

Texas A&M AgriLife Extension Service Procedures

21.01.01.X0.02 | Accounting Procedures for Unit Fiscal Record Keeping (Reconciliation/Verification Process)

Revised: January 17, 2018

Next Scheduled Review: January 17, 2023

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PROCEDURE STATEMENT

Fiscal record keeping for Texas A&M AgriLife Extension Service (AgriLife Extension) is predominantly conducted in a decentralized manner. The unit head or designee is responsible for maintaining proper unit fiscal records for all accounts belonging to his/her unit. These records shall be reconciled/verified regularly. Discrepancies should be resolved as soon as possible. This process ensures fiscal resources are monitored and maintained in accordance with Texas A&M University System (A&M System) regulations and policies, as well as AgriLife Extension rules and procedures; that transactions are processed correctly; and expenditures and/or encumbrances do not exceed budget allocations. Units shall maintain proper unit fiscal records in accordance with record retention schedules.

REASON FOR PROCEDURE

This procedure provides guidance to AgriLife Extension units on the reconciliation/verification processes needed to ensure compliance with directives on fiscal management.

PROCEDURES AND RESPONSIBILITIES

1.0 UNIT BOOKKEEPING

Requirements are based on the type of Unit Fiscal Records System used:

- 1.1 Secondary Bookkeeping Systems require monthly reconciliations to the Financial Accounting and Management System (FAMIS).
- 1.2 Check Register/Transaction Log Systems require monthly verifications to FAMIS.
- 1.3 File Systems require monthly verifications to FAMIS.

2.0 PREPARER RESPONSIBILITIES

The following are the minimum responsibilities for the preparer of a reconciliation/verification:

- 2.1 Reconcile the month end balance in FAMIS to the month end balance of the Secondary Bookkeeping System. This is required for Secondary Bookkeeping System.
- 2.2 Verify that all transactions recorded in FAMIS for a given month are appropriate and accurate. Document any outstanding items and actions to correct.
- 2.3 Verify that all transactions recorded in the Unit's Fiscal Record System are also recorded in FAMIS. Document any outstanding items and actions to correct.
- 2.4 Review outstanding items from previous months and determine that they have been resolved. Document actions needed to resolve.

- 2.5 Review Unit Financial Obligations for validity and adjust if appropriate.
- 2.6 Review Encumbrances/Commitments for validity and adjust if appropriate.
- 2.7 Notify supervisor if there are outstanding items older than 90 days.
- 2.8 Sign and date completed reconciliation/verification.

3.0 REVIEWER RESPONSIBILITIES

The following are the minimum responsibilities for the reviewer of a reconciliation/verification:

- 3.1 The reviewer cannot be the same person as the preparer.
- 3.2 Verify the month-end balances on reconciliation agree with FAMIS and Secondary Bookkeeping System statements.
- 3.3 Review outstanding items and actions needed for reasonableness.
- 3.4 Sign and date reconciliation/verification.

4.0 RECONCILIATION/VERIFICATION TIMING

- 4.1 Reconciliations/verifications should be prepared within 30 calendar days of FAMIS month end closing. Extensions can be granted when appropriate. A supervisor should approve any extensions of up to 15 days beyond the original 30 days.
- 4.2 Outstanding items, including any unusual or unidentified items, should be resolved within 90 days of the end of the month within which the transaction occurred. Any items older than 90 days should be brought to a supervisor's attention.
- 4.3 Account reconciliations/verifications are to be reviewed within 30 calendar days of the reconciliation/verification completion.
- 4.4 Any exceptions to these timelines must be approved by the Chief Financial Officer.

DEFINITIONS

Financial Accounting and Management Information System (FAMIS)—the official accounting system for The Texas A&M University System (A&M System) and used by AgriLife Extension.

Unit Fiscal Record Systems—records maintained within a unit that support the financial transactions of the unit. Different possible shadow systems include:

Secondary Bookkeeping System, such as QuickBooks, Peach Tree, etc., used to track financial transactions and provide management reports for decision making. Reports generated from a secondary bookkeeping system should disclose the source of the report.

Check Register/Transaction Log System, such as spreadsheets, databases, Word documents, etc., used to verify the accuracy of FAMIS records.

File System, such as copies of documents held until compared to monthly FAMIS statement, used to verify the accuracy of FAMIS records.

Reconciliation/Verification—monitoring process whereby units can ensure that financial data can be relied upon for decision making purposes.

Reconciliation—process that compares both transaction and account balances between FAMIS and the unit’s fiscal records.

Verification—process that compares transactions and not account balances between FAMIS and the unit’s fiscal records.

Outstanding Item—transaction that has not been matched or cleared during a reconciliation/verification process between FAMIS and the Unit’s Fiscal Record System.

Unit Financial Obligation—funds set aside by management for a particular future use, such as startup, equipment purchases, capital replacement/refurbishments, commitments from an offer letter, etc. The unit head may adjust obligations as appropriate to reflect activities of the unit.

Encumbrance/Commitment—funds that have been contractually obligated to an external entity by the unit’s management for a specific purpose, such as purchase requisitions, payroll, etc.

Preparer—individual identified by the unit as the person responsible for preparing the monthly account reconciliations/verifications.

Reviewer—individual identified by the unit as the person responsible for reviewing the monthly account reconciliations/verifications. The Reviewer cannot be the same person as the Preparer.

RELATED STATUTES, POLICIES, OR REQUIREMENTS

[A&M System Policy 21.01](#), *Financial Policies, Systems and Procedures*

[A&M System Regulation 21.01.01](#) *Financial Accounting and Reporting*

CONTACT OFFICE

Questions should be directed to the Chief Financial Officer for Texas A&M AgriLife Extension at 979-845-7879.

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