

## Account Review Procedure

# Account Reconciliation and Review: Operational Procedure

### Procedure Sections

**Last Revised:** April 2014

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### Reason for Procedure

This procedure outlines the processes and expectations for the regular reconciliation and review of sponsored project accounts by the Finance Manager (Administrative Staff), in conjunction with the review of reconciled reports by the PI, to monitor the availability of funds, to ensure that the rate of expenditure is in line with project performance and to ensure that any necessary account adjustments are made in a timely manner.

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### Who Should Know This Procedure

- Principal Investigators
  - Administrative Staff
  - Winter Conference/Summer Workshop Organizers
  - Proposal Committee
  - Officers
  - Trustees
  - General Members
  - Other: \_\_\_\_\_
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## Contacts

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<b>Subject</b>	<b>Contact</b>
Finance Procedure Questions	Finance Manager Administrative Vice President

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## Applicable ACP Policies

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- Direct & Indirect Charging of Sponsored Projects: Policy & Operational Procedure
  - Allowable Costs on Sponsored Projects: Policy & Operational Procedure
  - Participant Support Costs: Policy & Operational Procedure
  - Sponsored Project Program Income: Policy & Operational Procedure
  - Sponsored Project Cost Transfers: Policy & Operational Procedure
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## Account Reconciliation and Review Operations at ACP

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### Introduction

Reconciliation is the process of comparing the entries posted to the financial system to supporting documentation and resolving any discrepancies. Reconciling accounts on a regular quarterly basis allows ACP Administrative Staff to manage sponsored funds and ensure that expenditures and revenues are within appropriate limits and guidelines.

Reconciliation is an internal mechanism that ensures that:

- entries and balances are accurate and valid
- transactions are accurately recorded
- discrepancies are resolved in a timely fashion

At least quarterly, Administrative Staff must reconcile ACP sponsored accounts and prepare and distribute financial reports for review by each Principal Investigator to check that award expenditures are in line with project performance and to ensure an awareness of the funds available to support the remainder of the project.

### Key Components of Reconciliation

Administrative requirements of the awarding agency and/or award instrument govern the allowability of sponsored project costs. Below is a summary of key components to review during the reconciliation process. ACP's review process for an individual sponsored project account may be more or less detailed than the process listed below depending on many factors, such as the type of transactions involved and the associated risk.



For all sponsored Funds, the Finance Manager confirms for all expenditures that the transactions are posted to the correct Fund, that the amount charged is accurate and that the correct Object Code and Subaccount Code was used. Some additional special considerations for reconciliation by expense type are outlined below:

- **Salary** – Confirm the amount posted is the same as the amount incurred
- **Benefits** - Ensure the proper amounts posted and documentation of all vacation/sick leave taken is in place
- **Participant Support** – Confirm the totals posted tie to source documentation and the ACP Participant Database for each program/activity
- **Travel** - Verify the amounts charged are correct, supported by receipts as required. Confirm the correct expenditure type was used and confirm all costs are allowable on the project.
- **Other Expenses** - Verify the amounts posted and Object Codes are correct considering the charges incurred and review source documents as needed.
- **Indirect Cost** - Ensure the correct amount is applied considering the Participant Week rate and the number of participants supported by the project.

Expenditures must also be reviewed and reconciled against sponsored project budgets and/or project-based revenue.

- **Budgets:** For Funds sponsored by an external agency, review and incorporate the sponsor-awarded budget into the reconciliation. If the sponsor awarded funds based on specific expenditure types (such as Participant Support), incorporate the budget at this level of detail. If funds were awarded only as a cumulative amount, incorporate the cumulative total of funds awarded.
- **Revenue:** For Funds supported by Program Income, incorporate the Program Income received to date into the reconciliation.

## Account Review

Administrative Staff must take specific steps and consider certain questions while completing the sponsored account review. The process to be followed is outlined below along with reference documents and tools to be considered during the review. At each step, if an error is found, it should be promptly corrected. If correction of the error would require a Cost Transfer, refer to the Cost Transfers: Policy and Operational Procedure for guidance.

Process	Considerations and References
<i>Confirm the current sponsor-awarded budget.</i>	Utilize the sponsor’s Notice of Award (and any other correspondence) to verify and confirm the awarded budget.
<i>Is rebudgeting required? If so, is it allowed by the sponsor?</i>	Refer to Sponsor Notice of Award document terms and conditions to determine if/when prior approval is required.  <i>Note: A change in scope always requires approval.</i>
<i>Are there any unusually large or small expenditures in relation to the budget or other expectations?</i>	If yes, check the documentation of the transaction(s) in question and verify the Fund or Object Code used to post the transaction(s) in question.



Process	Considerations and References
<ul style="list-style-type: none"> <li>• <i>Do you see any unexpected charges?</i></li> <li>• <i>Are there expected charges that are NOT here?</i></li> </ul>	
<p><i>Are all expenses:</i></p> <ul style="list-style-type: none"> <li>• <i>Allowable: Do you see any unallowable costs (based on A-122 or on the specific terms and conditions of this award), and if so, have corrections been initiated?</i></li> <li>• <i>Allocable (they benefit the project)</i></li> <li>• <i>Reasonable (to a prudent person)</i></li> <li>• <i>Consistent (with ACP and sponsor policies)</i></li> </ul>	<p>Review for compliance with sponsor regulations and Direct &amp; Indirect Charging of Sponsored Projects: Policy &amp; Operational Procedure and Allowable Costs on Sponsored Projects: Policy &amp; Operational Procedure.</p>
<p><i>Are salaries appropriate and charged to the appropriate Fund? If not, have corrections been initiated?</i></p>	<p>Confirm salary amounts with current contracts and that salary charges are posted to the appropriate Fund.</p>
<p><i>Have the correct fringe benefits been applied?</i></p>	<p>Verify that benefits were charged in correct proportion to salary for each employee (Administrative Staff).</p>
<p><i>Are Participant Support expenses appropriately charged?</i></p>	<p>Ensure Participant Support expenditures, whether for housing subsidies or travel, are aligned with the ACP Participant Database and planned costs identified by conference/workshop organizers.</p> <p>Refer to the Participant Support: Policy and Operational Procedure for guidance on the appropriate posting of these charges.</p>
<p><i>Are travel expenses allowable, allocable, reasonable and consistent?</i></p>	<p>Refer to Participant Support: Policy and Operational Procedure for reasonableness, appropriateness and compliance with policy.</p>
<p><i>Are indirect charges allocated properly?</i></p>	<p>Verify the correct Participant Week indirect cost rate has been used and the amount and Fund are appropriate considering the number of participants supported by the award.</p>
<p><i>Have appropriate credits posted, e.g., prior transfers, program income?</i></p>	<p>Review Program Income transactions considering the number of participants supported by the award and back-up documentation from the ACP Participant Database.</p>
<p><i>Have the correct Funds and Object Codes been used, or if not, have corrections been initiated?</i></p>	<p>Refer to the Chart of Accounts: Operational Guidance and Cost Transfers: Policy and Operational Procedure.</p>
<p><i>If this award is nearing the "end date", review:</i></p> <ul style="list-style-type: none"> <li>• <i>outstanding obligations</i></li> <li>• <i>other actions</i></li> </ul>	<p>Financial closeout should be completed if possible.</p>



Process	Considerations and References
<i>Is this Fund in overdraft (versus Budget or Revenue as appropriate)? Do you expect this Fund will go into overdraft, and if so, are there actions to take?</i>	<ol style="list-style-type: none"> <li>1. Note if a Fund is approaching overdraft status and how charges to be incurred during the remaining project period will impact the Fund balance and adjust spending plans as necessary.</li> <li>2. If the Fund is in overdraft status and additional funding is not anticipated, determine what transfers are necessary to clear the overdraft in preparation for financial closeout. Process all transfers in accordance with ACP's Cost Transfer Policy.</li> </ol>
<i>Has appropriate documentation been retained and does it match to the charges?</i>	Refer to the appropriate policy or procedure for guidance on the supporting documentation necessary for sponsored project charges.

### Principal Investigator Quarterly Expenditure Review:

Reconciled reports of sponsored project accounts are provided to the Principal Investigator on a quarterly basis. If the PI has questions about any transaction, the PI alerts the Finance Manager who will review the relevant documentation and, if necessary, make the adjusting entries through the financial system.

As part of this review, the Principal Investigator and Administrative Staff will discuss the projected spending and Program Income revenue for the upcoming quarter, and whether a No-Cost Extension of the award or any other prior approval must be obtained from the sponsor.

### Roles & Responsibilities

**Principal Investigator:** Responsible for reviewing the financial status of sponsored accounts (expenditures, revenue, and budget). This review must take place at least quarterly.

**Administrative Staff:** Responsible for financially reconciling all sponsored project Funds and providing reports and documentation to the Principal Investigator for review. Responsible for processing entries to correct any errors identified during the review and reconciliation process.

**Designated Officers:** Responsible for supervising the Administrative Staff and, as needed, supplementing the review of reconciled accounts.

### Appendix: Applicable Federal Regulations & Criteria

ACP must comply with the OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, as it pertains to account reconciliation and review (Current version revised September 30, 1999):

- SUBPART C – SUBPART C - POST-AWARD REQUIREMENTS, Reports and Records:
  - .51 Monitoring and reporting program performance.



- (a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section \_\_.26.

Further, ACP policies regarding reconciliation and review of awards funded by the NSF adhere to the guidelines in the NSF's Award and Administration Guide (Current version revised February 2014):

Chapter II - Grant Administration, A. Monitoring Project Performance

1. Grantee Responsibilities

a. A grantee has full responsibility for the conduct of the project or activity supported under an NSF grant and for the results achieved. The grantee should monitor the performance of the project to assure adherence to performance goals, time schedules or other requirements as appropriate to the project or the terms of the grant. In order to carry out these responsibilities, each grantee organization shall agree to comply with the applicable Federal requirements for grants and to the prudent management of all expenditures and actions affecting the grant. Documentation for each expenditure or action affecting the grant shall reflect appropriate organizational reviews or approvals, which should be made in advance of the action. Organizational reviews are intended to help assure that expenditures are allowable, necessary and reasonable for the conduct of the project, and that the proposed action:

- (i) is consistent with grant terms and conditions;
- (ii) is consistent with NSF and grantee policies;
- (iii) represents effective utilization of resources; and
- (iv) does not constitute a change in objective or scope.

