

Cost Center/Project Review Policy

Section: VII: Financial Services

Chapter: 5

Date Updated: February 26, 2018

In accordance with [UTS 142.1](#), all cost center/project administrators are required to review the cost center/project for which they have signature authority on a monthly basis. This process assures University administration and external parties that fiscal resources are monitored and maintained in accordance with University Policies and Procedures.

The cost center/project administrator may designate another individual to prepare the documentation for the review process as long as there is a separation of duties between the preparation/review and the approval function. Cost center/project administrators may not delegate the fiduciary responsibility for University assets to another individual; however, they may delegate the review function to another full-time staff managerial position.

The review function consists of examining supporting documentation and the actual charges against the cost center/project. Discrepancies should be resolved within 60 days after their identification. The administrator or designee should follow up to ensure all the corrections have been made and recorded.

5.1 Review Procedures Documentation

As the departments expend funds from their cost center/project, they will issue different types of documentation. These include purchase orders, Purchase Requisitions, PRO Card transactions, vouchers payable, employee assignment documents, etc. These documents are the authorization to charge expenses against the departmental cost center/project. These documents comprise the bulk of the support documentation required for the cost center/project review process.

The first step of the review process is to compare the previous month's ending balance to the current month's beginning balance. This check ensures that the correct balances are reflected from one month to the next.

Evidence of verification of individual expenses is required as part of the review. At a minimum, the reviewer must indicate review of each individual line item. Both the reviewer and approver must sign off on the reconciliation. Documentation should be retained and kept available to serve as back-up for charges made on departmental accounts.

The required support documentation will vary according to the type of cost center/project that is being reviewed. Listed below are the various types of budgetary accounts, and (a) what can be construed as adequate documentation for each, and (b) a brief description of the review procedure.

5.2 Salaried Cost Center/Project

- a. After the beginning of the fiscal year, the cost center/project will not have any supporting documentation for review. Only a disencumbrance and expenditure will be reflected on the statement of account. The reviewer should not see much activity for "salary" accounts as those remain relatively fixed throughout the year and reflected in the budget. However, any changes should be for authorized pay changes and new assignments. When a new position or a new hire for an existing position is filled, the supporting documentation normally includes the HRAC Form with supporting documentation, (such as an authorization memo).
- b. The cost center/project administrator or designee should review the expenditures to verify reasonableness, the names of individuals receiving payments and their employment status, if the amounts paid are correct, if a name which should be included in the statement is missing, if additional research is required, etc. The payment of wages is triggered by approved wage rates and hours of work reported in the time sheet, which should also be checked for reasonableness.

5.3 Fringe Benefit Cost Center/Project

- a. No supporting documentation required for review. These cost center/projects are centrally controlled, and charges are made monthly based on selections by the individual employee. All fringe benefit expenditures charged to the cost center/project are separated by account and represent a total for all fringe benefits for all employees for the entire month. However, in the rare circumstance that the incorrect fringe benefit account has been assessed, the Budget Office must be notified for correction.
- b. The cost center/project administrator or designee should review for reasonableness. There should be little fluctuation from month to month, unless there are numerous appointment document changes. On a monthly basis, each fringe benefit cost center/project will normally have an encumbrance (based on appointment documents) and a disencumbrance processed against the cost center/project. These transactions freeze and unfreeze the availability of funds, based on an estimated fringe cost.

5.4 Wage Cost Center/Project

- a. Daily Time Record (which is the supporting documentation for the Timesheet that was processed for payment.)
- b. The cost center/project administrator or designee should review each wage payment on a one-to-one basis. The charge against the account should match the daily time record for number of

hours processed. The cost center/project administrator should test the reasonableness of the charge for work-study accounts by performing a calculation to ensure the correct percentage charge.

5.5 Operating Cost Center/Project

- a. Generally, supporting documentation would include copies of purchase requisitions, purchase orders, vouchers payable with receipt copies, IDT's and associated purchase requisitions and Pro Card transaction logs with receipts.
- b. The cost center/project administrator or designee should review on a one-to-one basis, identify all reconciling items and follow up to ensure correctness within 60 days or before fiscal year end of 08/31, whichever is sooner.