



**Guidelines
for
Reconciliation of Departmental
Accounts**

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OVERVIEW

The objective of this manual is to provide a guide for Business Managers and departmental personnel on how to reconcile their departmental accounts. In order for the University to be fiscally responsible, it is imperative that departmental employees prepare monthly reconciliations. Reconciliations will be completed by the 10th of each month for the prior month.

The monthly reconciliation will help those responsible for the budget to plan anticipated expenses and avoid not having funding available to meet the needs of the department. Purchases for goods and services will not be permitted unless there are available funds in the index. Indexes will not be permitted to operate with deficit balances.

The following information is intended to simplify and streamline the reconciliation process. If you have questions or need assistance as you prepare monthly reconciliations, a list of web sites and links to help you locate information is attached.

INTRODUCTION TO ACCOUNT RECONCILIATIONS

As a brief overview, the University uses Banner Finance as a repository to store financial records. The University also uses two other Banner modules, HR and Student. As a reconciler, you will primarily be concerned with the records housed in Banner Finance.

Using Banner terminology, individual accounting units (for example, Controller, Animal Care Program, and Psychology) are assigned index numbers. Within a given index, there are account codes for different types of revenues (for example, sales and services) and expenses (for example, various salary and benefit lines and operating expenses such as supplies, subscriptions, travel, etc.).

Departmental account reconciliation is verifying that the University's records in Banner are correct.

Accounts Payable, Purchasing, inventory control and fixed assets transactions are processed in Lawson. Charges departmental employees put on their Purchasing Cards are processed in PaymentNet. Lawson and PaymentNet are then interfaced into Banner, with the end result being that all financial records are stored in Banner.

The Web Report Library (WRL) is a user-friendly environment to run different types of reports with user-defined parameters. Data in the WRL is updated daily from Banner. Some WRL reports allow the user to "drill down" to view detail of Lawson transactions. There are many reports in the WRL that suit various purposes. A few of these reports are discussed in this document. As you gain familiarity of the reconciliation process, you will likely find several other useful reports in the WRL. The WRL is the suggested means of preparing departmental account reconciliations due to its ease of use and adaptability to the user's needs.

The departmental account reconciliation process consists of the following steps which will be described in more detail:

- Step 1: Use WRL reports to assure that there is sufficient funding in indexes. An index will not be allowed to operate with a deficit balance.
- Step 2: Using a WRL report titled "Transaction Detail for Income Statement Accounts", create a reconciliation worksheet in Excel format. Verify the accuracy of expense and revenue transactions for each index you are responsible for reconciling. Note possible transaction errors, and initiate corrections as necessary.
- Step 3: Send an e-mail to the Business Manager or departmental administrator stating that you've completed the monthly reconciliation. The Business Manager will then forward this e-mail to the Controller and the Dean or Vice President.

To run reports in the Web Report Library, the user must request access to certain folders. There are various report roles containing report folders. For example, the Finance – General report role

contains the following report folders: Accounts Payable, Chart of Accounts, Departments, Financial Reporting, General Accounting, and Purchasing. Each of these report folders contains various reports with parameters determined by the user.

To gain access to run WRL reports, complete the Web Report Library Report Viewer Access Form and obtain the necessary signatures for each report role to which access is requested. The myUT portal, <http://myut.utoledo.edu/>, contains the most up-to-date report access forms. Refer to the instructions on the Web Links and Contacts page of this document. You do not need access to Banner in order to access WRL, however, completing the Banner Finance application also gives you access to Lawson.

There are several reports in WRL that will provide you with information in different formats. A few of the WRL are suggested in this document. Except for the Position Control Roster report, all these reports are in the Finance – General report role. The Position Control Roster is in the HR/Budget report folder of the HR – Budget report role. Some of the WRL reports have a drill down feature that provides the user with detail of transactions interfaced into Banner from Lawson. If the user wants more detail of non-Lawson transactions, there are several reports which provide information on various types of expenses (for example, OfficeMax/Office Depot orders, Print Shop orders, telephone billings, etc.).

It is advisable to print the WRL reports as you run them.

STEP 1: ASSURE ADEQUATE FUNDING IN INDEX(ES)

- First, verify that you know which index (es) you are responsible for reconciling the accounts. The “Index by Organization” report in the WRL lists all indexes by organization.
 - Click on Public Folders
 - Click on Finance
 - Click on Chart of Accounts
 - Select the report titled “Index by Organization.” A request for information will appear on the screen. The first prompt requests that the user selects an AVP or Division. The second prompt requests that you select either an organization within that AVP/Organization, or all organizations within that AVP/Division. Once you have made your selections, click “ok.”

- Now that you know for which index (es) you will be reconciling the accounts, run an “Income Statement Summary by Index” report for each index. This WRL report provides an Income Statement Summary as of the end of given month. For example, if you are reconciling the month of March, selecting March as the parameter will provide an Income Statement Summary for the month ending March 31. To access this report:
 - Click on Public Folders
 - Click on Finance
 - Click on Financial Reporting
 - Select the report titled “Income Statement Summary by Index.” Enter the following information: a Fiscal Year, a month, an account hierarchy level, and an index. If you select the highest account hierarchy level, Level 1, pooled account code expenses, such as supplies and non-capital equipment, will be displayed. Level 2 displays another level of detail - for supplies and non-capital equipment, this account code is broken down into (1) supplies and (2) non-capital equipment. Level 3 provides even more detail about the individual accounts within supplies (computer supplies, office equipment, and computer equipment). After making your selections, click “ok”.

The columns on the Income Statement Summary by Index show the budget, actual revenues and expenses as of a certain month, the prior’s year’s month and year-to-date revenues and expenses for comparison purposes, available balance, and percent used of the budget used.

- Additionally, run a “Budget Statement Summary with Obligation Drill Down” for each index you will be reconciling. This report displays the currently available budget in accounts. It also contains a drill down feature for the detail of encumbrances in Lawson that have not yet been liquidated. Follow these steps to access this report:
 - Click on Public Folders
 - Click on Finance
 - Click on Departments
 - Click on “Budget Statement Summary with Obligation Drill down.” Requests for information will appear on the screen. If you want to look at one index, fill in the index number at the third prompt. Alternately, if you want to look at more than one index, fill in the organization code and/or fund group. If you choose to fill anything in at the second prompt for “fund group”, fill in only the first digit of the fund group. If you wish to use the drill down option to see encumbrances, for the “detail data” prompt select “show detail data.” For the final prompt, select “show all indexes.” Note that the default for the final prompt is “show indexes with low available balance only.” If this default prompt is selected, only indexes with low available balances will appear. Click “ok” once you’ve selected the parameters.
 - When the report appears, click on “detail” next to encumbrances if you wish to be brought to a sub-report of encumbrance detail such as description, vendor number, vendor name, requisition number, Purchase Order number and date created, and obligation amount.

The columns on the Budget Statement Summary with Obligation Drill Down report show the adjusted budget, fiscal year-to-date actual expenditures, encumbrances, and available balance for each salary and benefit line and operating expense account. The Percent Remaining is highlighted when there is less than 10% of the budget remaining, or if there are expenses and no budget.

When a Purchase Order is created, an order for goods or services is placed and an encumbrance is set up. An encumbrance serves to “set aside” funds for this obligation. The encumbrance is liquidated when the goods are received/services are rendered.

Comparing the Income Statement Summary by Index and the Budget Statement Summary with Obligation Drill Down reports, you will notice a couple differences:

- The Income Statement Summary is as of the end of a monthly period. The Budget Statement Summary report is as of the day it is run.
- If there are encumbrances, the Income Statement Summary does not include encumbrances in the available balance. Even if there was no activity in an index between

the ends of the month's Income Statement and the day the Budget Statement Summary was run, the available balances will be different if encumbrances exist.

If you want to see the difference in available balances due to encumbrances more readily, run the Budget Statement Summary after the last day of the month to reflect activity as of the end of the month. For example, if you run the Budget Statement Summary on April 1, it will be as of March 31, and the Income Statement Summary may be run at any time for the month of March. To see the same level of details when you run these reports, select "data entry level" at the "account hierarchy level" prompt on the Income Statement Summary, and "show detail data" at the "detail data" prompt.

Of course, if there are expense transactions that have not yet been posted in Banner, available balance(s) will be less.

Recall that an index will not be permitted to operate with a deficit balance. Simply stated, if total expenses exceed the budget, an index is in deficit. The remedy for an index in deficit is a Budget Transfer. A Budget Transfer is used to move budget dollars from one or more indexes/accounts to other indexes/accounts in order to cover deficits or provide funding if additional expenses are anticipated.

If a Budget Transfer is appropriate, work with your Business Manager or departmental administrator to initiate the paperwork and obtain necessary signatures. The Budget Transfer template is located on the Budget and Planning web site, <http://budgetoffice.utoledo.edu/>, as well as instructions for completing the form.

STEP 2: VERIFY THE ACCURACY OF ACCOUNT TRANSACTIONS

Now that you've made sure there is adequate funding in the indexes you're responsible for reconciling, you are ready to verify the accuracy of account transactions in those indexes. To do this, run the suggested WRL report, "Transaction Detail for Income Statement Accounts with Drill Down" for each index. This report provides transaction activity detail by index. User options include date range and accounts. The suggested way to create a reconciliation worksheet is to export this report to Excel.

To obtain this report and create a working copy in Excel format, follow these steps:

- "Transaction Detail for Income Statement Accounts with Drill Down" Report: It provides detail transaction activity by index. User options include date range and selecting certain accounts or all accounts in the index. The drill down feature brings the user to a sub-report to view detail of transactions interfaced from Lawson. For non-Lawson transactions, there are several other reports in WRL to obtain detail for operating expense accounts. A few of these will be described later in these guidelines.
 - Click on Public Folders
 - Click on Finance
 - Click on Departments
 - Select the report "Transaction Detail for Income Statement Accounts with Drill Down." Minimally, insert these prompt parameters: the time period you inquiring about (for example, start date of March 1, 2009, and end date of March 31, 2009) and an index. Click "ok" at the bottom of the screen.
 - When the report appears, if the index number is in blue, there are one or more transactions processed in Lawson with drill down detail available. Clicking on the index will bring up a sub-report of all transactions interfaced from Lawson within the given date range. Alternately, you may click on any transaction description in blue to view the detail record for that transaction only. The transaction detail provided includes the account, transaction date, invoice number, description (vendor number, name, and brief description of the item(s) purchased), and dollar amount.
 - Click on the Export icon in the top left corner. (If you want to view the Lawson detail, do this before exporting to Excel).
 - Select Microsoft Excel – Data Only as the file format.

You now have a working copy of this report in Excel format to use as your reconciliation worksheet. The suggested way to prepare a reconciliation worksheet is to add a couple columns to your Excel document: one to show that you've verified each expense (excluding salaries and fringe benefits) and revenue transaction, and another to add a comment such as an explanation or reminder to follow-up on a transaction.

The Transaction Detail for Income Statement Accounts includes columns for account, account description, transaction date, transaction description, document number, and transaction amount. The document number is an eight-digit, alphanumeric document number with a prefix that identifies the transaction type. Refer to the list of document type prefixes for help distinguishing transaction types. A few of these document types will be discussed in more detail.

If you ran this report for the month of March, for example, notice that the total transactions in a given account matches the total for that same account on the month's Income Statement Summary by Index. This report's format is revenue transaction detail followed by detail of salaries and fringe benefits and then operating expenses. As the account reconciler, you are primarily concerned with verifying operating expense transactions. However, a brief discussion of salaries and fringe benefits accounts follows.

- In order to perform a cursory check that the correct faculty and staff employees are being charged to the correct index, run a "Position Control Roster" report. Note that this report is in the HR/Budget report folder of the HR – Budget report role, not a finance folder. Follow these steps to access the report:
 - Click on Public Folders
 - Click on Human Resources
 - Click on Budget
 - Select Position Control Roster report. At the index prompt, type the one(s) you want to run the report for and click on the arrow to the right so that the selected values show. Likewise, for the other prompts (Executive/VP levels, Division/AVP levels, and account code(s)), specify an appropriate value from the drop-down list or select "all." Regardless of whether or not you select an appropriate value or "all", selected values need to be chosen or you will receive an error message.

Using the Position Control Roster, make sure the correct faculty and staff members are listed in a given index. The Position Control Roster shows budgeted faculty and staff positions. These are the positions that have specific Position Control Numbers (PCN's) – they are not "pooled" positions such as intermittent call-ins, student employees, etc. Specific positions include Administrative PSA, Classified Exempt, Classified (CWA and AFSCME), UTPPA Police Officers, 9-month and 12-month faculty, Superannuates, Faculty Lecturers, Visiting Faculty, Post-doctorates, and Faculty stipends. The salary and benefits lines on the "Transaction Detail

for Income Statement Accounts with Drill Down” show the gross expenses, by line item, for salary accounts and related fringe benefits by biweekly pay. The document number for these transactions begins with “F.” A few of the typical document number types you will see in the salaries and Document numbers beginning with “BT” and “BP” indicate that Budget Transfers (adjustments to the base budget) have been processed. On the last day of the month, a payroll accrual entry is processed for all salary and benefits lines. The payroll accrual entry is reversed the following month. The purpose of the accrual entries is to properly match the expenses in the correct month. The document numbers for these accrual entries begin with a “PAR” prefix. As long as the Position Control Roster is accurate for budgeted faculty and staff positions, there are safeguards already in place to assure that funds are available in the index to cover these. Again, this is a cursory check measure to make sure that budgeted employees’ salaries and fringe benefits are being charged to the correct index. Further analyses of salaries and fringe benefits for budgeted faculty and staff is not necessary. However, recall that indexes will not be permitted to operate with deficit balances. Like budgeted positions, pooled positions (such as non-College Work Study student workers and emergency hourly workers) have related fringe benefits as well to take into account. Refer to the Budget and Planning web site, <http://budgetoffice.utoledo.edu/>, for fringe benefits rates for both specific and pooled positions.

The five-digit accounts for salaries and fringe benefits for both specific and pooled positions begin with the number “6”. Like specific positions, pooled positions require budgeted salary and fringe benefits. Departments will receive e-mail notification when labor accounts, such as faculty, staff, student employee or part-time faculty, have actual expenses that exceed that salary line. To see the individual salary lines, select the “data entry level” at the account hierarchy level for the Income Statement Summary by Index WRL report, and the “show detail data” at detail data prompt for the Budget Statement Summary WRL report. Recall that the Income Statement Summary by Index report is as of a certain month, and the Budget Statement Summary is as of the previous day.

The bulk of the work in the reconciliation process is verifying that operating expense accounts are correct. The five-digit accounts for operating expenses (i.e., non-salary and fringe benefits) begin with the number “7”. While individual operating expenses may be in deficit, an index will not be permitted to operate with total operating expenses in deficit. E-mail notifications will be sent when an index’s Budget less Operating Expenses and Encumbrances is zero or in deficit. To assure that an index has adequate funding in operating expenses, look at the Total Operating Expenses line on the Budget Statement Summary. The Available Balance column for operating expenses is the Adjusted Budget less Fiscal Year to Date actual expenses and Encumbrances. The Percent Remaining column shows the percentage of the adjusted budgeted that is available.

The reconciler is making sure that expenses and revenues were properly recorded in the correct index and account. All accounts in an index having activity need to be reconciled. Verify the accuracy of each transaction on the Transaction Detail for Income Statement Accounts with Drill Down. As mentioned previously, the drill down feature on this report provides information about transactions processed in Lawson by Accounts Payable that have been interfaced into Banner. Any type payment processed in Lawson by Accounts Payable has the document prefix “AQ.” These “AQ” transactions include direct pays to vendors, reimbursements to employees,

Purchase Order payments, Electronic Fund Transfers, and payments that the Accounts Payable staff make on their “power” Purchasing Cards. Document numbers beginning with the prefix “PC” indicate payments that departmental users have put on their Purchasing Cards. A few other common document prefixes are “J” for journal entries created in Banner, “JE” for journal entries created in Lawson, and “MJ” for miscellaneous journal entries.

If you want more information about non-Lawson operating expense transactions, there are several reports in the General Accounting report folder of the Finance – General report role. A few of these reports are listed below:

- “Document Details by Date Range” – the user specifies the document number and transaction date range.
- “Document Search” – the user specifies certain parameters for a search such as document #, index, and account.
- “Office Depot and OfficeMax Orders” – this report shows all Office Depot and OfficeMax orders for a selected date range with user-defined search parameters.
- “Print Shop Monthly Details” - this report shows all Print Shop orders by selected date range.

Currently, UT’s Main Campus has a contract with OfficeMax and the Health Science Campus contract is with Office Depot. Both their web sites have options where the person who placed the order may view his/her order history.

A software upgrade for departmental telephone billings is planned to go live on July 1, 2009.

In the reconciliation process, you may find one or more transactions that have posted to an incorrect index and/or account. The remedy for transactions charged to an incorrect index and/or account is a Journal Entry. For example, assume that a department initiates paperwork to reimburse an employee. In reviewing the transaction detail, the reconciler realizes that the paperwork submitted to Accounts Payable had an incorrect index. To move this expense from the incorrect index/account to the one that should be appropriately charged, a Journal Entry is initiated.

If an entry has an “AQ” document prefix, then it originated in Accounts Payable. If an entry has a prefix other than “AQ”, the correction will be made by General Accounting. Use the Journal Entry template in Excel format found on the Accounts Payable (http://www.utoledo.edu/offices/controller/accounts_payable/forms.html.) and General Accounting (http://www.utoledo.edu/offices/controller/general_accounting/banner_backup.html) web sites (the form is the same). Complete this form, noting which account(s)/index (es) to move the charge to (the “To” section) and which account(s)/index (es) to move the charge from (the “From” section) as well as the other required information. Send “AQ” Journal Entry corrections to the # Accounts Payable distribution list on Outlook. Use this same template to send corrections that did not originate in Lawson (i.e., not “AQ”) via e-mail to Holly Helminski

in General Accounting. In the comments column of your Reconciliation Worksheet, note that a Journal Entry has been requested.

Expect to see corrections posted in Banner within one week of submittal to Accounts Payable or General Accounting. If you find that a correcting Journal Entry has not posted within this time frame, send an e-mail to whomever you sent the original request (either # Accounts Payable or Holly Helminski). Please do not send another Journal Entry correction, as you run the risk of it being processed twice.

Review the prior month's reconciliation to determine if corrections were made in the following month. If this is the case, make a note on the prior month's reconciliation to signify that further follow-up is not required.

Due to timing issues, some transactions do not post in Banner until the following month, and thus do not appear on the WRL transaction detail until the following month. A couple examples of timing issues follow:

- The charges departmental employees put on their Purchasing Cards are processed through PaymentNet. PaymentNet transactions are then downloaded into Banner. Depending on when charges are posted in PaymentNet, they may not be downloaded into Banner until the following month. The point of this example is to expect to see those transactions appear on the following month's detail. Likewise, the transaction detail for the month being reconciled may contain prior month's transactions that did not post in Banner until the following month.
- A department appropriately initiates a Journal Entry to move an expense. The Journal Entry is submitted near the end of the month. The correction appears the following month as a credit in that account.

If you are unable to identify a journal entry transaction beginning with an "MJ" document prefix, first note if the transaction description begins with "MC" for Main Campus or "HSC" for Health Science Campus. "MJ" denotes miscellaneous journal entries. For Main Campus "MJ" entries, contact Diana Debacker in Main Campus General Accounting via e-mail, diana.debacker@utoledo.edu. For Health Science Campus "MJ" entries, contact Kathy Bishop in Health Science Campus Hospital Finance via e-mail, kathy.bishop@utoledo.edu.

Print Shop charges have the document prefix "PT." For questions about Print Shop charges for both campuses, contact Carol Davis, carol.davis@utoledo.edu.

Maintaining diligent notes on your reconciliation worksheet will help you keep track of which transactions require follow-up.

STEP 3: COMMUNICATE THAT THE MONTHLY ACCOUNT RECONCILIATIONS ARE COMPLETED

To summarize what's happened to this point, you have completed the following:

- Checked to assure that all indexes you are responsible for reconciling are not in deficit, and notified a departmental authority that a Budget Transfer is needed.
- Verified using your reconciliation worksheet that revenue and expense transactions (except salaries and fringe benefits) are correct for each index the reconciler is responsible for, paying particular attention to operating expenses.
- Initiated Journal Entries for errors detected in the reconciliation of transaction detail by account, and noted these accordingly on your reconciliation worksheet.

Monthly reconciliations are due by the 10th of the month for the previous month. Upon completion, e-mail your Business Manager and Department Chair that the review of your assigned indexes is complete. When review of all indexes within a college or administrative area has been completed, the Business Manager will send an e-mail to the Controller and the Dean or Vice President indicating that all indexes have been reconciled for a given month.

Retain a copy of the reconciliation worksheet for possible review.

The monthly reconciliation process should become easier as you become accustomed to the process and using the Web Report Library. You will become more familiar with the dollar amounts of typical recurring monthly expenses such as telephone billings. For further assistance, refer to the listing of web links and contacts at the end of this document.

WEB SITES AND LINKS

[Document Number Prefix Descriptions.xls](#): Listing of Banner document number prefix descriptions that define the type of transaction

<http://budgetoffice.utoledo.edu/>: Budget Transfer Forms and Guidelines, Fringe Benefit Tables

<http://myut.utoledo.edu/>: To obtain Banner/Lawson Finance Access Request and Web Report Library Access Request forms, log on to myUT. Enter your network username and password in the upper right corner. Select the Employee tab. The forms are on the right side of the page in the “Banner and ERP Support Center” section.

http://www.utoledo.edu/offices/controller/general_accounting/banner_info.html: Expense and Revenue Account Code Definitions

http://www.utoledo.edu/offices/controller/general_accounting/banner_backup.html: General Accounting/Accounts Payable Correction Request Form

[Lawson vendor screens.doc](#): Information on how to look up the status of vendor payments in Lawson

[Sample Reconciliation of Operating Expenses A10625 Feb 2009.xls](#): Sample monthly reconciliation of operating expense accounts

[Sample Fictitious PCN Roster.xls](#): Sample Position Control Roster for A10625 with fictitious PCNs, names, and salaries