

Cost Center Verification

WORKSHOP 2021

Background & Objectives

A cost center contains the financial results of management operational decisions. Collectively, the financial results recorded in cost centers roll up into the financial statements, which provide stakeholders the financial results of UHCL operations.

Verification of cost center transactions is a fundamental control to help ensure the accuracy of financial information.

Workshop Objectives

- Provide guidelines for monthly verifications
- Establish the PeopleSoft Verification Worksheet as the standard format

Resources

SAM 03.G.03 Financial System Verification of Cost Center Transactions

- http://www.uhsystem.edu/compliance-ethics/_docs/sam/03/3g3.pdf

UHCL Verification of Cost Centers

- <https://www.uhcl.edu/about/administrative-offices/business-operations/handbooks/documents/verification-of-cost-centers.pdf>

UHCL Cost Center Verification Procedures

- <https://www.uhcl.edu/about/administrative-offices/business-operations/documents/cost-center-verification-procedures.pdf>

UHCL Cost Center Verification Log

- <https://www.uhcl.edu/about/administrative-offices/business-operations/documents/cost-center-verification-log.pdf>

How to Run Common Reports

- <https://www.uhcl.edu/about/administrative-offices/business-operations/documents/how-to-run-common-reports.pdf>

1074 e-Verification Procedures

- <https://www.uhcl.edu/about/administrative-offices/business-operations/documents/1074-e-verification-procedures.pdf>

Verification Objectives

- I. Determine accuracy and propriety of the financial information
 - Minimize the risk of unauthorized use of funds
 - Ensure revenues/expenses are properly recorded
 - Identify accounting adjustments and corrections

- II. Provide financial information regarding operational results
 - Identify operational successes and needed changes

Procedures Overview

1. Run reports

A. PeopleSoft (PS) Finance 1074 Department Verification Report and Verification Worksheet

i. Main Menu/Custom Reports/GL/Dept Verification Rpt (1074)

ii. First time: Add a new value/Name it/Add

Next time: Find an Existing Value/Search/Find in list

iii. Report Parameters: FY; Period; Summary by Budget Node, and by Budget Node & Acct; Transactions (all); Open & Soft Commitment; Balance Sheet; Verification Worksheet-Separate; Cost Center Info or SpeedType

iv. Run/OK/Process Monitor/Refresh/Details/View Log-Trace/PDF and Verification Worksheet

UHS FINANCE

Report Parameters

Run Control ID: 1074-Finance

Report Manager

Process Monitor

Run

Cost Center Manager
 Fund 1 Fund 3 Fund 5 Fund 7
 Fund 2 Fund 4 Fund 6 Fund 9

*Business Unit:
From
FY/Period:
To FY/Period:
 Summary by Budget Node Only
 Summary by Budget Node and Account
 Transactions Asset/Liab/Fund Equity
 Rev/Exp Budget Jnl

Print All Cost Centers
 Only Print Active Cost Centers
 Only Print Inactive Cost Centers
 Open Commitments
 Soft Commitments
 Balance Sheet
 Verification Worksheet
 Combine Separate

Scroll Area Find First 1-7 of 7 Last
Request No: *Fund: From: To:
1 *Deptid: From: To:
SpeedType: *Prog: From: To:

*Project: From: To:

Procedures Overview

- B. PS Finance Unbudgeted FE with Expense and Revenue Budgets (referred to as 1033, or UGLS033A)
 - i. Main Menu/Custom Reports/GL/Unbudgeted FE with Exp/Rev Bud
 - ii. First time: Add a new value/Name it/Add
Next time: Find an Existing Value/Search/Find in list
 - iii. Parameters: Fiscal Year, Accounting Period, Department
 - iv. Run/OK/Process Monitor/Refresh/Details/View Log-Trace/PDF

UHSFINANCE

Unbudgeted Fund Equity (1033)

Run Control ID: 1033

Report Manager

Process Monitor

Run

Business Unit: 🔍


Fiscal Year:


Accounting Period:


Department: ▾


From Dept: 🔍


To Dept: 🔍

 Save

 Return to Search

 Notify

 Add

 Update/Display

Procedures Overview

- C. Reports/Queries that are helpful – **Check with your CBA/DBA regarding the need to run these.**
 - i. BOB Report (Position Budget Status Report by Department in PS HRMS)
 - ii. FY Suspense Report (Payroll suspense report in PS HRMS)
 - iii. UHS_PCARD_LIABILITY_BALANCE query (in PS Finance)

Procedures Overview

2. Review reports for accuracy, appropriateness, reasonableness and agreement between the 1074, the BOB and the 1033A-Unbudgeted FE report.
 - A. Are the results reasonable to expectations?
 - i. Revenue budget percentage considering operations and the period
 - ii. Expense budget percentage considering operations and the period
 - iii. Normal account balances: revenues – credit, expenses – debit, assets – debit, liabilities – credit, fund equity – credit

Procedures Overview

- B. Review and analyze accounts as needed
 - i. Reconcile manual revenue transactions to source information systems
 - ii. Reconcile department created receivables, payables/liabilities to supporting sub-ledgers
 - iii. Proper account coding, fund restrictions, open encumbrances, payroll reallocations
 - iv. Errors and unusual transactions (amounts not recognized, creator not in department, debits vs. credits)

Procedures Overview

3. Based on review results:
 - A. Identify any required accounting adjustments or corrections
 - B. Input adjustment and correction details on the Verification Worksheet
 - i. Adjustments & corrections requiring a PeopleSoft journal entry, encumbrance releases, or some other form of correction
 - ii. Enter on appropriate Verification Worksheet tab in the green lines section and the Verification Log if used

Procedures Overview

4. Determine required operational adjustments or decisions needed
 - A. Budget and fund equity transfers
 - B. Staff and related HR/PR changes
 - C. Revenue/expense strategy (Example: Increase/Decrease budget or move expenditure)

5. Documentation, Review and Approval
 - A. Completed no more than 60 days after the close of the accounting period being verified

Procedures Overview

- B. Signed by preparer and reviewer
 - i. Verified by someone with first-hand knowledge of transactions (operations)
 - ii. Reviewed and approved by CBA/DBA
 - iii. Reviewed and approved by cost center manager or designee (written delegation) at least once a quarter (last month of each quarter)
 - iv. May use a cost center verification log for multiple cost centers
- C. Retain electronic files for the current and prior fiscal year

Cost Center Verification

References

- [SAM 03.G.03 Financial System Verification of Cost Center Transactions](#)
- [UHCL Accounting Handbook Verification of Cost Centers](#)
- [UHCL Cost Center Verification Procedures](#)
- [Cost Center Verification Log](#)
- [How to Run Common Reports](#)
- [1074 e-Verification Procedures](#)

Questions

- GeneralAcctg@uhcl.edu, Subject: CC Verification
- General Accounting ext. 2050
- Ask your CBA/DBA regarding departmental preferred practices