1. PURPOSE

This policy statement sets general guidelines to be followed to ensure financial system verification of cost center activity. In order to minimize the risk of unauthorized uses of funds, entries in the financial system must be monitored monthly by all University of Houston-Downtown (UHD) departments.

2. DEFINITIONS

There are no definitions associated with this policy.

3. POLICY

3.1 Departments shall verify all financial system cost center activity, on a monthly basis, against departmental records to insure accuracy and propriety of all entries. Cost centers are to be monitored each month through the preparation of a verification report. Verifications must be completed and documented no more than 60 days after the close of the accounting period being verified. A complete verification will include the following steps:

3.1.1 Verification that transactions on the UGLS1074 report, which include all revenue, expense, fund equity, budget, open commitment and soft commitment transactions are correct in accordance with the documents processed by the department. Asset and liability transactions that were entered manually into the system and are not system-generated offsets to revenue and expense should all be verified.

3.1.2 Identification of transactions not yet processed by the financial system. If these transactions have been outstanding for more than two months, inquire with the department to which the documentation was submitted.

3.1.3 Preparation and transmittal of requests for correction, in case of discrepancies, to the appropriate department (See PS 05.A.12, Expenditure Allocations and Adjustments Policy, for additional information).

3.1.4 Close scrutiny of encumbrance items against actual expenses to insure a proper release of encumbrances.
3.1.5 The Business Affairs Department will provide training for all authorized signatories and employees responsible for preparing verification reports. Authorized signatories and employees responsible for preparing verification reports should attend the training. Attendance records will be maintained.

3.1.6 Authorized signatories are responsible for reviewing and approving monthly verification reports within 60 days of the end of the accounting period. Electronic signatures are authorized for verifications that are reviewed and approved in a workflow system such as SharePoint.

3.1.7 Verification reports shall be retained by all departments and made available to internal auditors upon request. Verification reports, documentation of review and approval of those reports, and written delegation of authority related to the verification or review and approval process are to be retained for all periods of the current and previous fiscal year.

3.1.8 Cost centers that will no longer be utilized should be inactivated in accordance with University procedures, so they are removed from the list of cost centers to be verified. However, cost centers cannot be inactivated until all of the following conditions are true:

a. All individual asset and liability account balances are zero;

b. The net total of all fund equity accounts is zero;

c. The cost center has no soft or open commitments; and

d. Original budget (base budget) is zero

4. PROCEDURES

There are no procedures associated with this policy.

5. EXHIBITS

There are no exhibits associated with this policy.

6. REVIEW PROCESS

Responsible Party (Reviewer): Vice President for Administration and Finance

Review: Every three years on or before August 31st.
Signed original on file in Employment Services and Operations.

7. POLICY HISTORY

   Issue #1: 09/03/94
   Issue #2: 03/18/14
   Issue #3: 05/20/15

8. REFERENCES

   PS 05.A.12, Expenditure Allocations and Adjustments Policy
   UH System Administrative Memorandum 03.G.03