OF PROVOST

3. Select your department.

   **04000000 OFFICE OF STUDENT AFFAIRS**

   Select a Department

   - 04000000 OFFICE OF STUDENT AFFAIRS
   - 04010000 SA-STUDENT AFFAIRS
   - 04010100 SA-DEVELOPMENT OFFICE
   - 04010200 SA-PROG-MULTICULTURAL SERIES
4. Select the period – it defaults to the most recent month available.

5. Save the reports.

   Helpful hint: Click on the PDF icon at the very top – this will save all the reports at once, instead of having to open and save each report separately.
Step 2 – Reconcile the Monthly Financial Reports

As a reminder, reconciliation is done by matching the data in the Monthly Financial Reports to source documents, such as invoices or receipts.

In addition, the transactions on each report should be reviewed for the following:

- Correct posting and/or Chartfield
- Unusual dollar amounts
- Appropriateness of the transaction
- Duplicate payments (repetitive dollar amounts, multiple payments to the same vendor, duplicate invoice numbers, etc.)
- Unfamiliar vendor/payee names
- Unusual or incorrect account codes or types of expenditures.  
  For example, a federal grant that does not allow foreign travel should not have any transactions on that account code
- Unusual purchase order numbers that may not belong to your department
- Unauthorized cardholders for purchasing card transactions and appropriateness of purchasing card transactions

![Delivered Reports (Currently Selected Period: January 2018)](image)
Report #1 – Transaction Detail

This report is the last one in the delivered reports, as seen in the screenshot on the previous page, but is used to reconcile all the other reports. It is covered first, as it makes the reconciliation process much easier.

The Transaction Detail Report includes information about each transaction that affected your department during the month, such as:

- Cardholder names for PCard transactions
- Voucher numbers
- Journal entry numbers
- Descriptions of the transaction

Remember, the more information entered at the start of a transaction, the more useful this report will be during reconciliation.
Report #2 – Appropriations Summary

The Appropriations Summary lists expenses in your department for the cost centers where spending authority is based on budget (KK or Commitment Control). There is a separate section for each cost center.

For each cost center:

1. Match transactions to source documents
   a. Remember: Use the Transaction Detail Report to get more information about the expenses for the month.
2. Verify the information in your monthly reports matches the source document, including:
   a. Correct Chartfield
   b. Appropriateness of transaction
   c. Unfamiliar vendor/payee or Pcard holder names
3. Mark items verified (typically with a checkmark), and make notes of any items requiring explanation or further research. This will help your reviewer, as well as someone auditing the reconciliation at a later date.
4. Check that the “Available Balance” is positive (or justified to be negative). Annotate reason for any negative available balances and actions taken to correct.
5. Include source documents with the reconciled monthly report.

<table>
<thead>
<tr>
<th>Cost center</th>
<th>YTD Budget</th>
<th>Open Encumbrances</th>
<th>YTD Expenses</th>
<th>Available Balance</th>
<th>MTD Budget</th>
<th>MTD Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>600000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>621110</td>
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<td>650000</td>
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</tr>
</tbody>
</table>

Verify these match your expenses for the month/year

Run Date: 01/06/2018

Should be positive
Report #3 – Budget Transaction Detail

The Budget Transaction Detail report is similar to the Transaction Detail report, except it only provides information about Budget Adjustments or Transfers.

It is likely this report will not be included in your Monthly Financial Reports every month, as it is only generated when there are Budget transactions.

This report includes the following:

- Journal ID of the transfer
- Description of the transfer
- Employee ID of the person who entered the transfer

Each Budget Transaction should be verified for accuracy and appropriateness. In addition, this report will help verify the Appropriations Summary, as budget adjustments will affect the “YTD Budget” column shown on that report.

<table>
<thead>
<tr>
<th>Journal ID of transfer</th>
<th>Information about budget transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>FA-CONTROLLER-ADMINISTRATION</td>
<td>Ram Date: 02/06/2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Journal ID</th>
<th>Journal Type</th>
<th>Journal Desc</th>
<th>Journal Ln #</th>
<th>Journal Ln Desc</th>
<th>Amount</th>
</tr>
</thead>
</table>
Report #4 – Cash Summary

The Cash Summary lists the revenues in cash funds for your department, and the expenses that were paid for with those revenues. There is a separate section for each cost center.

Note: This report does not mean literal cash; our reconciliation process refers to “cash” as your revenues and the spending of those revenues.

For each cost center:

1. Match transactions to source documents
   a. Remember: Use the Transaction Detail Report to get more information about the expenses for the month.
2. Verify the information in your monthly reports matches the source document, including:
   a. Correct Chartfield
   b. Appropriateness of transaction
   c. Unfamiliar vendor/payee or Pcard holder names
3. Mark items verified (typically with a checkmark), and make notes of any items requiring explanation or further research. This will help your reviewer, as well as someone auditing the reconciliation at a later date.
4. Check that the “Available Balance” is positive (or justified to be negative). Annotate reason for any negative available balances and actions taken to correct.
5. Include source documents with the reconciled monthly report.

**This is the same process as the Appropriations Summary, even though the reports look different**
Report #5 – KK to GL Summary Comparison

The KK to GL Summary Comparison shows your Commitment Control transactions (i.e. budgeted transactions) compared to your General Ledger transactions (i.e. actual/recorded transactions). Again, there is a separate section for each cost center.

For each cost center:

1. You already verified the amounts in the “YTD KK Amount” and “YTD GL Amount” columns when reconciling the Appropriations Summary and Cash Summary reports. These do not need to be verified again.
2. The final column “Variance,” shows the difference between KK and GL. This should be $0.00 for all accounts and all cost centers, and should be verified.
3. Mark all variances that were verified (typically with a checkmark), and make notes of any items requiring explanation or further research. This will help your reviewer, as well as someone auditing the reconciliation at a later date.
4. If some variances are not zero, it may be due to timing differences.
   a. Example: A transaction arrives at the end of the month and is paid, but has not yet hit the general ledger.
   b. **All timing differences will be fixed in next month’s report.**
5. If a variance does not change in the following month, or if you know it is due to anything other than timing, investigate and correct.
Report #6 – Open Encumbrance Summary

The Open Encumbrance Summary reflects all active encumbrances (i.e. purchase orders, travel authorizations, etc.) in myUFL.

For this report, look up the encumbrance ID and make sure:

1. The open amount is correct.
2. Funds still need to be encumbered. If encumbrances are no longer needed, closing the purchase order (PO) or travel authorization (TA) will release the funds back to the department’s available balance.
3. Encumbrances are all appropriate and belong to your department
Report #7 – Payroll Reconciliation Detail

The Payroll Reconciliation Detail reflects the payroll transactions for your department. There is a separate section for each cost center.

For this report, you will review the list of transactions for the following:

- Employees are being paid out of the correct combination code.
- The “Earn %” for the combination code is 100% for each employee.
  - 100% is reflected as a “1” in the report.
    - Please note, small differences such as .99999 or 1.00001 are due to rounding, and are okay.
  - Your department may only have one combination code to pay employees out of or multiple. If there are multiple, make sure the total amount between combination codes equals 100% for each employee.
    - Exception to “100% rule”: If an employee is paid by different departments, divisions, or funds, you should manually verify the “Earn %” to be 100%. Verification can be done by calling or emailing University Payroll (contact information can be found at the end of this manual).
- Unusual or unknown names or dollar amounts.
- Duplicate payments.
- Hours paid (e.g. greater than 80 hours, more than usual, etc.).

The correct combination code and distribution percentage for each employee can be found at:

**myUFL Navigation:**
Main Menu → Human Resources → Set Up HCM → Product Related → Commitment Accounting → Budget Information → Department Budget Table USA
Report #8 – Projected Payroll Detail

The Projected Payroll Detail is a projection of your department’s payroll expenses. This report is to be used for budgeting purposes as it is a projection of future expenses, and does not reflect transactions that have already taken place.

Therefore, it does not need to be reconciled, but should be reviewed to help ensure departments remain within their salary and benefits budget.
Step 3 – Research and Correct Any Reconciling Items

**Please note, this step can take place during Step 2 – Performing the Reconciliation, or after the reconciliation is complete.**

Each reconciling item (those identified as an issue, error, or that you do not understand) should be researched and, if needed, corrected. This is where the Transaction Detail Report (Report #1 above) is very helpful. Never ignore the reconciling items!

Each reconciling item will vary in terms of the research and correction needed, below are some steps that are likely to be required:

1. Using the Transaction Detail Report, pull up the details of the transaction to get information such as the PCard holder, employee entering the journal, back-up included with the voucher/journal, etc.
2. Contact any employees involved in the transaction to get more information. If the information they provide shows the transaction is valid, include all correspondence and updated back-up with your departmental ledgers.
3. If the transaction belongs to another department, contact that department and process an E2E to transfer the expense. Note the E2E information on your departmental ledgers.
4. If the transaction is an error, such as the wrong account being used, process an E2E to transfer the expense to the correct Chartfield. Note the E2E information on your departmental ledgers.
5. If the transaction is not appropriate, there are several possible options:
   a. Talk to your supervisor about the transaction to keep him/her informed and decide on a plan to correct.
   b. Contact the UF PCard team if there is a question about if a PCard transaction is allowable. Contact information is at the end of this guide.
   c. Contact the appropriate core office, such as Payroll, Disbursements, or General Accounting, to get more information or assistance on the best way to correct the error. Contact information is at the end of this guide.
   d. Speak to the employee responsible for the transaction to get more information and advise him/her why the transaction is not appropriate (expenses not allowed for this fund, not an allowable PCard charge, etc.).
6. **If you suspect fraud, take action immediately!**
   a. Bring the issue to your supervisor right away.
   b. Contact the Office of Internal Audit – 392-1391
   c. Call the anonymous UF Compliance Hotline – 1-877-556-5356
   e. Visit www.compliance.ufl.edu for a full list of reporting channels.
Additional Resources

Training
- PST130 - Reconciliation
- PRO303 – Internal Controls at UF
- PST117 – Reporting: PowerPlay (i.e. FIT Cube)

Contact Information

Office of the Controller
PO Box 113200
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Fax: (352) 392-4760

Contracts & Grants Accounting
PO Box 113001
29 Tigert Hall
Phone: (352) 392-1235
Fax: (352) 846-0137

General Accounting and Financial Reporting
PO Box 113202
East Campus Office Building
Phone: (352) 392-1326
Fax: (352) 846-0166
gahelp@admin.ufl.edu

Office of Internal Audit
PO Box 113025
University of Florida HR Building
Phone: (352) 392-1391

Treasury Management
PO Box 112008
S-113 Criser Hall
Phone: (352) 392-9057
Fax: (352) 846-3576
tmhelp@admin.ufl.edu
University Disbursements
PO Box 115350
114 Elmore Hall
Phone: (352) 392-1241
Fax: (352) 392-0081
disbursements@ufl.edu

University Payroll and Tax Services
PO Box 113201
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Phone: (352) 392-1231
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payrollhelp@admin.ufl.edu
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