



Financial Review and Analysis

Policy Statement

The Chief Business Officer for each school, college, or administrative unit is responsible to implement a process for review and analysis of budgets and financial transactions. The process should be conducted to ensure reasonableness and accuracy of financial transactions recorded in the University's financial systems and be conducted within 30 days of the prior month end. This review occurs through several mechanisms including: transaction level review and approval, routine monitoring of financial transactions, and a monthly review of the budget status using generated reports or corresponding data analysis from the financial system of record.

A minimum standard of review and analysis is outlined below. Chief Business Officers may determine if additional steps are needed to ensure reasonableness and accuracy of financial transactions recorded in the University's financial systems.

Reason for policy

The process should be conducted to ensure reasonableness and accuracy of financial transactions recorded in the University's financial systems and be conducted within 30 days of the prior month end.

Procedures

Transaction Level Review and Approval

The transaction review substantiates occurrence, accuracy, classification, completeness, and cutoff. This is accomplished as transactions are initiated, reviewed and approved within the University's financial systems. All initiators and approvers have the responsibility to ensure: transactions occurred and are official University business activities, amounts agree to source documentation and documentation is attached to the transaction as appropriate, correct chart fields are used and reflect the fund source/use for the transactions, adequate funds are available for transactions, and transactions are reflected in the appropriate fiscal year.

As approvers identify errors or omissions, they will work with initiators to make adjustments/corrections prior to approving the transaction.

Personnel with initiator and approval roles are responsible for completing online or other training sessions related to these roles. At least annually, Chief Business Officers should review these responsibilities with approvers to ensure their understanding.

Routine Monitoring

Chief Business Officers are responsible for determining if daily, weekly, or some other frequency of routine monitoring or analysis is necessary to assess the reasonableness and accuracy of financial transactions. The frequency and nature of the monitoring procedures will vary on a case-by-case basis

depending on the volume and nature of the transactions for the organization. Reports or prompted queries generated from the University's financial system and reporting tools should be used for these purposes.

Examples include but are not limited to: ☐ Review for initiated, not approved transactions ☐ Review for expected, not yet initiated transactions ☐ Review for rejected transactions ☐ Review of specific transaction types: journals, budget journals, payment requests, expense statements, etc. ☐ Review for transactions above certain dollar thresholds ☐ Review of transactions on certain chart fields or account codes

Adjustments or corrections of omissions, errors, or unusual items found during the review should be entered and approved by responsible parties prior to the following month end (or by June 30th if discovered in June).

In order to keep transactions moving through workflow and posting to the UGA Financial Management system in a timely manner, a daily review of budget checking errors is recommended. As month end and fiscal year end approaches the resolution of these errors becomes more critical to ensure accurate and appropriate accounting and reporting.

The UGA_KKE_BUDGET_CK_ERRORS can be used to identify budget checking errors by chartstring on budget journals, budget transfers, general ledger journal entries, travel expense reports and accounts payable vouchers. This query can be used multiple times during the day to identify real-time budget checking errors.

Any transactions remaining with an error status at the time of month end or yearend close will be deleted. Departments will be required to reenter the transaction in the new accounting period. To eliminate duplicate efforts, it is critical these errors are resolved prior to month end and year end close.

Monthly Review of Budget

A budget status review should be performed monthly. To perform this review, departments can use the budget status report (BSR), project status report or a similar report from the University's reporting tools which reflects the amended budget, encumbrances, and actual transactions posted to the University's financial system. The school/college/unit chief business officer will determine the scope and responsible parties to perform this review.

Considerations for this review include: An overall budget to actuals review of revenues and expenditures to identify overdrafts and unexpected budget balances, including Identification of causes for unexplained variances between budgets to actuals based on expectations and known factors.

Reasonableness review: Do transactions appear reasonable, including transactions originating from other departments? Are the transactions expected for the given fund or department or other chart string element? Do transactions appear to be appropriate for the chart string used?

Chief Business Officers are responsible for ensuring performance of these reviews and determining how the reviews should be conducted and by whom. This includes written guidance and expectations of performance to individuals given review assignments. Chief Business Officers may at their discretion implement additional reviews and analysis to ensure reasonableness and accuracy of financial

transactions or to assist management with decision making. Examples include: trend analysis, ratio analysis, variance analysis, review of transactions meeting dollar thresholds or risk characteristics, and year over year comparisons.

Adjustments or corrections of omissions, errors, or unusual items found during the review should be entered and approved by responsible parties prior to the following month end (or by June 30th if discovered in June).

Documenting the Reviews Monthly reviews should be documented to provide evidence of their completion. Examples of documentation are included in the Financial Review and Analysis Guide found at the following link:

https://onesource.uga.edu/resources/files/documents/financial_review_and_analysis_guide.pdf

Forms/Instructions
N/A

Additional Contacts
N/A

Definitions
N/A

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Associate Vice President – Finance Division

Policy Owner: Accounting

Policy Contact: Allison Davis

Phone Number: 706-542-1197

Record Retention

For general ledger statements, all documentation should be retained for seven (7) years. Reference O.C.G.A. 9-3-24.

For expenditures processed with grant funding, all documentation should be retained for the life of the grant, plus seven (7) years.

For all other expenditure types, records may include but are not limited to check requests, purchase orders, invoices, journal vouchers, departmental requisitions, justifications of purchases, payment authorizations, reports of receipt of goods or services, and related documentation and correspondence.

Record Copy: Accounting

Retention: 5 years; Life of grant plus 7 years if grant funded

Appendices
N/A

FAQs

N/A

Related information

N/A

Policy Dates

Effective Date:

Date Last Updated:

Date of Last Review:

Date of Approval:5/26/2020

Previous Version of Policy: