



## **Accurate Reconciliation of Accounting Records Policy**

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**Implemented: March 2007**

**Revised: November 2013**

### **POLICY**

The process of managing project finances is accomplished through the close collaboration of Principal Investigators (PIs), and staff from ORSP and Fiscal Affairs (FA). Reconciliation is a process of comparing the transactions, as seen in BI, to the supporting documents (e.g. vendor invoices) and resolving any discrepancies. Reconciliation includes a review of both personnel and non-personnel costs. The process of reconciling records is a key element in SF State's financial reporting. Reconciliation provides a reasonable assurance that transactions are authorized, valid, complete and accurate.

PIs are responsible for determining the expenses charged to their projects, for tracking and managing expenses within the established budget, and for providing appropriate backup documentation. PIs are expected to regularly review their personnel and non-personnel expenditures for each project in BI. If there is any charge they do not recognize, the PI should contact ORSP to investigate and resolve any questionable charges. PIs have overall responsibility for the fiscal management of their sponsored projects and accompanying cost-sharing account (if applicable). While responsibility for the day-to-day management of project finances may be delegated to administrative or project staff under a PI's supervision, accountability for compliance with funding agency guidelines and internal requirements ultimately rests with the PI.

FA maintains internal controls for processing all non-payroll expenditures, conducts verification of the authenticity of the authority, maintains paper and/or digital copies of documents, manages federal draw downs, billing and collections, and submits financial reports to funding agencies. FA ensures that expenditures and charges, including cost transfers, are properly approved and supported before they are entered into CFS. FA also assists the PI and ORSP to investigate and resolve any questionable charges. This shared responsibility allows for multiple check points and verification to ensure the accuracy of financial records.

ORSP provides administrative support to establish accounts, verify expenses, check allowability of expenses, track funds, and reconcile records. As part of their role of assisting PIs to manage their project, ORSP Grant Administrators (GAs) shall:

- Meet with PIs and project staff at the start of new awards to review terms and conditions specific to that award.
- Be available to provide answers to questions about financial transactions and to help reconcile any discrepancies.
- Notify PIs 90 days before an award's end date
- Work with the PI to close out their project account and review compliance with regulations pertaining to the final stages of a project. This is another opportunity for PIs and GAs to review expenditures, resolve any issues, and develop a spending plan for the final months of the project.

The accounting records of a sponsored project are reconciled within 60 days after a given month's end date. Particular attention is paid to federal awards in the 90 days prior to the project end date in preparation for the submission of the final financial reports to the funding agency; final reconciliation of these records is conducted after the project's end date, prior to submitting the final financial report.

## DEPARTMENTAL ROLES & RESPONSIBILITIES

### PI and/or Project Staff Member

- Reviews financial transactions in BI for each active project
- Ensures that the charges posted in BI are accurate and can be verified with back-up documentation
- Reports any discrepancies to the GA as soon as they are identified

### Office of Research and Sponsored Programs Staff

- Conduct regular review of charges to the project as shown in the BI tool
- At the request of the PI, or when errors have otherwise been detected, determine whether a cost transfer is an appropriate means of correcting an inaccurate financial transaction
- Prepare Journal Entries or other cost-transfer requests; initiate ORSP procedures to rectify labor costs being applied incorrectly to a project (retroactive LCD changes); provide or review justifications for such requests
- Investigate and resolve unusual transactions with the PI
- Ensure that charges hit the project account within the allotted project period

### Fiscal Affairs Staff

- Assist the PI and GA to resolve discrepancies found during project account reconciliation
- Ensure that Journal Entry requests are complete and approved by the appropriate administrative official; process Journal Entry requests for cost-transfers
- At the end of every project, compare actual expenditures with the budgeted amounts as part of the final draw down or billing process
- As part of the closeout process, generate reports showing unusual or large balances (or deficits); work with ORSP to resolve such issues
- Ensure that indirect costs have been correctly calculated and assessed
- Prepare and submit FSR and/or other reports to funding agencies

## RELATED DOCUMENTS

- [OMB Circular A-21, "Cost Principles for Educational Institutions"](#)
- [OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Higher Education, Hospitals and Other Non-Profit Organizations"](#)