

Section: Finance and Accounting

Area: Reconciliation of Cost Centers

In order to be in compliance with the UH System Administrative Memorandum ([SAM](#)) 03.G.03 (Financial System Verification of Cost Center Transactions), please note the following. Cost centers are to be monitored each month through analysis and reconciliation. A monthly verification of transactions for each **active** cost center in the PeopleSoft financial system against departmental records is needed to ensure accuracy and propriety of the transactions. Verifications must be completed no more than 60 days after the close of the accounting period being verified. Business Coordinators are responsible for reviewing and approving monthly cost center reconciliation reports. Cost Center managers or their designee (via written signature authority form) are responsible for approving quarterly cost center reconciliation reports.

A complete Cost Center verification includes:

- A verification of transactions on the UGLS1074 report, which includes revenue, expense, fund equity, and budget transactions, open commitment and soft commitment balances, and asset and liability balances to ensure they are accurate and in accordance with departmental records.
- Identification of transactions that appeared on a cost center in error and require a correction.
- Preparation and transmittal of requests for corrections to the appropriate department.

Monthly reconciliations must be filed at the department and made available to General Accounting or the auditors upon request. To be in compliance with [SAM 03.G.03](#) it is mandatory to retain reconciliation for all of the periods of the current fiscal year and the previous fiscal year.

On a quarterly basis, the Business Coordinator will meet with representatives from the Budget Office and General Accounting to review cost centers. Cost centers will be reviewed in the quarterly meeting for the following:

- Good Budget Balance Available (from 1063 report)
- Revenue on track to meet budget projections (from 1063 report)
- Good Fund Balance (from 016B report)
- Good Fund Balance (from 033A report)

As a result of this meeting an "Action Item list" will be completed. All action items must be resolved prior to the next quarterly review.

Cost centers that will no longer be utilized should be inactivated, so they are removed from the list of cost centers to be reconciled. However, cost centers cannot be inactivated until all of the following are true:

- All individual asset and liability account balances are zero; and
- The net total of all fund equity accounts is zero; and
- The cost center has no budget or open commitments.