

Monthly Review of Transactions without Prior Fiscal Approval

Best Practice and Report Utilization

With the 2018 Transformation Project, electronic document workflow and approval was implemented in SAP S4. As a result, most financial transactions \leq \$1,000 no longer require prior fiscal approval.

However, all purchases on sponsored program funds and federal appropriated funds should be reviewed for allowability, allocability and reasonableness. The allocability certification should be exercised by someone with firsthand knowledge that the project benefitted from the proposed expenditure, such as the PI or lab member with delegated authority. Business office account management staff should perform a routine monthly review of a sample of transactions \leq \$1,000 to ensure steps are being taken by the individual requesting the purchase to ensure this criterion is met and to ensure the purchase is allowable.

As a best practice, a Cognos report ([Monthly Review of Transactions without Prior Fiscal Approval](#)) has been created to help with this post-transactional review process for transactions \leq \$1,000.

The expectation will be that business office account management staff utilize the report to perform a monthly post-transactional review of federal sponsored program funds and federal appropriated funds. Business offices may choose to utilize the [Monthly Review of Transactions without Prior Fiscal Approval](#) report to review all operating funds or other sponsored program grant types. However, the primary focus of this best practice will focus on transactions on federal sponsored program funds and federal appropriated funds. There may be instances that warrant the need to review additional transactions for a particular grant-type based on unit specific needs.

This document outlines the steps involved in this monthly review. The goal of this monthly review is not to review every transaction, but to identify key audit risks and proactively work with requestors or initiators to provide corrective measures to mitigate future risk.

It is the expectation that if an unallowable purchase is identified during this monthly review that charges are moved via a correcting document (JV) to an allowable funding source in a timely manner. To better understand the implications of disallowable charges and understanding allowable, allocable and reasonable charges, review the BLCA 200 Life Cycle of an Account Training for [Cost Principles for Educational Institutions](#).

This review provides an opportunity to mitigate potential future disallowances. The financial burden of audit disallowances resides with the academic unit.

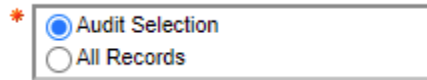
Report Details

The [Monthly Review of Transactions without Prior Fiscal Approval](#) report has been made available in the Standard Content>SPS folder in Cognos and Standard Content>Account Management folder in Cognos.

This report includes three tabs:

1. Purchase Orders ≤ \$1,000 (Ariba Orders)
2. PCard Transactions ≤ \$1,000 (Concur)
3. Direct Vendor Payments/ZV60 Payments ≤ \$1,000

The default layout will bring back an “Audit Selection”.



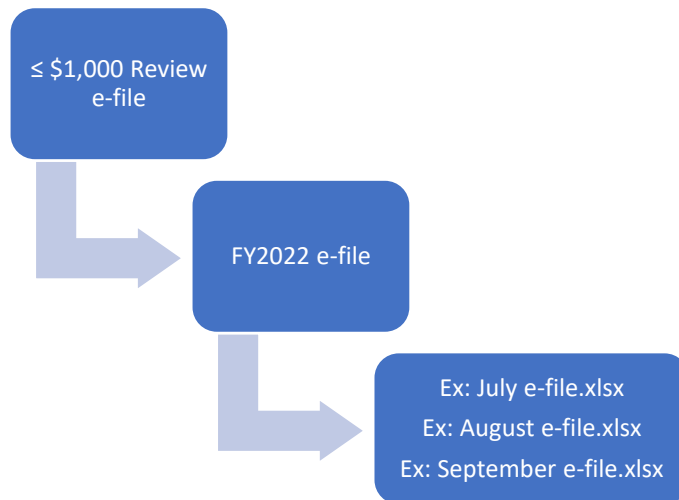
The **Audit Selection** criteria is set to bring back the lesser of 10% or a maximum of 20 transactions per tab. Users can switch to the **All Records** view to show all transactions for the selected criteria.

Reviewers should review all three tabs of the report. If the report brings back less than 20 transactions, the entire report should be reviewed for 10% of transactions. This should be followed for all three tabs of the report.

Since all travel expense reports are being fiscally approved before posting, they are excluded from this post-transactional review.

Any issues found during review should be corrected in a timely manner and backup documentation, including appropriate actions taken during the review, should be maintained in the business office. The report should be downloaded to Excel and business office staff should add a comments column to the report with actionable items and comments. Backup documentation should be maintained in the departmental folder dedicated to this monthly review best practice and should be easily accessible.

Business office staff should create a departmental e-file to maintain documentation for this review. Suggested documentation electronic folder practice:

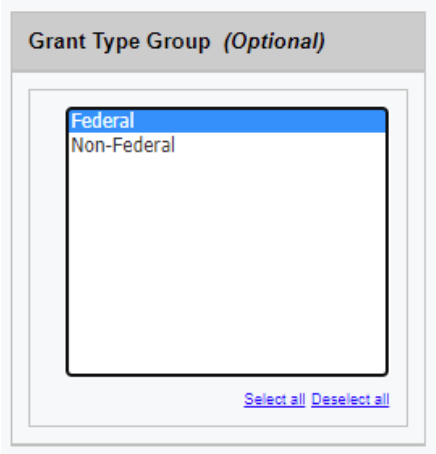


The Research Quality Assurance team in Sponsored Program Services will conduct a minimum annual review and compile finding data for senior leadership. The monthly review sample size (the lesser of 10% or 20 transactions) may be reviewed and updated based upon Research Quality Assurance finding percentage data.

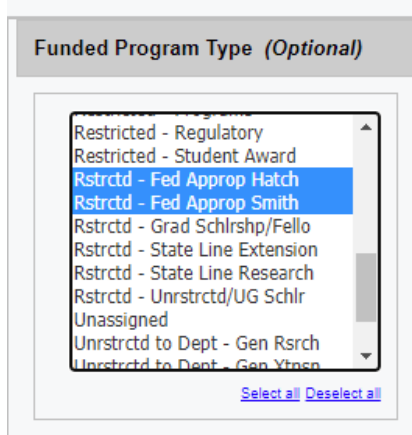
This review will be part of the Accounting and Financial Management Governance Manual under the Fiscal Approval Workflow section. It will be important to ensure the steps are being followed consistently on a monthly basis. Documentation must also be maintained for this reason.

Users can choose from the following types of prompts to run the report: **Time, Funded Program and Grant Prompts** and **Fund Center Prompts**.

The report should be run at a **Financial Unit level** on a monthly basis. The prompt values should be set to the prior month activity for review. The **Grant Type Group** prompt should be used to select **Federal** for a review of Federal grants.



For Federal Appropriated Funds, the **Funded Program Type** would be used:



Areas may choose to utilize this report to review additional fund types such as operating funds but are not required to do so.

The report contains the following hard coded filters, so users will not receive all transactions as seen on the Transaction Listing or in Aims.

Fiscal Year NOT less than 2016

Fiscal Year Period NOT 00

Total Actuals > .01

Reviewer Expectations

Who is expected to perform the monthly review?

The business office “reviewer” should be a business office account management employee with fiscal approval delegation as the same thought process should be followed as when performing fiscal approval on transactions that exceed \$1,000.

Recommendation

1. On a monthly basis, a business office staff member run the report for the Financial Unit on Grant Type for all federal funds. Report should be exported to Excel and create a comment column to be saved in the e-file.
 - a. Review transactions to ensure the expense is allowable and reasonable.
 - b. Ensure allocability certification is met by ensuring the person requesting the expense is authorized to do so by reviewing the grant Signature Delegation Form. This should be someone with first-hand knowledge that the expense benefits the grant and may be performed by the PI or a lab member with delegated authority.
 - c. Review transactions and ensure all appropriate documentation is available in the grant file, Perceptive Content (WebNow) or other University system (Ariba, Concur).
 - d. Ensure appropriate use of G/L was used to record the expenditure.
 - e. Make notes of any questions or comments on the report and make sure the report with notes get saved to the electronic \leq \$1,000 file.
2. Business Managers should review the report monthly to ensure task is being completed and identify recurring issues.
3. For every 1 disallowance or error identified, reviewer should pull 1 additional transaction to review to increase sample size:
 - a. Reviewers can switch from the Audit Selection to All Records for additional transactions to review.
 - b. Disallowances are defined as not being allowable on the grant and must be moved to an allowable funding source
 - c. Errors may include but not limited to: incorrect G/L or PI approval or delegated member approval was not obtained (i.e. allocability certification)
4. If the reviewer has identified greater than 25% disallowances or errors on the transactions review including the review of additional transactions, the Business Manager should escalate to the DFA, or the DFA designee to identify corrective measures. Based upon the escalated findings the DFA may need to resolve with the Senior Director and/or Research Quality Assurance.
5. Communicate with your Business Manager and DFA and/or ADFA for other review expectations.
6. If an expense has been identified as unallowable, the expense should be moved via correcting document (JV) to an allowable funding source in a timely manner.
7. If an incorrect use of G/L is identified, the business office should prepare a correcting document (JV) to correctly allocate the expense to the appropriate G/L in a timely manner. Correct G/L use is important for providing accurate financial reporting and financial statements. Questions about whether to correct a G/L should be directed to the Business Manager for discussion.
8. If other key issues are identified such as a user was not listed as having signature delegation, work with the PI to add the requestor to the signature delegation form. The focus should be on proactively working with staff to ensure audit compliance for future transactions.

Documentation Expectations

For additional resources, review [BLCA 330 Audits, Back-up Documentation and Records Retention Training](#)

Ariba Documentation Review [Procurement Delegation Manual](#)

- Purchasing request form
 - Business purpose for purchase should be provided or discernable
 - Certification by person with first-hand knowledge that the purchase benefits the project
 - Explanations of split account distributions or is easily discernable
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- Quote, if applicable
- Any other required information for the purchase
- G/L is appropriate

Credit Card Documentation Review [Purchasing Card Manual](#)

Hospitality

- Purchasing card transaction form
 - Business purpose for purchase
 - Certification by person with first-hand knowledge that the purchase benefits the project
 - Explanations of split account distributions or is easily discernable
- Attendee list
- Itinerary
- Itemized Receipt including tip if applicable (no alcohol)
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- G/L is appropriate

General Purchase

- Purchasing card transaction form
 - Business purpose for purchase should be provided or discernable
 - Certification by person with first-hand knowledge that the purchase benefits the project
 - Explanations of split account distributions or is easily discernable
- Itemized Receipt (no tax)
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- G/L is appropriate

Invoice Voucher Documentation Review [Accounts Payable](#)

- Payee Certification (may also require a Substitute W-9)
 - Reason for purchase, what this purchase is going towards to benefit the cause/project)
 - Invoice is included
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- G/L is appropriate