

# The Ledger

*A Newsletter of the University Controller's Organization*

Website: <http://www.controller.vt.edu>

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July 17, 2020

## Monthly Finance Reconciliations

Under Policy 3100, Fiscal Responsibility (<http://policies.vt.edu/3100.pdf>) all departments are required to perform monthly reconciliations and reviews of financial transactions including revenues and expenditures recorded in the funds assigned to their organizational unit. In the university's decentralized environment, these monthly departmental reconciliations and reviews are critical to ensuring the accuracy, completeness, and reliability of accounting information. Each year, the Office of Audit, Risk, and Compliance (OARC) performs internal audits across the university and reports the results to university administrators and the Board of Visitors. Unfortunately, according to recent results reported by OARC, overall compliance with some specific policies governing grant/sponsored project funds was not consistent over the period audited.

In response to those results, the Controller's Office would like to take this opportunity to emphasize the importance of timely performance of departmental monthly reconciliations and highlight certain University policies around grant funds, as well as offer updated guidance and training materials to better assist those responsible for performing/reviewing/certifying monthly reconciliations.

### **The importance of compliance**

It is very important that all departments complete monthly reconciliations timely in order for the university to not only be able to rely on the transaction level details within Banner, but also to be able to assert that adequate internal controls are in place and operating effectively. Failure to reconcile and review activities timely each month could result in financial errors or fraudulent transactions going undetected. Monthly reconciliation documentation and certifications are subject to audit by OARC, Agency Risk Management and Internal Control Standards (ARMICS), and the Auditor for Public Accounts (i.e., APA, State Auditors).

### **General reminders regarding monthly reconciliations and reviews**

Each month all departments should be utilizing two MicroStrategy reports, the "Snapshot by Organization" and "Transaction Detail" reports, to assist with and officially document their reconciliations. These reports are available via the Finance Reporting Menu at <https://www.controller.vt.edu/microstrategyfinance.html>. It is important to note that there are many more reports available via the Finance Reporting Menu that may assist in the reconciliation process or provide additional/supplemental information, but the combination of these two specific reports provides the minimum required information to perform a proper reconciliation and review.

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The “Snapshot by Organization” report is a summary level report and is where the preparer and reviewer certify the document via signature. By certifying this report, the preparer and reviewer are certifying that all transactions for the funds on the report for the given month are complete, accurate, and supported. Generally, it is the department head’s responsibility to provide final certification on this report. However, the department head may delegate their authority to a different individual within the department.

The “Transaction Detail” report provides the necessary details for determining if each transaction for the month is complete, accurate, and supported. Departments must maintain a record documenting performance of the monthly reconciliation and adequate managerial review. Departments must retain the file for a minimum of three years after the end of the fiscal year, and obtain a certificate of destruction from Records Management prior to destruction.

Per Policy 3100, Fiscal Responsibility, discrepancies and corrections found during the monthly reconciliation process need correcting actions within 60 days of the original transaction posting date. Monthly reconciliations should be complete as soon as possible after month end, generally no later than the 30th of the following month. For example, the September 2020 reconciliation should be complete by October 31, 2020 to identify and correct any errors within 60 days.

## Specific Reminders for grant funds

It is clear based on Virginia Tech policies 3100 (Fiscal Responsibility) and 3255 (Cost Transfers) that Principal Investigators (PIs) are required to be directly involved in the monthly reconciliation process and approve cost transfers, respectively.

- Policy 3100 states that when performing monthly reconciliations, **“for specialized funds, such as sponsored projects, the review must be done in conjunction with the principal investigator;”**
- Policy 3255 states that department managers must ensure **“the cost transfer has been made in consultation with and has been authorized by the principal investigator;”**

## How the Controller’s Office can help

The Controller’s Office has recently undertaken steps to better serve you in the effort to raise compliance by updating our training materials to highlight grant fund requirements and best practices:

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- An updated training module on the reconciliation and review process can be accessed here: <https://www.controller.vt.edu/training/opportunities.html> (click the “Department Reconciliations” training within the General Accounting tab)
- An updated Frequently Asked Questions page has been added to the Controller’s Office website specifically related to the monthly reconciliation process, and can be accessed here:  
[https://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/resources/generalaccounting/ReconFAQ20200613.pdf](https://www.controller.vt.edu/content/dam/controller_vt_edu/resources/generalaccounting/ReconFAQ20200613.pdf)
- If you have general questions on the reconciliation process/procedures not answered through the related training, policy documents, or FAQs, please send to: Derek Scheidt, Manager of General Accounting at [derek87@vt.edu](mailto:derek87@vt.edu);

## New MicroStrategy Report Available

A new MicroStrategy report is now available on the Finance Reporting Menu. The “Banner to Chrome River Crosswalk” report is located under the Reconciliation grouping and was created to help departments reconcile transactions between Banner and Chrome River. The report has both a month-to-date and a year-to-date version available, and like most other MicroStrategy reports, offers the ability to enter parameters to submit the report for any level of the organization hierarchy or for a particular fund number. The report can also be submitted for a specific transaction document number. The report’s output provides the transaction date, transaction description, Banner invoice ID, Banner encumbrance ID (if applicable), and the Chrome River expense report ID all in one report. If you have question regarding the new report please send to Ashley Dunn, Travel Supervisor at [ahosey@vt.edu](mailto:ahosey@vt.edu).