

Procedure 10305a: Review of Financial Activities

A. Introduction

In the University's decentralized environment, managers of departments and other cost centers (herein referred to as department heads) have been delegated significant responsibility for the proper management of university resources. This responsibility includes the monitoring and review of revenues and expenditures recorded in the funds assigned to them. As part of this responsibility, these department heads shall perform monthly reviews of revenue and expenditure activity.

B. Procedures

B.1 FINTRACS

The Financial Transaction Review, Analysis, and Certification System (FINTRACS) is the system in which monthly reviews are performed. FINTRACS utilizes a risk-based approach, employing both a set of business rules and a random sample component to identify a subset of transactions as required for review. The business rules are intended to identify transactions of higher dollar value and those that may not have received prior approval or review earlier in the transaction life cycle. Leveraging key system controls for documentation and authorization, the combination of the transactions identified by the business rules and random sample provides reasonable assurance that the university's financial transactions are authorized, documented, accurate and complete. For the selected transactions, the review is intended to verify proper authorization for payment, that no inappropriate expenditures exist, and that revenues collected for the operation have been deposited (if applicable).

In addition to the review of selected transactions, certification of additional financial review procedures at the organization level is also required within FINTRACS. Departments are strongly encouraged to complete their reviews soon after the close of each month so that corrections can be completed within sixty days of the original posting in the accounting system to comply with university Policy 3100 – Fiscal Responsibility (Policy 3100). However, reviews must be completed by the end of the following month.

The department head may request to delegate all or a portion of this monthly review to others, but the department head is responsible for the adequate performance of the monthly review. Department head delegation of the final review is limited to final HokieMart approvers on the organization and entered by senior management in Banner form FZMDPTA.

Optionally, FINTRACS accommodates an intermediate level review of the organization prior to the final review. An intermediate reviewer is not required in FINTRACS but can be added by senior management in Banner form FZMDPTA.

Certification of the monthly financial review in FINTRACS at the organization level by the final reviewer (or first by the intermediate reviewer, if applicable) requires certifying the following tasks have been performed by staff in the organization:

1. Review all Funds in FINTRACS including Payroll Activity

- Indicate whether all funds have been submitted as prepared in FINTRACS (indicating all the flagged non-payroll and payroll transactions have been reviewed) for the six-digit organization.

2. Encumbrance Aging MicroStrategy Report Review

- Intermediate Reviewer and/or Final reviewer will certify the Encumbrance Aging Report from MicroStrategy has been reviewed by a staff member, outside of FINTRACS, and any issues addressed. The Encumbrance Aging document provides a summary of all open encumbrances and groups the encumbrance into 0 - 60, 61 – 180, 181 – 360, and over 360 days aging categories. Review of this report assists the organization with identifying encumbrances where related payments have not yet been processed. Particular attention should be paid to encumbrances 60 days old and beyond.

3. PO Exception MicroStrategy Report Review

- Intermediate Reviewer and/or Final Approver will certify the PO Invoice Exception report in MicroStrategy has been reviewed by a staff member, outside of FINTRACS, and any issues addressed. The Purchase Order Invoice Exception report displays purchase order (PO) invoices that exceed the total amount of the PO. The report also displays invoice transactions that have no corresponding encumbrance on the PO. The detail sorts by invoice first to allow for these transactions with a null PO. This report runs for a specified calendar month and, optionally, one or more selected organization levels. Review of this report assist the organization in identifying discrepancies between the approved purchase order and processed invoice(s).

4. Snapshot By Organization MicroStrategy Report Review

- Intermediate Reviewer and/or Final Approver will certify the Snapshot by Organization MicroStrategy Report has been reviewed, specifically to include the budget balance available for each of the budget groupings across all funds for the organization, as of the current month end. This review assists in managing the fiscal resources of the organization.

5. General Ledger Activity MicroStrategy Report Review for Cash Controlled Local & Agency Funds (if applicable)

- General Ledger activity on applicable local funds has been reviewed outside of FINTRACS. The General Ledger report in MicroStrategy provides a summary and detailed view of assets and liabilities by fund and account code for the selected organization levels and/or fund and/or account. The Local Cash Balance report in MicroStrategy provides a summary by fund of cash, payables, commitments, and total balance available for unbudgeted local funds that are monitored by the cash balance.

6. Accounts Receivable Activity Review (if applicable)

Controller's Office Procedure

- Accounts receivable activity (i.e. charge/payment reports) have been reviewed outside of FINTRACS. The Accounts Receivable Activity reports provide Accounts Receivable activity for a specific Fund, Account, Organization, Charge Category, Charge Detail Code or any combination thereof. The Accounts Receivable Activity reports are available through Enterprise Systems report submission/distribution.

7. **Salary Payroll Change Report Review (*semi-monthly, if applicable*)**

- Departments must review payroll changes (i.e. new appointment, GA appointments/changes, bonus payments, faculty changes) on a semi-monthly basis by reviewing the reports distributed outside of FINTRACS by the Payroll department before each pay date. Certification of this checklist item in FINTRACS confirms the review and correction of any errors has been completed.

8. **Wage Reconciliation Report Review (*semi-monthly, if applicable*)**

- Departments must review and reconcile hours worked and paid between Banner and TimeClock Plus on a semi-monthly basis by reviewing the wage reports distributed outside of FINTRACS by the Payroll department before each pay date. Certification of this checklist item in FINTRACS confirms the review and correction of any errors has been completed.

B.2 Grant/Sponsored Project Activity

Grant/sponsored project activity must be reviewed in conjunction with the principal investigator. Documentation of this review is required under Policy 3100. This review can be documented within FINTRACS via commenting functionality (see the FINTRACS training manual for further guidance on commenting functionality) or outside of FINTRACS in a method of the department's choice.

B.3 Subsidiary Systems

It should be noted that departments who have subsidiary revenue systems (i.e. Parking & Transportation, Facilities, VetMed, Electric Service, etc.) are required to reconcile those systems to Banner using their normal policies and procedures and maintain the documentation outside of FINTRACS. Reference University Policy 3600: Funds Handling and Deposit of State and Local Funds for additional details.

B.4 Records Retention

The electronic certification in FINTRACS is the official record of performing monthly reviews. Due to readily available official electronic documentation maintained in university systems, document retention at the department level should be limited to original records not available in those systems.

Previous guidance dictated that the departments were required to retain documentation of their monthly reviews for the current fiscal year plus the three immediately previous. This was to comply with overall university records management requirements due to the departments maintaining the official document of record. With the implementation of FINTRACS, the data within the system itself is now considered the documentation of record. Reference the Virginia Tech Records Management site for further details <https://lib.vt.edu/find-borrow/rms.html>.

B.5 Review Objectives

The requirements listed above and in university policy 3100 Fiscal Responsibility are intended to ensure the following objectives are met:

- **Accuracy and Reliability:** Transactions are recorded for the correct amount in the proper funds, organizations, and account codes. There are no double-posted items.
- **Completeness:** Items the department authorized for payment have been posted and revenues collected for the operation have been deposited (if applicable). There are no missing items
- **Appropriateness and Allowability:** Charges and payments are an appropriate use of the funds to which they are posted. Expenses are allowable under applicable state laws and regulations, university policies and procedures, and the specific requirements of grantors.
- **Reasonableness and Necessity:** Charges and payments posted are necessary for the successful discharge of the university's instruction, research, and extension mission. Prices paid are reasonable in relation to market value, and all efforts were made to obtain the best price.

Additional guidance/reference materials:

- Policy 3100, Fiscal Responsibility, <http://policies.vt.edu/3100.pdf>
- Policy 3255, Cost Transfers on Sponsored Projects, <http://policies.vt.edu/3255.pdf>
- Records Management, <https://lib.vt.edu/find-borrow/rms.html>
- Controller's Office FINTRACS [Training Document](#)
- Controller's Office FINTRACS Self-Paced [On-demand Training](#)
- FINTRACS sub-site of the Controller's Office website:
<https://www.controller.vt.edu/resources/generalaccounting/fintracs.html>