

**The University of Michigan
Financial Operations
Office of the Controller
6020 Wolverine Tower, 1287**

April 18, 1997

TO: Deans, Directors, & Department Heads

FROM: Robert W. Moenart

SUBJECT: Checklist for Departmental Reporting

In an effort to provide departments with written guidelines regarding departmental fiscal responsibilities, Financial Operations has developed a "Departmental Checklist" for your use. This list was compiled with assistance from our business partnerships with the College of Literature, Science and the Arts, the Medical Center, the All Campus Group and the Business Administrators Group.

The document is located on the pages following this cover memo.

We appreciate the effort put forth by our partners within academic and other units to bring us to this stage of the process. We view this document as a living, breathing article, subject to expansion, modification, and clarification. Please feel free to send your comments regarding this document to "rmoenart@umich.edu".

**Checklist for Departmental Reporting
into Financial Operations**

	Manager	Item	Action
1.	FJW	<p>Authorized signers/Statement Recipients</p> <ul style="list-style-type: none"> • Item for check list of responsibilities only; no reporting: Unit's responsibility to see that the unit or the account Project Directors keep Financial Operations informed (CDS units keep Hospital Financial Services informed), as described in SPG section 501.04-0, of additions, deletions, modifications to project director, authorized signers and authorized users, as well as statement of account recipient(s), for all accounts for which the individual is Project Director. 	<ul style="list-style-type: none"> • Will be included on check list of responsibilities • Units will inform Financial Operations (or HFS) of needed changes to the authorized signers list on a timely basis.
2.	NCT	<p>Take responsibility for getting faculty/staff paid accurately and timely.</p>	<p><u>Unit Representative:</u></p> <ul style="list-style-type: none"> • Process new hire paperwork in a timely manner, including paperwork for temporary staff • Process time/attendance documents to adhere to cutoffs, including sponsored research time reports for faculty and staff • Process changes in appointment data in a timely manner to minimize the number of retroactive records changes and overpayment • Process terminations immediately to minimize the number of overpayments • Process miscellaneous payment requests in a timely manner, including moving expenses, tuition refunds, overtime, etc. <p><u>University Payroll Office:</u></p> <ul style="list-style-type: none"> • Process paperwork in a timely and accurate manner • Contact unit when error occurs.

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3.	NCT	Appropriately process tax and status forms for non-resident aliens.	<p><u>Unit Representative:</u></p> <ul style="list-style-type: none"> Understand (or ask questions about) the taxation of non-resident aliens in four categories (teacher/researcher, independent contractor, fellowship/scholarship recipient and student worker) and insure that the appropriate tax documentation is completed prior to payment to the individual. <p><u>University Payroll Office:</u></p> <ul style="list-style-type: none"> Respond to questions from the Unit. Review and process the tax and status forms.
4.	NCT	Appropriately classify employees vs. independent contractors. Process payment form.	<p><u>Unit Representative:</u></p> <ul style="list-style-type: none"> Understand the differences between the classification of an employee and an independent contractor AND complete the appropriate documentation and payment request forms. First, use the Form GQ to assist in determining the appropriate classification and then complete the Form G, Form G-2 or Temporary Employment Form to request payment for services. Submit the forms for the appropriate approvals within the unit. <p><u>University Payroll Office:</u></p> <ul style="list-style-type: none"> Review and process the payment request.
5.	NCT	<p>Gross pay register review</p> <p>Gross Pay Registers are produced during each regular and correction payroll and provide a record of each individual's gross pay amount that was charged to a specific University account</p>	<ul style="list-style-type: none"> <u>Project Director or Designee:</u> Before payday, review the Gross Pay Registers for the accounts for which you are responsible and notify the University Payroll Office of any discrepancies or omissions. <u>University Payroll Office:</u> Correct the gross pay amount prior to payment, if possible, or process over- or underpayment.

	Manager	Item	Action
6.	CRS	<p>Pcard reconciliation</p> <p>Units responsibility to assist in the maintenance of the Purchasing Card program.</p>	<ul style="list-style-type: none"> • Accounts Payable - provide a listing to the units on a semi-annual basis of all Purchasing card holders in their areas. This listing will include the cardholders name, the profile of the card (i.e. transaction types that are acceptable), credit limit, charge card administrator, and the cardholder status (i.e. open, blocked, or closed). Cardholders that have not processed their Purchasing Charge Card Payment Form in a timely manner have their transactions charged to the default account listed in the card application (with a blocked status code indicating that the card has not been used within the agreed to guidelines). • Units - upon receipt of list, review to determine if the maintenance information contained is still accurate (i.e. charge card administrator, allowable transaction types, employee still works in department). • Units - notify Accounts Payable of any necessary modifications to cardholder profiles. • Units - may be requested to assist in resolving specific problems regarding individual cardholders on an as needed basis.

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7.	RLB	<p>Statement of account reconciliations</p> <p>Procedures should be established to maintain a current reconciliation of all accounts within a unit. Monthly review of accounts by transactional detail is imperative. When discrepancies are detected, the unit should investigate the reason for the discrepancy through originating department (payroll, stores, etc.) After determining the reason for the discrepancy and if it can not be resolved through the originating department's system (Payroll correction, service unit billing, etc.), then a memo to transfer the improper transaction should be initiated by the department immediately and sent to Financial Operations. This would be true for both expenditure and revenue transactions. The University has a policy of transferring transactions within a 120 day period after it appears on the statement of account and this should be adhered to. Any deviation from this policy will require additional justification. By reconciling the statements on a timely basis, the cash position of the unit may be determined with more accuracy. The ability to budget and plan for the unit will be enhanced. This will assist in moving forward new initiatives within the unit. It is also crucial in the avoidance of cost overruns. In situations where an overrun will occur, this will facilitate the timely resolution of the overrun.</p> <p>(Covers 6, 8, 10)</p>	<ul style="list-style-type: none"> • Financial Operations - provide units with monthly statement of account on a timely basis. • Unit - upon receipt of statement, review specific transactions for accuracy and appropriateness. • Unit - identify any discrepancies and work to resolve them with the originating department (payroll, service unit, etc.). If resolution can not be accomplished through the originating department's system, notify Account coordinator (memo, e-mail, etc.) of steps to be taken to correct error. • Unit - review balances in statements of account. Upon discovery of overdraft, review for resolution - additional income to be received, movement of expenditures from account, etc.
8.	RLB	<p>Timely transfer of expenditures</p> <p>As mentioned in #6, it is imperative that cost transfers be made within the University cost transfer guidelines. The time frame would be within 120 days from the original posting of the expense. This would pertain to the correction of expenditures as well as allocation to various accounts.</p>	
9.	RLB	<p>Overdraft resolution</p> <p>In addition to the item mentioned in #6, the specific account should be reviewed to determine locus of responsibility for the overdraft. Sponsored projects may involve the Dean's Office, DRDA or Financial Operations.</p>	

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10.	RLB	<p>Justification of spending patterns (grants, awards, etc.)</p> <p>Additional concern placed on budgets of the Federal government and non-profit agencies has resulted in increased scrutiny placed on the spending patterns of sponsored projects. The University is forced to defend its position on these projects to the agency to ensure continued funding of the specific and future projects.</p> <p>A renewed effort by the Federal government is being approached with vigor to ensure that awards are not “pre-spent”, that future years’ funding is not being utilized before the actual award date. Conversely, there is also a movement to review projects that have not utilized their funding with the assumption that projects have been overfunded. This type of inquiry has been received by both Federal and non-federal agencies.</p> <p>It is imperative that the University can respond openly and accurately to these inquiries. Rates of expenditures on sponsored projects should approximate those stated in the proposal budget. This should extend throughout the life of the award. In addition to the spending patterns, appropriateness of the charges is paramount to minimize audit exposure.</p>	<ul style="list-style-type: none"> ● Financial Operations - provide units with statements of account and budget reports on a timely basis. Assist in processing transactions to produce timely, accurate statements. ● Unit - review statements of account and budget reports to ensure that appropriate expenditures are being charged against the project. ● Unit (with assistance from Financial Operations as needed) - set up worksheet to plot expenditure levels for analysis (straight line method, front loaded method, etc.) ● Unit - be prepared to respond to sponsoring agencies when questions arise.

	Manager	Item	Action
11.	CRS	<p>Departmental imprest cash funds Units responsibility to assist in timely reconciliation and processing of expenses related to imprest cash funds held by custodians within their departments. Units interaction with Accounts Payable or Hospital Financial Services based on where imprest funds were obtained</p>	<ul style="list-style-type: none"> • Accounts Payable (or Hospital Financial Services) - provide listing to the units on a semi-annual basis of all imprest cash funds in their areas. The listing will contain the custodian, the type of fund (i.e. change , small dollar purchases, subject payment fees), and the ending date. • Units - upon receipt of list, review and determine if there are any funds that are scheduled to end within the next 180 day period and remind the custodian to either prepare to final voucher this fund and forward any remaining cash on hand to Accounts Payable (or Hospital Financial Services), or request an extension of the ending date which includes a justification of its ongoing necessity. • Units - perform an ongoing review of the list to determine if the funds are indeed still necessary, in light of the ability of the Purchasing Card and the availability of central imprest cash funds to handle many of these needs.
12.	FJW	<p>Physical inventory count and ledger adjustments</p> <ul style="list-style-type: none"> • Designated Fund Activities and Auxiliary Activities Units only: 	<ul style="list-style-type: none"> • Unit - will perform physical count of inventory at least annually. Frequency to be based on a number of factors including: value, turnover of inventory, type and assessment of unit controls. • Unit - will send memo to Financial Operations, with a copy of the JE adjusting the recorded inventory, or requesting a JE , or indicating that no adjustment is necessary.

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13.	FJW	Identify and report federally taxable activities <ul style="list-style-type: none"> For reporting to University Tax Manager: As described in new draft SPG sections, Federal Unrelated Business Income. 	<ul style="list-style-type: none"> Unit - will report taxable activities to the Tax Department and supply necessary work papers. Tax Department - will fill tax return, remit payment, and record entry.
14.	FJW	Identify and report activities subject to state sales and use tax. See SPG section 502.03.	<ul style="list-style-type: none"> Unit - will report monthly sales and use tax figures Financial Operations, except for units for which delegation has been given to file their own monthly returns. Financial Operations - will remit payment to the State, record the entry and file state reports Report questions and activities that potentially may be subject to the Michigan State sales and use tax to the University Tax Manager.
15.	AJM/RLB/ FJW	Outstanding receivables <ul style="list-style-type: none"> Total Outstanding as of: (This could be monthly, quarterly, etc. based upon total value) Detail by Vendor;(Again based upon amount, monthly, quarterly but at least annually at fiscal year end. Aged Trial Balance of Outstanding:(Quarterly or Annually, based upon the amount outstanding.) Amount of write-offs. Receivable statistics/ratios unique by unit. 	<ul style="list-style-type: none"> Schools/Units - provide the reports to the appropriate Financial Operations Supervisor II. Financial Operations reviews reports and meets with unit if applicable.

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16.	GFS	Justify recharge rates <ul style="list-style-type: none"> • Costs associated with services or goods being provided by a recharge unit must be reasonably identified and billed to the user using an approved rate. 	Unit - describe recharge operation, prepare budget of costs, estimate annual activity, and send documentation to Cost Reimbursement Office (CRO) for approval. CRO - review request and approve rate. Unit - maintain detailed records of costs, activity, and revenue and adjust rates when there is more than a 5% variance between annual revenues and expenses. Financial Operations - verify that only approved units are rebilling. CRO - monitor activity to ensure compliance with Federal regulations.
17.	FJW	Bank Reconciliations <ul style="list-style-type: none"> • Copy of monthly bank reconciliation (do not include copy of bank statement). 	<ul style="list-style-type: none"> • Unit- upon receipt of bank statement, will perform bank account reconciliation • Unit- upon completion of bank reconciliation will send copy (without bank statement) of reconciliation to Supervisor II/Assistant Manager of Transaction Services.