



TEXAS TECH UNIVERSITY SYSTEM
Office of Audit Services™



DEPARTMENT FINANCIAL CONTROLS
BEST PRACTICES FOR
ANGELO STATE UNIVERSITY

www.texastech.edu/AUDIT

1

THE LEDGER

Reconciling

The frontline of financial control, reconciliation is an action that assesses the validity, correctness or appropriateness of an account balance at a specific point in time. It is documented by relevant calculations, clear and complete explanations, and copies of supporting documentation.

Although ongoing ledger activity may be reviewed in RamPort and the Banner operating ledger reports can be printed at any time, a formal reconciliation of the FOPs should be performed as soon as possible after the month closes. A reconciliation should be completed for all of the department's FOPs.

Reviewing

The second important control in overseeing the department's financial records is the review and approval of the reconciled ledgers by the financial manager. Reviewing the ledgers helps ensure that all financial transactions are appropriate, accurate, and recorded properly and provides information about the status of budgets.

2

SEPARATION OF DUTIES

A monthly reconciliation of the department's ledgers is an excellent control, but the oversight and control value of the reconciliation is greatly diminished when the reconciliation is performed by the same employee who, for example, has approval authority in RamPort and/or who can approve ePAFs. Whenever staffing allows, the duties of cash receipting and approving payments or ePAFs should be separated from the duty of reconciling the ledgers.

The goal of separating duties is to separate certain business functions so that no employee is in a position to both perpetrate and conceal errors or fraud in the normal course of their duties. Separating duties helps protect you and your employees. The following functions should be separated:

- Approval of transactions
- Custody of assets
- Reconciliation

How to separate the functions in your department:

FINANCIAL MANAGERS

Dept. Chair, Director, Prin. Investigator

- Approves purchase requisitions
- Approves personnel transactions
- Reviews FOP reconciliations monthly

REQUISITIONERS

Office Coordinator

- Submits purchase requisitions
- Reconciles FOPs monthly

FINANCIAL MANAGERS – User has *unlimited** account approval authority and is responsible for identifying requisitioners.

REQUISITIONERS – User has ability to shop and create requisition, but has no approval authority.

The **RECONCILER** should:

- Compare departmental records with the current month’s transactions—commitments, charges (including payroll), and deposits—listed on the ledgers.
- Ensure that all transactions appearing on the ledgers that are not supported by the department’s records are accurate and authorized.
- Correct any errors or irregularities identified, noting corrections as such on the ledgers.
- Provide the reconciled ledgers to the financial manager for review.

The **REVIEWER/APPROVER** of the reconciliation should consider the following questions:

- Does it appear that the ledgers have been reconciled?
- According to the department’s budget, was an area overspent? If so, why?
- Do the transactions appear appropriate for departmental or university business?
- Are there any suspicious-looking transactions?
- Has the reconciler explained any unrecognized or undocumented transactions?
- What corrective measures should be taken to avoid the same problems in subsequent months’ ledgers?

FINANCIAL MANAGERS

Accountable to Angelo State University and the fund provider, financial managers are responsible for ensuring funds are rightfully used.

*Up to the budgeted amount for a FOP.

4

ADDITIONAL RESOURCES

- ASU Operating Policy 14.02
- Regents' Rule 07.01
- Regents' Rule 07.03

*To report fraud, waste, or abuse,
contact EthicsPoint:*

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