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General Ledger Verification Overview

General Ledger (GL) verification is a key control of UCSF and is a requirement per Campus Administrative Policies (http://policies.ucsf.edu/). It is the responsibility of each Department to verify the financial transactions recorded in the general ledger are in accordance with all relevant policies, regulations, and sponsor or donor terms and conditions. This job aid is designed to provide detailed procedures on the verification activities as well as helpful hints on how to meet policy requirements.

GL verification consists of the following activities:

- **Verification**: Examining detailed transactions in the GL to ensure transactions are expected to appear. Look for any suspicious transactions or abrupt changes from an established trend. Any errors that are identified, including transactions that contain incorrect or inappropriate chartfields must be corrected. Typically, this activity is conducted by the Department’s financial administrator.

- **Review**: Examining management GL trend reports for perceived anomalies and errors of substance, based on the reviewer’s experience and knowledge of the Department’s operations. This activity is at a summarized level compared to the detailed transaction reconciliation discussed above. It is expected that someone familiar with the financial activities of the Department performs the ledger review, such as the Business Officer.

- **Acknowledgement**: Attestation by the Reconciler and Reviewer that they reviewed the financial information, corrected errors, and can provide reasonable assurance of the validity of the information. GL Verification needs to be acknowledged by an MSO, Department Head or designee for non-sponsored funds and the Principal Investigator (PI) or designee for sponsored funds; if the Review has not been completed by one of these individuals, then a third acknowledgement on the checklist is needed.

The GL verification process must be complete in a timely manner: within 30 days of the previous month-end close. For example, the verification process for transactions recorded during the month of August must be complete by October 5th (30 days after the month of August was closed in the GL).

Reconciliation: Using Transaction Detail Report in MyReports

The first step in the GL Verification reconciliation is to obtain a detailed listing of all general ledger transactions for the Department to be verified. The MyReports Transaction Detail Report was designed to provide a record of all departmental financial transactions and should be used as a basis for the reconciliation.
To select report criteria and run the Transaction Detail Report, perform the following procedures:

1. Login to UCSF MyAccess and select MyReports. Ensure you are in the Transactional Reports tab within MyReports. Click on Transaction Detail Report to begin selecting criteria.

2. Select periods in the Report Date Range. For example, to obtain the transactions recorded to the GL during the month of February 2014, choose From Feb 2014 and To Feb 2014:

3. Choose Business Unit (BU) by selecting the appropriate business unit. (Note: SFCMP is for the Campus, SFFDN is for the Foundation, SFMED is for the Medical Center, etc).
4. For GL reconciliation, all Account and Fund activity needs to be retrieved. Leave these fields blank to retrieve all accounts and funds.

5. Select your Dept ID(s) by entering the number in the field and by clicking Add to enter it into the criteria. Please refer to the Dept ID Chart of Accounts Tree/Values file on the Controller’s Office website Inquiry Reports page (http://controller.ucsf.edu/inquiry/inquiry.aspx?c=Dept) if you are unfamiliar with your Dept ID values or tree structure.
6. Certain Transaction Types should be selected within the Report Specific Filters section of MyReports, located in the left hand corner of the filter page. Exclude Budget Journal transactions because they do not need to be verified and POs because they are verified once they become a Vouchered transaction. The table below displays what transaction types should be selected and if the transaction type is excluded from the Transaction Detail Report.

To select the Transaction Types to be included, hold the “Alt” key down while clicking on each transaction type. Additionally, use the right scroll bar in order to view all transactions types in the list. Note, some Departments may have more than one individual performing the reconciliation and may choose to run the Transaction Detail Report for just a few transaction types at a time, based on the responsibility of each reconciler.
### GL Verification Procedures

#### General Accounting & Reporting

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Include / Exclude</th>
<th>Method of review for GL Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Journal</td>
<td>Exclude</td>
<td>GL verification is only applicable for Actuals, not Budget</td>
</tr>
<tr>
<td>Cost Transfer</td>
<td>Include</td>
<td>Verify costs transferred via cost transfer journal entry for accuracy</td>
</tr>
<tr>
<td>Deposit</td>
<td>Include</td>
<td>Verify cash deposits have been applied correctly</td>
</tr>
<tr>
<td>Financial Journal - Other</td>
<td>Include</td>
<td>Verify financial journal entries for accuracy</td>
</tr>
<tr>
<td>My Expense</td>
<td>Include</td>
<td>Verify employee reimbursements are appropriate and allowable</td>
</tr>
<tr>
<td>PCard</td>
<td>Include</td>
<td>Verify purchases are appropriate and allowable</td>
</tr>
<tr>
<td>PO</td>
<td>Exclude</td>
<td>PO expenditures are verified once Vouchered by AP</td>
</tr>
<tr>
<td>Payroll</td>
<td>Include</td>
<td>Verify expenditures are for valid employees at the correct hours/rate</td>
</tr>
<tr>
<td>Recharge</td>
<td>Include</td>
<td>Verify recharges charged or credited for your Department</td>
</tr>
<tr>
<td>Voucher</td>
<td>Include</td>
<td>Verify purchases are appropriate and allowable</td>
</tr>
</tbody>
</table>

7. **Select Actuals** in the **Columns Displayed**, also within the **Report Specific Filters**. Budget and Liens do not need to be verified.

8. **Report Output Selection** is the final report criteria to select. It is recommended to select *On Screen HTML* so additional fields can be viewed (see step 10) once the report is run.

9. Before running the report, it is recommended that you *Save As MyFavorite* for ease of future navigation. Run the report by clicking *Run Report*.

10. Once the report is generated, click *Show Detail Columns* in the upper right hand corner in order to view additional transaction details such as journal ID, journal preparer and AP voucher number.
11. It is recommended to then save the report to Excel in a departmental folder. Please refer to the Documentation section of this Job Aid for more information and guidance.

Reconciliation: General Guidelines and Unallowable Transactions

Once the report has been created, the reconciliation activity of GL verification can begin. The guidelines below are to provide assistance with general reconciliation procedures as well as reconciliation procedures for specific transaction types, and are not designed to reiterate all policies. Refer to Campus Administrative Policies [http://policies.ucsf.edu/](http://policies.ucsf.edu/) for more information on specific subject areas.

In order to more readily identify possible erroneous transactions as well as to reconcile the detailed transactions in the most efficient manner, it is recommended to view the report in Excel. Some possible filter and sort suggestions are as follows:

- Transaction type
- Journal preparer
- Fund (additionally sponsored and non-sponsored)
- Project

In reconciling transactions recorded in the general ledger, the reconciler should be looking for questionable transactions that may be unusual, erroneous, invalid, inappropriate, high risk and are in accordance with all relevant policies, regulations, and sponsor or donor terms and conditions.

- Unusual transactions: Look for transactions that appear to be suspicious, made by an unfamiliar journal preparer, made to unknown or inappropriate vendors, or to vendors with an unusually large volume of transactions, even if the transaction amounts are not individually significant; additionally, look to see if the source of the transaction is familiar.
- Duplicate or erroneous payments: Look for transactions involving the same vendor, invoice date, and/or payment amount.
- Correct Account, Fund, Project, Function and Dept ID: Look for transactions that contain incorrect or inappropriate chartfields.
- Reasonableness: Look to ensure transactions recorded make sense for the Department and are anticipated based on past revenue or expenditure patterns.
  - For example, the purchase of food or beverages on federal contracts is usually prohibited; as a result, finding a transaction involving "Samantha’s Catering Services" recorded against a federal fund should raise suspicions and lead to further investigation to fully determine if transaction is reasonable and allowable.
- High risk transactions: Transactions are deemed to have an inherent higher risk if they fall into the categories below:
  - Not reviewed / approved before recorded in the General Ledger
  - Recorded by a Department outside of the Dept ID being reconciled
- Allowable per policy: Greater scrutiny of supporting documentation may be appropriate for some types of transactions with significant policy and/or sponsor or donor sensitivity.

Unallowable transactions: There are certain expenditures that are not allowable per University policy and are detailed below. Sponsors and donors may have specific external restrictions and different schools within UCSF may have additional internal restrictions. The reconciler should discuss with their Control Point to ensure all restrictions are known and adhered to.

Expenditures may not be made for the following items from any fund source:

- Payment of dues for memberships for any non-UC purpose
- Partisan political purposes or events
- Consultant agreements with current employees where compensation is through Payroll
- Repair or maintenance of privately owned automobiles
- Payment of traffic citations, even if issued to of UC-owned vehicles
- Use of UC employees, former employees, or near relatives as vendors for goods or services, unless the necessity for use as a sole source can be documented and prior approval has been obtained from Campus Procurement.

Additionally, UCSF policy prohibits expenditures for the following items from any State Funds and/or Federal Funds:

**Meeting, Entertainment and Travel Related Costs**
- Purchase of alcoholic beverages, tobacco products, tickets to athletic, theatrical or entertainment events or amusement activities and any costs associated with such activities
- Catering of events not directly related to official University business
- Meeting or conference costs unless the purpose is specifically for dissemination of technical information related to work scope of awards
- Entertainment costs above allowable rates except when permitted under sponsor policy
- Valet parking charges over and above normal parking rates
- Airfare costs in excess of lowest available Coach Class commercial rates
- Travel expenses in excess of established policies and procedures
- Travel and subsistence costs of trustees, regardless of the trip’s purpose
- Season tickets to sporting or cultural events
- Costs associated with personal use of institution-furnished automobiles, including transportation to and from work, regardless of whether the cost is reported as taxable income to the employee

**Political and Charitable Costs**
- Charitable contributions
- Value of donated property or services
- Costs of fund raising campaigns
- Costs associated with lobbying

**Gifts to Employees**
- Gifts or flowers including those for bereavement or retirement
- Gifts of cash, except donations to a charity as an expression of sympathy
- Gifts to employees or other expenditures not in conformance with UCSF’s established policies and procedures or sponsor policy for employee recognition and remuneration
- Gifts provided to employees in connection with birthdays, weddings, anniversaries, holidays, farewells, graduations and other occasions of a person nature
- Gift to a University employee who may receive a token gift for volunteer service (e.g. research subject)
- Negotable gift certificates and cards

**Gifts to Non-Employees**
- Gift to a near relative of a University employee.
- Gift to any elected official, candidate for public office, organization, or committee, when the gift is a contribution to a political campaign or referendum
- Gift to any person with whom a presenter has an outside business relationship (i.e. where any conflict of interest exists)

**Recruitment and Advertising**
- Advertising expenses except as related to recruitment, procurement of goods and services or as required to meet the work scope of award
- Personnel recruitment expenses above allowable per diem rates for travel, food and lodging
- Excessive or other than customary recruitment advertising expenses, salary or benefit offers made during recruitment which do not conform to standard practices and relocation costs for any employee who resigns for reasons in his or her control within twelve months

**Miscellaneous Activities**
- Public relations costs except as required to meet work scope of the award or as required in keeping the public informed on pertinent matters of concern, e.g., notices of project and or study contract awards, financial matters, etc.
- Severance pay in excess of standard institutional practices
- Memberships in recreational, civic, community or social organizations such as country clubs
- Fund raising activities
- Fines and penalties
- Interest expense on deficit balances transferred via a recharge
Bad debts and related legal expenses
Costs incurred in connection with criminal, civil or administrative proceedings commenced by Federal, State, local or foreign governments

**Miscellaneous Items**
- Office decorations including plants, ornamental draperies and wall hangings
- Invitations and greeting cards
- Goods and services for personal use of employees
- Housing and personal living expenses

**Reconciliation: Guidelines by Transaction Type**

**Reconciliation: Cost Transfers, Deposits, Recharges and Financial Journals**

Departmental transactions deriving from cost transfers, recharges and other financial journals need to be verified in order to ensure that transactions are valid, allowable and accurately recorded. Purchasing logs, departmental transaction systems and other source documents are used to support recharge activity and financial or cost transfer journals initiated by other Departments to the transactions in the ledger.

**Best practices:**

- Filter *Transaction Detail Report* and select *Cost Transfers, Recharges and Financial Journal - Other* under *Transaction Type*
- Organize the list of transactions in a manner that makes most sense for the reconciler through sorting by journal preparer, fund, project, journal ID, source code, etc.
- Journal entries should be reviewed for the following:
  - Duplicate transactions
  - Unfamiliar or suspicious activity
  - Unusual or incorrect chartstrings
- Source code 535 represents financial journals and source code 545 represents cost transfers
  - Journals initiated outside the reconciling Department should be reviewed to ensure they represent appropriate and authorized activity related to the Department
  - Journals initiated by the reconciling Department are reviewed and approved at the time they are prepared; therefore, these transaction are lower risk. If activity is unfamiliar, research additional journal entry details by looking up the journal ID in PeopleSoft.
- Source codes 550-556 represents recharge transactions
  - Recharge expenses: review for reasonableness and if transactions are unfamiliar, verify the goods and services purchased from recharge units have been received against Department records
  - Recharge revenues: review for reasonableness and ensure your Department has captured all earned revenue through billing for services performed
  - If activity is unfamiliar, research additional journal entry details by looking up the journal ID in PeopleSoft
- Source code 320 represents cash deposits and source code 323 represents credit card transactions
  - Journals initiated outside the reconciling Department need to be reviewed to ensure they represent appropriate and authorized activity related to the Department
  - If activity is unfamiliar, research additional journal entry details by looking up the journal ID in PeopleSoft and comparing to Department deposit records
  - Deposit records include cash receipt logs, credit card tapes, and other departmental transaction system records
  - Journals initiated by the reconciling Department are reviewed and approved at the time they are prepared; therefore, these transaction are lower risk and it is not necessary to review them again
- A10, A30, A40, G70 and G80 are RAS generated journals and should be reviewed for reasonableness, but do not need to be further analyzed as part of the detailed reconciliation
- Make note of any errors detected so corrections can be made in a timely manner

**Correcting Errors:**

- To correct erroneous transactions use a Cost Transfer journal, source code 545, ensuring coordination with other Departments as appropriate

**Reconciliation: Accounts Payable Transactions (MyExpense, PCard, and Voucher)**

Departmental expenditures deriving from Accounts Payable transactions need to be verified in order to ensure expenses are valid, allowable and accurately recorded. Most Accounts Payable transactions are already considered previously verified...
through workflow approval processes. The only Accounts Payable transactions that need to be reconciled through the verification process are items that originate outside the reconciler’s Procurement Department or through the BearBuy self-approving requisition process. All other AP transactions should be scanned to ensure they are legitimate business expenditures.

<table>
<thead>
<tr>
<th>Expenditure Amount</th>
<th>Verification Requirements</th>
<th>Reference Below</th>
</tr>
</thead>
</table>
| > $5,000           | • Utilize MyReports Transaction Detail Report (BearBuy POs begin with “B” and Voucher numbers begin with “5”)  
|                    | • Review entire population and scan the list of transactions to ensure reasonableness    | (1)             |
| ≤ $5,000 and > $500| • Population relates to BearBuy purchases only                                           | (2)             |
|                    | • Utilize BearBuy Self Approved Requisition Summary Report and verify all transactions on report |
| ≤ $500             | • Population relates to BearBuy purchases only                                           | (3)             |
|                    | • Utilize BearBuy Self Approved Requisition Summary Report verify sample of transactions on report |

1. **Expenditures > $5,000**
   - Filter Transaction Detail Report and select MyExpense, PCard, and Voucher and sort the report by transaction amount
   - Scan the list of transactions to ensure reasonable
   - Perform more detailed procedures for any questionable items such as reviewing supplier invoices and verifying goods and/or services purchased have been received
   - For honorariums, if the expenditures do not appear appropriate, review contract and grant terms and other fund restrictions to ensure expenses are allowable, daily honorarium limits are applied correctly, and payments comply with UCSF policy

2. **Expenditures ≤$5,000 and >$500 (BearBuy expenditures only)**
   - Transactions originating within the Department’s Procurement Dept. Code need to be verified since additional level of approval was not required prior to these expenditures being paid by Accounts Payable
   - Run the Self Approved Requisition Summary Report for your Procurement Dept. Code, accessible through the BearBuy homepage and save electronically in Department folder
   - Individual verifying these transactions should not be the same individual who initiated the transaction
   - Verify these transactions to ensure accurate and appropriate
     - Review supplier invoices for accuracy by comparing charges to purchase orders
     - Verify the goods and services purchased have been received
     - Review for payments to employees and vendors not recognized
     - Review for duplicate payments
     - Ensure purchases are allowable

3. **Expenditures ≤ $500 (BearBuy expenditures only)**
   - Open the Requisition Summary Less Than or Equal to $500 Report accessible through the BearBuy homepage, filter to show only your Procurement Dept. Code and save electronically in Department folder
   - Individual verifying these transactions should not be the same individual who initiated the transaction
   - Select a sample of transactions on this report for detailed verification
     - Judgmental, non-statistical sample size of 20% is considered appropriate, with a minimum sample size of 5 and a maximum of 50
     - Sample should include higher value transactions, although not exclusively; selecting higher value transactions for review provides the benefit of covering a larger percentage of expenditures

<table>
<thead>
<tr>
<th>Population of Transactions ≤ $500</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>250+</td>
<td>50</td>
</tr>
</tbody>
</table>
- Verify this sample of transactions to ensure accurate and appropriate
  - Review supplier invoices for accuracy by comparing charges to purchase orders
  - Verify the goods and services purchased have been received
  - Review for payments to employees and vendors not recognized
  - Review for duplicate payments
  - Ensure purchases are allowable

**Best Practices:**
- Accounts Payable related transactions are considered unidentifiable if the reconciler is unable to identify the requester, funding source, item description, and/or remit-to location
- Reconcilers also need to be aware of items they suspect to be fraudulent or inappropriate
- Unidentifiable transactions need further research such as invoice review, purchase order and/or requisition review, and contacting the originator in order to verify the transaction is indeed appropriate
- Make note of any errors detected so corrections can be made in a timely manner

**Correcting Errors:**
- To correct errors made by individuals within the reconciler’s Department, use Cost Transfer Journal, source code 545 or 547, depending on the nature of the transfer
- To correct an Accounts Payable Department error, contact the Controller’s Office Solution Center in order to ensure the error is corrected on the original voucher

**Reconciliation: Payroll**

Departmental expenditures deriving from payroll transactions need to be verified to ensure payments are made to only existing employees and that they employees are paid for their time worked and payments are made at the correct rate. There may be an increase if a new employee was recently hired or a decrease if a part-time student has left for the summer, but the Department manager is normally aware of these personnel changes.

**Best practices:**
- Filter the Transaction Detail Report and select Payroll
- Organize the list of transactions in a manner that makes most sense for the reconciler through sorting by employee, fund, project, source, etc.
- Scan the list of transactions paying specific attention to employee name; the same employees should appear each month unless there are new hires or terminations
- Verify all new hires and terminations are valid and were processed correctly
- Review the % and Hours for reasonableness
- Review overtime worked is reasonable
- Review that one-time payments are reasonable and correct
- If transactions appear to be unreasonable or abnormal, research the transactions further by utilizing the Distribution of Payroll Expense (DPE) report in MyReports for additional details
- Make note of any errors detected so corrections can be made in a timely manner

**Correcting Errors:**
- To correct pay rates or one-time payments, use the HR Service Request System
- To correct inaccurate chartstrings, use the Payroll Expense Transfer (PET) process. Corrections to sponsored projects must be routed to Contracts and Grants Accounting for review and approval and corrections to non-sponsored projects should be routed directly to Campus Payroll at COSolutionCenter@ucsf.edu.


The second activity for GL Verification is to review departmental results in a summarized level. This activity should be performed by an individual who is familiar with departmental transactions. This review involves analyzing results through trend analysis of revenue and expense categories and comparing the activity to budget. The MyReports Monthly Report was designed to provide departmental activity at this summarized level.
To select report criteria and run the Monthly Report, perform the following procedures:

1. Login to UCSF MyAccess and select MyReports. Ensure you are in the Operational Reports tab within MyReports. Click on Monthly Report to begin selecting criteria.

2. The Report Date automatically defaults to the most recent closed accounting period. For example, a report run on April 10th will pull information through March.

3. Choose Business Unit (BU) by selecting the appropriate business unit. (Note: SFCMP is for the Campus, SFFDN is for the Foundation, SFMED is for the Medical Center, etc).
4. For GL Review procedures, all Fund activity needs to be retrieved. Leave this field blank to retrieve all funds.

5. Select your planning Dept ID(s) by entering the number in the field and by clicking Add to enter it into the criteria. Please refer to the Dept ID Chart of Accounts Tree/Values file on the Controller’s Office website Inquiry Reports page (http://controller.ucsf.edu/inquiry/inquiry.aspx?c=Dept) for details of the Dept ID values. Note the planning level must be selected in order to compare results to plan/forecast amounts.
6. Select the following Report Specific Filters:
   a. All Funds (to include both Restricted Funds and Unrestricted Funds)
   b. Exclude Open Periods
   c. Plan, Actuals and Forecast

7. Report Output Selection is the final report criteria to select. It is recommended to select On Screen HTML so amounts can be drilled down if further analysis is needed once the report is run.

8. Before running the report, it is recommended that you Save As MyFavorite for ease of future navigation. Run the report by clicking Run Report.
9. It is recommended to save the report to Excel in a departmental folder but to keep the report open in MyReports so specific amounts can be clicked if additional transactional details are needed.

Review: General Guidelines

- Develop a review strategy that includes analyzing the revenues and expense trends for deviations from anticipated results or historical patterns
  - It is recommended to further analyze revenue or expense line items when there is a Plan/Forecast Variance of >$10,000 and 10% to ensure the results are accurate and are aligned with expectations
  - Drill down within MyReports to obtain transaction details for any amounts out of trend by clicking on the amount

Be mindful of areas where activity significantly fluctuates during the year, e.g. a Department authorizes more overtime during year-end to process faculty renewals, and note these fluctuations when analyzing the data

- Analyze expenditures by category based on a percentage of total expenditures and compare these percentages to historical expenditure percentages
- For sponsored awards, review Indirect Cost (Sponsored Project - F&A Recovery) to determine reasonableness
- Document review comments in the saved electronic file

Acknowledgement: Procedures

The third activity for GL Verification is Acknowledgement. Acknowledgement is when both the reconciler and reviewer are attesting that they performed their respective verification activities, identified errors have been corrected, and to the best of their knowledge, Department transactions are accurately recorded. The reconciler and reviewer will physically sign the verification checklist as evidence of their Acknowledgement. One checklist is to be used for the entire fiscal year as there is space for monthly acknowledgement in this one document.

Documentation Guidelines

GL Verification activities can generate high volumes of documentation. It is recommended to save the MyReports reports to Excel and document any notes within Excel. If additional supporting documentation is reviewed, such as journal entry support or AP invoices, it is only recommended to save electronically if it is deemed this support might need to be referenced in the near future. All UCSF systems have documentation retention policies, so each individual item verified does not need to be saved because this support is reproducible if needed in the future for internal/external audit or at the request of the Controller’s Office.

The GL Verification Checklist is the only hardcopy item that must be maintained. As discussed above, the checklist is the evidence that the verification activities have taken place.

References

GL Verification Checklist and Acknowledgement (under SAS 115 Verification and Review)
Navigating to Dept ID Values/Tree
Controller’s Office Website
Campus Administrative Policies
Records Management and Retention Policy