



## Monthly Revenue Ledger Account Reconciliation for USPs

Fall 2023

# Revenue Reconciliations for USPs

Why?

Who?

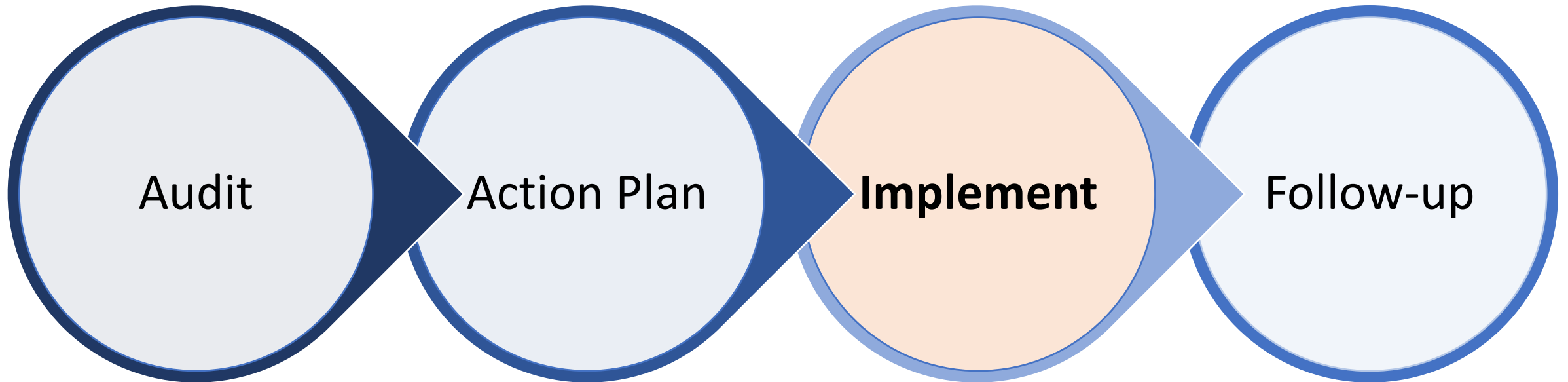
What?

When?

How?

# Revenue Reconciliations for USPs

Why?



# Revenue Reconciliations for USPs

## 1410 PR.03 University Service Providers: Accounting and Billing

### **B. USP Monthly Revenue Ledger Account Reconciliation**

USPs that charge sponsored awards and/or external customers are responsible for ensuring that revenue ledger accounts for which they are accountable are reconciled monthly and in a timely manner. All other USPs are encouraged to perform the monthly revenue ledger account reconciliation as a best practice.

The USP revenue ledger account reconciliation is the comparison of a revenue balance in the general ledger to another source of financial data, such as a sub-ledger or another system. The purpose of the USP revenue ledger account reconciliation is to verify the accuracy, completeness, and validity of revenue ledger accounts included in the general ledger at a given point in time.

Reconciliation, verification, and substantiation are essential for an effective internal control environment to help ensure:

- Accumulated general ledger account balances can be substantiated by supporting detail records;
- The accuracy and completeness of transactions that have been posted to general ledger account balances;
- The information transmitted to, contained in, and reported from the University's financial systems is accurate, complete, and recorded in a timely manner;
- The information can be relied upon for making financial and administrative decisions;
- Efficient and effective audit process; and
- Fraud, theft, compliance violations, and other irregularities are quickly detected and reported to the appropriate authorities.

The difference between revenue balances recorded in the general ledger and other sources of financial data are reconciling items. Reconciling items may be caused by timing differences, general ledger errors (e.g., sub-ledgers errors, manual journal entries), or errors in the other sources of financial data. A critical element of the account reconciliation process is the resolution of differences. Please refer to the [Accounting Manual](#) for University standards on how to properly resolve and account for differences identified during the reconciliation process.

University standards and best practices for account reconciliation can be accessed through the [Accounting Manual](#) in the [USP Revenue Ledger Account Reconciliation](#) guidance.

# Revenue Reconciliations for USPs

## Who?

USPs that **charge sponsored awards** and/or **external customers** are expected to perform reconciliations over revenue ledger accounts for which they are accountable.

All other USPs are encouraged to perform the revenue ledger account reconciliation as a best practice.

# Revenue Reconciliations for USPs

## What?

The purpose of the USP revenue ledger account reconciliation is to verify the **accuracy, completeness, and validity** of revenue ledger accounts included in the general ledger at a given point in time.

The USP revenue ledger account reconciliation **compares the revenue balance in Workday to another source of financial data**, such as a sub-ledger or another system, which could be manual or paper-based, Excel-based, or a software billing system.

## When?

Reconciliations are performed **monthly and in a timely manner.**

USPs that charge sponsored awards and/or external customers are expected to be compliant and able to demonstrate compliance by **December 31, 2023.**

# Revenue Reconciliations for USPs

## How?

- Document work performed
- Gather support
- Compare each revenue ledger account in Workday to your source information
- Identify and resolve variances (reconciling items) timely
- Correct any known errors timely
- Review and approve the reconciliation



## Documentation

- Develop USP/department-specific reconciliation procedures
- Review annually and update, as needed
  
- Document the monthly review of revenue ledger accounts
- Same individual should not prepare and approve a reconciliation
  
- QA work to be performed will ask for these documents

# Revenue Reconciliations for USPs

## Example

Top section of the workbook is data entry; enter where revenue is recorded for your USP.

USP Monthly Revenue Reconciliation Template				Number	Description
USP Journal Source	ISP123		Funding Component	YDxxxxxx	Name of YD
USP Name	Research Services USP		Cost Center	CCxxxx	Name of CC
Month/Year Reconciliation Performed	Jun-22		Project	PJxxxxx1, PJxxxxx2,	Name of PJs
			Program	PGxxxxx	Name of PG

# Revenue Reconciliations for USPs

Workday General Ledger Information	(A)	(B)
WD General Ledger Revenue Account Number	50002	42035
WD General Ledger Revenue Account Description	Internal Service Credit	Research Service Income
MM/DD/YYYY of WD GL Balance	6/30/2022	6/30/2022
WD GL Balance on above date - Debit/(Credit)	(37,339.00)	(2,325.00)

< The next section fills in revenue as it is shown in Workday.  
*\*Enter revenue as a credit.*

Include screenshots from Workday. A good report to use which shows income at the ledger account level is “**SOA Actuals by Fund Summary – Yale**”

*\*make sure to include the Workday parameters in your screenshots.*

## SOA Actuals by Fund Summary - Yale

### Details

Period	FY22 - JUN	Project	PJ[REDACTED]
Time Period	Current Period		PJ[REDACTED]
Cost Center / Cost Center Hierarchies	Cost Center: CC[REDACTED]	Assignee is blank	No
Program	PG00066 ISP Research Support (23)	Company	Yale University

Internal Revenue	(37,339)	All Other Income	2,325
Other Internally Provided Services	(37,339)	42035:Research Service Income	2,325
50002:Internal Service Credit	(37,339)		
		Total External Revenue	2,325

# Revenue Reconciliations for USPs

USP Subledger Information	(A)	(B)
Subledger Revenue Account Number	50002	42035
Subledger Revenue Account Description	Internal Income	External Research Service
MM/DD/YYYY of Subledger Balance	6/30/2022	6/30/2022
Subledger Balance on above date - Debit/(Credit)	(37,989.00)	(2,325.00)

< The next section fills in revenue as it is recorded in the departmental subledger.

## Example Subledger

June 2022 Billing						
Revenue for Services: June 1, 2022 through June 30, 2022						
			50002			42035
	Rate	Units	Yale customers	Rate	Units	External Research Service
<b>Customer 1</b>						
Service 1	\$2	2158	\$4,316	\$3	286	\$858
Service 3	\$6	1740	\$10,440	\$7	69	\$486
Service 4	\$4	920	\$3,680	\$5	0	\$0
Partial Refund on Service 4	(\$4)	150	(\$600)			
Service 5	\$1	913	\$913	\$2	3	\$6
<b>Customer 2</b>						
Service 1	\$2	950	\$1,900	\$3	0	\$0
Service 2	\$10	380	\$3,800	\$11	25	\$275
Service 3	\$6	1350	\$8,100	\$7	100	\$700
<b>Customer 3</b>						
Service 4	\$4	680	\$2,720	\$5	0	\$0
Service 5	\$1	2720	\$2,720	\$2	0	\$0
<b>Total Revenue</b>			<b>\$37,989</b>			<b>\$2,325</b>

Include screenshots or a separate tab in the workbook that shows your departmental subledger.

> *\*your subledger may be recorded manually, in excel, or through a separate software system.*

# Revenue Reconciliations for USPs

The two systems of record (Workday and the departmental subledger) are compared, and any variance is shown.

We see below that external revenue ties out, however there is a \$650 variance related to internal revenue.

Workday General Ledger Information	(A)	(B)
WD General Ledger Revenue Account Number	50002	42035
WD General Ledger Revenue Account Description	Internal Service Credit	Research Service Income
MM/DD/YYYY of WD GL Balance	6/30/2022	6/30/2022
WD GL Balance on above date - Debit/(Credit)	(37,339.00)	(2,325.00)
<i>Include screenshots below, on another tab, or in a separate file to support account balances</i>		
USP Subledger Information	(A)	(B)
Subledger Revenue Account Number	50002	42035
Subledger Revenue Account Description	Internal Income	External Research Service
MM/DD/YYYY of Subledger Balance	6/30/2022	6/30/2022
Subledger Balance on above date - Debit/(Credit)	(37,989.00)	(2,325.00)
<i>Include screenshots below, on another tab, or in a separate file to support account balances</i>		
	(A)	(B)
Variance	650	0

Tab 2-A

> We will reconcile the difference on Tab 2-A since the discrepancy is shown in revenue type (A)

# Revenue Reconciliations for USPs

The first section in the reconciliation tab is where you can enter adjustments to your Workday revenue.

Reconciling Items			
Workday Account Reconciling Items			
List all known items that require a manual journal entry in WD for resolution (this includes timing items that cross months, known corrections to be made, etc)			
WD General L	50002		
WD General L	Internal Service Credit		
DATE *(MM/DD)	DETAILED DESCRIPTION	\$ AMOUNT	Work Paper ** Cross
			Verderame, Sara: entered as a debit to reduce revenue
6/15	Remove revenue accidentally recorded to USP project, but doesn't belong there	300.00	
6/16	For Customer 3 / Service 5 : 110 units were provided at \$1 each, but the billing was not recorded in Workday.	(110.00)	Verderame, Sara: entered as a credit to increase revenue
Subtotal of all known reconciling items requiring a manual journal entry for resolution:		190.00	
from Tab 1		(37,339.00)	(A)
Adjusted General Ledger Balance		(37,149.00)	

Sum of needed Workday adjustments  
 Amount currently in Workday  
 Workday amount after corrections

# Revenue Reconciliations for USPs

The second section in the reconciliation tab is where you can enter adjustments to your subledger revenue.

Subledger Account Reconciling Items			
List <b>known</b> adjustments to sub-ledger (this includes corrections of sub-ledger errors etc.):			
Subledger Rev	50002		
Subledger Rev	Internal Income		
DATE *(MM/DD)	DETAILED DESCRIPTION	\$ AMOUNT	Work Paper ** Cross
6/20	For Customer 1 / Service 3 : 140 units were recorded at \$6 each, but the customer ultimately decided these services were not needed and therefore they were not actually performed or billed for.	840.00	
Subtotal of supporting detail and all known adjustments to subledger: 840.00			
Subledger Balance from Tab 1 (37,989.00) (A)			
Adjusted SubLedger Balance (37,149.00)			

Sum of needed subledger adjustments  
 Amount currently in subledger  
 Subledger amount after corrections

# Revenue Reconciliations for USPs

DATE *(MM/DD)	DETAILED DESCRIPTION	\$ AMOUNT
6/15	Remove revenue accidentally recorded to USP project, but doesn't belong there	300.00
6/16	For Customer 3 / Service 5 : 110 units were provided at \$1 each, but the billing was not recorded in Workday.	(110.00)
Subtotal of all known reconciling items requiring a manual journal entry for resolution:		190.00
from Tab 1		(37,339.00)
Adjusted General Ledger Balance		(37,149.00)

DATE *(MM/DD)	DETAILED DESCRIPTION	\$ AMOUNT
6/20	For Customer 1 / Service 3 : 140 units were recorded at \$6 each, but the customer ultimately decided these services were not needed and therefore they were not actually performed or billed for.	840.00
Subtotal of supporting detail and all known adjustments to subledger:		840.00
Subledger Balance from Tab 1		(37,989.00)
Adjusted SubLedger Balance		(37,149.00)

When all necessary corrections have been made to Workday and your subledger ties back to Workday, you've finished reconciling the accounts.

> Adjusted Variance - Should be Zero



# Revenue Reconciliations for USPs

Finally, sign off on the reconciliation, and have an approver sign off as well.

The approver can be a manager, or even a coworker who works in a financial capacity.

*\*It is a good idea for the approver to check 1) the correct data was pulled, and 2) the formulas are functioning correctly.*

Prepared by	Sara	Sara	7.16.22
	PRINT NAME	SIGNATURE	DATE PREPARED
Approved by	Jess	Jess	7.18.22
	PRINT NAME	SIGNATURE	DATE APPROVED

# Revenue Reconciliations for USPs

## Resources

[Procedure 1410 PR.03 \*University Service Providers: Accounting and Billing\*](#)

[Accounting Manual Guidance on Performing the Monthly Revenue Ledger Account Reconciliation for USPs](#)

[USP Revenue Reconciliation Template](#)

Questions?