Office of Research Administration
Monthly Reconciliation Checklist

This checklist is intended to aid the review of sponsored projects and to highlight key items for analysis and discussion with investigators as necessary. Please refer to ORA's **Monthly Reconciliation Best Practices Guidance** for more information.

Project Title:

Project Number:

Month Reconciled:

Question	Yes	No	Initials
1. Budget – Is the budget accurate?			
2. Revenue – Is sponsor revenue being added per the expected schedule?			
3. Expenses			
a. Is there properly authorized documentation on file?			
b. Do all expenses belong to your project?			
c. Are all expenses allocable, reasonable, collectible, and consistent?			
d. Were all account codes charged correctly?			
e. Were all amounts charged correctly?			
f. Were all expected expenses posted (nothing is missing)?			
4. Rates – Do the benefits and F&A charged agree with the approved rates?			
5. Encumbrance – Are the encumbered salaries and POs accurate?			
6. Remaining Balance – Are there sufficient funds to complete the scope?			
7. Cost Share – Is the correct cost share being charged and tracked?			
Sponsor Spending Rate (Fund 20):			
Cost Share Spending Rate (Fund 24):			
Cost Share Spending Rate (Fund 04):			
For any questions answered *No*, please list the concerns and their resolutions:			

I attest that, to the best of my knowledge, the questions above have been carefully reviewed and addressed with corrective actions if necessary.

Reconciler Review:

Signature   _Date_

PI Review:

Signature   _Date_

Best Practices

1. **Budget**

The "Current Budget" column of a GL search should always be checked for accuracy. At the beginning of an award, confirm that these numbers match those approved by the sponsor. If expenditure estimates have significantly changed or if budget deviations have impacted F&A, a Budget Reallocation Form must be submitted to ORA. In some cases, the sponsor may need to approve before the budget can be updated.

2. **Revenue**

Revenue appears near the beginning of the "Revenues/Expenses" section of a GL search. Sponsor revenue may be received on one of the following schedules.

Schedule	Description	ORA Invoicing or Drawdown	Payment(s) Received
Upfront	The sponsor pays the entire award amount at the beginning of the project. This is generally the case for non-profits, foundations, or private companies.	None	At the beginning of the project
Installments	The sponsor pays set amounts at designated intervals.	None	At designated intervals
Monthly	ORA is required to invoice the sponsor monthly based on actual expenses.	Every month	Within 30 days of invoicing
Quarterly	ORA is required to invoice the sponsor quarterly based on actual expenses.	Every three months	Within 30 days of invoicing
Milestones or Deliverables	The PI is required to notify ORA whenever the project completes a key milestone or deliverable.	At time of PI notification	Within 30 days of invoicing

Revenue is added to the GL upon receipt of payment. Some sponsors pay anywhere from 30 to 90 days after receipt of an invoice, but most pay within 30 days. Please contact ORA if payments do not follow the sponsor's schedule.

3. **Expenses**

Expenses follow revenue in the "Revenues/Expenses" section of a GL search. Expenses should be reviewed in detail, asking each of the following questions for each transaction.

    a. **Is there properly authorized documentation on file?** – Each research unit is responsible for developing and enforcing an effective filing system to review supporting documentation during reconciliations and audits. Such a system may include paper files, electronic files, or a combination of both. If supporting documentation is unavailable, review and correct your unit's filing system.

    b. **Do all expenses belong to your project?** – If you find an expense that belongs to another project, it must be transferred to the correct project using a Cost Transfer Request Form within 90 days of month end.

c. **Are all expenses allocable, reasonable, collectible, and consistent?** – The following definitions are used to determine if expenses are <u>allowable</u>. If an expense is deemed unallowable, it must be transferred from project funds using a <u>Cost Transfer Request Form</u> within 90 days of month end or paid back to the sponsor.
    i. A cost is **allocable** to a specific sponsored project if:
        1. It is incurred solely to advance the work under the sponsored agreement; or
        2. It benefits the sponsored agreement and other work of the institution in readily-measured proportions; or
        3. It is necessary to the overall operation of the institution and is assignable in part to sponsored projects.
    ii. A cost may be considered **reasonable** if:
        1. The nature of the goods or services acquired, and
        2. The amounts involved reflect the action that a prudent person would take under the circumstances prevailing at the time the decision to incur the cost is made.
    iii. A cost is **collectible** only if it conforms to any and all limitations or exclusions set forth in:
        1. Uniform Guidance or other applicable guidance,
        2. The sponsored agreement, and
        3. UMaine or UMaine System policies.
    iv. A cost is deemed **consistent** if, when incurred for the same purpose, in "like" circumstances, it is treated uniformly either as:
        1. A direct cost only, or
        2. An indirect cost only, with respect to final cost objectives.
d. **Were all account codes charged correctly?** – The account description associated with an expense should be as accurate as possible. Refer to the <u>List of Expense Accounts</u> when coding expenses. Any incorrect account codes should be corrected with a <u>Cost Transfer Request Form</u> within 90 days of month end.
e. **Were all amounts charged correctly?** – Confirm that dollar amounts match associated documentation and justifications. If you find an over- or under-charged payroll expense, contact the <u>Payroll Center</u>. If you find an over- or under-charged purchase or service expense, contact <u>Procurement Services</u> or other billing department.
f. **Were all expected expenses posted?** – Expenses may not appear in a GL search due to missing paperwork, paperwork submitted late, or incorrect chartfields. If you notice something that should have processed but did not, contact the <u>Payroll Center</u>, <u>Procurement Services</u>, or other billing department as appropriate.

4. **Rates**

Employee benefits and F&A (indirect) costs should generally follow the <u>rates posted on ORA's website</u>. Some projects may have different negotiated rates, so always check what was approved on your sponsored proposal.

- A project's F&A rate is displayed in the top "Statistics" or "Assets/Liabilities" section of a GL search. Please contact ORA if this rate does not match your sponsored agreement.
- The Office of Budget & Business Services allocates employee benefits and F&A costs within a week after month-end. Please contact them if the monthly "Benefits Adjustment" or "F&A Adjustment" do not correspond to your project's rates.

5. Encumbrance

The "Encumbrance" column of a GL search shows pending payroll entries and POs. These should represent expected future expenses. If not, contact the Payroll Center or Procurement Services as appropriate.

POs with small remaining balances may need to be closed manually to remove them from encumbrance totals. Contact Procurement Services to request PO closure.

6. Remaining Balance

The "Budget Variance" column of a GL search shows budget remaining by expense category. A positive variance represents budget available, while a negative variance represents an overdrawn budget. There should always be sufficient funds to complete the scope of the project. Discuss with the PI to determine corrective actions.

7. Cost Share

Many sponsored projects have associated cost share targets required to meet the sponsor's terms. Cost shares are designated with fund codes 04 and 24 on the GL. These funds have the same reconciliation requirements as sponsor funds and must be monitored to meet spending requirements. Compare:

$$\frac{Total\ Cost\ Share\ Expenses}{Total\ Cost\ Share\ Budget}\ vs\ \frac{Total\ Sponsor\ Expenses}{Total\ Sponsor\ Budget}$$

The first number represents proportion of the cost share spent, which the second represents proportion of the sponsor budget spent. Ideally, these two numbers should be fairly close. If the first number is significantly higher, the cost share could be front-loaded (i.e., more expenses occur at the beginning of the budget period). If the first number is significantly lower, the cost share could be back-loaded (i.e., more expenses occur at the end of the budget period) or unaccounted for. Review the relationship between these numbers with the PI to ensure spending is on target.