Dartmouth College
Financial Review Procedures

Purpose:
This document provides guidance for the regular after the fact review of financial transactions charged to Dartmouth accounts using a risk based approach. The document seeks to clarify roles, responsibilities, tools, documentation and related policies and procedures. Where applicable, additional responsibilities associated with managing sponsored funds are delineated.

Internal Controls:
The internal control structure consists of all controls employed by Dartmouth to achieve its objectives (including physical barriers, organizational design, policies & procedures, and electronic systems). Internal controls can be central or local, preventive or detective. Centrally maintained controls over financial transactions apply to all of Dartmouth. These central control structures include policies and procedures, review and approval policies and other systems (see Appendix A).

Internal control systems local to divisions, schools and departments also play an important role in helping to achieve Dartmouth’s objectives (including the objective that financial transactions be accurate, timely, complete, and properly documented). These guidelines recommend that the administrative officers look at their local internal control systems and procedures periodically, to ensure that they are well designed and working properly.

The Importance of Reviewing Transactions:
Transaction review is a regular, normally monthly, examination of posted expenses and revenues to ensure that those transactions have been appropriately recorded. A key component of internal controls is the regular and timely review of financial transactions.

With respect to sponsored awards, reviews include an analysis for compliance with external guidelines (i.e. Uniform Guidance, FAR, etc.) to ensure that expenses are allowable, allocable and reasonable. While a review of expenses is typically performed by the Administrative staff in the department, the Principal Investigator is responsible for the overall direction of the project and often possesses essential knowledge relevant to allocation of costs. Therefore, in addition to monthly financial review, a review of expenditures on sponsored awards by the Principal Investigator is suggested at reasonable time intervals to reasonably assure corrections and adjustments can be made on a timely basis (see Reallocation of Cost Policy referenced in Appendix A). Federal regulations limit the time allowed for transfers from one grant string to another, and errors caught promptly are generally much easier to correct. Timely reviews are strongly recommended.

Risk Based Account Review:
Dartmouth College advocates a risk-based review process, which allows users to focus attention on higher-risk transactions. It is expected that departments review accounts being mindful of the type of transaction, the workflow associated with the transaction, including a review of both initiator and approver, what their relationship to the transaction is, and being comfortable that the transaction is allowable.

The objective of the monthly transaction review has not changed. Our goal remains to assure that expenditures are:

- Correctly charged
- Allowable for the expense type/natural class being charged in accordance with regulations and policies
- Allocable to the expense type being charged
- Appropriately approved and documented
- Recorded in a consistent manner

Key Definitions of Activities Associated with Financial Reviews:

Reconciliation:
The process of comparing information that exists in two systems or locations, analyzing differences and making
Dartmouth College

Financial Review Procedures

corrections so that the information is accurate, complete and consistent in both systems or locations. Reconciliation is typically performed by the Controller’s Office, OSP and other central offices to assure that financial systems are operating appropriately.

Review and Verification:
A review is the process of examining financial information at a high level for accuracy and reasonableness. If information is determined to appear inaccurate or unreasonable, further investigation is needed. Verification is the further investigation at a lower level (chart string, individual employee, voucher information, etc.) to review the transaction that may be inaccurate.

Substantiation/Matching:
The process of corroborating or confirming financial information contained in an account, report or system with a source document (e.g. invoice) to ensure that the information is accurate and complete.

Roles and Responsibilities:
Controller’s Office: Performs reconciliations of centrally controlled balance sheet accounts. Monitors the reconciliation processes performed by other Dartmouth departments that have primary responsibility for reconciling accounts to ensure they are completed regularly, timely, consistently and all reconciling items are corrected timely. Establishes and updates institutional financial policies.


Finance Centers: Processes original transactions and when necessary processes corrections. They may provide regular or ad hoc reporting.

Division/School Financial Leadership: Performs high-level review of account activity relevant to their operating activities for financial sustainability. Reviews are performed on a regular, no less than quarterly, basis.

Financial Manager: Performs review of account activity relevant to their operating activities for accuracy, completeness and financial sustainability. Reviews are performed on a regular, no less than quarterly, basis. The review of financial data does not require verifying every transaction that occurred for each period. This review does not require verification if the reviewer has knowledge that each transaction has been approved correctly upon purchase or payment. A reviewer’s focus should be on unanticipated revenue or expense activity. One of the purposes for the review is to determine if adjustments may be required to properly reflect revenues and expenses.

Department/Research Grant Manager: Reviews all financial data and information relevant to grant accounts for accuracy, allowability, allocability, and compliance with sponsor requirements. The review of financial data does not require verifying or substantiating/matching every transaction. A reviewer’s focus should be risk based in accordance with the appended procedures by financial transaction type. This review does not require verification if the grant manager or other responsible person has knowledge that each transaction has been approved correctly upon purchase or payment. It is strongly recommended that reviews be performed on a regular monthly basis and that reports with sufficient detail be provided to Principal Investigators at least quarterly. Investigates and corrects inaccuracies, discrepancies, or errors on a timely basis. Based upon reviews with Principal Investigators initiates or corrects transactions. With respect to distribution of labor charges, Department Grant Managers should review actual labor devoted to projects and make retrospective and prospective adjustments to labor distribution on a regular basis and no less than every 60 days.
Dartmouth College

Financial Review Procedures

Principal Investigators: Communicates project needs to Department Administrators and Grant Managers. Oversee initiation of transactions to assure allocability, allowability and reasonableness of charges. Reviews financial reports on a regular basis and communicate reasonable adjustments in labor distribution on a timely and regular basis no less than every 60 days.

Recommended Reports for Financial Review:

GL Activity:

- Operating Statement Report at the Division Reporting Level or the GL Rollup Operating Report is a good place to start a review of departmental revenue and expense activity. Each report provides divisional level reporting of both non-sponsored and sponsored activity.
- GL Transactions Report is used to identify specific transactions recorded on a chart string and is useful to identify errors or unusual activity.

Balance Sheet Activity:

- Balance Sheet Analysis Report (bottom section) for transaction details when reviewing to identify errors or unusual activity.
- Balance Sheet Analysis Report (monthly) this report combines both account beginning and ending balances and transaction detail.

Sponsored Activity:

- OGA Budget vs Actual by Month report (provides project-to-date)
- OGA Transactions Detail – Expenditures report provides the transaction level information by sponsored project and award.
- OGA Award and Project Closeout reports

Salary and Fringe:

- IRA Labor Distribution Actuals Report

Review Process:

The attached Grid provides guidance for review and substantiation based upon the type of transaction and dollar amount. The approach to review is risk based. Matching to independent supporting documentation (substantiation) is advisable in some cases, but not needed in others. Some examples of when (and when not) to match are described below. The guidelines recommend for some transaction types, that transactions be matched to supporting documentation "on a test basis". This means that reviewers perform the most detailed review where the risk of error or loss is greatest, and a reduced level of review when the risk of error or loss is less.

For certain transaction types, especially in the case of scientific supplies, departments should work with OSP and Principal Investigator to develop an allocation methodology. Allocation is the process of assigning a cost to one or more awards in reasonable and realistic proportion to the benefit provided to the individual projects. An allocation plan is appropriate when it is not possible or efficient to determine how much of the cost is used for each award. Allocation when used appropriately, can enhance administrative efficiency.
Dartmouth College

Financial Review Procedures

Who Should be Familiar with These Procedures:

- Controller’s Office Staff
- Department Administrators
- Division/School Financial Leadership
- Finance Center Staff
- Department/Research Grant Managers
- Principal Investigators
- OSP Staff
- Risk and Internal Controls Staff

Key Contacts for Questions and Updates to Process:

- Controller’s Office
- Office of Sponsored Projects
# Dartmouth College

## Financial Review Procedures

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Review</th>
<th>Instruction/Special Notes</th>
<th>Document Types</th>
<th>Institutional Record Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing Card</td>
<td>• Review credit card charges for reasonableness</td>
<td>Working copies of receipts of $75 and over should be maintained in the department until they can be verified in OnBase and then recycled</td>
<td>Receipts</td>
<td>OnBase</td>
</tr>
<tr>
<td>Purchase Orders</td>
<td>• Review encumbrance for reasonableness</td>
<td>Request submitted through iProcurement or the Purchase Request eForm</td>
<td>Approval Purchase Docs</td>
<td>Oracle iProcurement</td>
</tr>
</tbody>
</table>
| Invoices, Payment Requests (formerly Miscellaneous Income Payment Voucher (MIPV); Request for Payment (RFP), Business Expense Reimbursement (BER)) | • Review all charges for these document types for reasonableness and correct allocation to the chart string  
• For non-purchase order charges over $2,499 match supporting documentation to the charge  
• On a test basis, match invoices under $2,500 | Working copies of invoices can be retained in hard copy or scanned and saved on a shared department server until payment or verification and then recycled or deleted | Invoices Payment Request eForms | OnBase (coming 2017)  
Accounts Payable at Records Management prior to OnBase implementation or Finance Center servers for BERs |
| Travel Expenses                          | • Review all charges for these document types, except Travel Leaders, for reasonableness and correct allocation to the chart string  
• For charges over $2,499 match supporting documentation to the charge  
• On a test basis, match invoices under $2,500 | Copies of Travel Leader itineraries received from traveler or requested from Travel Leaders can be scanned and saved to a shared department server.  
Note: A request can be made to Travel Leaders to have copies of itineraries for specific individuals automatically emailed to another individual | iExpense OnBase Payment Request form | iExpense OnBase Payment Request form |
# Dartmouth College
## Financial Review Procedures

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Review</th>
<th>Instruction/Special Notes</th>
<th>Document Types</th>
<th>Institutional Record Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oracle Expense Reports</td>
<td>• Review all charges for these document types for reasonableness and correct allocation to the chart string</td>
<td>Working copies of receipts for expenses that are $75 or more should be maintained in the department until payment or verification and then recycled</td>
<td>Receipts</td>
<td>Oracle iExpense</td>
</tr>
</tbody>
</table>
| Service Center, Computer Store, Stockrooms | • Review all charges for these document types for reasonableness and correct allocation to the chart string  
• For charges over $2,499 match supporting documentation to the charge  
• On a test basis, match charges under $2,500 to service center data (within system or an invoice) | Electronic or hold until verified on account | Service Center Bills, Computer Store Invoice, Stockroom Charge Slip | Service Center, Computer Store, Stockrooms |
| Labor Distribution                    | • Review all charges for these document types for reasonableness and correct allocation to the chart string | Correction request submitted through Wage Transfer e-Form | Action Request Approval | PASF OnBase                  |
| MyLS (Future Dated Labor Account Distribution Changes) | • Review all charges for these document types for reasonableness and correct allocation to the chart string  
• On a test basis, match charges under $2,500 to service center data (this can be within the system or an invoice) | Department Entry – Entered directly with approvals maintained in an electronic form | Action Request Approval | Departmental Electronic Files (contact your IT department for recommendations on shared file storage) |
<p>|                                       |                                                                                     | Finance Center Entry - Request submitted through MYLS Request e-Form | Action Request Approval | OnBase                      |</p>
<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Review</th>
<th>Instruction/Special Notes</th>
<th>Document Types</th>
<th>Institutional Record Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Transfers</td>
<td>• See Labor Distribution</td>
<td>Request submitted through Wage Transfer e-Form</td>
<td>Action Request Approval</td>
<td>OnBase</td>
</tr>
</tbody>
</table>
| Cost Transfers on Sponsored Accounts | • Review all entries for these document types for reasonableness and correct allocation to the chart string  
• For charges over $2,499 match supporting documentation to the charge  
• On a test basis, match charges under $2,500 to supporting documentation. | Request submitted through Correction and Journal e-Form with supporting documentation such as required | Action Request Approval | OnBase                                    |
| Journal Entries                  | • Review all entries for these document types for reasonableness and correct allocation to the chart string  
• For charges over $2,499 match supporting documentation to the charge  
• On a test basis, match invoices | Request submitted through Correction and Journal e-Form or Department Entry                | Journal, SPUD, WebAdi  | Departmental Electronic Files or OnBase (contact your IT department for recommendations on shared file storage) |
| Deposit with Cashier             | • Review all entries for these document types for reasonableness and correct allocation to the chart string | Working copies of receipts should be maintained in the department until verification and then recycled | Miscellaneous cash receipt | Cashier’s office                          |
| Hanover Inn                      | • Review all charges for these document types for reasonableness and correct allocation to the chart string  
• For charges over $2,499 match supporting documentation to the charge  
• On a test basis, match invoices | Working copies of receipts should be maintained in the department until verification and then recycled | Hotel and dining receipts | Hanover Inn can reproduce hotel receipts. All hotel and dining receipts are available in Records Management. |
Dartmouth College  
Financial Review Procedures

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Review</th>
<th>Instruction/Special Notes</th>
<th>Document Types</th>
<th>Institutional Record Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>under $2,500</td>
<td></td>
<td>Working copies of receipts should be maintained in the department until verification and then recycled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DPMS</td>
<td>• Review all entries for these document types for reasonableness and correct allocation to the chart string</td>
<td></td>
<td>Invoices</td>
<td>DPMS is able to reprint invoices (back to 2005)</td>
</tr>
<tr>
<td>Jones Media Center, Library Map Room</td>
<td>• Review all entries for these document types for reasonableness and correct allocation to the chart string</td>
<td>Map room keeps copies for 3 years.</td>
<td></td>
<td>Departmental Electronic Files</td>
</tr>
</tbody>
</table>
Appendix A

Relevant Policies

Cash and Check Handling Policy
Dartmouth Business Expense Policy
Merchant Credit Card Policy for Managers and Supervisors
Merchant Credit Card Policy for Processors
Procurement Card Policy
Reallocation of Charges and Cost Transfer Policy
Research Participant Payment Policy and Procedures
Signature and Requisition Authority Policy