

Departmental Ledger Review

1. Introduction

The monthly departmental ledger review is the process of analyzing your department's ledger transactions and balances to provide reasonable assurance that the charges and credits are valid. In addition, the reviewer verifies that transactions are appropriate and compliant with all applicable policies and regulations. When performed in a proper and timely manner, the monthly review process:

- Facilitates sensible financial decision-making by university administrators and, in turn, sound financial management of university resources
- Provides for effective internal controls
- Ensures the accuracy and completeness of account balances
- Ensures the existence and timely recording of transactions
- Facilitates compliance with applicable laws, regulations, and university policy
- Allow auditability to safeguard the reporting integrity of the university's financial information

Ultimately, the dean, director, or department Head is responsible for the fiscal management and soundness of his/her department. This individual decides on the monthly departmental ledger review process that is best for their department. Typically, these monthly reviews are the responsibility of the Budget Manager (or designee) of each university department.

In general, the review of account balances and transactions and the recording of these transactions should be performed by different individuals. Additionally, the individual signing off on the monthly departmental ledger review should not be the same person performing the review. Therefore, three separate parties are required:

1. Person/people recording transactions
2. Person reviewing the departmental ledger
3. Management sign-off on review

In those instances where it is not feasible to segregate these duties between different individuals due to staffing constraints, departments should contact the Controller's Office

Financial Systems section (CTL-FinSys@fsu.edu) to discuss implementing compensating controls.

2. Ledger Review Guidance

The guidance provides best practice suggestions to individuals involved in the monthly departmental ledger review. In general, this process is divided into three steps as follows:

1. Review the monthly departmental ledger
2. Research and correct problematic items
3. Document the departmental ledger review

Reviews should not be started until after the period being reviewed has been closed in the OMNI Financials system. The period is typically closed by the 10th of the following month. Reviews should be completed before the end of the second succeeding month. Corrective actions should be completed within 90 days after the end of the period.

Note that contracts and grants may contain additional provisions that should be followed where applicable.

2.1 Departmental Ledger Review Techniques

Review Data

The inspection of departmental ledger accounts should begin with a high-level review of the data for reasonableness and accuracy. A high-level review focuses on significant changes that occur over one or more periods rather than the verification of every transaction. Examples of items to consider include unusual or unexpected fluctuations in activity or balances, reasonableness of the activity or balances, static activity of balances, accuracy of the Chartfield combinations (Department ID, Fund Code, and GL Account, etc.), and any deficit spending.

Compare Data

A comparison of data might include comparing current period activity with prior period activity; evaluating current year activity and balances against prior year activity and balances on a year-over-year basis; or comparing revenues to payment schedules from customers.

Analyze Data

Data analysis is the process of transforming data with the purpose of discovering useful information. Examples of items to consider include tracking key ratios, preparing a roll-

forward, performing a trend analysis, and computing variances and investigating any significant changes.

In general, increased scrutiny should be given to transactions with large dollar amounts, personnel actions, travel, and items created with a procurement card. Reviewers should also consider increased scrutiny for other higher-risk transactions specific to their individual departments.

2.2 Departmental Ledger Research and Corrective Action Techniques

Research Transactions

Trace unusual or suspicious transactions to the original source documentation, which should be reviewed to determine if an error has been made in recording these transactions.

Significant variances in account balances should be traced to the individual transactions causing the variations. These variances may be due to timing differences but also might be caused by transaction errors that need correcting.

Corrective Action

Corrective actions are the measures necessary to resolve routine errors detected during the review process. Any errors should be resolved in as timely a manner as practical but usually no later than the end of the third succeeding month. In the event of suspected fraud, take immediate action by bringing it to the attention of your supervisor and/or by contacting the [Office of Audit and Advisory Services](#).

Examples of corrective actions include:

- Preparing a correcting journal entry
- Communicating with the individual(s) originating the erroneous transaction to advise them why the transaction is inappropriate (expenses not allowed for this fund, not an allowable PCard charge, etc.).
- Discussing with your supervisor to keep him/her informed and to seek guidance on a corrective action.
- Contacting the appropriate central office, such as Payroll, Accounts Payable, Travel, Auxiliary AR/Billing, or Accounting & Reporting, to get more information or assistance on the best way to correct the error.

2.3 Documenting the Departmental Ledger Review

The ledger review should be completed, reviewed, and signed off on prior to the end of the second succeeding month. The Monthly Departmental Ledger Review Certification BI Report is recommended but not required for this documentation. The department's certification should be maintained for five years. As noted earlier, the individual signing off on the review should not be the same person performing the review.

Maintain any additional documentation not readily available in OMNI or other university systems that is necessary to support transactions posted to the ledger.

PCard reconciliations must be prepared monthly. Proxies run the **FSU_CTRL_AP_PCARD_RECON** query to gather the required signatures and corresponding list of charges by the cardholder for the monthly reconciliation. The cardholder, proxy, and the cardholder's supervisor or Dean/Director/Department Head (DDDH), or their designee, must sign the monthly reconciliation attesting that all charges are valid and initiated by the cardholder. Anyone deemed the DDDH designee must be listed on the FSU Authorized Signature List. No individual may sign more than one line on the review (as either a Proxy, Cardholder, Supervisor/DDDH). Three unique signatures are required.