

Texas AgriLife Extension Service Procedures

21.01.01.X1.02 Accounting Procedures for Unit Fiscal Record Keeping (Reconciliation/Verification Process)

Approved: July 30, 2009

Next Scheduled Review: July 30, 2011

Procedure Statement

Fiscal record keeping for Texas AgriLife Extension Service (Extension) is predominantly conducted in a decentralized manner. The unit head or designee is responsible for maintaining proper unit fiscal records for all accounts belonging to his/her unit. This includes maintaining proper unit fiscal records, such as transaction registries and supporting documentation, for all accounts belonging to his/her unit. These records shall be reconciled/verified regularly and any discrepancies should be resolved as soon as possible. This process provides assurance that fiscal resources are monitored and maintained in accordance with rules, regulations, policies and procedures; transactions are processed correctly; and expenditures and/or encumbrances do not exceed budget allocations.

Reason for Procedure

This procedure provides guidance to Extension units on the reconciliation/verification process needed to assure compliance with directives on fiscal management.

Definitions

Financial Accounting and Management Information System (FAMIS) - the official accounting system for Texas A&M AgriLife.

Unit Fiscal Record Systems – records maintained within a unit that support the financial transactions of the unit. Different possible systems are:

- Secondary Bookkeeping System, such as QuickBooks, Peach Tree, etc., used to track financial transactions and **provide management reports for decision making**. Reports generated from a secondary bookkeeping system should disclose the source of the report.

- Check Register/Transaction Log System, such as Excel spreadsheets, Access database, Word documents, etc., used to verify the accuracy of FAMIS records. **This system is not used to provide management reports for decision making purposes.**
- File System, such as copies of documents held until compared to monthly FAMIS statement, used to verify the accuracy of FAMIS records. This system is not used to provide management reports for decision making purposes.

Reconciliation/Verification – monitoring process whereby units can ensure that financial data can be relied upon for decision making purposes.

- Reconciliation - process that compares both transaction and account balances between FAMIS and unit's fiscal records.
- Verification - process that compares transactions and not account balances between FAMIS and unit's fiscal records.

Outstanding Item – transaction that has not been matched or cleared during a reconciliation/verification process between FAMIS and the Unit's Fiscal Record System.

Unit Financial Obligation – funds set aside by management for a particular future use, such as startup, large equipment purchases, capital replacement/refurbishments, commitments from an offer letter, etc. Management may reverse funds set aside at any point.

Encumbrance/Commitment – funds that have been contractually obligated to an external entity by unit's management for a specific purpose, such as purchase requisitions, payroll assignments, etc. Future payroll should be the only transaction that is encumbered/committed that is not truly contractually obligated to an external entity.

Preparer – individual identified by the unit as the person responsible for preparing the monthly account reconciliations/verifications.

Reviewer – individual identified by the unit as the person responsible for reviewing the monthly account reconciliations/verifications. The Reviewer cannot be the same person as the Preparer.

Procedures

1. Unit Bookkeeping

Requirements are based on the type of Unit Fiscal Records System used:

- Secondary Bookkeeping Systems require monthly reconciliations to FAMIS.
- Check Register/Transaction Log Systems require monthly verifications to FAMIS.
- File Systems require monthly verifications to FAMIS.

2. Preparer Responsibilities – the following are the minimum responsibilities for the preparer of a reconciliation/verification:

- Reconcile the month end balance in FAMIS (fund balance, balance available, etc.) to the month end balance of the Secondary Bookkeeping System. This is required for Secondary Bookkeeping System.
- Verify that all transactions recorded in FAMIS for a given month are appropriate and accurate. Document any outstanding items and actions to correct.
- Verify that all transactions recorded in the Unit's Fiscal Record System are also recorded in FAMIS. Document any outstanding items and actions to correct.
- Review outstanding items from previous months and determine that they have been resolved. If not resolved, document actions to correct.
- Review Unit Financial Obligations for validity and adjust if appropriate.
- Review Encumbrances/Commitments for validity and adjust if appropriate.
- Notify supervisor if there are outstanding items older than 90 days.
- Sign and date completed reconciliation/verification.

3. Reviewer Responsibilities – the following are the minimum responsibilities for the reviewer of a reconciliation/verification:

- The reviewer cannot be the same person as the preparer.
- Verify the month-end balances on reconciliation agree with FAMIS and Secondary Bookkeeping System statements.
- Review outstanding items and actions to correct for reasonableness.
- Sign and date reconciliation/verification.

4. Reconciliation/Verification Timing:

- Reconciliations/Verifications should be prepared within 30 calendar days of FAMIS month end closing. Extensions can be granted when appropriate. A supervisor should approve any extensions of up to 15 days beyond the original 30 days.
- Outstanding items, including any unusual or unidentified items, should be resolved within 90 days of the end of the month within which the transaction occurred. Any items older than 90 days should be brought to a supervisor's attention.
- Account reconciliations/verifications are to be reviewed within 30 calendar days of the reconciliation/verification completion.
- Any exceptions to these timelines must be approved by the Chief Financial Officer.

Related Statutes, Policies, or Requirements

Supplements System Policy 21.01 and System Regulation 21.01.01.

Contact

- Chief Financial Officer for Texas AgriLife Extension Service