Purpose: In accordance with SAM 03.G.03 and the UHCL Accounting Handbook Verification of Cost Centers, the verification procedures establish guidelines to be followed monthly for each active cost center to minimize the risk of unauthorized use of funds and to help ensure accuracy and propriety of transactions.

Run Reports

1. Each month, the College/Division Business Administrator (C/DBA) or designee runs:
   a. PeopleSoft (PS) Finance Department Verification Report (1074) and Verification Worksheet for all active cost centers in the department.
   b. PS Finance Unbudgeted Fund Equity with Expense/Revenue Budgets (UGLS033A)
   c. Additional useful reports/query include:
      i. PS HR BOB (Position Budget Status Report by Department)
      ii. PS HR FY Suspense report
      iii. UHS_PCARD_LIABILITY_BALANCE query

Review Reports for Accuracy, Propriety and Reasonableness

2. Determine whether results are reasonable to expectations.
   a. Revenue collections and budget percentage considering operations and period
   b. Expenses and budget percentage considering operations and period
   c. Normal account balances: revenues – credit, expenses – debit, assets – debit, liabilities – credit, fund equity – credit

3. Review and analyze accounts as needed to verify transactions are accurate, properly coded and agree with department records.
   a. For manual revenue transactions, reconcile to source information.
   b. Reconcile department created receivables, payables/liabilities to supporting sub-legers.
   c. Verify expenses are properly coded and comply with fund restrictions.
   d. Determine appropriateness of open encumbrances and commitments. Release encumbrance/purchase order amounts that will not be used.
   e. Identify recurring payroll reallocations and verify corrective action taken.
   f. Analyze accounts for errors and unusual transactions. Review supporting documentation as needed.

4. Verify transactions generated at the department level belong to that department.
   a. Verify the document creator belongs to your department for transactions such as vouchers, SC vouchers, GL journals, budget journals, and requisitions.
   b. Verify P-Card transactions, which have the last four digits of the card number in the transaction description, belong to your department.
c. Verify vouchers created by Accounts Payable, such as vouchers for copier rental or lease, are for goods or services requested by the department.

d. Review postage, telecom, and Physical Plant charges that are billed by Postal Services, Telecommunications, and Physical Plant to ensure they are reasonable and appropriate on the cost centers charged.

e. Review transactions created by General Accounting (GA), Budget or other institutional level departments and obtain an understanding of the transactions.

f. It is not necessary to review system generated transactions, such as accounts payable liability, payroll liability, etc.

5. Verify accuracy of the salary expense total.

a. Run the PS HR BOB Report. Verify employees on the report are paid from the correct cost center and all employees are included on the report.

b. Ensure the current and FYTD actuals agree with the PS 1074. Research any negative BBA.

c. It is not necessary to verify the amount of salary or wage received by each employee is correct, as this was done when the department ran the Trial and Final Payroll Verification Reports during the month when notified by the Payroll Department.

6. Determine if the department has a payroll suspense balance or a liability balance that needs to be cleared and, if so, take corrective action.

a. Each week, General Accounting (GA) runs the HR system Fiscal Year Suspense report to identify payroll expenses incorrectly posted to suspense instead of the appropriate department cost center. GA contacts the C/DBA and/or designee to obtain the appropriate department cost center, and enters a payroll reallocation to post the expense to the correct department cost center. The C/DBA or designee initiates the appropriate HR action (ePAR, ePRF, budget entry) to ensure the payroll expense posts to the appropriate departmental cost center for the next payroll.

b. As part of the monthly cost center verification, the C/DBA or designee runs the Fiscal Year HR Suspense report to ensure appropriate actions have been taken to clear the payroll suspense balance and verifies appropriate HR action has been initiated to ensure payroll expense posts correctly for the next payroll.

c. Run the PS Finance query UHS_PCARD_LIABILITY_BALANCE to identify any liability balances for your department’s P-Card transactions (account 20109). These liability balances are also reported on the Balance Sheet. Analyze the liability account transactions to determine the appropriate cost centers and accounts, and prepare correcting journal entries.

7. Verify budget balances are not exceeded and fund equity balances are not in deficit.

a. If negative budget balances or equity deficits exist, the C/DBA or designee should review revenue and expense budgets to determine whether the negative budget or
deficit will be corrected by fiscal year end, and reduce budgets or transfer fund equity as needed for anticipated shortfalls.

Determine Accounting Adjustments and Corrections

8. Based on the review results, identify any required accounting adjustments or corrections, and input on the appropriate Verification Worksheet tab.
   a. Adjustments and corrections requiring a PS journal entry, payroll reallocation, or encumbrance release.

Documentation, Review & Approval

9. Monthly Cost Center verifications must be verified by someone who has first-hand knowledge of the transactions. Upon completion of the verifications, the preparer (verifier) completes and signs the Cost Center Verification Worksheet, noting any corrections or adjustments needed. The Cost Center Verification Log (Appendix A) may be used for multiple cost centers.

10. No later than 60 days after the accounting period is closed, the C/DBA and the Cost Center Manager or designee are responsible for reviewing, approving, and signing the Cost Center Verification Worksheet or Log. The designee must be someone in higher authority than the person who performed the verification and must be at the C/DBA level or higher. C/DBAs who are also the Cost Center Manager’s designee are only required to sign once. C/DBAs who are also the verifier may not approve their own work.
   a. Cost Center Managers must review and sign verifications at least once a quarter.
   b. All delegations of authority by the Cost Center Manager for someone else to review his/her cost center verifications must be in writing by memo or email.

11. Retain the following documentation in electronic format for all of the months of the current and previous fiscal year:
   • Monthly PS 1074 Verification Report and Verification Worksheets.
   • Cost Center Verification Logs signed by Verifier, C/DBA, and the Cost Center Manager or designee.
   • Cost Center Manager delegation memo/email to C/DBA or higher position delegating authority to review the Manager’s cost centers.
Appendix A: Cost Center Verification Log

I verified transactions for the following cost centers.

Description of Cost Centers Verified (Complete One):

   All active cost centers for Dept ID ________
   All active cost centers for Cost Center Manager ________________
   Other: ___________________________________________________________________

Accounting Period Verified: Fiscal Year: ________ Month: ____________

Name of Verifier: ____________________________ Title: ___________________

Date Verification Completed: _____________

Verifier Signature: ___________________________________________________________________

Are any corrections/adjustments needed to the cost centers verified? (Y/N) _________

For each correction or adjustment needed, note the following below: (1) cost center, (2) worksheet tab name where the entry is listed, and (3) brief description of correction/adjustment needed.

I reviewed the above cost center verifications.

C/DBA Signature: ____________________________ Date Review Completed: ________

Cost Center Manager/Designee Signature: _______________________________________

Name/Title ________________________________ Date Review Completed: ________

Note: Reviews of cost center verifications must be completed no later than 60 days after the close of the accounting period being verified.

Reviewer Comments (Optional):