



Accurate Reconciliation of Accounting Records Policy

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BACKGROUND

Fiscal Affairs (FA) is a division of Administration and Finance, under Vice President Leroy Morishita. This unit, headed by Associate Vice President Larry Ware, is responsible for the maintenance of a comprehensive record of all financial transactions in the Financial Management System (FMS). San Francisco State University's (SFSU) policy and management practices include monthly review and reconciliation of financial reports. Campus Controller Agnes Wong-Nickerson is in charge of financial accounting and reporting. Access to information about the status of individual projects or awards is available through queries and pre-defined reports. The Expenditure and Revenue Analysis Report, Detailed General Ledger Activity Report and Labor Cost Distribution Report are distributed monthly to all Principal Investigators (PI's). Detailed General Ledger Activity Reports are emailed to all PI's on a monthly basis. This shows all transactions individually for each month.

POLICY

The entire process of managing project finances is accomplished through the close collaboration of PI's, ORSP, and FA. PI's are responsible for determining the expenses that are charged to their projects. ORSP provides intensive administrative support to establish accounts, verify expenses, checks allowability, track funds, and to reconcile records. FA maintains internal controls of processing all non-payroll expenditures, conducts verification of the authenticity of the authority, maintains copies of documents, manages federal draw downs, billing and collections, and submits financial reports to funding agencies. This shared responsibility allows for multiple check points and verification to ensure the accuracy of all records.

Reconciliation is a process of comparing transactions on the key reports (e.g. Detailed General Ledger Activity Report) to the supporting documents (e.g. vendor invoices, Labor Cost Distribution Reports) and resolving any discrepancies. Reconciliation takes place on a monthly basis.

Monthly reconciliation includes a review of both personnel and non-personnel costs. The process of reconciling records is a key element in SFSU's financial reporting. Reconciliation provides a reasonable assurance that transactions are authorized, valid, complete and accurate.

FA ensures that expenditures and charges, including cost transfers, are properly approved and supported before they are entered into FMS. FA also assists the PI and ORSP to investigate and resolve any questionable charges.

PI's have overall responsibility for the fiscal management of a sponsored project and cost-sharing account (if applicable), such as managing projects within the established budget. While responsibility for the day-to-day management of project finances may be delegated to administrative staff under a PI's supervision, accountability for compliance with funding agency guidelines and with SFSU requirements rests with the PI.

After each month end closing, the PI's receive the General Ledger Activity Report via email and is expected to review this statement. Monthly reconciliation includes review of personnel and non-personnel expenditures. If there is any charge they do not recognize, PI's contact ORSP and FA to investigate and resolve any questionable charges.

As part of the regular process of assisting PI's, ORSP Grants Administrators also meet with PI's and project staff at the start of new awards to review terms and conditions specific to that award. Grants Administrators are available to provide answers to specific questions about monthly project reports and to help reconcile discrepancies on a regular basis. In addition to the monthly financial statements, Grants Administrators in ORSP notify PI's 90 days before the stated end date of an award. ORSP also schedules a meeting with PI's prior to the closing of a project, in order to review compliance with regulations that pertain to the final stage of a project. This is another opportunity for PI's to review expenditures and resolve issues as well as to develop a spending plan for the final months of the project.

As part of its new Training Program in grants administration, ORSP will provide training to PI's regarding cost principles in federal awards outlined in OMB Circular A-21 and A-110.

SCOPE

Accounting records reconciliation of sponsored projects is performed within 60 days after the month's end. Particular attention is paid to federal awards in the 90 days before the project end date in preparation for the submission of the final Financial Status Reports to the funding agency.

ROLES AND RESPONSIBILITIES

Academic Department or Responsible Unit

- **Principal Investigator (PI) and/or Department Administrator/Project Staff**
 - Reviews monthly financial reports for each active project.
 - Ensures that the charges that are posted in the General Ledger are accurate and can be verified with an invoice or other back-up documentation.
 - Reports any discrepancies to the Grants Administrator as soon as they are identified.

Office of Research and Sponsored Programs

- **General**
 - Provides monthly expenditure and General Ledger Reports to PI's.
 - Provides monthly Labor Cost Distribution Reports to PI's.
 - Prepares Journal Entries and Labor Cost Distribution Change Forms to correct inaccuracies.
- **Grants Administrator**
 - Conducts a general monthly review of charges to the project as recorded in the General Ledger Reports.
 - At the request of the PI, processes journal entries and other cost-transfer requests.
 - Reviews the justification for the cost-transfer requests.
 - Investigates and resolves unusual transactions with the PI.
 - Ensures that charges have not been posted after the end date of the project.

Fiscal Affairs

▪ **General**

- Provides Detailed General Ledger Activity Reports for all ORSP projects at the end of each month and emails the reports to the project PI's.

▪ **Fiscal Affairs Accountant**

- Assists the PI and Grants Administrator to resolve discrepancies found during the reconciliation.
- Ensures that journal entry requests are complete and approved by the appropriate official.
- Processes journal entry requests for cost-transfers.
- At the end of every project, the FAA compares actual expenditures with budgeted amount as part of the final draw down or billing process.
- As part of the closeout process, the FAA generates reports showing unusual or large balances. The FAA works with ORSP to resolve the balances.
- Ensures that indirect costs have been correctly calculated and recorded.
- Prepares and submits FSR 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"](#)