ADOA – General Accounting Office

QUICK REFERENCE GUIDE: MONTHLY FINANCIAL REVIEW – GL & BUDGET

MONTHLY FINANCIAL REVIEW – GL & BUDGET

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MONTHLY FINANCIAL REVIEW – GL & BUDGET

Overview

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

Objectives

- Review Balance Sheet Accounts 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 Balance Sheet Account (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
     - Follow the steps in the **Non-Web Portal Credit Card Revenue & Fee Processing**[1] QRG
     - It is helpful to run the AFIS report FIN-AZ-GL-N389 (Balance Sheet Detailed Transaction) by BSA **1534** to determine the details of the balance
     - Document an explanation for any unusual amounts remaining

[1] ***Non-Web Portal Credit Card Revenue & Fee Processing***: https://gao.az.gov/sites/default/files/Non-Webportal%20Credit%20Card%20Revenue%20Fee%20Processing.pdf

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
     - To reduce the liability, process an IETUT document to pay the Department of Revenue by following the **Process an Internal Exchange – Use Tax Transfer Document (IETUT)** QRG[2].
     - It is helpful to run the AFIS report FIN-AZ-GL-N389 (Balance Sheet Detailed Transaction) by BSA **1616** to determine the details of the balance

Note - Only invoice payments processed through APP will post a liability in BSA 1616. More information about this process can be found on the 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.

   - Document an explanation for any unusual amounts remaining

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]
     - It is helpful to run the AFIS report FIN-AZ-GL-N389 (Balance Sheet Detailed Transaction) by BSA **0582** to determine the details of the balance
     - Document an explanation for any unusual amounts remaining
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

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[2] ***Process an Internal Exchange – Use Tax Transfer Document (IETUT):*** https://gao.az.gov/sites/default/files/Process%20an%20IETUT.pdf

[3] ***Hot Sheet for AZ State Use Tax and Special Vendor Tax:*** https://spo.az.gov/sites/default/files/20150810_AZ_State_Use_Tax_and_Special_Vendor_Tax.pdf

[4] ***Handling an NSF – Department Process:*** https://gao.az.gov/sites/default/files/Handling%20an%20NSF%20-%20Department%20Process%20v%20%206.pdf

discrepancies. Follow the instructions on the **Favorable & Unfavorable Deposit Adjustment Processing** QRG[5]

- It is helpful to run the AFIS report FIN-AZ-GL-N389 (Balance Sheet Detailed Transaction) by BSA **0553** and **1530** to determine the details of the balance
- 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 get 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.

Tips

- 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, you can also 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, you can run the AFIS report FIN-AZ-GL-N389 (Balance Sheet Detailed Transaction) or FIN-AZ-GL-N343 (General Ledger Activity)

Review 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 Report). 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.
2. Run the AFIS report FIN-AZ-GL-N339 (Cash Flow Report) for each fund listed on the 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.

[5] ***Favorable & Unfavorable Deposit Adjustment Processing:*** https://gao.az.gov/sites/default/files/Favorable%20and%20Unfavorable%20Deposit%20Adjustment%20Processing.pdf

Tips

- The FIN-AZ-GA-1002 (Revenue Summary by Fund, Department and Unit) report may be helpful in reviewing summary level revenue by fund and unit, having current period revenue and YTD revenue column information
- To help you drill down into cash balances (including sub-fund balances) use the CBALDQ query page to research transactions which impact the cash balances
- The FIN-AZ-CM-N502s report is similar to the FIN-AZ-CM-N502 report and includes sub-fund 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-N333 (Summarized Revenues and Expenditures by Department, Fund, Appropriation, Unit and Function). This report summarizes revenues and expenditures by unit, function, and object 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
        - Review the report for reasonableness and unexpected activity. Research any unexpected findings. Then document explanations and any corrections made, which will be reflected in the next period.

Tips

- The FIN-AZ-GL-N343 (General Ledger Activity) can aid you 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-AR-N338y (Yearly Revenue Comparison Report). This report displays 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. Then document explanations and any corrections made, which will be reflected in the next period

Tips

- Two additional versions of this report are also available, the FIN-AZ-AR-N338m (Monthly Revenue Comparison Report) and the FIN-AZ-AR-N338q (Quarterly Revenue Comparison Report) 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-AP-N338y (Yearly Expenditure Comparison Report). This report displays 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. 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. Then document explanations and any corrections made, which will be reflected in the next period

Tips

- Two additional versions of the Comparison report are also available, the FIN-AZ-AP-N338m (Monthly Expenditure Comparison Report) and the FIN-AZ-AP-N338q (Quarterly Expenditure Comparison Report) which display the same information for different time periods

Review Results of Payroll Reconciliations

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

1. Employee time records are accurately reflected in HRIS
2. Employees are correctly paid in HRIS each pay cycle
3. HRIS expenditures are correctly recorded in AFIS
4. Payroll expenditures are appropriate and reasonable
5. For every payroll cycle, the agency should have completed the reconciliation steps found in the guide **Payroll Compute: 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.

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-N457 (Operating Transfers by Initiating Department).** 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 1 - Report lines with a blank ITA Doc ID means that if an ITA was created, it has been discarded. If the transfer is still needed, a new ITA needs to be created. If the ITI is no longer needed, the ITI should be discarded.

Note 2 - This report does not pick up outstanding IET's (Internal Exchange Transactions) or ITA's for your agency.

[6] https://gao.az.gov/sites/default/files/APG_III_D_Payroll_Compute-Payroll_Compute_Reports.pdf

2. Run and review the AFIS report FIN-AZ-WF-C069 (Pending Workflow) to check for documents that are still pending approvals in a workflow. Input Controls are available to display the report by specific document codes.
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. You can review it by document code (e.g. GAE, GAX, IPO, ITIAD, ITIDT, ITI, ITIOP, ITIRE, POPZ1, PRCPZ1, RQPZ1, STADJ, DADJ, etc.).
4. Retrieve and review the AFIS report Automated Disbursements Document Exception Report (AD/EF Document Exception Report). This report is automatically produced daily and is located in InfoAdvantage under Folders, Public Folders, Statewide Reports, and Automated Disbursements. The title of the report will be **ADDocExcpRep_mm-dd-yyyy**. 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 agency's name does not appear, then the agency does not have any documents with errors.
5. Review the document catalog for outstanding payroll transactions (PEDF1) that have not cleared.
    - Open the Document Catalog, enter the Code **PEDF1**, Dept, and select a Phase of Draft or Status or Rejected under the Document State. Any PEDF1 documents that were unable to post will display.
        - Either open each document and review the errors, or
        - Run the InfoAdvantage report OADM-AZ-MSG-N384 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.

Tips

- 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**.

Review 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 years; and, identifying unusual variations between budgetary projections and actual financial results.

1. Run the AFIS report FIN-AZ-BG-N141 (Status of Appropriations). 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 you identify the correct query page, (i.e. 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 **Expand All** arrow to show more information for each line
    - Review each line and each appropriation by fund and 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 Query Pages** table on page 12 from the **Budgetary Control** Training Guide[7] may assist the agency 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.

Tips

- 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, you can review actual transactions or areas that may look concerning or questionable.
- 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

[7] ***Budgetary Control" Training Guide***: https://gao.az.gov/sites/default/files/AFISBC_AFIS_Budgetary_Control__PG_v4_3.pdf

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 the Training Guides[8].

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. This is helpful for running large and/or recurring reports.

Report ID	Name
AD/EF Document Exception Report	Automated Disbursements Document Exception Report
FIN-AZ-AP-N338M	Monthly Cash Expenditures Comparison Report
FIN-AZ-AP-N338Q	Quarterly Cash Expenditure Comparison Report
FIN-AZ-AP-N338Y	YTD Cash Expenditure Comparison Report
FIN-AZ-AR-N338M	Monthly Cash Revenue Comparison Report
FIN-AZ-AR-N338Q	Quarterly Cash Revenue Comparison Report
FIN-AZ-AR-N338Y	YTD Cash Revenue Comparison Report
FIN-AZ-BG-N141	Status by Appropriations
FIN-AZ-CM-N502	Monthly Cash Balance Report
FIN-AZ-GA-1002	Revenue Summary by Fund, Department and Unit
FIN-AZ-GL-N605	BSA Balances by Month
FIN-AZ-GL-N333	Summarized Revenues and Expenditures by Department, Fund, Appropriation, Unit, and Function
FIN-AZ-GL-N339	Cash Flow Report
FIN-AZ-GL-N388	Outstanding Open Items
FIN-AZ-GL-N389	Balance Sheet Detailed Transaction

[8] ***Training Guides:*** https://gao.az.gov/trainingevents/training-resources

Report ID	Name
FIN-AZ-GL-N343	General Ledger Activity
FIN-AZ-GL-N457	Operating Transfers by Initiating Department
FIN-AZ-WF-N009	Document Turnaround Times
OADM-AZ-MSG-N384	Document Message

Table 1 – Budget Structure Query Pages

Budget Structure	Name	Query Pages	Summary Query
90	Appropriation/Allotment Budget	BQ90LV1	ESUM90L1
91	Department – Bureau	BQ91LV1 BQ91LV2 BQ91LV3 BQ91LV4	ESUM91L2
92	Department – District	BQ92LV1 BQ92LV2 BQ92LV3 BQ92LV4	ESUM92L4
93	Department – Division	BQ93LV1 BQ93LV2 BQ93LV3	ESUM93L3
94	Revenue	BQ94LV1 BQ94LV2 BQ94LV3	RSUM94L1 RSUM94L3
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	