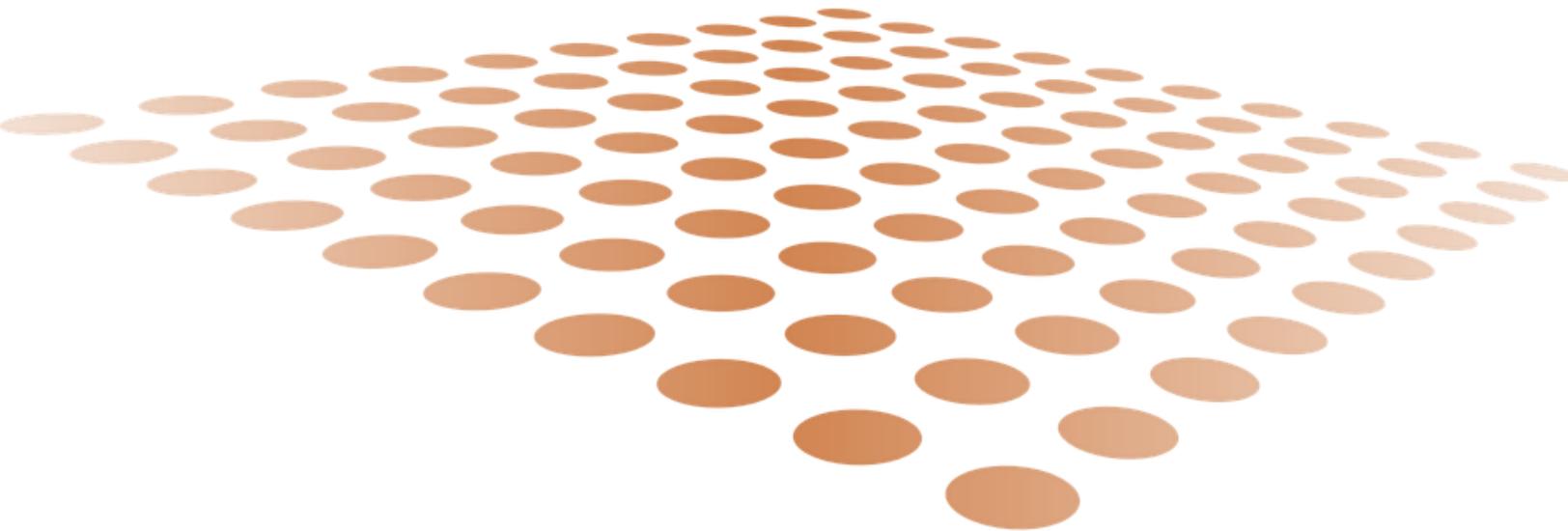


ADOA – General Accounting Office

QUICK REFERENCE GUIDE: MONTHLY FINANCIAL REVIEW – GENERAL LEDGER AND BUDGET





MONTHLY FINANCIAL REVIEW – GENERAL LEDGER AND BUDGET

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MONTHLY FINANCIAL REVIEW – GENERAL LEDGER AND BUDGET

Overview

The purpose of this guide is to present critical review steps that agencies must establish as a monthly practice. If additional assistance is needed, please contact your GAO liaison.

Objectives

- Review Balance Sheet Accounts (BSA) for accuracy.
- Review Revenues and Expenditures for reasonableness.
- Review incomplete transactions and resolve as appropriate.
- Review Budgets and Allotments for reasonableness.

Balance Sheet

Background

A balance sheet is a snapshot of your agency's assets, liabilities, and equity or fund balance at a certain point in time.

Review Balance Sheet Accounts

The objective of reviewing a trial balance is to ensure month-end balances are complete, accurate, and adequately supported. Balances in clearing accounts should be promptly identified and acted on, so that they can be cleared in a timely manner.

1. For the following steps, utilize the AFIS report **FIN-AZ-GL- N605 BSA Balances by Month**. This report displays 13-month ending balances for the BSA accounts by fund and sub-fund for the selected fiscal year and accounting period. Use the report prompt for BSA number to narrow your selection and to shorten the amount of report run-time.
2. Review **Treasurer's Credit Card Clearing** account (BSA 1534). This is a liability account where the Treasurer's Office posts credit card payment and fees.
 - If there is a zero balance, no action is needed.
 - If there is a balance, ensure that appropriate actions are taken to reduce the balance and recognize the credit card revenues and credit card fees.



- i. Follow the steps in the **Non-Web Portal Credit Card Revenue & Fee Processing** Quick Reference Guide (QRG).¹
 - ii. It is helpful to run the AFIS report **FIN-AZ-GL-N649 Balance Sheet Account (BSA) Inquiry** by **BSA 1534** to determine the details of the balance.
 - iii. Document an explanation for any unusual amounts remaining.
3. Review **Use Tax Liability** account (BSA 1616). This is a liability account where purchase transactions with use tax liability from Arizona Procurement Portal (APP) posts Use Taxes owed to the Department of Revenue.
 - If there is a zero balance, no action is needed.
 - If there is a balance, ensure that appropriate actions are taken to remit Use Taxes owed to the Department of Revenue, thereby reducing the liability balance.
 - i. To reduce the liability, process an IETUT document to pay the Department of Revenue by following the **Monthly Process of Collecting & Paying Use Tax** QRG.²
 - ii. It is helpful to run the AFIS report **FIN-AZ-GL-N649** by **BSA 1616** to determine the details of the balance.
 - iii. Document an explanation for any unusual amounts remaining.

Note: Only invoice payments processed through APP will post a liability in BSA 1616. More information about this process can be found on the State Procurement Office (SPO) website.³ If use taxes owed are not added through APP or the invoice payment is initiated in AFIS, no liability will be posted to BSA 1616, and an IETAT document will need to be processed in order to pay use taxes.

4. Review **NSF Checks Receivable** account (BSA 0582). The Treasurer's Office posts adjustments related to returned deposits due to non-sufficient funds (NSF) to this clearing account.
 - If there is a zero balance, no action is needed.
 - If there is a balance, ensure that appropriate actions are taken to clear the receivable(s). Follow the instructions on the **Handling an NSF – Department Process** QRG.⁴
 - i. It is helpful to run the AFIS report **FIN-AZ-GL-N649** by **BSA 0582** to determine the details of the balance.
 - ii. Document an explanation for any unusual amounts remaining.

¹ **Non-Web Portal Credit Card Revenue & Fee Processing QRG:** <https://gao.az.gov/training/afis-training-resources>

² **Monthly Process of Collecting & Paying Use Tax QRG:** <https://gao.az.gov/training/afis-training-resources>

³ **State Procurement Office (SPO) website:** <https://spo.az.gov/>

⁴ **Handling an NSF QRG:** <https://gao.az.gov/training/afis-training-resources>



5. Review **Unfavorable Deposit Discrepancy Receivable** account (BSA 0553) and **Favorable Deposits Discrepancy Payable** account (BSA 1530). These are receivable and liability clearing accounts where the Treasurer’s Office posts adjustments related to deposit discrepancies (e.g. difference between bank deposit and cash receipts in AFIS).
 - If there is a zero balance, no action is needed.
 - If there is a balance, ensure that appropriate actions are taken to clear the deposit discrepancies. Follow the instructions on the **Favorable & Unfavorable Deposit Adjustments QRG**.⁵
 - i. It is helpful to run the AFIS report **FIN-AZ-GL-N649** by **BSA 0553** and **BSA 1530** to determine the details of the balance.
 - ii. Document an explanation for any unusual amounts remaining.

Note: It is important to review and clear Favorable and Unfavorable Adjustments from the Treasurer monthly, otherwise, the adjustment may be reposted. Clearing these adjustments will help ensure correct cash and revenue balances.

6. Review all other remaining balance sheet accounts for reasonableness. Document an explanation for any unusual amounts.

When reviewing balance sheet accounts keep in mind:

- Commonly overlooked balances also include **BSA 0505** (Credit Memo/Overpayments), **BSA 1449** (Agency Fund Deposits), and **BSA 1604** (Deferred Revenue).
- To review details within Balance Sheet Accounts, use the **BBALD** page to query into the balances. Remember this does not work well for **Fund 1000**, which is a statewide balance.
- To review the detail of monthly activity in a balance sheet account, run the AFIS report **FIN-AZ-GL-N649** or **FIN-AZ-GL- N343** *General Ledger Activity*.

Cash Balances & Cash Flows

The objective of reviewing cash balances and cash flows is to ensure cash balances are sufficient to cover obligations and that cash flows are in line with expectations, based on financial activities occurring during the month.

1. Run the AFIS report **FIN-AZ-CM-N502** *Monthly Cash Balance*. This report displays the month-end cash balance for all funds, excluding fund groups **1000** and **9200**. It also displays the cash invested, payments outstanding, and the available cash balance. There is also a tab on the report that displays the cash balance by Fund and Sub-fund.

⁵ *Favorable & Unfavorable Deposit Adjustments QRG*: <https://gao.az.gov/training/afis-training-resources>



2. Run the AFIS report **FIN-AZ-GL- N339** *Cash Flow* for each fund listed on the **FIN-AZ-CM-N502** above. This report displays the beginning and ending cash balances by month for the fiscal year including revenue and expenditure class subtotals.
3. Review the reports for reasonableness and unexpected changes in cash balances. Research any unexpected findings. Then document explanations and any corrections made, which will be reflected in the next period.

When reviewing cash balance and cash flows keep in mind:

- The AFIS report **FIN-GA-1002** *Accrued Rev vs. Collected Rev* report may be helpful in reviewing summary level revenue by fund and unit, showing current period revenue and YTD revenue column information.
- To drill down into cash balances (including sub-fund balances) use the **CBALDQ query page** to research transactions which impact the cash balances.

Revenues and Expenditures

Background

Revenues and expenditures directly impact cash flow reports, appropriation balances, balance sheet amounts, and other key financial reports. Incorrectly reported revenues and expenditures, such as misclassifications, can negatively affect management decisions if not corrected before the information is presented.

Review Summary of Revenues and Expenditures

The objective of reviewing a summary of revenues and expenditures is to ensure revenues and expenditures are complete and accurately recorded in the appropriate period. This includes recording revenues and expenditures by the appropriate budget year, appropriation, unit, and class.

1. Run the AFIS report **FIN-AZ-GL-N463** *Rev, Exp and Enc*. This report enables dynamic analysis of revenues and expenditures for prompted Chart of Account elements. See the Retiring reports xwalk tab and follow instructions for the **FIN-AZ-GL- N333** *Summarized Rev and Exp by Fund and Appr* and enter the criteria listed in the two (2) Input Controls columns to obtain summaries of revenues and expenditures by unit, function, and Rev/Exp class for each fund and appropriation. The information is presented separately for each Budget Year (BY). This report also includes pre-encumbrances and encumbrances.
 - Run this report for the fiscal year-to-date and for the month under review.
 - i. Review the report for reasonableness and unexpected activity. Research any unexpected findings. Document explanations and any corrections made which will be reflected in the next period.



When reviewing the summary of revenues and expenditures keep in mind:

- The AFIS report **FIN-AZ-GL-N343** can aid in reviewing the detail general ledger postings to balance sheet accounts, revenue sources, and expenditure objects during the accounting period for a selected fund.

Review Changes in Revenues

The objective of reviewing changes in revenues is to identify and explain unusual changes and trends.

1. Run the AFIS report **FIN-AZ-GL-N463**. This report enables dynamic analysis of revenues and expenditures for prompted Chart of Account elements. See the Retiring reports xwalk tab and follow instructions for the **FIN-AZ-GL-N653** *Yearly Rev Comparison* and enter the criteria listed in the Prompts and two (2) Input Controls columns to obtain year-to-date revenues in comparison to revenues for the same period in the prior year. The change in revenues between years is shown by dollar change and percentage change. This report also has input controls that allow for further filtering.
 - Review the report for unusual trends and unexpected changes. It is helpful to set a threshold for changes to quickly identify significant changes (e.g., changes over \$xx and %xx).
 - Research any unexpected changes. Document explanations and any corrections made which will be reflected in the next period.

When reviewing changes in revenues keep in mind:

The **FIN-AZ-GL-N463** can also be run to obtain monthly and quarterly revenue comparisons by following the instructions on the Retiring reports xwalk tab and entering the criteria listed in the prompts and two (2) Input Control columns for the **FIN-AZ-GL-N651** *Monthly Rev Comparison* and the **FIN-AZ-GL-N652** *Quarterly Rev Comparison* which display the same information for different time periods.

Review Changes in Expenditures and Disbursements

The objective of reviewing changes in expenditures is to ensure expenditures are properly recorded and to identify anomalies.

1. Run the AFIS report **FIN-AZ-GL-N463**. See the Retiring reports xwalk tab and follow instructions for the **FIN-AZ-GL-N643** *Yearly Exp Comparison*. Enter the criteria listed in the prompts and two (2) Input Controls columns to obtain year-to-date expenditures by Fund and Object Class and Object totals for the selected accounting quarter for the current year, the prior year, and the amount of the increase or decrease. The input controls will allow for further filtering.



- Review the report for unusual trends and unexpected changes. It is helpful to set a threshold for changes to quickly identify significant changes (e.g., changes over \$xx and %xx).
- Research any unexpected changes. Then document explanations and any corrections made, which will be reflected in the next period.

When reviewing changes in expenditures and disbursements keep in mind:

- The **FIN-AZ-GL-N463** can also be run to obtain monthly and quarterly expenditure comparisons by following the instructions on the Retiring reports xwalk tab and entering the criteria listed in the prompts and the two (2) Input Control columns for the **FIN-AZ-GL-N641** *Monthly Exp Comparison* and the **FIN-AZ-GL-N642** *Quarterly Exp Comparison*, which display the same information for different time periods.

Results of Payroll Reconciliations

The objective of reviewing payroll reconciliation results is to ensure that:

- Employee time records are accurately reflected in HRIS.
- Employees are correctly paid in HRIS each pay cycle.
- HRIS expenditures are correctly recorded in AFIS.
- Payroll expenditures are appropriate and reasonable.
- For every payroll cycle, the agency should have completed the reconciliation steps found in the guide **Agency Payroll Guide: Payroll Compute Reports**⁶ on the GAO website. This document provides time frames and information about reports in both HRIS and AFIS including, but not limited to, the report name, what the report shows, and what to review for each report.

Incomplete Transactions

Background

Incomplete transactions can result in inaccurate financial reporting because, when completed, these transactions will alter amounts reported for revenues, expenditures, and/or balance sheet account balances. Incomplete transactions are typically caused by an incomplete workflow. For example, an agency initiates a transfer to another agency but the receiving agency has not completed the steps needed to finalize the process and record the transaction. Incomplete transactions can also be caused by technical problems in the accounting system. For example, an invoice payment can be initiated but the system might fail to generate the payment.

⁶ *Agency Payroll Guide: Payroll Compute Reports*: <https://gao.az.gov/payroll-rasl/payroll-guide>



Review Incomplete Transactions

The objective of reviewing incomplete transactions is to identify corrective actions that, if taken, will ensure financial information is more accurately reported.

1. Run the AFIS report **FIN-AZ-GL-N459b** *Draft and Pending Transfers (ITA)*. This report displays all open transfers where the ITI (Internal Transaction Initiator) document has been finalized by the initiating agency but the corresponding ITA (Internal Transaction Agreement) document has not been finalized by the receiving agency.
 - Review the report to identify incomplete transfers in AFIS. Take actions needed to ensure the workflow is completed. This typically includes contacting the receiving agency to ensure the ITA is finalized.

Note: Report lines with a blank associated reference Doc ID means that if a transfer document was created, it has been discarded. If the transfer is still needed, a new document will need to be created. If the document is no longer needed, the document should be discarded.

Note: This report does not pick up outstanding IET's (Internal Exchange Transactions).

2. Run and review the AFIS report **FIN-AZ-WF-N009** *Financial Doc Turnaround* to check for documents that are still pending approvals in a workflow. Input Controls are available to display the report by specific document codes, document phase, dates, etc.
3. Run and review the AFIS report **FIN-AZ-GL-N388** *Outstanding Open Items* to check for documents in a workflow that still have an open balance by document code (e.g. GAE, GAX, IPO, ITIAD, ITIDT, ITI, ITIOP, ITIRE, POPZ1, PRCZ1, RQPZ1, STADJ, DADJ, etc.).
4. Retrieve and review the AFIS report **ADDocExcepRep_mm-dd-yyyy** *Automated Disbursements Document Exception Report*. This report is automatically produced daily and is located in infoAdvantage under Folders, Public Folders, Statewide Reports, and Automated Disbursements. This report will list the document errors, which have prevented an automated disbursement from issuing and should be reviewed daily. All agencies will be listed on this report. If your agency's name does not appear, then your agency does not have any documents with errors for that day.
5. Review the document catalog for outstanding payroll transactions (PEDF1) that have not cleared.
 - Open the Document Catalog, enter the Document Code PEDF1, your Dept, and select a Phase of Draft or Status of Rejected under the Document State. Any PEDF1 documents that are unable to post will be displayed.
 - i. Either open each document and review the errors, or



- ii. Run the AFIS report **OADM-AZ-MSG- N384** *Doc Error Message(s)* and select the Document Code PEDF1 and the Document Department Code of your agency. This report will identify the documents on error and give the error message.

When reviewing incomplete transactions keep in mind:

- The Document Catalog in AFIS is also an option to see all transactions by Document ID and/or Phase. Selecting the **Phase of Pending** will show all submitted transactions that have not been approved. Rejected documents go back into a draft phase. Rejected documents can be found under the **Status of Rejected**.

Budget

Background

Budget documents record spending authority through appropriations, allotments, and agency budgets depending on how agency has loaded its budget.

Review Appropriations and Allotments

The objectives of reviewing appropriations and allotments include ensuring encumbrances and expenditures are recorded in the proper fund and appropriation within expectations; monitoring remaining available balances; determining whether sufficient spending authority exists to fund agency operations for the balance of the quarter or year; and, identifying unusual variations between budgetary projections and actual financial results.

1. Run the AFIS report **FIN-AZ-BG-N141** *Budget Structure 90LV1 Budget and Exp.* This report summarizes the status of appropriations. It displays the total for each appropriation category, expenditures made against that appropriation category, and remaining balance.
 - Review the Appropriation balances and expenditures to identify unexpected activities. To drill into details, use the appropriate AFIS query pages. Table 1 at the end of this document will help identify the correct query page, (e.g. BQ90LV1)
2. After appropriations and allotments have been entered and finalized in AFIS, the budget pages are available to query. In AFIS, Jump To; BQ90LV1. Enter your Department and any other desired parameters.
 - Click on the Expand All arrow to show more information for each line.
 - Review each line and each appropriation by fund and Budget Fiscal Year (BFY) if needed.
 - Use the query pages that match the budget structure the agency has adopted to review other loaded budgets. Depending on the structure the agency has selected and how the budget documents were entered, it may provide the agency additional ways to

consolidate or divide its budgets. The Budget Structure Pages table listed in the reference section of this guide may assist in finding the query pages.

Note: If agency is using a zero-based budget, its budget queries will only reflect the current expenditures. For further questions about the budget, see your agency budget personnel and/or contact your GAO Liaison.

When reviewing appropriations and allotments keep in mind:

- To drill down into the details, under the **Expand All** section, click on the magnifying glass. These details include balances and drill down information for budget amounts (including adoptions, amendments, transfers, etc.) and budget actuals (including pre-encumbrances, encumbrances, accrued and cash expenses, etc.). By drilling down, actual transactions or areas that may look concerning or questionable can be reviewed.
- To see appropriations broken out by allotment period, click on **Allotments** at the bottom of the screen.
- Additional budget reports (some by budget structure) are available in infoAdvantage depending on how your budgets are loaded into AFIS.

Reference

Quick Reference Guides and Training (GAO Website)

For general training on Budgetary Control, General Accounting, AR-Cash Receipts, AR – Billing & Collections, Accounts Payable, and Investment Accounting, see their respective Training Guides.⁷

infoAdvantage Reports for General Ledger and Budget

The following reports are available statewide in infoAdvantage for General Ledger and Budget. infoAdvantage functionality exists to schedule reports, see **Scheduling Reports in infoAdvantage QRG**.⁸ This is helpful for running large and/or recurring reports.

Report ID	Name
ADDocExcepRep_mm-dd-yyyy	Automated Disbursements Document Exception Report
FIN-AZ-BG-N141	Budget Structure 90LV1 Budget and Exp
FIN-AZ-CM-N502	Monthly Cash Balance Report
FIN-AZ-GL-N339	Cash Flow
FIN-AZ-GL-N343	General Ledger Activity
FIN-AZ-GL-N388	Outstanding Open Items

⁷ **Training Guides:** <https://gao.az.gov/training/afis-training-resources>

⁸ **Scheduling Reports in infoAdvantage QRG:** <https://gao.az.gov/training/afis-training-resources>



Report ID	Name
FIN-AZ-GL-N459b	Draft and Pending Transfers (ITA)
FIN-AZ-GL-N463	Rev, Exp, and Enc
FIN-AZ-GL-N605	BSA Balances by Month
FIN-AZ-GL-N649	Balance Sheet Account (BSA) Inquiry
FIN-AZ-WF-N009	Financial Doc Turnaround
FIN-GA-1002	Accrued Rev vs. Collected Rev
OADM-AZ-MSG-N384	Doc Error Message(s)

Table 1 – Budget Structure Query Pages

Budget Structure	Name	Query Pages	Summary Query Pages
90	Appropriation/Allotment Budget	BQ90LV1	ESUM90L1
94	Revenue	BQ94LV1 BQ94LV2 BQ94LV3	RSUM94L1 RSUM94L3
91	Department – Bureau	BQ91LV1 BQ91LV2 BQ91LV3 BQ91LV4	ESUM91L2
92	Department – District	BQ92LV1 BQ92LV2 BQ92LV3 BQ92LV4	ESUM92L4
93	Department – Division	BQ93LV1 BQ93LV2 BQ93LV3	ESUM93L3
95	Department – Unit	BQ95LV1 BQ95LV2 BQ95LV3 BQ95LV4 BQ95LV5 BQ95LV6 BQ95LV7	ESUM95L2 ESUM95L3 ESUM95L7
37	Program Phase Revenue and Expense	BQ37LV1 BQ37LV2 BQ37LV3	
40	Program Phase Reimbursement	BQ40LV1 BQ40LV2	
38	Program Period Revenue and Expense	BQ38LV1 BQ38LV2 BQ38LV3	
39	Program Period Reimbursement	BQ39LV1 BQ39LV2	
96	Program Period Award	BQ96LV1	ESUM96L1
97	Program Period Object	BQ97LV1 BQ97LV2 BQ97LV3 BQ97LV4 BQ97LV5	