

# FINANCIAL STATEMENT COMPLIANCE REVIEW GUIDELINES

Revised March 6, 2024

## WHERE

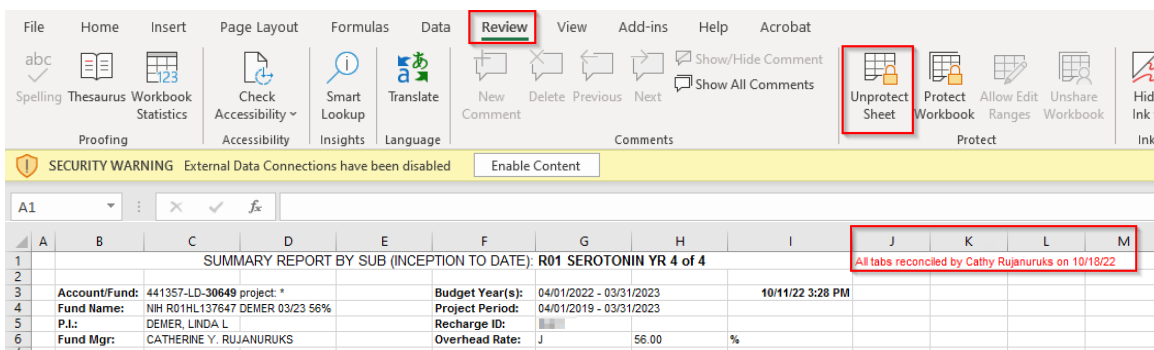
- Statements **must be saved in the O:Drive** divisional financial statements folder
  - O:Drive → Funds → Division Name (i.e. *Card*) → Financial Statements → FY2223 (for fiscal year 2022-2023) → 1. July 2022 → *Bruin, Joseph*
  - Within the PI folders, there should be a statement for each fund, as well as a Summary of Funds report
    - **Save each statement** in the following file name format:
      - **fund number-cost center-account number\*\_MonthYear**
        - i.e. 23480-JB\_Aug2022 or 23480-~~JB-78~~\_Aug2022, as needed
        - \* *1<sup>st</sup> 2 digits of “-account” is only when financial statement for the same fund, but different account numbers are necessary, i.e. training grants 40- & 78-*
      - Use only the 1<sup>st</sup> 3 letters of the month to avoid long titles (i.e. Dec for December)
      - There is flexibility with naming the statements, as long as the base is the same (i.e. **23480-JB\_Aug2022\_Heart R01** is acceptable)
      - SOF = Summary of Funds – single summary of funds report to reflect all of a PI’s active full accounting units (FAUs, aka “funds”) in a single worksheet

### Example: Cardiology

Financial Statements  
FY2223

1. July 2022 – skipped
2. August 2022
  - Bruin, Joseph
  - 23480-JB\_Aug2022
  - 23480-J1\_Aug2022
  - 33388-JB\_Aug2022
  - SOF\_Aug2022

- **Use numbering system before Month/Year** so the months are listed in chronological order, beginning with July.
- Reports saved to incorrect location or do not appear to be reconciled are considered incomplete
  - In order to be considered reconciled, Summary by Sub report must contain text **“All tabs reconciled by name on MM/DD/YY” in cell J1**, preferably in red font
  - In order to add comment, you must “unprotect sheet” via Review tab



**WHAT**

- A financial statement must be saved in the O:Drive for **every** FAU in FPM.
- The following constitutes a complete financial statement:
  - Summary of Funds\* (only **if** more than one account or cost center for the fund, **and** your PI is the owner of the fund)
  - Summary by Sub (**always required**)
  - Non-Salary Expense Projection by Month\* (if manual projections were added)
  - Expense by Month\* (**always required for contract & grants (C&G) FAUs**)
  - Summary – By Sub Object\*
  - Detail – Closed\*
  - Detail – Open\*
  - UCPATH – Salary & Percentage by Month\* (if payroll is charged to the fund)
  - UCPATH – Employee Sum\* (if payroll is charged to the fund)

**\* Reports with no activity can be deleted**

- Expense by Month, Detail – Closed, and Detail – Open reports must be reviewed monthly. However, if the reports are blank due to no activity, then you can delete these sheets from your statements. **The Summary by Sub report must always be included in the financial statements for each fund, and the Expense by Month report is required for all C&G FAUs, even if the balance is \$0.**
- Examples of incomplete statements:
  - Summary by Sub missing
  - Expense by Month missing for C&G FAUs
  - Applicable reports for FAUs listed in FPM missing

**ITEMS TO REVIEW/TAKE NOTE**

- **Summary of Funds:** Confirm expenses on linked account/cost centers are appropriate, allowable based on Sponsor policy, and overall spending is on track. Request detailed financial statements from linked FM as needed.
- **Summary by Sub**
  - Overdrafts
  - Funds are allocated into the appropriate Subs
  - Over/underspending Sub categories
  - Large balances
    - near the end of the budget period and
    - especially near the end of the project period
- **Non-Salary Expense Projection by Month:** Confirm accuracy
- **Expense by Month:** Confirm spending is within expected trends
- **Summary – By Sub Object:** Confirm expense categories charged are allowable
- **Detail – Closed:**
  - Pay special attention to recharge expenses
  - TIF & GAEL are charged (or not charged) as appropriate
  - Check for Warning & Unallowable object code flags
  - Confirm object codes are accurate
- **Detail – Open:** Encumbrance older than 3 months that remain open. If so, ask divisional purchasing coordinator to follow-up on payment and/or release encumbrance.
  - Same review criteria for Detail – Closed are recommended
- **UCPATH – Salary & Percentage by Month:** Confirm spending is within expected trends
- **UCPATH – Employee Sum:** Full payroll reconciliation must be performed
  - Employees working on the project are being paid in accordance with effort committed

- If sponsor has a salary cap, confirm employees are paid at or below capped rates
- Benefits are calculated accurately
  - CBR rates
  - Vacation leave accrual rates
  - RPNI, if applicable

## **WHEN**

- **Deadline:** All statements must be fully reconciled, finalized and saved on the shared O drive **prior to the release of the next month's ledgers**. Check [ledger availability schedule](#).
  - Example: October 2022 financial reports are due by 12/06/22

LEDGER AVAILABILITY:
10/8/2022: September Ledger data available
11/8/2022: October Ledger data available
12/7/2022: November Ledger data available

- Because statements will be reviewed at random, please make sure Fund Manager [assignments in FPM](#) are correct. Statements will be reviewed based on the assignments in FPM at the time of audit.
- Once compliance review is complete, a report will be emailed to the MSO and the Division fund managers.
- If a Division's compliance score is below 80%, that Division will be reviewed on a monthly basis until they reach 80% minimum compliance. If compliance is below 80% for 3 consecutive months, a justification will be required.

## **TRAINING**

If you are unsure how to correctly and thoroughly review financial statements, please reach out to Kayla Brown, Raellen Man or Cathy Rujanuruks for training.

## **RESOURCES**

- [How to create/run monthly financial statements](#)
- [Financial statement batch templates](#)
- [How to create/update manual payroll projections using FPM](#)
- [Financial adjustment cheatsheet](#)
- [Financial report cheatsheet – Summary by Sub \(for PIs\)](#)