

General Ledger Review

Using the online general ledger review system

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CLASS OBJECTIVES:

- Identify the purpose of ledger review
- Learn system features and processes
- Discuss what to look for when performing ledger review

TOPICS COVERED:

- Introduction
- Review Options
- Department Responsibility
- Accessing the GL Review System
- Review Setup
- Create/Edit Review Plans
- Review Ledgers
- General Ledger Review Reports
- Troubleshooting
- Best Practices
- Resources
- Appendix A – Auto-annotation Examples
- Appendix B – The Ledger Review Menu
- Appendix C – Glossary



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INTRODUCTION

UC Davis Policy & Procedure Manual Section 330-11 requires a monthly departmental review of the DaFIS Decision Support **Transaction Listing (2)** report and either the **PPS Distribution of Payroll Expense (PPP5302)** or the **PPS Decision Support Distribution of Payroll Expense Report (104)** to determine the validity of charges and credits to their accounts. The General Ledger Review System is used to validate non-payroll transactions, can reduce the workload associated with the review and demonstrates that reviews are being performed timely.

The policy also requires that the person performing the monthly ledger review must be someone other than the person with authority to approve the expenditures on those same accounts. This system makes certain that duties are properly separated enabling one person's work to be a complementary check on another's work and ensures that no one person has complete control over a transaction. If you need assistance meeting the separation of duties requirement, consult with your dean's office, review the Separation of Duties matrix on the Internal Audit Web site (, or contact the Director of Controls and Accountability (<http://accounting.ucdavis.edu/controls.cfm>).

Review of the general ledger meets campus policy requirements and provides accurate information for further financial analysis to occur at higher departmental, divisional, school, college, and vice chancellor-administration levels. The GL Review process is only designed to verify the validity of charges and credits to your accounts. The financial management of the account(s) is another process and is discussed under Best Practices (see page 22).

Note:

Chart H (Hospital) departmental reviewers don't have to review depreciation, accruals, exchange carts, or patient revenue transactions.

REVIEW OPTIONS

Departments perform the monthly ledger review electronically, using one or more of the following features: annotation, auto-annotation, statistical sampling, and electronic certification.

Annotation

Annotation is the act of clicking a thumbs-up or thumbs-down icon to indicate whether a transaction is valid or invalid. The users making the annotations (i.e., the reviewers) can add notes to help them track actions taken to correct invalid transactions. Reviewers can annotate the ledgers whether the fiscal periods are open or closed. Annotation can be implemented with or without document summarization (i.e., either by line item or by complete document).

Payroll is reviewed and certified offline and is therefore excluded from online annotation and review. (See page 24 for payroll ledger review best practices.)

Indirect costs are also excluded from annotation and review. Annotation and review of encumbrances are optional.

Auto-annotation

Auto-annotation is a feature where the system automatically marks transactions on the ledger as having been reviewed. *Auto-annotation does not work with Chart H plans.* Your department can use auto-annotation if the DaFIS document initiator can confirm that the document is accurate and appropriate by:

- 1) independently assessing compliance with all relevant policies, regulations and terms & conditions related to the transaction OR
- 2) confirming that the transaction was authorized by someone with the appropriate authority to request the transaction and with knowledge of the relevant policies, regulations and terms & conditions (e.g., department chair, PI, MSO).

To qualify for auto-annotation, a transaction must:

- Have an origin code of 01. This means only documents created in DaFIS Transaction Processing (TP) will qualify. Transactions originating from a feed will not be eligible.
- Be approved by at least two DaFIS users who are in the same organizational hierarchy as the account being charged. The document initiator is considered an approver for the purpose of determining a document's eligibility for auto-annotation. The document approver (e.g., account manager, delegate or ad hoc approver) who attests to the validity and propriety of the document counts as the second approver.
- The approver's organization can be in, above, or below the account's organization, but it must be in the *same* hierarchy structure. See page 28 for detailed examples.
- If the following were modified during routing, auto-annotation will not occur, unless the document is approved by someone else in the same hierarchy structure after the modifications are made:
 - Fiscal period, chart, account, object, description/payee, amount

Auto-annotation looks at documents on a line-by-line basis. In other words, a document distributed among multiple accounts that are in separate review plans may receive auto-annotation on an account under one review plan, but may not for a different account on another plan where auto-annotation was not selected.

There is no dollar limit on transactions that can be auto-annotated. Per PPM 330-11 (<http://manuals.ucdavis.edu/PPM/330/330-11.htm>) transactions not qualifying for auto-annotation must be reviewed by someone other than the final department approver of the transaction (typically, the final department approver is the DaFIS account manager or delegate). See page 28 for examples of how auto-annotation works.

Full Review

Full Review means that every transaction on the ledgers, other than payroll, encumbrances, and indirect costs, must be annotated.

Statistical Sampling

Statistical Sampling takes all transactions less than \$2,500, randomly selects a portion of that population, and requires only that portion be reviewed, rather than requiring a full review on all

items under \$2,500. An option is provided to specify document types, origin codes, or object codes that could be excluded from statistical sampling.

Statistical sampling can reduce the time needed to review ledgers. The larger the population of transactions under \$2,500, the fewer the transactions in proportion to that population that are required for review. For example, if your ledger has 300 transactions under \$2,500, statistical sampling selects 156 transactions. If your ledger has 1,500 transactions under \$2,500, statistical sampling selects 186 transactions.

All transactions greater than or equal to \$2,500 and those excluded from statistical sampling require a full review.

Note: It is a good idea to exclude from statistical sampling those transactions that are likely to be invalid or that should be reviewed more closely (e.g., GLIB feed transactions). All transactions excluded from statistical sampling require a full review.

DEPARTMENT RESPONSIBILITY

Departments are responsible for the accuracy of their accounts. Extramural Accounting has approved the use of all features of the GL Review System (e.g., statistical sampling, auto-annotation) for reviewing and certifying accounts funded from extramural sources with the understanding that the Principal Investigator (PI) has the primary responsibility for financial management and control of project funds in accordance with university and sponsor policies and procedures. If the funds are used improperly or the grant is over-drafted, the PI and/or the department will be responsible for covering the expenses. Departments should not use the statistical sampling or auto-annotation options if they feel that their internal controls are not adequate to ensure accuracy, appropriateness and compliance when processing contract and grant transactions. Instead, a full review of the general ledger should be performed.

ACCESSING THE GL REVIEW SYSTEM

Access to the GL Review System is restricted to those who have a UCD login ID and Kerberos password, along with having DaFIS access. The system can be accessed by logging into DaFIS Decision Support (DS): <https://dafisds.ucdavis.edu/ds/menu.cfm>. On the main menu, click on **General Ledger**, then click on **General Ledger Review**. Not all options on the **Ledger Review** menu screen are available to all users; see Appendix B – The Ledger Review Menu on page 31 for details.

REVIEW SETUP

There are three types of users in this system:

- **Plan Managers** assign and maintain the review plans. A review plan may have more than one plan manager. To be a plan manager, you must have DaFIS Transaction Processing access. Plan managers may also be ledger reviewers.

- **Ledger Reviewers** are responsible for the review and certification of the ledger. You become a ledger reviewer when a Plan Manager specifies you as a reviewer on a plan. Any DaFIS user can be a ledger reviewer. A department may have more than one ledger reviewer.
- **Primary Reviewers** are Ledger Reviewers assigned responsibility for finalization of their review plans.

Establishing a Plan Manager

To create Review Plans, you must be a plan manager for the organization over which you have responsibility. You can create yourself as a plan manager or you can create others in your organization as plan managers. To create a plan manager:

1. Click on **Add a Plan Manager** on the **Ledger Review** menu:
<https://dafisds.ucdavis.edu/ds/Utils/ledgerreview/>.
2. On the **Add Plan Manager** screen, enter the user ID and organization for which the person should be a plan manager, or click on the field names to look them up.
3. Click on **Validate Information**. This provides more details about the data you entered.
4. If the information entered is correct, click on **Submit Document to Set Up Plan Manager**. If the information is incorrect, start again at Step 2.

The steps above create a DaFIS document which routes for approval. The document requires the same organizational approvals that your DaFIS **FIS User** documents require. Ultimately, the document is approved by Accounting & Financial Services. When the document is fully approved, the person listed on the document will be a plan manager.

CREATE/EDIT REVIEW PLANS

Only plan managers can create or edit review plans. Refer to Establishing a Plan Manager above for help in creating a plan manager.

Prior to completing a review plan, you should know the answers to the following questions:

- For what organization/accounts are you creating the plan?
- Who will be the plan reviewers? Who will be the primary reviewer of this plan?
- Do you want to do a full review or use statistical sampling for this plan? For help with this decision, see Review Options on page 3.
- Do you want Auto-Annotation? For help with this decision, see page 4.

The creation and maintenance of review plans is accomplished within DaFIS Decision Support (DS) using the **Create/Edit Review Plans** screen. If no review plan has been created, you will have no users or plans listed the first time you see this screen.

The following sections will tell you how to access the **Create/Edit Review Plans** screen, add reviewers and create your plans.

Accessing Your Plans

To create a plan or edit an existing plan, click **Create/Edit Review Plans**. If you do not see that menu item, you are not a plan manager. (See Establishing a Plan Manager on page 6)

Assigning Reviewers

Each plan must have at least one reviewer, responsible for annotating the ledgers. Each plan must also have a primary reviewer, responsible for finalizing the review. To add a reviewer:

1. In the **Reviewer** field, enter the user ID of the person you want to add as a reviewer, and then click **Add**. If you don't know the person's user ID, click on **Reviewer** to search.

DS Create/Edit Review Plans
DaFIS Decision Support >> Ledger Review >> Create/Edit Review Plans

Select Master Organization: 3-ACCT

Name: ACCOUNTING & FINANCIAL SV

Org Plan Managers: John Gregg (JWGREGG)
Lia Scott (LIASCOTT)
Yen Lam (YENLAM)

Reviewers: [Search Box]
James Seibert (JOBFREE)
John Gregg (JWGREGG)
Maria Saldana-Seibert (MSALDANA)
Reina Dela Cruz (REINDROP)
Norman Chapman (NECHAPMA)
Lia Scott (LIASCOTT)

Plans: Paper plan
Class demo
Accounting's grand plan
Having a blast
Jim's plan
(New)

Buttons: Edit, View, Delete, Done

Callout 1: This should be the highest level organization for the department (e.g., level 3 organization).

Callout 2: Enter the user ID of the reviewer you want to add and then click Add.

Callout 3: Click this link if you are not sure of the reviewer's user ID.

Once a reviewer is added to your list, they will be able to see the menu options for ledger review. However, they will not have any plans to review until you create your plans. Other reviewers can assist the primary reviewer to complete a plan by annotating documents or line items in the plan. All reviewers can annotate documents via the DaFIS DS **Transaction Listing (2)** report, outside the General Ledger Review System.

Now that you have created reviewers, use this screen to create plans and assign primary reviewers.

Creating Plans

The plans section of the **Create/Edit Review Plans** screen will change depending upon what is highlighted in the **Plans** box. The first time you go into this screen, you will not have any plans and (New) will be highlighted. To create a new plan:

1. Make sure (New) is highlighted in the **Plans** box. You should now see the **Create** button on the right.

Plans:

Create

2. Click on the **Create** button to access the Plan Setup screen.

3. Enter a name for your new plan.

Plan Name:

4. Select a Primary Reviewer for the new plan by clicking the **Primary Reviewer** drop-down arrow.

Primary Reviewer:	James Seibert (JOBFREE) ▾
Review Method:	James Seibert (JOBFREE)
Review Type:	John Gregg (JVGREGG)
	Lia Scott (LIASCOTT)
	Maria Saldana-Seibert (MSALDANA)
	Reina Dela Cruz (REINDROP)
	Norman Chapman (NECHAPMA)

5. Select a **Review Type** for your new plan. The default setting is seen here, but can be changed. See page 3 for an explanation of review types.

Review Type:	<input checked="" type="radio"/> Full Review <input type="radio"/> Statistical Sampling
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6. The plan defaults to Auto-Annotator being turned on. If you don't want to use Auto-Annotator, turn it off by clicking the box. See page 4 for an explanation of auto-annotation.

Use Auto-Annotator:	<input type="checkbox"/> No
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7. The next step is to add accounts and/or organizations to your plan.

When you are creating a new plan, there will be no accounts in the **Plan Accounts** box. If your organization is large, the system may take a few minutes to load all of your accounts into the **All Accounts** box. Wait for the hourglass to disappear.

Plan Accounts	All Accounts	Plan Accounts
	ACCT 2661200 2661700 2672500 6620001 6620002 6620004 6620006 6620011 6620012	

You can select accounts to include in your plan by clicking on an organization or an account in the **All Accounts** box. This will move the account(s) to the **Plan Accounts** box and gray out the selected account(s) in the **All Accounts** box.

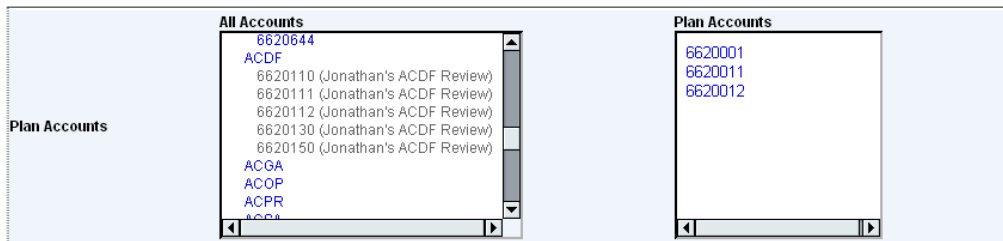
Plan Accounts	All Accounts	Plan Accounts
	2672500 6620001 (New Plan) 6620002 6620004 6620006 6620011 (New Plan) 6620012 (New Plan) 6620013 6620016 6620017	6620001 6620011 6620012

If you select an organization, you will receive the following option:

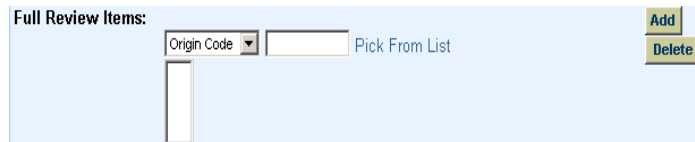


The accounts moved into the **Plan Accounts** box will be based upon your selection. You can remove accounts from the plan by clicking on them in the **Plan Accounts** box.

In the **All Accounts** box, accounts already assigned to a plan are grayed out and the plan to which they belong is noted in parentheses. If you are editing a plan and want to move an account from one plan to another, you have to deselect the account from the first plan, then open the second plan and add the account to it.



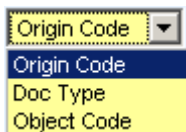
8. If you have selected statistical sampling, you can select items that will *always* be subject to full review. See below for information on excluding items from statistical sampling.



This option *only* appears if “Statistical Sampling” is selected as the review type. The purpose of this option is to exclude transactions from statistical sampling that are likely to be invalid or that should be reviewed more closely (e.g., service department billings).

When you complete your review, the system will check the percentage of invalid transactions. If the invalid-to-valid ratio is higher than the 3% allowable limit set by Accounting & Financial Services, the system will require a full review of all transactions before allowing finalization. Excluding origin codes, document types and/or object codes you know to be troublesome will enable successful use of statistical sampling.

Click on the drop-down to select your criteria. There are three options:

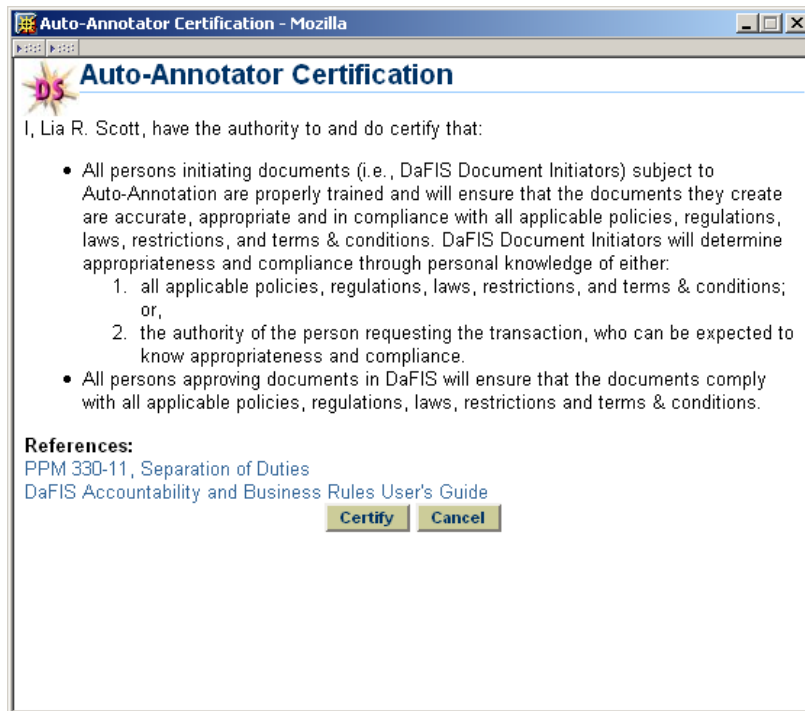


Once you have selected the type of filter, enter the specific criteria in the text field, and click **Add** to include it on your list. In our example, we have asked that all **Current Budget (CB)** documents and Bookstore Recharges be subject to a full review.

9. Add any notes that you want to keep about your new plan. The counter in the lower right corner shows how many of the available characters have been used. You should now have completed all fields on the screen.
10. Review your fields for correct and complete information, then click **Save** to create your plan.

Enabling Auto-Annotation

If you select auto-annotation when creating or updating your plan, you will receive the following screen after you click **Save**:



As plan manager, you are responsible for ensuring that all those involved in the processing of DaFIS documents are properly trained to perform their assigned duties. If you are willing to accept this responsibility, then click **Certify**. If you are not willing to certify the statements on the screen, then click **Cancel**, which results in your not being able to use auto-annotation on

the plan. You may, however, still use annotation and statistical sampling. Transactions not qualifying for auto-annotation must be reviewed by someone other than the person approving the transaction (PPM 330-11: <http://manuals.ucdavis.edu/PPM/330/330-11.htm>).

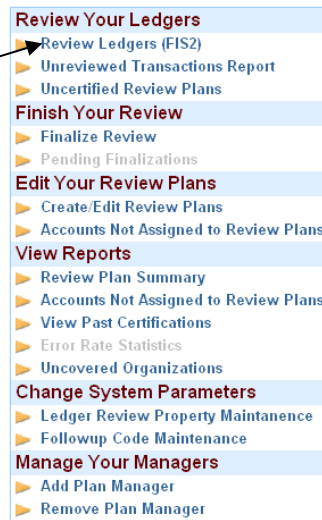
REVIEW LEDGERS

Review of the general ledger meets campus policy requirements and provides accurate information for further financial analysis to occur at higher levels of the department, division, school, college, and vice chancellor-administration. The GL Review process is only designed to verify the validity of charges and credits to your accounts.

Electronic Review

- The following steps show how to review the ledgers for fiscal periods that are closed. To review fiscal periods that are open, go directly to the DS **Transaction Listing (2)** query (see **Tip** on page 13 for more information).

1. Click on the **Review Ledgers** link on the **Ledger Review** menu. This will take you to the **Start Ledger Review** screen



Start Ledger Review

DaFIS Decision Support >> Ledger Review >> Start Ledger Review

Organization:	3-ACCT	ACCOUNTING & FINANCIAL SVCS
Fiscal Period:	August, 2004	
Review Plan:	A&FS Business Office	<input type="button" value="View Plan"/>
Account (optional):	<input type="text"/>	
<input type="button" value="Continue"/>		<input type="button" value="Return"/>

2. Select the organization for which you will be doing the review. This list is determined by the organizations to which you have been granted access as a

Organization:	3-ACCT
Fiscal Period:	3-ACCT
	3-ACDF

plan manager or reviewer.

3. Select the Fiscal Period you want to review. This list only includes closed periods. Click on the down arrow to see all available periods.

The screenshot shows a web form with the following fields and options:

- Organization:** 3-ACCT (dropdown) ACCOUNTING & FINANCIAL SVCS
- Fiscal Period:** September, 2008 (dropdown)
- Review Plan:** Paper plan (dropdown)
- Account (optional):** Paper plan, Class demo, Accounting's grand plan, Having a blast, Jim's plan, Unassigned Accounts Sep-2008, Unassigned Accounts Sep-2008 (dropdown)

Below the form, there is a link: "Need help with Additional res... page. to site."

4. Select the plan you want to review. If you are unsure of the details of the plan, click .

The screenshot shows a web form with the following fields and options:

- Review Plan:** A&FS Business Office (dropdown)
- Account (optional):** A&FS Business Office, A&FS Cashier's Office (dropdown)

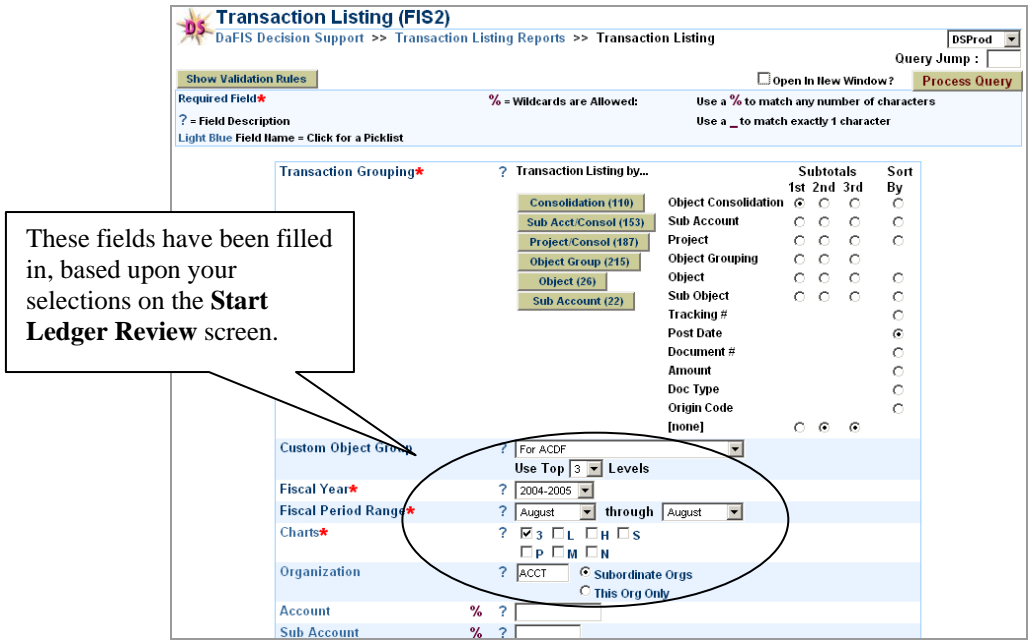
5. You can select a specific account as well, but this is optional. **Note:** If your plan has more accounts than the maximum displayed in the list, your specific account may not show.

The screenshot shows a web form with the following field and options:

- Account (optional):** (empty dropdown menu)

6. Click to proceed to your review.

This will take you to the **Transaction Listing (2)** query, with several fields filled in for you. You can run the query at this point, which is recommended until you become comfortable with this tool. Later, you can try adding criteria to customize your report. For example, you might specify a single account from your plan.



Tip: Entering the **Transaction Listing** through the GL Review System will enable the Annotator Tool automatically. However, if you want to review ledgers for a period that hasn't closed yet, or if you'd rather just access the ledgers from outside the GL Review System, you must go directly to the 2 query. When going directly to the 2 query, you'll need to make the following changes to annotate your ledgers:




- The fiscal year and fiscal period default to Current. Change those fields if you want to view closed ledgers.
- Fill in the field for the organization or the account.
- Click **Enable Annotations** on the criteria input page.





















An additional feature is **Show Notes** which returns the results with all annotation notes visible.

Others tips for using the FIS2 report in your annotation include:










- Click **Document Summarization** to annotate by document, rather than by line item. Annotating on a summarized document line will never annotate transactions on other accounts.
- Auto-Annotation is recorded nightly for transactions under review plans where Auto-annotation was selected
- Click **Show Notes** to see notes attached to each document or line item.
- If you select **Include Payroll Detail**, the annotator will be turned off because payroll is excluded from online annotation and review. Payroll is reviewed and certified offline. Please see Best Practices on page 24 for reviewing payroll. Indirect costs are also excluded from annotation and review. Annotation and review of encumbrances are optional.

The resulting report will look much like the usual Transaction Listing, with the following exceptions:

   These icons will appear at the beginning of every transaction line. They are used in the review process, as follows:

-  Click on this icon to mark the record as a valid transaction. This will highlight the line and mark the square as .
-  Click on this icon to mark the record as an invalid transaction.
-  or  Click on this icon to add a note, or read notes already attached. When lines appear on the icon, it indicates that a note has been attached to that record.
-  or  When the  appears, it indicates the transaction is valid. When the  appears, it indicates that the transaction is invalid and marked with a problem. The  indicates a corrected transaction. The  generally arises when an entry has been marked valid, but still requires follow-up (e.g., it is missing a sub-account). The  indicates it is a completely valid transaction or document, validated via auto-annotation.
-  or  When the  appears, it indicates the transaction is invalid and marked with a problem. The  indicates a corrected transaction. The  generally arises when an entry has been marked valid, but still requires follow-up (e.g., it is missing a sub-account). The  indicates it is a completely valid transaction or document, validated via auto-annotation.
-  The  indicates it is a completely valid transaction or document, validated via auto-annotation.


The following legend appears at the bottom of the report to remind you of the meaning of the icons:

Ledger Review Icon Legend	
	Mark the adjacent transaction as valid.
	Mark the adjacent transaction as invalid, set a followup action, or mark as corrected.
	Unreviewed transaction/Document with no notes
	Transaction/Document with notes attached to it.
	Completely valid transaction or document.
	Completely valid transaction or document. Validated via auto-annotation.
	Valid/unreviewed transaction requiring follow-up.
	Completely invalid transaction or document.
	Corrected transaction (follow-up has been completed)

Transactions with a light blue background require review for certification of the review plan containing these accounts.

As you move your mouse, you’ll notice the lines are highlighted in yellow.

A single left click on a line while it is highlighted in yellow will place a permanent highlight in green. This feature is useful as a placeholder when you are looking for a related document or line item. The green highlight can be removed by a single left click on that line. The green highlight remains only for the current session; it is not retained in future sessions.

Items needing review are highlighted with a rose colored background. **Note:** If you have chosen Auto-Annotation, qualifying transactions will be marked as valid .


The GL Review System ensures appropriate separation of duties by restricting the ability to annotate transactions to appropriate reviewers:

- If the reviewer was also the final organizational approver, the reviewer will not be allowed to annotate the document or line item. The following note will be displayed, “You have already approved this document and, therefore, cannot validate this transaction.”


Marking a Document or Line Item Valid


To consider a document or line item as valid, the reviewer must determine if the following criteria related to the document or line item exist:

- Properly authorized
- Allocated to proper account
- Supported by proper documentation
- Allowable per laws, regulations, agreements, and university policy
- Goods or services have been received

If the reviewer is sure the above criteria exist, they can click on the  icon. This will change the transaction status to Valid, and the icon to . If the transaction has been automatically annotated, the icon will change to A.

Marking a Document or Line Item Invalid

If the reviewer determines that the transaction does not meet the criteria previously indicated for a valid transaction, they should click on the  icon to mark the transaction invalid.

1. Clicking on the  icon for a transaction will open the following screen:

', and a 'Note:' text area. At the bottom are 'Save' and 'Cancel' buttons."/>




2. You must select a follow-up code from the drop-down list:

- This will create a default note, which you can add to or override.

Note:	Move to Different Account
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- The default status will be “Invalid.”



New Status:	<input type="radio"/> Valid <input checked="" type="radio"/> Invalid
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


- Click  to complete the process. This will take you back to the report. The box icon for that transaction line will now appear as .
- You can later return to the transaction and change this to “Corrected” when the appropriate follow-up has been done, but you don’t have to. When you do so, the “corrected transaction” icon () will be displayed.


Marking a Line Item for Follow-Up

If the reviewer determines that an item needs follow-up, follow the steps above for invalid transactions. The follow-up code chosen will determine which option is appropriate in the **New Status** field. For example, if a transaction is in the wrong sub-account, mark the item as invalid, then select the follow-up code for “Move within Account”. The **New Status** field will change to Valid. The ledger will then show a ?.

Adding a Note

You can add notes to any line items by clicking on  or  for the transaction.

Clicking on the ,  or  icon will open the **Review Transaction** screen:

Any previously created notes will be displayed, along with the date of the note and the name and User ID of the person who created the note. Add a note by typing your text in the box, and clicking on .

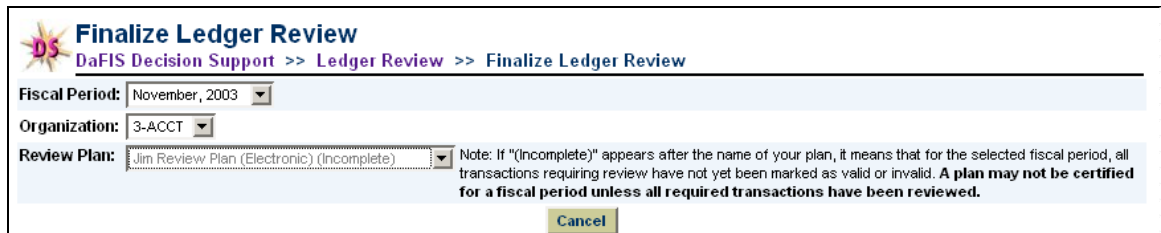
FINALIZE REVIEW

Once the review has been completed, you are ready to finalize the review process.

1. From the **Ledger Review** menu, click on the **Finalize Review** link.

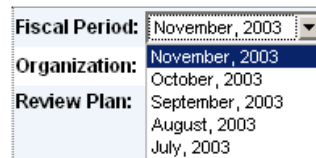


2. This will take you to the **Finalize Ledger Review** screen:



3. Select a Fiscal Period to be finalized. Only those fiscal periods that have not been finalized will be displayed.

Note: A fiscal period cannot be finalized until the ledger for that period has been closed.



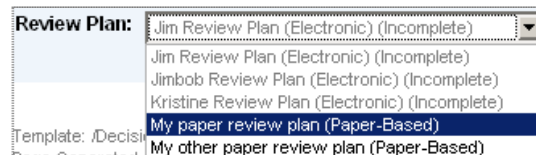
- The default fiscal period will be the latest closed period available (which will never be “current”). You must create or edit a review plan before the monthly ledger closes in order for the accounts to be available for review and annotation for that month. Only those fiscal periods that were processed for a given review plan will be available for final review. For example, a review plan created in August will not have any certifiable fiscal periods prior to the August fiscal period.

4. Select an Organization whose plan(s) you want to finalize.



- The choices that appear are based upon the organizations for which you have been established as a primary reviewer.

5. Select a Review Plan to finalize.



- Only those plans where all transactions have been annotated as valid or corrected (or are within the accepted error rate) will be available for selection. Notice that several plans above have (Incomplete) at the end of their title.

6. Click **Continue** to proceed to the certification page.

7. Carefully read the screen to be sure you are finalizing the correct plan.

8. Click **Certify** to certify the validity of the charges and credits against the plan accounts.

This will take you to the **Certification Review** screen:

Certification ID	Review Plan	Review Method	Population Size	Num Accts Certified	Certifier
3	My other paper review plan	Paper-Based	67	3	Lia R. Scott

Clicking on the Certification ID will take you back to the **Certification Form**, and offer you the option to print by clicking the **Print** button.

GENERAL LEDGER REVIEW REPORTS

The reports for the General Ledger Review module are:

- **Unreviewed Transactions Report**
- **Uncertified Review Plans**
- **Accounts Not Assigned to Review Plans**
- **Review Plan Summary**
- **View Past Certifications**

Unreviewed Transactions Report

This report gives you a list of all transactions in a review plan, organization or account(s) that have not been annotated. You can annotate these transactions directly from this report.

- To look at the unreviewed transactions in a *review plan* you have set up, choose the organization, fiscal period and review plan from the drop down fields.
- To look at the unreviewed transactions for an entire organization, enter the Chart and Organization. This will override the criteria in the first three lines.
- To look at the unreviewed transactions for one account, complete the **Account** field.

You also have the option to see *all* the transactions, rather than just the unreviewed transactions. You can also request only the transactions that need correcting. This option gives you all the transactions that are marked valid or unreviewed that require follow-up.

This report does not summarize by document, but if you annotate the document thumbs-up or thumbs-down all the lines underneath will also annotate.

Uncertified Review Plans

This report provides a list of plans where the certification has not been done. You can choose the fiscal year, chart and organization to view. You can look at the unreviewed transactions by clicking on the blue highlighted numbers in the “# Unreviewed” column. This gives you the **Unreviewed Transactions Report** where you can annotate transactions.

Accounts Not Assigned to Review Plans

This report shows a list of accounts that are not assigned to a review plan. Accounts that are not assigned to a review plan show up in your “Unassigned” review plan, but if you want to look at a list of those accounts this report will produce that list.

Review Plan Summary

This report gives a list of your organization’s review plans, based on the organization code you specify. It is a comprehensive list of each plan including plan manager, reviewers, primary reviewer, review method, review type, use of auto-annotation and/or statistical sampling and accounts in that plan. You can include unassigned accounts by clicking on the **Include Unassigned Accounts** box.

View Past Certifications

This report displays a list of all past certifications by fiscal period and organization.

TROUBLESHOOTING

Problem	Cause	Solution
<p>I created and reviewed my plans, but they are not available to select for finalization.</p>	<p>You have probably created your plans after the monthly close process has occurred.</p>	<p>Wait until the monthly close process is run for the current fiscal period (i.e., early next month). At that time you will be able to finalize your review for the current fiscal period (i.e., month just closed). You will not be able to finalize the plan for any fiscal period prior to the one in which it was created.</p>
<p>I updated my plan to include Auto-Annotation, but when I run the report none of the transactions are annotated.</p>	<p>There are three possible causes:</p> <ol style="list-style-type: none"> 1. The Auto-Annotation will only affect any transactions that are approved after the nightly update on the day you selected this option. In other words, if you updated the plan on Tuesday, annotations will appear for qualifying transactions approved on Wednesday or later. 2. The account, document initiator, and approver are not in the same organizational hierarchy. 3. A document was changed during routing (see page 4 for specific fields). 	<p>Corresponding solutions:</p> <ol style="list-style-type: none"> 1. You will have to review all the transactions prior to the time you updated the plan. You should see the annotations on all qualifying transactions beginning the following day. 2. The organization for the account, initiator, or approver must be updated so that they are all in the same organizational hierarchy. 3. Do not change the applicable fields during routing (see page 4 for details)
<p>I don't see the Prev Month and Next Month links on my report.</p>	<p>When you access your ledger from the GL Review menu, the system sends period specific information, so these links are not available.</p>	<p>Enter the FIS 2 from either the DS home page or the query jump feature. If accessed this way, the report will include the links, even with ledger review activated.</p>

BEST PRACTICES

Ledger review ensures charges and credits on the ledger are valid. The following checklists are presented to assist reviewers in determining the validity of charges and credits for extramural funds and payroll transactions. In addition to ledger review, individuals responsible for financial management of accounts also need to monitor and evaluate financial data. Some best practices for performing account analysis are also listed below.

Plan Setup

- Keep it simple when starting out.
- Your department has the option of having a single Plan Manager (PM) that is responsible for setting up and changing all plans or each reviewer can be their own Plan Manager.
- If you have one PM responsible for all plans, this PM is the only person that can make changes to existing plans or create new plans. You may want to add another PM.
- It's recommended that you have one plan at your highest level 3 organization (level 1 is the Dean or Vice Chancellor (VC), level 2 is the Assistant Dean or Assistant VC, and level 3 is where most departments start. This makes the maintenance of your plan easier and maximizes the use of statistical sampling.
- If your organization meets the auto-annotation criteria for some of your accounts but not for others, you may want to create more than one plan. For example, maybe your organization meets the criteria for general fund or donation accounts, but not for extramural accounts. Use auto-annotation for your general fund and donation accounts plan and don't use it for your extramural accounts plan.

Auto-Annotation

- Be sure to set up your DaFIS approval process so you can take advantage of auto-annotation. In order for a transaction to auto-annotate there must be two approvals (the initiator counts as an approver) within the same organization or a higher organization and the last approver has not made changes to certain fields (see page 4 for details). Set up a process in your dept to be sure your documents meet these requirements. Ad hoc routing is included in the approval process, so if an Account Manager prepares the document and ad hoc routes it to another DaFIS user who does not make any changes, the document will automatically annotate. If you're going to ad hoc route the document, makes sure it's to an appropriate person; don't ad hoc route it to someone with no knowledge of the transaction.
- Auto-annotation will only work if you have set up your plan selecting "Auto annotation". Only documents processed starting the day after the plan has been set up or later will be auto-annotated.

Annotating while a fiscal period is still open

- You must go directly to DS **Transaction Listing (2)** since open periods are not available using the Ledger Review link in the GL Review System. Remember to fill in the account or organization and mark the **Enable Annotations** box.
- If you are using statistical sampling in your plan, annotate transactions of at least \$2,500 as well as any of the items you specified as Full Review Items in your plan, since you know all

of these transactions need to be reviewed. When the period closes, statistical sampling will determine the remaining items that require review.

- The persons performing the monthly review are often involved in the creation of the transactions they review. Annotation during the month enables reviewers to review transactions while they are still fresh in their minds and before they file the paperwork.

Extramural Funds Transactions

Reviewing Extramural Funds Transactions

- Extramural Funds are funds (not regularly budgeted) received under grants, donations, or contracts from sources outside the university. The reviewer must ensure that charges and credits comply with external regulations or terms and conditions of the agreements.
- Cost transfers must comply with policy (<http://manuals.ucdavis.edu/PPM/330/330-63.htm>). Improper cost transfers may result in disallowances and penalties. Reporting and/or invoicing of agencies is done monthly or quarterly based on general ledger amounts. If agencies are billed for expenses that are then transferred to other accounts, the invoice or report becomes inaccurate. Letters of credit to the federal government are done weekly, biweekly, and monthly based on general ledger amounts. If UC Davis receives credit funds from the federal government and then the expenses are transferred to other accounts, UC Davis will owe interest to the federal government on the excess credit. Also, large swings of financial amounts in specific funds are subject to scrutiny by the federal government.

Checklist for Reviewing Extramural Funds Transactions

- The transaction is allocable to the account to which it is being charged/credited.
- The transaction was authorized by the Principal Investigator or designee who has first hand knowledge of the project or program.
- The transaction complies with the terms & conditions of the agreement.
- The transaction complies with applicable external regulations.
- The object code for this transaction is allowable.
- The transaction is properly classified (i.e., object code is correct)
- If a contract or grant is being closed out, reviews are conducted of all charges (using DS **Object Expenditures by Fiscal Year (256)**), computations of indirect costs, and student fees.
- Principal Investigators are aware of their monthly reports available through DS. This includes DaFIS DS **Balance Summary (1)**, **Transaction Listing (2)**, and PPS DS **Personnel Information – Dist (6)**.

Payroll Transactions

Payroll Ledger Review

- The purpose of reviewing the Payroll Ledgers is to ensure the validity of expenditures for salaries, wages and benefits. Payroll expenditures are the largest category of annual costs comprising more than 60% of annual expenditures. Persons reviewing the Payroll Ledgers should ensure that expenditures represent time worked by valid UC Davis employees and that the amounts are correct and charged to the proper account. Payroll transactions are posted automatically to the General Ledger.
- Payroll transactions do not require annotation using the GL Review System in order for you to certify the accounts in your organization; however, you may annotate them if you choose.

Checklist for Reviewing Payroll Transactions

Print a copy of PPS DS **Distribution of Payroll Expense (104) / PPP 5302** for each of your FAU (Full Accounting Units) as well as PPS DS **Time Benefits Roster (119) / PPP 6401**.

Time Benefits Roster (119) / PPP 6401 – Departments are the office of record for documents supporting leave accrual and usage.

- Review the On-Line Payroll Time Reporting System (OPTRS) Post-Authorization Notifications (PANs) and/or Rosters by Payroll Compute day. Check the Payroll Calendar for the date “Designating the day time files are due to A&FS” (codes B1A, B2A, or MOA). This indicates the date departments should complete their OPTRS payroll entries for the payroll schedule indicated, Biweekly or Monthly.
- Verify that the BEGINNING BALANCE of the current month equals the ENDING BALANCE of the prior month. Investigate and correct any differences.
- Reconcile leave TAKEN to Absence Notice Forms, Time Records or other documentation such as Catastrophic Leave Donation, etc.
- Ensure leave EARNED increases when employees reach longevity anniversaries.
- Ensure variable employees don’t miss reporting deadlines when approaching vacation maximums.
- Review vacation ENDING BALANCES for employees approaching maximum accrual.
- Notify employees who are approaching maximum leave accruals (i.e., NEAR VAC MAX) and advise them to take leave to lower their balances. Remind them that accruals stop once the maximum is reached.
- Review the LOST column - entries are due to maximum accrual being reached. Unless an employee was denied vacation usage due to departmental workload, lost vacation accrual should not be reinstated.
- Verify that Vacation and Compensatory Time Accrued (CTA) balances are zero for employees who have separated from employment. These balances should have either been used or paid out to the employee upon termination of employment.
- Reconcile CTA in the EARNED column with **Overtime Authorization And Time Worked** forms or other approved documents. Use the approved documents to verify that the CTA was preauthorized.

- Reconcile shadow systems, if any, to this report. This report includes reporting in arrears and may be different.
- Sign the Departmental Reviewer's Certification statement at the top of this report and file. To ensure separation of duties, OPTRS primary preparers cannot certify this report.

Distribution of Payroll Expense (119) / PPP 5302

- Keep a list by account of all current employees with their pay rates and the reason for any changes in pay rates during the year.
 - Know about how much your total base pay, overtime, stipends and benefits cost per account per month.
 - Check for timely input of new hires and separations.
 - Ensure that everyone charged to the account should be there.
 - Verify the accounts being charged and the rates of pay to your list of current employees by account; investigate any discrepancies.
 - Check for accounts that should not have been charged.
 - Verify validity of overtime payments.
 - Verify validity of expense transfers.
 - Ensure that the PAY RATE for each employee is approximately current.
- Benefits costs:
 - Ensure VAC hours are reported correctly (especially important on extramural funds).
 - Monitor part-time employees for transition to benefits.
 - Determine if Graduate Students are working more than 25%.
 - Verify that FICA or Safe Harbor is being charged, if applicable.
 - Look for month-to-month consistency in benefits charges.
 - Are there any significant changes in the benefits costs since last pay period? If so what are they and do they look right?
 - All Vacation Accrual benefit calculations are based on Leave codes entered by departments. Departments are responsible for ensuring that correct codes are applied. Mandatory Reviewers should be ensuring proper codes are entered.
 - Verify student fee payments are being charged.
 - Certification of the **Distribution of Payroll Expense (119) / PPP 5302:**
 - Certifier/reviewer signs the report.

Account Analysis and Financial Management

Monitoring and Evaluating Financial Data

- The purpose of account analysis is to ensure the accuracy of financial information, to ensure compliance with appropriate policies and procedures, to catch errors and mistakes, and to discover changes in expectations in time to make adjustments.
- Financial managers should ensure monthly financial reports accurately represent the financial status of the unit or contract and grant. Some prominent risks financial managers need to be watchful for are:
 - Overdrawn accounts
 - Purchases of goods and services that are inconsistent with account activity and purpose
 - Errors that have occurred during the transmission of information from subsidiary systems to DaFIS for recharges or interdepartmental billing
- In addition, financial managers of extramural accounts must be vigilant for charges to federally sponsored projects that are in violation of OMB Circular A-21 (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html), purchase of goods or services that are in violation of specific contracts and grant agreements, payroll charges for individuals not working on contracts and grants, and impending or elapsed project ending dates
- Financial managers have several tools at their disposal to assist them in monitoring and evaluating financial data. Some tools include¹:
 - Reasonability testing
 - Trend analysis
 - Year-end balance projection
- When significant deviations are determined, financial managers should document and take corrective action. Some possible actions are¹:
 - Revise budget to reflect changing business conditions
 - Change or eliminate activities
 - Obtain additional funding

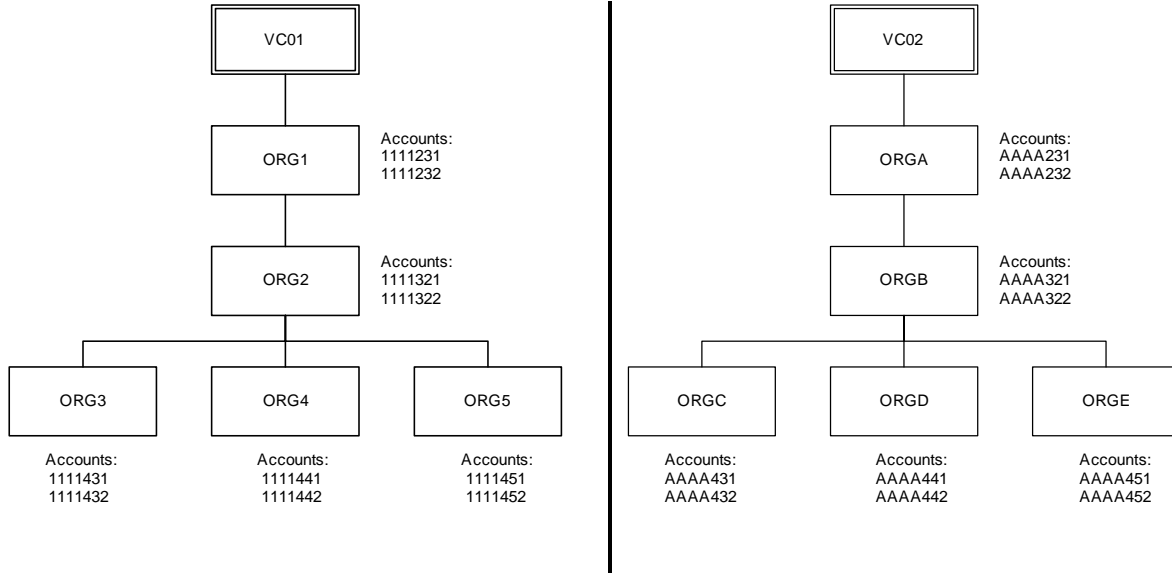
¹ Extracted from the handout for the Financial Management class offered through Staff Development.

- Modify goals and objectives
 - Correct transaction errors
 - Implement new control procedures
 - Document managerial decisions that depart from the budget
- Individuals responsible for financial management of accounts are strongly encouraged to attend the **Financial Management** class offered by Staff Development and Professional Services (SDPS). This class contains much more comprehensive information on account analysis and financial management. A class on **Budget Concepts for Financial Managers** is also available through SDPS.

APPENDIX A - AUTO-ANNOTATION EXAMPLES

TRANSACTION EXAMPLES

We'll use the following organizations and accounts in our examples:



For each of these examples, decide whether the transactions noted below would be auto-annotated. If there is more than one transaction line listed for a document, decide if some might be auto-annotated, and others would not be. You will find the answers following these examples.

Example 1 – Vendor Invoice (VI) to Sun Systems, document 01-007309001

Item Num	Acct Line	Account	Sub	Object	Sub	Project	Ref	Tax	Discount	Amount	
1	1	3-1111321	SRVCE	7231	---	-----		A	0.00	1,151.28	
2	1	3-1111321	SRVCE	7231	---	-----		A	0.00	2,134.08	
Document Approvers:		JIMBOB (initiator)					ORG4				
		GOODDOG (account manager 1111321) – made no changes to the document					ORG2				
		FOZZY (AP approver)					ACCT				

Example 2 – Vendor Invoice (VI) to CDW, document 01-007316008

Item Num	Acct Line	Account	Sub	Object	Sub	Project	Ref	Tax	Discount	Amount	
1	1	3-1111442	----	8001	---	-----		A	0.00	191.97	
2	1	3-1111431	----	8001	---	-----		A	0.00	257.38	
Document Approvers:		JIMBOB (initiator, and account mgr for 1111442)					ORG4				
		JOBFREE (account manager for 1111431) – made no changes to the document					ORG3				
		FOZZY (AP approver)					ACCT				

Example 3 – Interdepartmental Bill (IB) for November’s alarm system monitoring, document 01-007317308

Acct Line	Account	Sub	Object	Sub	Project	Ref	Amount	
1 (Recharges)	3-AAAA441	----	3900	---	-----		60.00 (credit)	
1 (Expense)	3-1111442	----	7315	---	-----		20.00 (charge)	
2 (Expense)	3-1111431	----	7315	---	-----		20.00 (charge)	
3 (Expense)	3-1111321	----	7315	---	-----		20.00 (charge)	
Document Approvers:		KMCARPEN (initiator, and acct mgr for AAAA441)					ORGD	
		JOBFREE (account manager for 1111431) – made no changes to the document					ORG3	
		JIMBOB (initiator, and account mgr for 1111442) – made no changes to the document					ORG4	
		GOODDOG (account manager for 1111321) – made no changes to the document					ORG2	

ANSWERS

Example 1

Answer: Yes.

Why: This document is pretty straight forward. The initiator and the account manager are both in the same organizational hierarchy. The same account is on both account lines for this document.

Example 2

Answer: No

Why: There is only one document approver within organization ORG4 for the first line item charged to account 1111442. JIMBOB is both the initiator *and* the account manager. Finally, the approval of FOZZY does not count for auto-annotation, since this document approver is not in the same organizational hierarchy as the account being charged.

For the second line item charged to account 1111431, two separate document approvers, JIMBOB and JOBFREE, approved the transaction charged to that account; however, they are not in the same organizational hierarchy. JIMBOB is in ORG4 and JOBFREE is in ORG3, which are parallel organizations.

Recommendations: In order to have made these transaction lines auto-annotated, either user could have ad hoc routed the document to someone else in their hierarchy, such as GOODDOG, for approval.

Example 3

Answer: No

Why: In this case, you have three document approvers within the same organizational hierarchy approving the documents for their individual accounts. The initiator's approval does not count toward auto-annotation, since they are not in the same hierarchy.

Recommendations: In the case of IB documents, it is not likely they will ever qualify for auto-annotation. One option would be for an account manager to ad hoc route the document to another DaFIS user in their organization hierarchy for approval. Note: If your department has a review hierarchy for approval in place (i.e., an organization to whom you report, either directly or indirectly, there isn't a need to ad hoc route). If no changes were made to the line item, auto-annotation would apply. However, the ad hoc routing process would likely delay the approval process, which could result in auto-approval of the document; therefore, *this solution is not recommended for IB documents*. The other option is to perform a full or statistical review and annotate the required line items individually.

APPENDIX B - THE LEDGER REVIEW MENU

The following illustration shows all possible menu options for the **Ledger Review** menu. Not all options will be available to all users. The table below describes each option and which users will have access to it. Menu options that are restricted to system administrators (i.e., certain Accounting staff) are not described in the table.

 **Ledger Review**

DaFIS Decision Support >> Ledger Review

▶ Review Ledgers	▶ Unreviewed Transactions Report
▶ Finalize Review	▶ Pending Finalizations
▶ Create/Edit Review Plans	▶ Accounts Not Assigned to Review Plans
▶ Ledger Review Property Maintenance	▶ Error Rate Statistics
▶ Uncertified Review Plans	▶ View Past Certifications
▶ Followup Code Maintenance	▶ Uncovered Organizations
▶ Add Plan Manager	▶ Remove Plan Manager

Menu Option	Description/Use	Reviewer	Plan Mgr
Review Ledgers	Takes you to the selection screen for ledger review.	✓	✓
Finalize Review	Takes you to the selection screen for final ledger certification.	✓	✓
Create/Edit Review Plans	Takes you to the screen where reviewers are added and plans are managed.		✓
Uncertified Review Plans	Takes you to a list of the plans that are still pending review certification.	✓	✓
Add Plan Manager	Provides a way to assign a Plan Manager.	✓	✓
Unreviewed Transactions Report	Takes you to a lookup screen for unreviewed transactions in your organization(s).	✓	✓
Pending Finalizations	Activates if a finalization requires more than one certification, and you are required to certify any. Used for paper based review plans (being phased out).	✓	✓
Accounts Not Assigned to Review Plans	Allows you to look up accounts in your organization structure that are not yet assigned to a plan.		✓
View Past Certifications	Allows you to lookup any past certifications in the system.	✓	✓
Remove Plan Manager	Provides a utility to remove Plan Manager status from a user.	✓	✓
Review Plan Summary	Gives a list of all the review plans for your organization.		✓

APPENDIX C – GLOSSARY

Accountability	An obligation or willingness to accept responsibility or to furnish a justifying analysis or explanation for one's actions.
Annotation	Selection of an icon appearing on the DaFIS DS Transaction Listing (2) report indicating the validity of the charge or credit. Payroll and indirect costs are excluded from annotation and review.
Auto-Annotation	A system-generated annotation that usually occurs when separation of duties requirements are met within DaFIS (e.g., the document initiator and approver are not the same person and the document has not been significantly modified in routing). Certain documents are always auto-annotated when separation of duties requirements are met while others are auto-annotated only under certain conditions. See page 4 for the list of criteria.
Approval Authority	The authority, either by virtue of a person's appointment as department head or by redelegation to departmental representatives, to formally give permission to process a transaction. Account managers may or may not be the ultimate approval authority for a transaction. In cases where the account manager is not the ultimate approval authority, formal authorization for a transaction must be documented. See PPM 330-10 (http://manuals.ucdavis.edu/PPM/330/330-10.htm).
Certification	An official document or other indication testifying that the DaFIS DS Transaction Listing (2) has been reviewed to determine the validity of charges and credits.
Certification Log	Form used to certify that ledgers have been reviewed. It has been replaced by electronic certification.
Certifier	Person who certifies that charges and credits are valid.

Document Initiator	Individual who is expected to prepare transactions accurately and appropriately, in compliance with policies and procedures.
Document Approver	Individual who reviews documents for compliance with university policies and procedures and then approves or disapproves. By approving documents the approver is saying the ledger is accurate.
Electronic Review	A method that allows online ledger review, utilizing annotation, auto-annotation, statistical sampling, and electronic certification.
Finalization	A process performed by the Primary Reviewer; it indicates that the monthly review is complete.
General Ledger Reviewer	Individual who performs the monthly review of the charges and credits in the general ledger. Upon completion of the review the reviewer is confirming that all charges or credits are either valid or will be corrected.
Ledger Review	A monthly check of the DaFIS DS Transaction Listing (2) and either the Distribution of Payroll Expense (104) or PPP 5302 to determine and certify the validity of charges and credits.
Ledger Reviewer	See General Ledger Reviewer
Plan Manager	Person who assigns and maintains review plans.
Plan Population	The process by which organizations and accounts are grouped based upon the plans created. This is a monthly process, run when the ledger closes. Plans can be reviewed prior to population by running the DaFIS DS Transaction Listing (2) query and enabling the annotation tool. When the population is created at the end of the period, those transactions previously annotated will remain annotated.
Primary Reviewer	Ledger Reviewer assigned responsibility for a review plan by the Plan Manager. They are responsible for finalization of their review plans and may share responsibility with other reviewers for performing the monthly review.
Review Plan	A review plan is created by the Plan Manager to assign responsibility for performing ledger

	<p>reviews. The review plan assigns accounts to reviewers who are responsible for completing the ledger reviews. An organization may create more than one review plan.</p>
Reviewer	<p>See General Ledger Reviewer</p>
Separation of Duties	<p>No one person shall have complete control over any financial transaction, and each person's work should routinely serve as a complementary check on another's work.</p>
Statistical Sampling	<p>A method of general ledger review whereby a random sample of all low-value transactions (i.e., transactions less than \$2,500) are required to be reviewed and validated in order to certify the ledger. The rate of invalid charges and credits must be within established tolerances in order for this method to be acceptable.</p>
Valid Transaction	<p>It is authorized; allocated to proper chart, account, and object; supported by proper documentation; allowable per laws, regulations, agreements, and university policy; and goods or services have been received.</p>

RESOURCES

- DaFIS Help Desk: <http://dafis.ucdavis.edu/gethelp/whatprob.cfm>
- GL Review FAQ: <https://dafisds.ucdavis.edu/DecisionSupport/help/glfaq.cfm>
- DaFIS Decision Support Help: <https://dafisds.ucdavis.edu/DecisionSupport/help/>
- Departmental Risk Self-Assessment tool: <http://accounting.ucdavis.edu/Controls/>.
- UCD Policy and Procedure Manual sections:
 - 330-11 – Departmental Financial Administrative Controls and Separation of Duties: <http://manuals.ucdavis.edu/ppm/330/330-11.htm>
 - 330-63 – Expenditure Adjustments (Cost Transfers): <http://manuals.ucdavis.edu/ppm/330/330-63.htm>
 - 320-10 - Records and Archives: <http://manuals.ucdavis.edu/PPM/320/320-10.htm>
 - UC Records Disposition Schedules Manual: <http://www.policies.uci.edu/adm/records/721-11a.html>
- OMB Circulars (A-21, A-110, etc.): <http://www.whitehouse.gov/omb/circulars/index.html>

