

University of Texas Health Science Center Houston Departmental Account Review and Validation Guidelines

The University of Texas Health Science Center – Houston (UTSHCH) has approximately eight hundred chartfields. It is clearly not possible to perform comprehensive, detailed, and fully documented reconciliations of each account, each month. Therefore, judgment, choice and acceptance of certain levels of risk are inevitable. The following document provides guidance for individual account owners in making these judgments as well as reviewing and validating their departmental account. However, this document also acknowledges that ‘local’ account owners are almost always in the best position to make these judgments, given their experience and familiarity with the often unique issues confronting their areas.

UTHSCH management recommends departments place reliance on internal controls in place and therefore recommends a review and validation of departmental accounts. UTHSCH management does not recommend departments maintain a shadow system.

Documentation for the review and validation procedures and the approval of such procedures should be maintained in electronic media when possible and retained for the current Fiscal Year plus seven prior Fiscal Years. Documentation of procedures, including review and approval, is extremely important.

Adequate segregation of duties should be maintained at all times.

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A. Review for authorized approvers and submitters

Departmental managers are required to review the list of FMS users set up as departmental approvers for their vouchers and HRMS users set up as authorized submitters for their departments on a quarterly basis and at the start of the Fiscal Year. Documentation of this review should be stored on-line with the appropriate month's review procedures.

- FMS departmental approvers can be reviewed by running the query "UT_Dept_Approvers".
- HRMS authorized submitters can be reviewed by checking the list maintained by SDR on their website. This list will be updated on a monthly basis.

Departmental management is required to ensure departmental approvers of requisitions and Non PO Vouchers are obtaining adequate support for all transactions they approve. Transactions should not be approved by the departmental approver without adequate documentation.

B. Document the chartfield strings the Department is responsible for

Departments are required to obtain a listing of accounts for their department by running a Trial Balance report from FMS. This report should be generated in excel on a monthly basis and stored on-line in the appropriate month's review procedures. Instructions to run a Trial Balance can be found on General Accounting's website.

Departments will be required to submit, in excel, their trial balance documenting their chartfields with their semi annual attestation letters.

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C. Current Period Activity – procedures to be performed on a monthly basis

1. Obtain the following reports to be used in the review and validation process:
 - a) Obtain a detail listing of current month activity for non payroll chartfields.

Departments are required to generate the “UT_Non_Payroll_Rev_Exp_Details” query for your department(s) on a monthly basis. Departments are able to run this query for a range of their department numbers. This query will provide detailed information about all non payroll transactions during the period that is needed to complete the review and validation of current month activity.

This query was designed to be reviewed on-line rather than to be printed out. Personnel do not have to verify these totals agree to FMS totals as this query was developed by IT and has been tested by Finance Personnel.

This query should be stored on-line in the appropriate month’s review procedures.

The columns in the query are:

- Budg Date – the date associated with the budget
- Jrnl Date – the date the amount hit actual expense in FMS
- Amount
- Operating Unit, Department ID, Fund, Project, Program, Account, Class – these columns give information on the chartfield
- Journal ID
- Long Description – the long description associated with the transaction
- Journal Description
- Invoice, Customer, Collector, Analyst – these columns give information on cash receipts and billings
- Voucher Number
- Vendor Name
- Voucher Description
- PO Requester – the individual that requested this transaction
- PO Approved by – the departmental approver for this transaction
- Non PO Requester – the individual that requested this transaction
- Non PO Approver – the departmental approver for this transaction
- Buyer
- PO Long Description
- Columns beginning with PO Line and after had to be added in order to accurately pull the data. However, these columns will most likely not need to be used by departments in the review and validation process.

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- b) Obtain a detail listing of current month activity for payroll chartfields by obtaining the Detail HRMS payroll report generated by General Accounting for your department(s) for the selected period. This report will show you a detail of amounts posted to salary accounts for your department(s) for the month by individual employee. Each organizational unit should define how these reports will be maintained and stored.
- c) Obtain a summary analysis of actual to budget by obtaining the End of Month Summary reports generated by General Accounting for your department(s) for the selected period. Each organizational unit should define how these reports will be maintained and stored.
- d) Obtain or prepare an aging of accounts receivable on a monthly basis. Instructions to run this report for amounts accrued in the Accounts Receivable Module were distributed as part of the training for the Accounts Receivable Module. This report should be generated in excel on a monthly basis and stored on-line in the appropriate month's review procedures. Amounts accrued outside the Accounts Receivable Module need to be tracked manually.

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2. Review and Validate current month activity for the following types of transactions:

a) Revenue

Department personnel are required to periodically review the Cash Handling Log located on Treasury Management's website to ensure compliance with policies and procedures related to handling of cash.

Departments are required to maintain a log, or equivalent, of all cash and cash equivalents received.

Departments are required to reconcile their log of cash receipts, or equivalent, to amounts in the "UT_Non_Payroll_Rev_Exp_Details" query for their department on a monthly basis.

Departments are required to reconcile any revenue recorded through the Accounts Receivable Module in PeopleSoft or by other means to amounts posted to revenue in their department(s) accounts.

b) Payroll

Validate individuals charged to your department the first month of the fiscal year by using the Detail HRMS payroll report generated by General Accounting for your department(s) for first period of the fiscal year.

Validate encumbrances by employee the first month of the fiscal year by using Detail HRMS payroll report generated by General Accounting for your department(s) for first period of the fiscal year.

Validate employees charged to your department on a monthly basis by reviewing Detail HRMS payroll report generated by General Accounting for your department(s) for the selected period.

c) Accrued amounts

Review the aging of accounts receivable for your department.

Any amounts in accounts receivable over 365 days old require a documented follow up and justification why the amount has not been written off.

Departments are required to document instances where an allowance has not been processed for any amount in accounts receivable over 180 days old.

d) Journal Entries

Review the "JE Long Description" in the "UT_Non_Payroll_Rev_Exp_Details" query to ensure the individual requesting the journal entry is authorized to do so for your department.

Review amounts for reasonableness – review the user who entered the AJE, the amount, and the description.

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3. Review and Validate current month activity for transactions that are equal to or exceed \$5,000

- a) PO and Non PO Vouchers

Review the departmental requestor and departmental approver columns for Non PO vouchers and PO Vouchers in the “UT_Non_Payroll_Rev_Exp_Details” query to ensure these individual(s) are authorized to initiate and approve transactions in your department. Large departments should consider utilizing advanced functions in excel to complete this review.

Review amounts for reasonableness - review the amount, vendor, description and frequency of expenditure.

Review for unusual balances or activity - a debit to a revenue account, a credit to an expense account, etc.

Monitor amounts paid in one Fiscal Year budgeted in a prior Fiscal Year.

- Columns labeled “Budg Dt” and “Jrnl Date” of the query UT_Non_Payroll_Rev_Exp_Details give you the information needed to review this.

4. Documentation for corrections and/or adjustments needed, as well as follow up, is required.

All unexplained and uncorrected variances will be reported with the semi annual attestation letter to the Chief Financial Officer.

5. Budget review – current fiscal year

Departments are required to monitor their End of Month Summary reports provided by General Accounting. The End of Month Summary reports show available budget for both revenue and expense for the current fiscal year.

6. Documentation of procedures performed

Departments are required to complete “Monthly Checklist for Review and Validation procedures” located on general accounting’s website on a monthly basis. This checklist should be printed out and maintained.