**Financial Review and Analysis Procedures**

*These will be updated to F&A Policy and Procedure Library once they are finalized. This is expected to be in August/September 2018*

The Chief Business Officer for each school, college, or administrative unit is responsible to implement a process for review and analysis of budgets and financial transactions. The process should be conducted to ensure reasonableness and accuracy of financial transactions recorded in the University’s financial systems and monthly reviews be conducted within 30 days of the prior month end. This review occurs through several mechanisms including:

* transaction level review and approval,
* routine monitoring of financial transactions, and
* a monthly review of the budget status using generated reports or corresponding data analysis from the financial system of record.

A minimum standard of review and analysis is outlined below. Chief Business Officers may determine if additional steps are needed to ensure reasonableness and accuracy of financial transactions recorded in the University’s financial systems.

**Transaction Level Review and Approval** *(Perform Now)*

The transaction review substantiates occurrence, accuracy, classification, completeness, and cutoff. This is accomplished as transactions are initiated, reviewed and approved within the University’s financial systems. All initiators and approvers have the responsibility to ensure:

* transactions occurred and are official University business activities,
* amounts agree to source documentation and documentation is attached to the transaction as appropriate,
* correct chart fields are used and reflect the fund source/use for the transactions,
* adequate funds are available for transactions, and
* transactions are reflected in the appropriate fiscal year.

As approvers identify errors or omissions, they will work with initiators to make adjustments/corrections prior to approving the transaction.

Personnel with initiator and approval roles are responsible for completing online or other training sessions related to these roles. At least annually, Chief Business Officers should review these responsibilities with approvers to ensure their understanding.

**Routine Monitoring** *(Begin Performing Regularly in August 2018 for year to date transactions)*

Chief Business Officers are responsible for determining if daily, weekly, or some other frequency of routine monitoring or analysis is necessary to assess the reasonableness and accuracy of financial transactions. The frequency and nature of the monitoring procedures will vary on a case-by-case basis depending on the volume and nature of the transactions for the organization. Reports or prompted queries generated from the University’s financial system and reporting tools should be used for these purposes.

Examples include but are not limited to:

* Review for initiated, not approved transactions
* Review for expected, not yet initiated transactions
* Review for rejected transactions
* Review of specific transaction types: journals, budget journals, payment requests, expense statements, etc.
* Review for transactions above certain dollar thresholds
* Review of transactions on certain chart fields or account codes

Adjustments or corrections of omissions, errors, or unusual items found during the review should be entered and approved by responsible parties prior to the following month end (or by June 30th if discovered in June).

**Monthly Review of Budget Status** *(Begin Performing a documented review in October 2018. Your first documented review is expected to be year-to-date as of September 30, 2018)*

A budget status review should be performed monthly. To perform this review, departments can use the budget status report (BSR), project status report or a similar report from the University’s reporting tools which reflects the amended budget, encumbrances, and actual transactions posted to the University’s financial system. The school/college/unit chief business officer will determine the scope and responsible parties to perform this review.

Considerations for this review include:

* An overall budget to actuals review of revenues and expenditures to identify overdrafts and unexpected budget balances, including Identification of causes for unexplained variances between budgets to actuals based on expectations and known factors.
* Reasonableness review:
  + Do transactions appear reasonable, including transactions originating from other departments?
  + Are the transactions expected for the given fund or department or other chart string element?
  + Do transactions appear to be appropriate for the chart string used?

Chief Business Officers are responsible for ensuring performance of these reviews and determining how the reviews should be conducted and by whom. This includes written guidance and expectations of performance to individuals given review assignments. Chief Business Officers may at their discretion implement additional reviews and analysis to ensure reasonableness and accuracy of financial transactions or to assist management with decision making. Examples include: trend analysis, ratio analysis, variance analysis, review of transactions meeting dollar thresholds or risk characteristics, and year over year comparisons.

Adjustments or corrections of omissions, errors, or unusual items found during the review should be entered and approved by responsible parties prior to the following month end (or by June 30th if discovered in June).

**Documenting the Reviews**

Monthly reviews should be documented to provide evidence of their completion. Examples of documentation are included in the *Financial Review and Analysis Guide*.