

General Policy

Accounting Services distributes monthly transaction detail reports for each account. These reports are the SA3 (Statement of Accounts) and TDS (Transaction Detail Statement). This policy requires the monthly review of transaction in the above reports for each account (WhoKey¹) to ensure that financial information in these reports accurately reflects actual activity. Key roles that are critical to compliance with this policy are the *Account Owner*² and the *Reviewer*³. The *Account Owner* and the *Reviewer* may be the same person.

Responsibilities of Account Owner

1. Designate a *Reviewer* for each account and document that transactions are reviewed monthly.
2. Clearly document the purpose and specific restrictions of each account and communicate this information to *Reviewer*.
3. Ensure that training & education are provided to staff that need to validate that transactions are authorized in accordance with University policies, State and Federal laws and regulations, and specific sponsor requirements and donor restrictions.
4. For federal research projects, confirm that the personnel charges reasonably reflect the efforts expended.
5. Review activity for reasonableness (transactions that are out of the ordinary) and focus on unusual fluctuations in balances or activity levels for the period.
6. Review for balances in “clearing” or Agency accounts with expected zero balances.
7. Review deficit balances and take appropriate corrective action including communications with superiors as necessary. The Account Owner should be prepared to provide an adequate corrective action plan at the request of Central Administration.
8. Periodically examine work done by *Reviewer* and discuss with *Reviewer* the process used to validate that transactions are appropriate.

Responsibilities of Reviewer

1. Review and research each transaction to ensure that...
 - a. Transaction is within the guidelines of the purpose of the account
 - b. Transaction is within the guidelines of the restrictions of the account
 - c. Transaction is appropriately charged to the account
 - d. Transaction is properly classified to the correct institutional account (see Accounting Code Manual for more information: <http://www.bo.uiowa.edu/~GLACCMAN/index.cfm>)
 - e. Transaction is consistent with available supporting documents
2. General considerations for review include but are not limited to the following:
 - a. Review appropriateness of payroll charges. For federal research projects, confirm that personnel charges reasonably reflect the effort expended.

- b. Review and verify accuracy of non-payroll charges
 - Closely examine high-profile activities, particularly if there are specific account restrictions. Areas of special consideration could include, but are not limited to the following: foreign travel, sub-contractor expense, equipment purchases, consulting fees and significantly large transactions.
 - Verify that non-payroll encumbrances are accurate and if necessary, close purchase orders that are no longer needed.
- c. Review for expected transactions that may not have posted to the general ledger yet to ensure that all supporting documentation contains a related transaction. For example, verify that retroactive HR “change of status” requests are reflected.
3. Verify that prior months’ errors have been corrected.
4. Take appropriate action to resolve errors & discrepancies by collaborating with *Account Owner* as necessary. Retain documentation of all discrepancies and resolutions during the review process. See University *Cost Transfer policy* for requirements when adjustments involve federal accounts (http://www.uiowa.edu/~fusga/docs/CT_Policy.doc).
5. Document that the review is complete and communicate all issues to the *Account Owner*. This can be accomplished by sending an email to the *Account Owner* stating that accounts have been reviewed and issues have been addressed.

Adequate Documentation

Departments are responsible for proof of review and source documentation. Furthermore, they are accountable for providing this information in a timely manner at the request of Central Administration, Internal Audit or external auditors. Documentation that is not maintained centrally must be maintained by departments. Supporting documentation, either paper or electronic, must be adequate to support the financial transactions and balances. Adequate documentation answers the following questions: **what** was purchased, **where** it was purchased, **when** it was purchased. Departments must also be able to explain **why** it was purchased if requested.

Definitions

¹ WhoKey – The full MFK (Master File Key) consists of 11 elements & sub-elements. The combination of 7 of those elements makes up the WhoKey. Those elements are fund, organization, department, sub-department, grant/program ID, grant/program number & function.

² Account Owner – This is the person who has general decision making authority over the account and fiscal responsibility & accountability for the account. The *Account Owner* for non-grant accounts is typically the Departmental Administrator but may be delegated to a Business Manager, Financial Officer or Program Administrator. The *Account Owner* for grant accounts is the Principal Investigator. Research Administrators are not permitted to be the Account Owner.

³ Reviewer – This is the person reviewing the transactions and comparing them to supporting documents.