

BUSINESS RESOURCE CENTER – RECONCILIATIONS TRANSMITTAL

To: Subdivision Head

Enclosed is the **September 2010** reconciliation package.

As a reminder, the General Liability and Employee Practice insurance charges for July, August, and September all appear in the September ledgers.

This month we introduce a new reconciliation code “L” for some recharge entries. Due to the different documentation requirements per policy for this type of transaction, we will use this code to alert you that more limited (hence, “L”) documentation has been obtained and maintained as backup in the BRC. The “X” code will continue to be used when we have complete documentation that includes evidence of departmental approval.

(Above the line each month we include important information. Please be sure to read.)

(Below the line we try to include helpful information. Reading is optional)

DOCUMENTATION REQUIREMENTS AND THE NEW “L” CODE

An Accounting Manual chapter (A-000-7) describes the documentation required in support of university financial transactions. The ledger activity that the BRC reconciles falls into three main categories: 1) Payroll, 2) Purchases from outside vendors, and 3) Recharges within UCOP or the UC system. There are separate documentation requirements for these categories and, therefore, it follows that separate reconciliation codes are called for. We’ll review the codes P and X as well as introduce the new code “L”. Please note that the Ledgers page of the BRC Web site (<http://www.ucop.edu/brc/ledgers.html>) has links to explanatory material for the various codes.

P for Payroll

The Payroll Team reconciles activity in Sub 01, Sub 02, and Sub 06. There is a separate Payroll section of the reconciliation package.

X for Reconciled

This was established as the “usual” code to indicate that a line has been reconciled and that required supporting documentation is available in the reconciliation package maintained in BRC files. As we differentiate the X and L codes, the X can be more precisely defined to cover these elements:

- Approval by an authorized departmental signer
- Description of the business purpose for the acquisition (not just the “what” but the “why”)
- **Evidence of receipt where required**

Please note the last element, which we have not discussed previously. We ask for your cooperation in forwarding packing slips to the BRC. Approved invoices also serve as evidence of receipt under Accounting Manual provisions. An email to the BRC would also suffice. The manner isn’t important; what is important is that we know the University received what is being paid for.

L for Limited

This code has been implemented with the enclosed September reconciliations. It only applies to recharge transactions (Type Entry 53, 54, 59). Policy requires documentation to include detail that is equivalent to what would be on a vendor's invoice. However, policy also permits this documentation to be retained in the service department! Obviously this doesn't give the department being charged much to go on if they want to know how the amount was calculated or what the charge is for if they are not expecting it. It is even more difficult for BRC staff since the BRC may not have been informed by the department when the "order" was placed. The BRC doesn't intend to use this code to avoid work; we will assist the department in finding out about any unknown charge that appears on department ledgers. But often you already know about the line item. You may have initiated it yourself. Or you may have received notification that the "invoices" are available in SBS for your review (see <http://www.ucop.edu/brc/recharges.html>).

Therefore, the L code informs you that more limited documentation is available in the BRC file, which is sufficient for departmental compliance purposes. It also advises you, however, that the BRC doesn't have the full documentation that an "X" code means, which would include evidence of authorized departmental approval and receipt. This serves to put the department on notice if they are not expecting the charge or have questions as to its calculation. The BRC will have sufficient information to take the next step in finding out about the charge; otherwise, it will be shown as unreconciled.

The BRC file will include:

- Transaction Listing or Journal Entry (which should provide the business purpose and the preparer/reviewer contacts)

If we have received notification and sufficient documentation from you or others, the reconciliation code "X" will continue to be used. This is the preferable situation so please do inform us when the department directly deals with other University units for goods/services or cost transfers.

Thank you for partnering with the BRC to maintain a sound control structure and a good audit trail.

Please feel free to contact me if you have questions.

Ginny Blumberg
Accountability Manager
(510) 987-0941