THE UNIVERSITY OF NEW MEXICO
HEALTH SCIENCES CENTER

Index Reconciliation Fundamentals

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Definitions and Explanations

Account – An account is the four digit number that represents the place revenue or expense is recorded in Banner. For example, 3100 is the account code for Office Supplies Expense. You can find a list of UNM accounts, and their definitions, at http://www.unm.edu/~gacctng/resources/AccountCodeDefinitions.pdf.

Source documents – These are original documents, or copies of original documents. They are the documents that validate that an expense occurred. They may be UNM Bookstore receipts for merchandise purchased. They may be Internal Invoices from UNM Service Centers. They may be copies of DPIs or copies of invoices from outside vendors. They may have explanatory e-mails or other documents like seminar registration forms attached to them. Other source documents include P-card receipts/reports, internal UNM Purchase requisitions, Purchase requisitions, Blanket Purchase requisitions, and Non-Standard Payment forms. This list is not inclusive.

Index – An Index is the six digit number that accumulates revenue and expenses, in accounts, for a given project. The index may be unrestricted; such as one for Instruction & General funding. The index may be restricted and associated with a grant. All expenses for a given index should be reconciled each month.

Post - An item is posted in Banner when it has been recorded in the accounting data base. Only posted items appear on Banner accounting reports

Internal Files – Internal Files are the files you set up to make your job easier. For Account Reconciliation, these will work:

Uncleared Folders – For each index create an Uncleared manila folder. This folder place copies of source documents for each expense for that index as these expenses occur. Attach these source documents to the reconciliation and move them to the Account Reconciliation Folder at month end.

Payroll Folders – For each index create a Payroll manila folder. In this folder place copies of all Payroll reports/documentation each month. Attach these to the reconciliation and move them to the Account Reconciliation Folder at month end.

Index Reconciliation Folders – For each index create a manila Index Reconciliation Folder. In this folder place your completed index reconciliation package each month. This consists of:

- The completed Index Reconciliation Summary [see appendix]
- The Banner Detail Report [FOH0001 detail report]. You have checked off the amounts on this report and the amounts on your source documents as you reconciled the index.
- The payroll report/documentation. You checked off the detail on the payroll report, and made sure the detail matches the internal detail from your department documentation concerning who is to be charged, and what percentage of their salary is to be charged to this index.

- The source documents and any related schedules created in your department for expenses. You have checked off the detail on these and on your Detail Banner Report.

These are stapled together each month to form a monthly reconciliation package for each index. This is your completed index reconciliation package. This is filed in your Index Reconciliation Folder each month.

Put the group of each index's folders in a green hanging folder, labeled for that index. Now you have all your information for each index easily accessible.

PI- Principal Investigator. This is the primary person in charge of a grant. He or she may have multiple grants. Each grant has at least one index and may have more than one.

What does Reconciliation Mean?

Reconciliation means checking the source documents that show what expenses should have been charged to an index, against the expenses that were actually charged to that index. Any discrepancies are then investigated and corrected or explained. This is done monthly.

Revenue

Comparing the revenue your index receives in Banner with expected revenue, and investigating any variances.

Salaries

This includes:

1) Making sure the people (salaries) being charged represent the people who should be charged to that index.
2) Making sure the correct percentage of their salary is being charged.

Other Expenses

This includes:

1) Knowing what expenses should have been charged to the index.
2) Checking to see that they were charged to the index.
3) Checking to see that no one else's expenses were charged to that index, in error.
4) Understanding F&A charges, and what they should be for the index.

Document Organization

Document Organization is for your benefit. Well organized documents make it easy to find documents and complete reconciliations. Here is a suggested method:

Create a file for each of your Indices

- Create a Green Pendaflex folder for each index. Label it with the index number and name.
- Create three manila folders for each index. Label each with the index number. In addition, label one "Index Reconciliations", one "Uncleared Docs", and one "Payroll". Some departments may also have one for "Revenue".

Organizing folder contents

- For your Uncleared folders, you may wish to organize by type of document, then within each type of document [DPIs, Requisitions, Invoices, Other] by document number or date created.
- For your Payroll Folder, you may wish to organize by date, most recent date first in the folder. When a month is completed, you will removed the payroll documents for that month and staple them to your Index Reconciliation.
- For your Index Reconciliation folder, place the documents in month order, most recent month first in the folder.
- You will finish your monthly reconciliation by attaching all of your documents together.
    - First put the *Index Reconciliation Summary* that shows your reconciled items for the month, and how they were resolved.
    - Second, attach your Banner Report [FOH0001] that you checked off with your red pencil.
    - Third, put your payroll report, also checked off.
    - Forth, put all your documents of origination, in the order that they were checked off on the report.

Other Methods are Fine

- If your department has a different method of organizing and filing documents, you may use it. There is no "uniform " way to organize the information. Just try to make the information easy to find and use.
- The important thing is that the indices get reconciled each month and any discrepancies are promptly resolved.

To Reconcile an Index, what do I need to have?

Banner Reports.

a. You need printed copies of what expenses were charged in Banner, by account, for the period. Hyperion reports are recommended. FOH0001 detail will work. Run this report for the month, AFTER month end has closed. The Month End Close schedule can be viewed at http://www.unm.edu/~fsm/resources/mclss.pdf, or you can subscribe to Fast Info question 897.

b. You may use excel worksheets to assist you in accumulating the Banner numbers in a format your department prefers. You must still have Banner documents to show where your Banner numbers came from.

Revenue Information

c. If you are reconciling an unrestricted index you need information from your Department Administrator concerning what revenue is expected. If you are reconciling a restricted index you need a copy of the Notice of Grant Award from the funding agency.

Payroll Information

d. Payroll reports for the index showing actual salary paid to each salary and benefit account, by employee. Hyperion Report FSH0001 by index will provide this information. FSH0002 will show you the percentage of the employee's distribution that should be in each index.
e. A budget or other internal document telling you the names of the employees that should be charged to that index, and what dollar amount or percentage of their salary should be charged to that index.

Source Documents.

f. You may need to learn how to obtain some of these documents, such as monthly telecom bills, Xerox bills, internal service center bills, and so forth. You may need to contact the person in charge of producing or approving the bill to begin getting a copy each time one is produced.
g. If you do the accounting for your department, this may be as simple as saving a copy before sending the original to your Financial Services Office for approval and payment. A source document is needed for every expense appearing on the Banner Detail Report.

A Red Pencil

h. You will check off each item on the payroll report and each source document, as you locate it in the detail of your Banner report listing expenses for the month for the index. The best practice is to initial and date next to the check mark.

What do you need to know to Reconcile an Index?

How to get the Source Documents

a. You need to know who is producing the internal documents [DPIs, etc.] that result in charges to your index.
    i. You need to get copies, or you can't reconcile. If this process is new to your area no one may know you need the copies. You have to find the correct people and let them know.
    ii. You need copies of all P-Card documents that are expensed to your index.

b. You need to know how to run bills that are available to you, such as ITS Communication Network Services (Telecom).
    i. All charges should have documentation. If you do not have records in your files, you will need to track it down in order to determine if it has been recorded in the correct index..

<u>What Banner Reports you will use, and how to get them</u>

c. For restricted or unrestricted indices, you can use Hyperion Report FOH0001. Run after month end close. See http://www.unm.edu/~fsm/resources/mclss.pdf for schedule, or subscribe to Fast Info question 897.
d. Banner reports are found in Hyperion. Brio/Finance Reports/Finance Production is the path, once you sign into Hyperion.

<u>How to get Payroll Information</u>

e. You need to know the names of the people who should have salary charged to your index, and what the amount or percentage is.
    i. Your administrator or the Principal Investigator should be able to give you this information.
    ii. You need to know how to get the basic Salary Report [FSH0001], by index, and by person within each index. Each department should have a person authorized to view payroll reports. Hyperion report FSH0002 will show you all indices for an employee or an organization code.

<u>How to get Revenue Information</u>

f. Discuss this with your administrator. You must have this information to reconcile these accounts.

<u>What Accounts are Someone Else's Responsibility</u>

g. Some accounts that you may not be responsible for reconciling include Banner Tax, some revenue accounts, and F&A. These should be looked at each month to ensure that the amount is reasonable and valid.

How do you Reconcile an Index?

Once you have the information you need, Reconciling is easy. The first time or two you may find it more difficult because it is new. Once you fall into the routine of doing this each month, it will take little time. Reconciling will allow you to catch mistakes made in the Banner system, and have them corrected quickly.

<u>Print your Banner Report</u>

a. Print the month end FOH0001 detail report for your index, for the month just ended.

   i. After month end has closed you can easily reconcile your index. This explanation is assuming you are reconciling after month end has closed.

<u>Open your Uncleared Folder</u>

   b. During the month you have accumulated numerous source documents for the index you are reconciling in this folder.

<u>Compare the Two</u>

Payroll Expenses

1) **<u>Locate what you can match, and clear it.</u>**
   a. Open your payroll folder.
   b. Compare the totals of the Banner Report to the totals of your payroll report for that index. Check off the Banner Report for each account total that matches the payroll report. They should match!
   c. Compare your list of staff names from your department that are supposed to be charged to this index, with the names on the payroll report. Check off each name on the Payroll report that matches your list. Write down any names that are missing, or "extra" on your Index Reconciliation Summary.
   d. Compare your list of staff amounts/percentages with the amounts on the payroll report. They should match. Write down any that do not match on your Index Reconciliation Summary.
2) **<u>Investigate Discrepancies- Payroll.</u>**
   a. We will assume all your payroll items matched. If not, discuss with your administrator. You may need to submit
      i. An EPAF- to change an employee's location/allocation
      ii. A PZARED- to correct an error in a posted salary amount.
      iii. Be aware that adjustments to payroll made during the month that you are reconciling will cause your totals to be different than what you may have expected based on other payroll reportse. As long as the adjustments were correct, this is acceptable.

General Expenses

3) **<u>Locate what you can match, and clear it.</u>**
   a. Find the first non-payroll item of expense [possibly office expense; account 3100]. Let's say there are two lines under this account, one for $12.52, and one for $219.18.
   b. Find the source documents in your Uncleared Folder for this account. You find three. One for $12.52, one for $83.67, and one for $422.12.
   c. You put a check mark next to the $12.52 on your Banner report. You put a check mark on the document of origination that says $12.52. You initial and date this document. Then you take it out of the Uncleared folder, and set it aside for later attachment to your Index Reconciliation Package. One item is reconciled.

d. You look at the document for $83.67. You note that the date on the document is the last day of the month you are reconciling. You are not surprised, therefore, that it is not yet recorded in Banner. You put it back in your Uncleared folder for next month.
e. You look at the document for $422.12. You note that at the bottom of the invoice the expense is being split between three different indices. One of these is the index you are reconciling. Next to each of these index numbers, is an amount. The total of the three amounts equals $422.12. The amount next to your index number is $219.18. You put a check mark next to the $219.18 on your Banner report after you put a check mark by the $219.18 on the source document, initial, and date it. Then you take it out of the Uncleared folder and set it aside for later attachment to your Index Reconciliation Package. Congratulations! You have reconciled the first account in your index for this month!
f. You continue to check the source documents against the charges listed on your Banner report, for each line, for each account. You continue to put red check marks on both the document and report, when they match.
g. When a source document does not match the Banner report, you fill out a line on the Index Reconciliation Summary.
h. If you have any items without a checkmark on your Banner report when you have reviewed all of your source documents, you list that item on a line on the Index Reconciliation Summary page.

4) **Discrepancies are Listed on Index Reconciliation Summary**
   a. When you are done, all have matched exactly, except three:
      i. One number in Banner, for $87.32 is simply not in your folder. You have no idea what it is or where it came from. You have listed it on your Index Reconciliation Summary.
      ii. One number in Banner is for $.03 less than the invoice in your folder. Otherwise, it matches the index, account, and time frame. It is for the same vendor. You have listed it on your Index Reconciliation Summary.
      iii. One document of origination, a DPI for $2,940, is still in your folder, though it was created over a month ago. You have listed it on your Index Reconciliation Summary.

Investigate Discrepancies- General Expenses

There are three types:
1) Amount on Banner Report does not match Source Document
2) Amount on Banner Report but there is no Source Document
3) You have a Source Document, but you can not find the amount on the Banner Report

This is the point at which you may need help. Do not hesitate to ask for it. You must now figure out what to do about your differences. In the example above, the differences that exist are the $87.32, the $.03, and the $2,940.

- **The easiest is the $.03.** You have determined that this charge almost certainly is for the invoice in your Uncleared Folder. It is for the same index, the same account, and the same time frame. The only difference is that Banner paid $.03 less than was billed. Perhaps this is an immaterial difference. Mark on this invoice that it was paid in Banner (write down the month the charge appeared in Banner; the month you are currently reconciling), and was paid $.03 less than billed. Put a check mark on your Banner report, next to this item. Remove the source document from your Uncleared folder, and set it aside for attachment to your Index Reconciliation Summary. Write "Immaterial" in the note section on your Index Reconciliation Summary line that lists this item. Your department administrator will help you decide at what level of difference [generally, less than a dollar] you can use this approach. You will report any patterns of errors, or irregularities that you find, even if they are each very small.

- **In Banner, but no Source Document.** This is the $87.32. One of two things has happened. Either you did not get a copy of the source document, or this was incorrectly charged to your index. You need to determine which of these happened. Drill down in Banner, figure out the document number, pull it up if it is in XTender and print a copy. You can also call the originator. Ask for help if you need to. Track your progress on your Index Reconciliation Summary page by including notes.

- **Source Document in Uncleared file but no Banner Posting.** This is the $2,940. One of two things has happened. Either it has not been charged at all, or it has been charged to the incorrect index. You need to determine which of these happened. You have the DPI number and you can check in Banner to see what its status is. If it is posted, you can figure out where. If it is not posted, or if it has been cancelled, more investigation is needed. Does someone in AP need more documentation? Is the Financial Services Office waiting for a missing piece of documentation? Did the DPI get lost? Track your progress on your Index Reconciliation Summary by including notes.

Create an Index Reconciliation Summary

iv. There are several ways to create an Index Reconciliation Summary. Many departments have well developed processes that should be followed. If no specific format is required by your department administration, the following uniform method will work:

1. Use the *Index Reconciliation Summary* template on the Financial Services website under forms. This is an excel worksheet that allows you to list your discrepancies, which are called "reconciling items", and explain their status. As each is resolved, add a note explaining how it was resolved.
2. File this completed *Index Reconciliation Summary* in your Account Reconciliation folder, after attaching it to the Hyperion FOH0001 Index report, the payroll report, and the checked off Banner source documentation. This is the index reconciliation package that you keep for each fiscal year, for each index.

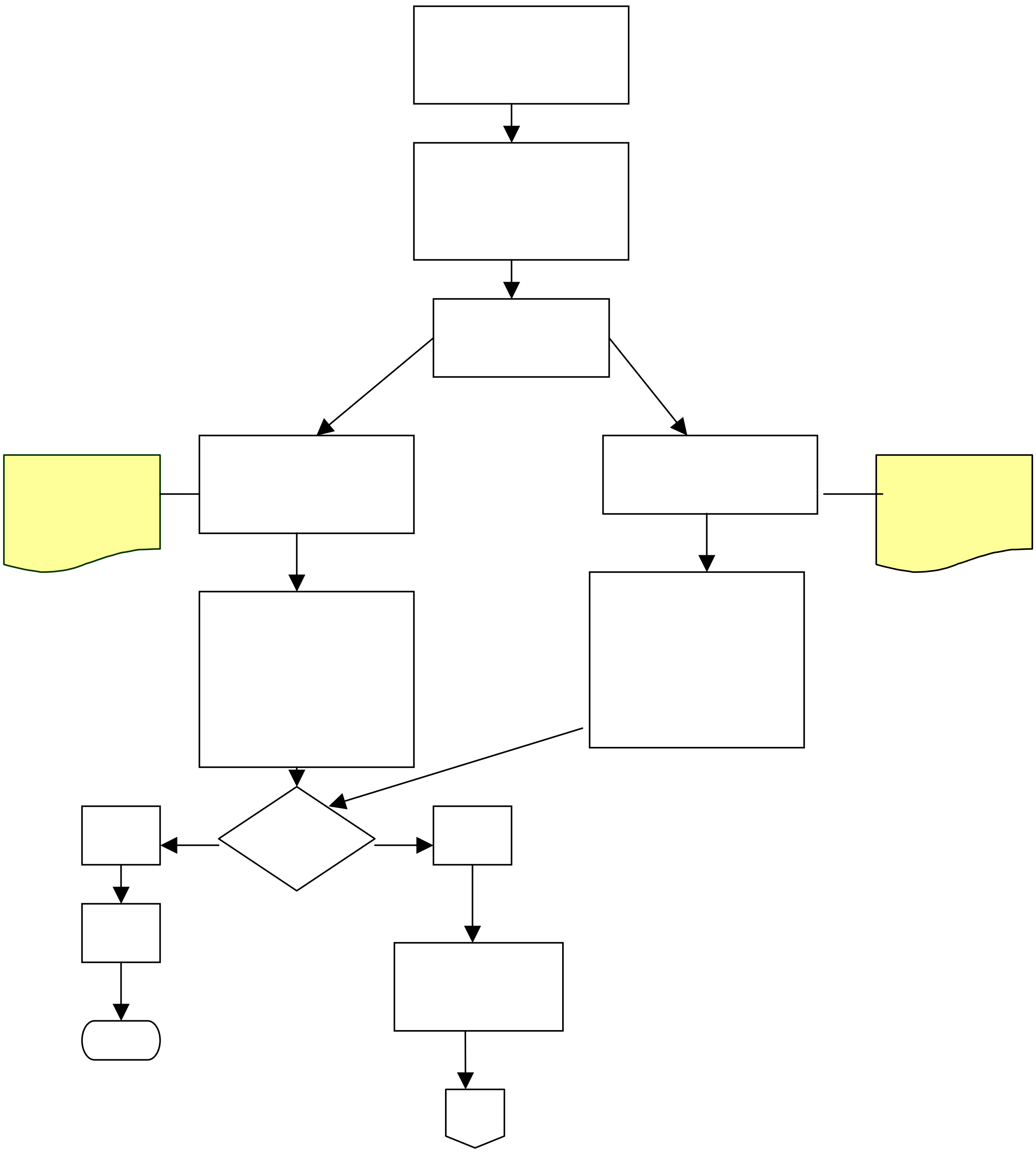
Associated Reporting

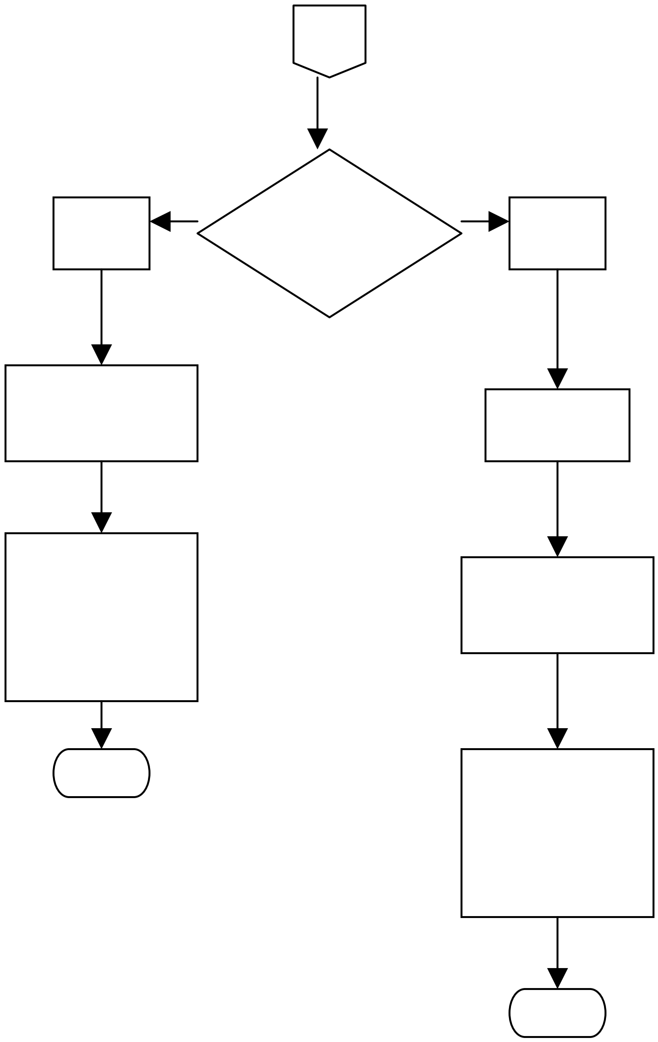
Once you have your Index Reconciliation files up and running, you may find it helpful to produce other related reports. One such report is a "Balance Remaining" report that many PIs, Deans, and Chairs find useful.

This report is produced each month. Many different templates are used by different departments to produce these reports at UNM. The goal is to help you quickly, easily, and accurately tell departmental personnel what their remaining balance is (How much they have left to spend this year on this index), after subtracting all actual and expected expenses.

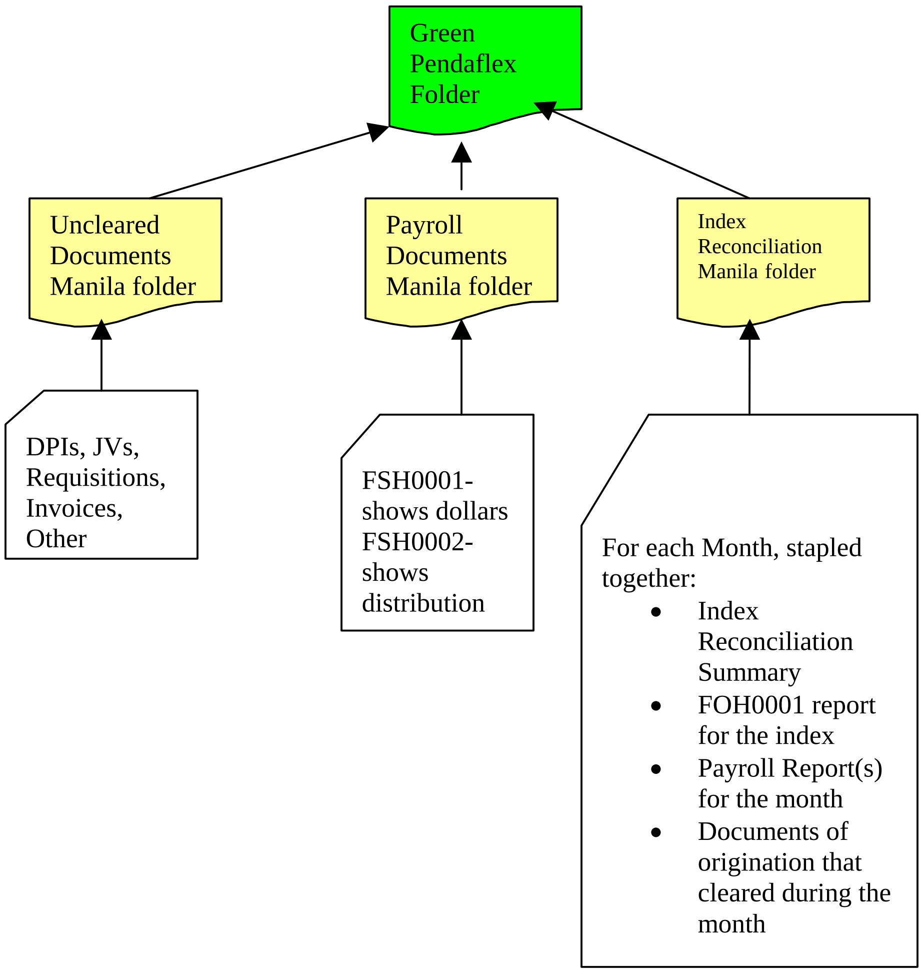
Meet with the person primarily in charge of each index to review this report each month. This gives you the opportunity to find out about changes in personnel, or new expenses that will be charged to the index in the coming months. Meeting monthly [15 minutes is usually long enough] also allows departmental personnel to ask questions. By keeping the lines of communication open, everyone will benefit.

Flow Chart - Index Reconciliation Process





Flow Chart – Document Organization



APPENDICES

Sample of Completed Index Reconciliation Summary

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Index Reconciliation Summary

Index Number: 123456

Month Reconciled: 4/2008

Person Completing Reconciliation: Your Name

I have reviewed this reconciliation and believe it to be correct: _____
Dept Administrator

Reconciling Items:

Account	Amount	Notes
3100	87.32	No document. Expense determined to belong to index 124356. JV 100632 moved it there on 5/21/08.
3140	.03	Immaterial. Ignored.
3189	2940.00	DPI D12345 was created on 3/14/08. Expense not posted. The DPI was never received by accounting. Copy of DPI hand delivered 5/16/08. Posted to Banner on 5/20/08.

Index Reconciliation Summary Form

Index Number: _____

Month Reconciled: _____

Person Completing Reconciliation: _____

I have reviewed this reconciliation and believe it to be correct: _____
Dept Administrator

Reconciling Items:

Account	Amount	Notes

Reconciliation Reports

Number	Name	Use	Location
FOH0001	Operating Ledger Detail Report	Gives index detail	Hyperion. Brio/Finance Reports/Finance Production
FSH0001	Salary Labor Benefits & Encumbrance Report	Gives employee payroll detail	Hyperion. Brio/Finance Reports/Finance Production
FSH0002	Labor Distribution Report	Gives employee payroll index distribution	Hyperion. Brio/Finance Reports/Finance Production
Additional Reports that may be used:			
FRH0001	Contract and Grant Ledger Detail Report	Used for Restricted index inception to date reporting	Hyperion. Brio/Finance Reports/Finance Production
FOH0002	Operating Ledger Summary Report	Same as FOH0001, except summary	Hyperion. Brio/Finance Reports/Finance Production
FRH0002	Contract and Grant ledger Summary Report	Same as FRH0001, except summary	Hyperion. Brio/Finance Reports/Finance Production