

Financial Review & Approval Process ^[1]

The Financial Review and Approval Process is an inherent component of the University's fiscal procedures. The University of Colorado's fiscal procedures state that the University shall implement internal accounting and administrative controls. These controls include an appropriate segregation of duties. Two or more people should be involved in the review/approval/reconciliation of accounts and each should be empowered to report findings to management.

The intent is to reasonably ensure that financial transactions are accurate, reliable, and in compliance with all applicable regulations, policies, and restrictions.

There are three components to the Financial Review and Approval Process:

Review and Approval of Transactions

Financial review and approval occurs at the transaction level. Examples of transactions at the University of Colorado include PeopleSoft Finance System Journal Entries, Procurement Card Expense Reports, and CU Marketplace Requisitions.

When reviewing a financial transaction, the reviewer and approver must ask the following questions. (**Note:** The reviewer and approver may be different individuals, however, each of them needs to be asking the question.)

- Is this transaction appropriate (i.e., is it directly related to University business)?
- Is this transaction valid (is it allowed under all applicable policies and procedures, including University policies and Grant/Donor restrictions)?
- Is the transaction reasonable (does the amount appear reasonable)?
- Are there sufficient funds to cover this transaction?
- Is the transaction accurate (is it allocated to the appropriate SpeedType/Account, and is it free from mathematical errors)?
- Is the transaction supportable (is there supporting documentation that provides justification for the transaction)?
- Is the transaction being recorded on a timely basis, and in the appropriate timeframe?

Financial Report Review

The financial report review process is a key control to ensure all fiscal transactions are properly recorded in the Finance System and to detect fiscal misconduct. The fundamental

components of this process include:

- Detailed review of fiscal transactions, including a reconciliation of each individual transaction appearing on the financial report to the related source documentation;
- Periodic analysis of planned fiscal activity or budget in relation to actual fiscal activity; and,
- Comparison and analysis of prior year financial activity to current year financial activity where appropriate.

To complete a Financial Report Review, the fiscal staff responsible for reviewing the SpeedType(s) must run the m-Fin Financial Detail Report for the month.

Responsibilities of the Financial Report Reviewer

- Document that each SpeedType and related transactions are reviewed monthly.
- Review transactions for reasonableness, and for unusual fluctuations in balances or activity for the period.
 - Transaction is appropriately charged to the specific SpeedType.
 - Transaction is appropriately charged to the account code.
 - Agree (match) all transactions to supporting documentation (either paper or electronic).
 - To review the source of the transaction, refer to the Journal Source Code Listing on the Office of University Controller website (www.cu.edu/controller [2]) or look the code up in the PeopleSoft Finance System.
- Review clearing SpeedTypes for balances.
- Verify that all errors from the prior month have been corrected.
- Provide regular reporting to management.

Account Reconciliation

Reconciliation is the process of comparing information that exists in two systems or locations, analyzing differences, and making corrections so that the information is consistent in both locations. Reconciliation also includes providing supporting documentation that details items that make up a specific account balance.

All balance sheet accounts must be reconciled at least quarterly, if not monthly.

Responsibilities of the Reconciler

- Verify that prior period errors/adjustments have been corrected.
- Compare the ending balance per the general ledger and to the sub-system ending balance.
- Identify, research, resolve and document all variances and reconciling items.
- Take appropriate action to resolve errors/discrepancies.
- Verify ending balances have supporting documentation, either paper or electronic.
- Document that the reconciliation has taken place.

- Provide regular reporting to management. Anyone involved in the reconciliation/review/approve process is obligated to report findings to management.

For assistance in review, reconciliation, and forecasting, use the Reconciliation and Forecasting Template [3].

Groups audience:

Controller

Right Sidebar:

OUC - Accounting Handbook Navigation

Source URL:<https://www.cu.edu/controller/financial-review-approval-process>

Links

[1] <https://www.cu.edu/controller/financial-review-approval-process> [2] <https://content.cu.edu/controller/>

[3] <https://content.cu.edu/controller/policiesandprocedures/accountinghandbook/Reconciliation-Forecasting%20Template.xls>