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

AZ 360

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, contact the agency's designated General Accounting Office (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 the 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 AZ360 report **FIN-AZ-GL- N605** *BSA Balances by Month*. This report displays month ending balances including the 13th month 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 the 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 Arizona State Treasurer's Office posts credit card payment and fees.

   a. If there is a zero balance, no action is needed.

   b. 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).

    ii.   It is helpful to run the AZ360 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 Arizona Department of Revenue.

    a.   If there is a zero balance, no action is needed.

    b.   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 Internal Exchange Transaction - Use Tax (IETUT) transaction to pay the Department of Revenue by following the Monthly Process of Collecting & Paying Use Tax QRG.

        ii.   It is helpful to run the AZ360 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. If use taxes owed are not added through APP or the invoice payment is initiated in AZ360, no liability will be posted to BSA 1616, and an IETAT transaction will need to be processed in order to pay use taxes.

4. Review **NSF Checks Receivable** account (BSA 0582). The Arizona State Treasurer's Office posts adjustments related to returned deposits due to non-sufficient funds (NSF) to this clearing account.

    a.   If there is a zero balance, no action is needed.

    b.   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.

        i.   It is helpful to run the AZ360 report **FIN-AZ-GL-N649** by BSA 0582 to determine the details of the balance.

        ii.   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 Arizona State Treasurer's Office posts adjustments related to deposit discrepancies (e.g., difference between bank deposit and cash receipts in AZ360).

    a. If there is a zero balance, no action is needed.

    b. 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.

        i. It is helpful to run the AZ360 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 AZ360 Inception-To-Date Balance Sheet Detail (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 AZ360 **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 AZ360 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.

2. Run the AZ360 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 AZ360 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 AZ360 Cash Balance Detail (CBALDQ) query page to research transactions, which affect the cash balances.

Revenues and Expenditures

Background

Revenues and expenditures directly affect 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 AZ360 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.

   a. 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 AZ360 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 AZ360 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.

   a. 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).

   b. 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. Follow the instructions on the "Retiring reports xwalk" tab and enter 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* that display the same information for different 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 AZ360 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.

a. 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).

b. 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. Follow the instructions on the "Retiring reports xwalk" tab and enter 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 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 AZ360.

- 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 on the GAO website. This document provides time frames and information about reports in both HRIS and AZ360 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 AZ360 report **FIN-AZ-GL-N459b** *Draft and Pending Transfers (ITA)*. This report displays all open transfers where the internal transaction initiator (ITI) transaction has been finalized by the initiating agency but the corresponding internal transaction agreement (ITA) transaction has not been finalized by the receiving agency.

    a. Review the report to identify incomplete transfers in AZ360. 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 transaction ID means that if a transfer transaction was created, it was discarded. If the transfer is still needed, a new transaction will need to be created. If the transaction is no longer needed, the transaction should be discarded.

Note: This report does not pick up outstanding internal exchange transactions (IETs).

2. Run and review the AZ360 report **FIN-AZ-WF-N009** *Financial Doc Turnaround* to check for transactions that are still pending approvals in a workflow. Input controls are available to display the report by specific transaction codes, transaction phase, dates, etc.

3. Run and review the AZ360 report **FIN-AZ-GL-N388** *Outstanding Open Items* to check for transactions in a workflow that still have an open balance by transaction code (e.g., GAE, GAX, IPO, ITIAD, ITIDT, ITI, ITIOP, ITIRE, POPZ1, PRCPZ1, RQPZ1, STADJ, DADJ, etc.).

4. Retrieve and review the AZ360 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 transaction errors, which prevented an automated disbursement from issuing and should be reviewed daily. All agencies will be listed on this report. If the agency's name does not appear, then the agency does not have any transactions with errors for that day.

5. Review the Financial Transaction Catalog for outstanding payroll transactions (PEDF1) that have not cleared.

    a. Open the **Financial Transaction Catalog,** enter the transaction code *PEDF1*, the department, and select a phase of **Draft** or status of **Rejected** under the **Transaction State**. Any PEDF1 transactions that are unable to post will be displayed.

        i. Either open each transaction and review the errors, or

        ii. Run the AZ360 report **OADM-AZ-MSG- N384** *Doc Error Message(s)* and select the transaction code **PEDF1** and the transaction department code of the agency. This report will identify the transactions on error and give the error message.

When reviewing incomplete transactions, keep in mind:

The Financial Transaction Catalog in AZ360 is also an option to see all transactions by transaction ID and/or phase. Selecting the phase of Pending will show all submitted transactions that have not been approved. Rejected transactions go back into a draft phase. Rejected transactions can be found under the status of Rejected.
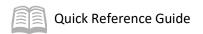
Budget

Background

Budget transactions 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 AZ360 report **FIN-AZ-BG-N141** *Budget Structure 60LV1 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.

   a. Review the appropriation balances and expenditures to identify unexpected activities. To drill into details, use the appropriate AZ360 query pages. Table 1 at the end of this document will help identify the correct query page, (e.g. BQ60LV1)

2. After appropriations and allotments are entered and finalized in AZ360, the budget pages are available to query. In AZ360, enter *BQ60LV1* in the **Global Search** field. Enter the department and any other desired parameters.

   a. Click on the **Expand All** arrow to show more information for each line.

   b. Review each line and each appropriation by fund and budget fiscal year (BFY) if needed.

   c. Use the query pages that match the budget structure the agency has adopted to review other loaded budgets. Depending on the selected structure and how the budget transactions were entered, the agency may be provided 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 the agency budget personnel and/or contact the GAO Liaison.

When reviewing appropriations and allotments keep in mind:

- To drill down into the details, click the **Expand** caret at the left of the budget line. These details include balances and drill down information for budget amounts (including adoptions, amendments, transfers, etc.) and budget actuals (including pre-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 the **3-dot** menu at the right of the selected budget, Related Pages, then **Allotments**.

- Additional budget reports (some by budget structure) are available in infoAdvantage depending on how the budgets are loaded into AZ360.

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.

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. 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 60LV1 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
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
60	Appropriation/Allotment Budget	BQ60LV1	ASUM60L1
64	Revenue	BQ64LV1 BQ64LV2 BQ64LV3	RSUM64L1 RSUM64L3
61	Department – Bureau	BQ61LV1 BQ61LV2 BQ61LV3 BQ61LV4	ESUM61L2
62	Department – District	BQ62LV1 BQ62LV2 BQ62LV3 BQ62LV4	ESUM62L4
63	Department – Division	BQ63LV1 BQ63LV2 BQ63LV3	ESUM63L3
65	Department – Unit	BQ65LV1 BQ65LV2 BQ65LV3 BQ65LV4 BQ65LV5 BQ65LV6 BQ65LV7	ESUM65L2 ESUM65L3 ESUM65L7
37	Program Phase Revenue and Expense	BQ37LV1 BQ37LV2 BQ37LV3	
40	Program Phase Reimbursement	BQ40LV1 BQ40LV2	
38	Program Period Revenue and Expense	BQ38LV1 BQ38LV2 BQ38LV3 BQ38LV4 BQ38LV5	
39	Program Period Reimbursement	BQ39LV1 BQ39LV2	
66	Program Period Award	BQ66LV1	CSUM66L1