

MONTHLY REVIEW OF TRANSACTIONS WITHOUT PRIOR FISCAL APPROVAL SHOWCASE

Best Practices and Standard Report Utilization

Agenda

- Objectives
- Background Information
- Reviewer Expectations
- Running the Standard Cognos Report
- Documentation and Escalation Expectations
- Future Action Items

Objectives

After this session participants will:

- Understand the need to conduct the review
- Understand the expectations of the review
- Know how to run the report
- Know what the review should include
- Know how to document the outcomes of the review
- Know how to escalate findings of the review
- Know where to find resources related to the review

Background Information

Why was this review created?

Background Information

Why is this review necessary?

- 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 fiscal approval.
- Process workflow should still affirm the allowability, allocability and reasonable of all transactions
- Due diligence may still be needed for certain transactions not requiring fiscal approval
- Ariba orders less than or equal to \$1,000 do not route for fiscal approval
- ZV60's less than or equal to \$1,000 do not route for fiscal approval
- Purchasing Card Statements in Concur do not route if there are no transactions greater than \$1,000 on the statement

Background Information

Supporting the decision through historical data

Annual External Transactions	Count	Value	% of External Spend	% of Total Spend
Transactions < \$1,000	405,000	\$75M	7%	<3%
Transactions > \$1,000	65,000	\$945M	93%	35%
TOTAL	470,000	\$1,020M		

Allowability, Allocability and Reasonableness

- Despite transactions less than or equal to \$1,000 not requiring prior fiscal approval, all purchases on sponsored program funds and federal appropriations should be reviewed for allowability, allocability, and reasonableness.
- The allocability certification should be exercised by someone with first-hand knowledge that the project benefitted from the expenditure.
- This person is generally the PI or an authorized lab member who is documented on the PI Signature Delegation Form maintained in the departmental grant file.
- 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.

Background Information

Reason for the review

- This review is being implemented as a post-transactional monthly review with a focus on federal sponsored program funds and federal appropriated funds to identify potential disallowances and mitigate risk for future audits.
- The financial burden of audit disallowances resides with the academic unit.

Benefits of the monthly review

- Reduce the risk of unallowable expenses on federal sponsored program funds and federal appropriated funds
- Proactively work with requestors or initiators to provide corrective measures to mitigate future risk
- Provide an opportunity to review and correct incorrect postings such as G/L's

Expectations

Business Office Account Management Staff

Identify and mitigate key audit risks beginning with FY2022

Reviewer Expectations

Who performs the review?

- The business office “reviewer” should be a business office account management employee with fiscal approval delegation
- This may be 1 or multiple individuals based on unit level decisions
- The same thought process should be followed as when performing fiscal approval on transactions that exceed \$1,000.
- The reviewer will utilize the Standard Cognos Report to review a sample of transactions and ensure the transaction is “audit ready”

Reviewer Expectations

Monthly Review Specifics

- Review transactions to ensure the expense is allowable and reasonable.
- Ensure allocability certification is met by ensuring the person requesting the expense is authorized to do so by reviewing the grant PI 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.
- Review transactions and ensure all appropriate documentation is available in the grant file, Perceptive Content (WebNow) or other University system (Ariba, Concur, SAP).
- Ensure appropriate use of G/L was used to record the expenditure.

Documentation Expectations

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

Documentation Expectations

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, if applicable
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- G/L is appropriate

Documentation Expectations

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

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)
 - If an itemized receipt is not available, a missing receipt form should be completed and included in the back-up documentation.
- PI authorization is included or individual requesting is authorized by the PI (email or signature)
- G/L is appropriate

Running the Report

Cognos Demo

This Standard Report can be found in:

Cognos > Standard Content > SPS

Cognos > Standard Content > Account Management

[QRG for Monthly Review of Transactions Without Prior
Fiscal Approval](#)

Running the Standard Cognos Report

Prompt Page

- There are two Prompt Page Tabs
 - Time, Funded Program and Grant Prompts
 - Funds Center Prompts

- It is expected that the report will be run at a Financial Unit level each month for the prior month.
- Fiscal Year and Fiscal Year Period are required.
- Financial Unit should be selected.
- Use the Grant Type Group prompt to select “Federal” sponsored program funds
- Use the Funded Program Type to select federal appropriated funds

Running the Standard Cognos Report

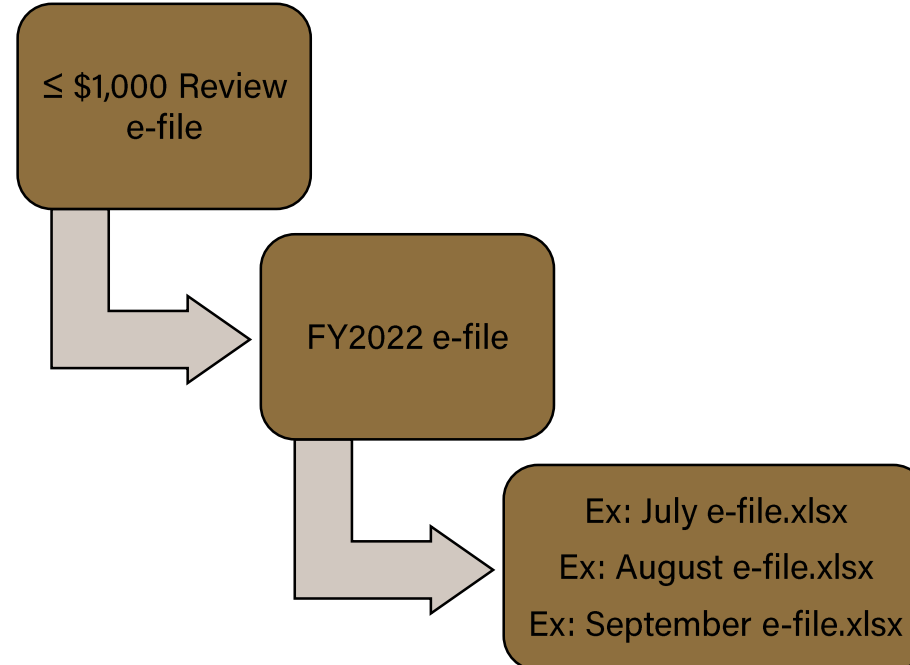
Report Details

- This report includes three tabs
 1. *Purchase Orders Summary*
 2. *P-Card Transactions Summary*
 3. *Non PO/Direct Orders Summary*

Running the Standard Cognos Report

Exporting and Saving

- The report should be downloaded to Excel and business office staff should add a comments column to the report with actionable items and comments.
- Business office staff should create a departmental e-file to maintain documentation for this review. Suggested electronic folder documentation practice:



Running the Standard Cognos Report

Audit Sampling

- The report is designed to return 10% of transactions per tab or a maximum of 20 transactions (Purchase Orders, Purchasing Cards, and non-PO/Direct Orders).
- Since all travel expense reports are being fiscally approved before posting, they are excluded from this post-transactional review.

* Audit Selection
 All Records

Running the Standard Cognos Report

QRG for Monthly Review of Transactions Without Prior Fiscal Approval

Running the Standard Cognos Report

Report Demonstration

Post Review Actions

What now?

After the review is conducted, what are the appropriate steps to document issues or findings?

[Best Practice Document for Monthly Review of Transactions without Prior Fiscal Approval](#)

[FAQ for Monthly Review of Transactions without Prior Fiscal Approval](#)

Post Review Actions

Actionable Items & Documentation

- 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.
- Backup documentation should be maintained in the departmental folder dedicated to this monthly review best practice and should be easily accessible.

Post Review Actions

Monthly Review Specifics

- Make notes of any questions or comments on the report and make sure the report with notes get saved to the electronic ≤ \$1,000 file.
- Business Managers should review the report monthly to ensure task is being completed and identify recurring issues.
- 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.
- 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.
- 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.

Post Review Actions

Monthly Review Specifics

- An FAQ document was created to help with some more common issues that may be found
- Unique situations may require consultation with the Business Manager, ADFA, DFA, or SPS

Escalation Process

Monthly Review Specifics

- For every 1 disallowance or error identified, reviewer should pull 1 additional transaction to review to increase sample size:
 - Disallowances are defined as not being allowable on the grant and must be moved to an allowable funding source
 - Errors may include but not limited to: incorrect G/L or PI approval or delegated member approval was not obtained (i.e. allocability certification)
- 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.

Future Action Items

What's next?

Workshops & Compliance Review

Future Action Items

Best Practice Review Begins with FY2022

Virtual Drop-in Sessions

- There will be virtual drop-in sessions scheduled in Teams to answer any questions
- SME's will be available to help answer questions
- Watch for a B@P News article with link to online sessions

- Dates
 - Wednesday, September 15th 2:00-2:45 PM
 - Wednesday, September 22nd 10:00-10:45 AM

Future Action Items

Sponsored Program Services (SPS)

- The Research Quality Assurance (RQA) team in SPS will conduct a review of the best practice 3-6 months after implementation
- The review will involve reviewing exported reports with notes from Financial Units, gathering information on how the process is working and proposing improvements to the report and/or best practices
- Proposed updates to best practice will be run through SPS and Business Management Leadership

Resource links

- [Best Practice Document for Monthly Review of Transactions without Prior Fiscal Approval](#)
- [QRG for Monthly Review of Transactions Without Prior Fiscal Approval](#)
- [FAQ for Monthly Review of Transactions without Prior Fiscal Approval](#)
- [Search for P-card Statements](#)

Contacts

- Research Quality Assurance – rqa@purdue.edu

THANK YOU