I. PURPOSE

The purpose of this SOP is to outline the process and timing of reconciling expenditures associated with sponsored research awards. Reconciling expenditures ensures the accuracy and validity of financial information between, Research Administration Services (RAS) units, departments and PIs. This process validates all charges and credits are accurate and appropriate. Any unauthorized charges and discrepancies need to be resolved through this reconciliation process.

II. INTRODUCTION

Emory University obtains sponsored research funds from multiple sources and expends those funds in order to meet stated research objectives. Funds provided by Federal and other sponsors of grants and contracts require that those resources be accounted for on an award-by-award basis and cannot be combined. Proper financial management requires that those responsible for expending University funds exercise appropriate oversight over the sources and uses of its resources. Accounting records need to be reviewed to ensure they accurately reflect appropriate expenditures to awards. Differences revealed during reconciliation must be verified for accuracy. Accordingly, it is expected that all projects and awards are monitored and reconciled on a regular basis. In particular, given the stricter accountability associated with funds provided by external sponsors, it is imperative that consistent reconciliation occur at least every 60 days, and at minimum no less than quarterly. This will be dependent upon the sponsor and type of award as some awards (including some Federal, state and/or local contracts) may require more frequent reconciliation based on the sponsor, complexity and/or billing requirements. The RAS Director will identify these awards to ensure reconciliation occurs on a timely basis.

III. PROCEDURE

Award reconciliations should occur in a consistent manner each time the reconciliation is performed. The attached checklist can be used as a guide for reconciliation (See Associated Document 1. Reconciling Expenditures Process Checklist). The Post-Award Administrator is expected to perform reconciliation of the award every 60 days and at minimum no less than quarterly. After the reconciliation is performed, the Post-Award Administrator will provide the reconciliation to the PI, with summary and details for all of the PI’s projects and awards. The reconciliation would also include projections that would show the forecasted ending balance of each project or award (See SOP# 2007 – Projections and Forecasting). The Post-Award Administrator should be available to
review reconciliations and projections with the PI, and it is expected that the Post-Award Administrator would meet initially with PIs to familiarize them with the reconciliation and projections template and associated content.

What should be reviewed (if appropriate, per award type, contract type, or definition):

- Expenses
- Cash receipts
- Budgets and Actual Expenditures
- Receivables
- Subcontract Payments and Account Codes
- Payroll
- Pre-encumbrances and Encumbrances
- Deficits
- Un-liquidated Obligations
- Unobligated Balances - Residuals
- F&A
- CAS exceptions

Summary:

1. After month close, the Post-Award Administrator should utilize the Budget Position Summary & Detail report in EBI. Another option is to schedule the delivery of the SPP2242 reports for each project they are managing.
   a. Please note, the delivery of these will need to be set up in advance by the Post-Award Administrator. To schedule delivery of SPP2242 reports refer to [http://fgc.emory.edu/reporting/nvision/nvision.html](http://fgc.emory.edu/reporting/nvision/nvision.html)
   b. SPP2242 reports will need to be run in COMPASS financial system until they are scheduled for delivery each month. If the SPP2242 is needed before month close or the scheduled delivery, the report can be run in Compass.
   c. The Post-Award Administrator may receive advance notification of upcoming financial reconciliation activities from the financial milestones set up in the FSR Milestone page by FGC and is expected to update the status of these milestones during the process of reconciliation.

2. Next the Post-Award Administrator runs Revenue & Expense Transaction report in EBI. Another option is to run an expenditure transactions query (ALL TRANS) for the project expenses they are reconciling [For instructions see Associated Document 4. Run ALL TRANS Query – Compass Queries]
   a. The Post-Award Administrator reviews all recorded expenditure transactions since the last reconciliation was performed and identifies any potentially unallowable, inappropriate, erroneous or inaccurate transactions or any unusual changes (see sections 4.a, 4.b, and 5.a below)
   b. For projects with personnel expenditures, Post-Award Administrator would also need to run separate labor detail reports (Labor Transaction Detail Report in EBI) in order to identify and review details of the personnel charged to the project, including personnel names, hours, salary, fringe benefits and applicable pay period.

3. If relevant for award/contract type (not necessary for Letter of Credit awards), the Post-Award Administrator runs a cash transactions query (CASH for CONTRACT) in order to review all funds deposited to award [For instructions see Associated Document 5. Run CASH for CONTRACT Query – Compass Queries]
   a. The Post-Award Administrator reviews all recorded cash transactions since the last reconciliation was performed and identifies any potentially erroneous or inaccurate transactions or any unusual changes (see sections 4.a and 4.b below)

4. Since October 2013 FGC has mandated the use of the Award Reconciliation & Review Tool (ART) tool to facilitate the final financial reconciliation in an efficient and consistent manner across the university. This tool requires that the Post-Award Administrator run two new Compass reports (EUOGC16A and
EUOGC16B), that will be delivered to their Outlook inbox, and import them into an Excel template. The templates, training materials and a job-aid are available on the FGC website. FGC is developing a version of the ARRT tool that can be used to aid reconciliation from a date other than the award start date (using the custom reports EUOGC18A and EUOGC18B). RAS staff will be notified when this update to the ARRT tool becomes available.

The Post-Award Administrator will complete the following steps for each project that they are responsible for reconciling:

5. Review all recorded expenditure and cash transactions and identify any potentially unallowable, inappropriate, erroneous or inaccurate transactions or unusual changes
   a. Confirm appropriate account codes have been charged and that there are no unallowable account codes charged
   b. Confirm fringe benefits expenses and Facilities & Administrative costs (indirect costs) are posting correctly
   c. Review all expenses and deposits, identify any questions about allowability, timeliness, appropriateness or accuracy for further review with PI, and correct errors in a timely manner (See section 8 below)

6. Ensure that transactions that posted to project during the period have relevant source documents
   a. Validate that supporting documentation (electronic or paper), including source documents, matches expense or revenue transactions on the official university record (e.g. Budget Position Summary & Detail or Revenue & Expense Transaction in EBI or SPP2242 or All Transactions query)
      i. Supporting documentation can include PI report summary, labor report, expense vouchers, travel and expense reports, purchasing card reconciliations, journal entry documentation, recharge center reports, copies of checks, and other documentation, as needed
      ii. Post-Award Administrator will ensure transactions have reference to supporting documentation such as a Purchase Order, voucher or journal number in an Emory source system (i.e. Emory Express, Compass etc). If source system reference is not available for a transaction, Post-Award Administrator will obtain documentation and notify PI of any discrepancies or missing documentation. Documentation outside the source system should be saved to the appropriate shared network drive, as determined by the RAS director.
      iii. **Special Note on Federally-Sponsored Budgets**: Federal auditors may ask the Institution to provide supporting documentation for these transactions. If sufficient documentation is not available, the PI, their Department or their School/unit may be responsible for reimbursing for these charges

7. Monitor financial status of project, including available balance based on awarded budget
   a. Review financial status of project, including any specific budget category limits set by sponsor, and ensure project is not in deficit
      i. For award types other than Letter of Credit awards, RAS directors or designee will monitor cash receivables to ensure that awards are invoiced and paid, as necessary.
      ii. Post-Award Administrator will notify FGC if project is in deficit due to delays in payment so FGC can follow-up on the missing payment.
   b. Review budget period end date in Compass to ensure it is consistent with end date in agency award documents
8. Project anticipated expenses through end of award budget period and determine projected ending balance (See SOP# 2007 – Projections and Forecasting for a detailed procedure for this activity)

9. Document issues identified during review and resolve differences
   a. The Post-Award Administrator will document who is responsible for investigating and resolving any potential discrepancies, taking into account appropriate separation of responsibilities between PI, Post-Award Administrator, Finance: Grants and Contracts (FGC) and Department designee. If resolution of these differences cannot be achieved this dispute will be elevated to the Director of the RAS unit and the AVP, RAS, as needed.
   b. For items that Post-Award Administrator is responsible for, submit necessary adjustments including personnel and non-personnel cost transfers (See Cost Transfer SOP # 2009 for further details on procedure)
   c. The RAS Director will determine how the RAS unit will document and track discrepancies.

10. Prepare summarized reconciliation for PI review in a standardized template that includes every project/award for PI
    (Note: Previous period reconciliations should be available in order to compare the previous period’s ending balances and reconciling items with the current period’s reconciliation balances and items):
    a. Complete reconciliation for each of PI’s projects in a standardized template (see Associated Document 2. Sample Reconciliation and Projections Template). Summary should include:
       i. Identification of source of information for the balance reported that reconciles to the general ledger balance (e.g. SPP2242 or Budget Position Summary & Detail report).
       ii. Documentation or references to support significant reconciling items including relevant source documents.
       iii. Listing of issues identified by Post-Award Administrator during review and responsible party assigned to investigate and resolve.
       iv. Listing of pending adjusting entries noting dates, references, and a description of how and when the item will be cleared.
    b. Complete a document summarizing all of PI’s projects and indicate any significant issues or next steps in a standardized summary template (See Associated Document 3. Sample Summary Template/Tracker). Summary should include:
       i. Balance Information – Name, accounts and balances reconciled and forecasted, dates of the award, and the accounting date of reconciliation or period covered by the reconciliation/projections.
       ii. Name of preparer (typically the Post-Award Administrator) and date prepared
       iii. Name of PI
       iv. Summary listing of significant issues, effort changes or additional items that need to be discussed with the PI

11. Initial and date the reconciliation report to document that a review and reconciliation was performed by completing the following:
    a. Verify that all transactions have been reviewed and matched as described in the process above
    b. Verify that errors have been detected and resolved, with description of resolution or pending action
    c. Ensure that any prior corrections initiated have been verified as complete
    d. Ensure that RAS records provide evidence that the expenditure reconciliation has been completed and reviewed
       i. These documents should be saved to the appropriate shared network drive as determined by the RAS director.

12. Submit compiled summary of PI’s projects/awards to PI for review
a. The summary document (refer to Step 9b) plus the accompanying reconciliation and projections reports should be emailed to the PI, and copied to the RAS Director and Department Administrator (DA) if applicable, on a consistent basis, at least every 60 days. In addition, reports will be copied to School/unit personnel as needed (see individual School/unit for guidance).
b. Within the email, any projects with deficits or potential deficits should be highlighted, along with any other significant issues or questions related to transactions that posted.
c. In the email sent to the PI, if necessary, a request to meet should be indicated and the email should be sent with a return receipt to ensure that the PI has received the materials. The Post-Award Administrator should be available to review reconciliations and projections with the PI, and it is expected that the Post-Award Administrator would meet initially with PIs to familiarize them with the reconciliation and projections template and associated content.
d. If no acknowledgment from PI has been received within ten business days of sending, the Post-Award Administrator should resend to the PI and include the request for meeting.
e. If there are outstanding issues and no meeting has occurred at least once in the past 90 days the Post-Award Administrator should raise the issue to the Director of the RAS unit. The Director should review the previous spreadsheets and make attempts to work with the PI to schedule a meeting to review the finances.
   i. If the PI does not avail themselves for a meeting an email should be sent by the RAS Director to the Department Chair and the DA or local School/unit official, if applicable.
   ii. Once all these steps have been exhausted the Director of the local RAS unit should inform the AVP of RAS via email of the situation and instruct the Post-Award Administrator to work with the DA or local School/unit official (or appropriate designee) to clear expenses and make transfers, as needed.

13. Investigate and resolve any remaining issues identified during review

14. Update the status of the financial milestone on the FSR Milestone page.

RetentionPolicy

1. Reconciliation should be maintained according to the University’s record retention policy. Reconciliation records should be kept for a minimum of three years, as per Federal guidelines. All grant documentation related to reconciliation should be maintained for three years after close of grant. Reconciliations should be saved on the RAS network drive.

Timeline

1. It is expected that all projects and awards are monitored, reconciled and projected on a regular basis. In particular, given the stricter accountability associated with funds provided by external sponsors, it is imperative that consistent reconciliation and projections occur at least every 60 days, and at minimum no less than quarterly, and will be dependent upon the sponsor and type of award.
2. Some awards (including some Federal, state and/or local contracts) may require more frequent reconciliation (i.e. monthly) based on the sponsor, complexity and/or billing requirements and those awards will be identified by the RAS director to ensure reconciliation occurs accordingly.
3. Final reconciliation is subject to terms of the award and final invoice due date. (Refer to Preparing Final Financial Status Report SOP # 2021 and Award Closeout SOP # 2022)
4. All discrepancies should be resolved within 30 days of review.

IV. ROLES and RESPONSIBILITIES
Principal Investigator (PI):

- Manages expenditures to not exceed available award balance
- Initiates allowable purchases of equipment, goods, and services for award
- Reviews award reconciliations and communicates with Post-Award regarding any issues identified during review
- Ensures that expenditures are made for the intended purpose of the grant or contract in accordance to sponsor requirements, including any recharge center charges
- Provides guidance to RAS on award expenses or projections, as necessary

Post-Award Administrator:

- Collaborates with PI, and Department or School/unit, regarding expenditure reconciliation and resolution of issues, as necessary
- Assures appropriateness, reasonableness and allowability of expenditures
- Reviews award finances and reconciles at least every 60 days
- Submits reconciliation summary, along with relevant supporting documentation, and listing of issues identified during review to PI according to expected timeline
- Assures timely resolution of issues identified during review, including over-expenditures and revenue shortfalls and transfer of over-expenditures to non-sponsored funds, as needed
- Prepares, submits, tracks and monitors approval of adjusting entries, including cost transfers
- Requests Cost Account Standards (CAS) exceptions, if necessary
- Coordinates the update of the Smart Key between the Recharge Center and the PI
- Updates Payroll Distributions, if necessary
- Update milestones

School/Unit:

- Approves CAS exceptions
- Approves Cost Transfers, if transfer amount exceeds School/unit threshold

Finance, Grants and Contracts (FGC):

- Reviews and approves all non-personnel cost transfers greater than $50,000 or three months

The Controller’s Office, Financial Analysis and Cost Studies (FACS):

- Processes personnel cost transfers via Compass online RST system.

*******************************************************************************END OF SOP*******************************************************************************
RECONCILING EXPENDITURES PROCESS CHECKLIST

This checklist is a supporting document for SOP #2008, Reconciling Expenditures and should be considered a guide. The steps outlined below are a list of the procedures. Please review the SOP prior to completing this checklist for further information and clarification on this process.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Determine projects that require reconciliation during the current month</td>
</tr>
<tr>
<td>2.</td>
<td>Pull SPP2242 or Budget Position Summary &amp; Detail report in EBI for projects</td>
</tr>
<tr>
<td>3.</td>
<td>Review expense transactions posted to project since prior reconciliation</td>
</tr>
<tr>
<td></td>
<td>a. Run ALL TRANS query for expense transactions</td>
</tr>
<tr>
<td>4.</td>
<td>Review revenue transactions posted to award since prior reconciliation (if applicable)</td>
</tr>
<tr>
<td></td>
<td>a. Run CASH_CONTRACT query for cash deposits posted to contract</td>
</tr>
<tr>
<td>5.</td>
<td>In addition to (or as an alternative to) the SPP2242 and the Budget Position Summary &amp; Detail report in EBI, staff can download the latest version of ART Excel template from the FGC website and</td>
</tr>
<tr>
<td></td>
<td>a. Run the EUOGCA16A and EUOGC16B reports in Compass</td>
</tr>
<tr>
<td></td>
<td>(or the 18A and 18B versions if reconciling from a date other than the start of an award)</td>
</tr>
<tr>
<td></td>
<td>b. Retrieve the CSV files generated by the reports from Outlook inbox</td>
</tr>
<tr>
<td></td>
<td>c. Open the ARRT Excel template and import the CSV files</td>
</tr>
<tr>
<td>6.</td>
<td>Review all recorded expenditure and cash transactions and identify any potentially unallowable, inappropriate, erroneous or inaccurate transactions or unusual changes</td>
</tr>
<tr>
<td></td>
<td>a. Confirm appropriate account codes have been charged and that there are no unallowable account codes charged</td>
</tr>
<tr>
<td></td>
<td>b. Confirm fringe benefits expenses and Facilities &amp; Administrative costs (indirect costs) are posting correctly</td>
</tr>
<tr>
<td></td>
<td>c. Review all expenses and deposits, identify any questions about allowability, timeliness, appropriateness or accuracy for further review with PI</td>
</tr>
<tr>
<td>7.</td>
<td>Ensure that transactions that posted to project during the period have relevant source documents</td>
</tr>
<tr>
<td></td>
<td>a. Validate that supporting documentation (electronic or paper), including source documents, matches expense or revenue transactions on the official university record (e.g. SPP2242, All Transactions query or previously listed EBI reports)</td>
</tr>
<tr>
<td></td>
<td>i. Supporting documentation can include PI report summary, labor report, expense vouchers, travel and expense reports, purchasing card reconciliations, journal entry documentation, recharge center reports, copies of checks, and other documentation, as needed</td>
</tr>
<tr>
<td></td>
<td>ii. Post-Award Administrator will ensure transactions have reference to supporting documentation such as a Purchase Order, voucher or journal number in an Emory source system (i.e. Emory Express, Compass etc). If source system reference is not available for a transaction, Post-Award Administrator will obtain documentation and notify PI of any discrepancies or missing documentation.</td>
</tr>
</tbody>
</table>
Documentation outside the source system should be saved to the appropriate shared network drive, as determined by the RAS director.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 8. | Monitor financial status of project, including available balance based on awarded budget  
   a. Review financial status of project and ensure project is not in deficit  
      i. For award types other than Letter of Credit awards, RAS directors or designee will monitor cash receivables to ensure that awards are invoiced and paid  
      ii. Post-Award Administrator will notify FGC if project is in deficit due to delays in payment so FGC can follow-up on the missing payment.  
   b. Review budget period end date in Compass to ensure it is consistent with end date in agency award documents  
|   |   |
| 9. | Project anticipated expenses through end of award budget period and determine projected ending balance (See SOP# 2007 – Projections and Forecasting for a detailed procedure)  
|   |   |
| 10. | Document issues identified during review and resolve differences  
   a. Document who is responsible for investigating and resolving any potential discrepancies  
   b. Submit necessary adjustments including personnel and non-personnel cost transfers (See Cost Transfer SOP # 2009 for further details on procedure)  
|   |   |
| 11. | Prepare summarized reconciliation for PI review  
   a. Complete reconciliation for each of PI’s projects in a standardized template (see Associated Document 2. Sample Reconciliation and Projections Template) including:  
      i. Identification of source of information for the balance reported that reconciles to the general ledger balance (e.g. SPP2242 report)  
      ii. Documentation or references to support significant reconciling items including relevant source documents  
      iii. Listing of issues identified during review and responsible party assigned to investigate and resolve  
      iv. Listing of pending adjusting entries noting dates, references, and a description of how and when the item will be cleared  
   b. Complete a document summarizing all of PI’s projects and indicate any significant issues or next steps in a standardized summary template (See Associated Document 3. Sample Summary Template/Tracker) including:  
      i. Balance Information – Name, accounts and balances reconciled and forecasted, dates of the award, and the accounting date of reconciliation or period covered by the reconciliation/projections.  
      ii. Name of preparer and date prepared  
      iii. Name of PI  
      iv. Summary listing of significant issues, effort changes, etc. to be discussed with PI  
|   |   |
| 12. | Initial and date the reports to document that a review and reconciliation was performed by completing the following:  
   a. Verify that all transactions have been reviewed and matched as described in the process above  
   b. Verify that errors have been detected and resolved, with description of resolution  
   c. Ensure that any corrections initiated have been verified as complete  
<p>| | |
|   |   |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
|   | d. Ensure RAS records provide evidence that reconciliation has been completed/reviewed  
e. Save to the appropriate shared network drive as determined by the RAS Director  
  |
|   | 13. Compile summary of PI’s projects and submit to PI for review  
  a. Summary document plus the accompanying reconciliation and projections reports, should be emailed to PI, and copied to the RAS Director, Department Administrator and/or School/unit, if applicable  
  b. Within the email, highlight any projects with deficits or potential deficits, along with any other significant issues or questions related to transactions that posted  
  c. If necessary, include request to meet and send email with a return receipt to ensure that the PI has received the materials  
  |
|   | 14. Investigate and resolve any remaining issues identified during review  
  |
Sample Summary Template / Tracker

**GRANT REVIEW SUMMARY**

PI: [Name]

Reports as of: [Date]

Post-Award Administrator: [Name]

**PROJECTS or AWARDS ENDING IN 30/60/90 DAYS:**

<table>
<thead>
<tr>
<th>Project # / SmartKey</th>
<th>Reference Award #</th>
<th>Sponsor Agency</th>
<th>Project Name</th>
<th>Start Date</th>
<th>Period End Date</th>
<th>Current Balance</th>
<th>Projected Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECTS or AWARDS WITH PROJECTED CARRYFORWARD:**

<table>
<thead>
<tr>
<th>Project # / SmartKey</th>
<th>Reference Award #</th>
<th>Sponsor Agency</th>
<th>Project Name</th>
<th>Start Date</th>
<th>Period End Date</th>
<th>Current Balance</th>
<th>Projected Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECTS or AWARDS WITH PROJECTED DEFICITS:**

<table>
<thead>
<tr>
<th>Project # / SmartKey</th>
<th>Reference Award #</th>
<th>Sponsor Agency</th>
<th>Project Name</th>
<th>Start Date</th>
<th>Period End Date</th>
<th>Current Balance</th>
<th>Projected Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECTS or AWARDS WITH KNOWN, TRUE DEFICITS:**

<table>
<thead>
<tr>
<th>Project # / SmartKey</th>
<th>Reference Award #</th>
<th>Sponsor Agency</th>
<th>Project Name</th>
<th>Start Date</th>
<th>Period End Date</th>
<th>Current Balance</th>
<th>Projected Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EFFORT CHANGES OR OTHER ADJUSTMENTS TO BE MADE:**

**OTHER SIGNIFICANT ISSUES:**