

# UTIA Procedures and Best Practices for Ledger Reconciliation

To make sure UT Institute of Agriculture is compliant with UT policy in regard to monthly ledger reconciliation, the following procedures have been developed as the best practices for the Institute.

Each department must perform a formal reconciliation of the accounting records as soon as possible after the month closes. This consists of the following:

Compare records to transactions;

Verify award amount and budgets are correct and that charges occurred within the project period;

Ensure transactions which are not supported by records are accurate and authorized;

Provide reconciled ledger to department head each month.

The reconciled ledgers must be reviewed, approved and signed by the authorized approver. UTIA has designated the authorized approver as the department head. This is the only audit signature required, however all PIs should review their own ledgers.

The responsibilities of the authorized approver in regard to reviewing the reconciled ledgers are:

Has the WBS element been overspent, if so why?

Do the transactions appear appropriate for departmental or university business?

Are there any suspicious looking transactions?

Does it appear the ledgers have been reconciled?

Has the reconciler explained any unrecognized transactions?

The approver should sign or initial each reconciled ledger (or summary list of accounts) to indicate no unauthorized transactions are present.

To assist in this process a new ledger report has been developed to better help the department heads to effectively manage their sponsored projects. This new report is specifically designed for sponsored projects; no gifts or Center of Excellence accounts are included in this new format. This new report has the capability to be emailed to all PIs each month or hard copies can be printed and distributed. This report is the result of many requests (University Wide) from faculty and department heads for an easier more comprehensive report. The PI is the target audience since they do not have access to IRIS. Now with the Email function, all PIs will have the opportunity to see their ledgers every month. With this, they are given the opportunity to provide feedback for any issues they may find.

This new report is broken down into these five sections;

**Sources & Uses of Funds**, a summarized statement of costs and receipts

**Expenditure Budget vs Actuals Summary**, a breakout of the expense side, by budget-level object codes

**Expenses & Income Posted This Month** (omitted if nothing posted in the requested month), an itemization of specific employees or documents paid and posted during the report month, as well as receipts posted during the month. This portion of the report will provide names and salary of the employees that are being paid on each project, it is asked that the PI not share this information with anyone else and be discrete while reviewing.

**Commitments for Future Payment** (omitted if the Fund has no unpaid commitments), an itemization of specific employees, purchase requisitions, purchase orders, business trips, or departmental funds reservations committed on the Fund

**Sponsor Invoicing / Payment History** (omitted if the project does not invoice or use UT billing), an overview of invoiced versus collected, plus an itemization of any uncollected invoices.

For the Institute, it is the discretion of each department head to determine how the sponsored project ledgers reconciliation function is maintained each month in his/her department. The new ledger has a certification line for the PI's signature, so each department head can elect to take advantage of this additional review process and ask for PI signature.

In the joint academic departments (UT Extension, UT AgResearch and the College of Agricultural Sciences and Natural Resources), the Research and Education Centers and the College of Veterinary Medicine, the Deans have deemed certification by the PI as a best practice and are requiring PI review and signature each month. The initial time commitment by this PI review and certification of the sponsored project ledgers is viewed as saving time and effort to: produce and approve funding change actions in IRIS; justify and produce cost transfer explanation forms more timely; and reevaluate previously reconciled ledgers.

Under the general policies section of UT Policy FI10150-Approval states:

*2. The department head is responsible for ensuring the transactions he or she (or the designee) approves are reasonable, appropriate, and comply with university policies and procedures.*