Revenue Reconciliations for USPs

Why?

Who?

What?

When?

How?
Revenue Reconciliations for USPs

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.
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.
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.
Revenue Reconciliations for USPs

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.
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
Revenue Reconciliations for USPs

**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.

<table>
<thead>
<tr>
<th>USP Monthly Revenue Reconciliation Template</th>
<th>USP Journal Source</th>
<th>USP Name</th>
<th>Month/Year Reconciliation Performed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ISP123</td>
<td>Research Services USP</td>
<td>Jun-22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Component</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>YDxxxxx</td>
<td>Name of YD</td>
<td></td>
</tr>
<tr>
<td>Cxxxxx</td>
<td>Name of CC</td>
<td></td>
</tr>
<tr>
<td>PJxxxxx1, PJxxxxx2</td>
<td>Name of PJs</td>
<td></td>
</tr>
<tr>
<td>PGxxxxx</td>
<td>Name of PG</td>
<td></td>
</tr>
</tbody>
</table>
Revenue Reconciliations for USPs

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.

\[
\begin{array}{|l|c|c|}
\hline
\text{Workday General Ledger Information} & (A) & (B) \\
\hline
\text{WD General Ledger Revenue Account Number} & 50002 & 42035 \\
\text{WD General Ledger Revenue Account Description} & \text{Internal Service Credit} & \text{Research Service Income} \\
\text{MM/DD/YYYY of WD GL Balance} & 6/30/2022 & 6/30/2022 \\
\text{WD GL Balance on above date - Debit/(Credit)} & (37,339.00) & (2,325.00) \\
\hline
\end{array}
\]
Revenue Reconciliations for USPs

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

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.

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

Include screenshots below, on another tab, or in a separate file to support account balances

<table>
<thead>
<tr>
<th></th>
<th>(A)</th>
<th>(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USP Subledger Information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subledger Revenue Account Number</td>
<td>50002</td>
<td>42035</td>
</tr>
<tr>
<td>Subledger Revenue Account Description</td>
<td>Internal Income</td>
<td>External Research Service</td>
</tr>
<tr>
<td>MM/DD/YYYY of Subledger Balance</td>
<td>6/30/2022</td>
<td>6/30/2022</td>
</tr>
<tr>
<td>Subledger Balance on above date - Debit/(Credit)</td>
<td>$(37,989.00)</td>
<td>$(2,325.00)</td>
</tr>
</tbody>
</table>

Include screenshots below, on another tab, or in a separate file to support account balances

<table>
<thead>
<tr>
<th>Variance</th>
<th>(A)</th>
<th>(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>650</td>
<td>0</td>
</tr>
</tbody>
</table>

> 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.

---

Sum of needed Workday adjustments: 150.00
Amount currently in Workday: 37,339.00
Workday amount after corrections: 37,189.00

---

Work Paper:
- Cross Verderame, Sara: entered as a debit to reduce revenue
- Cross Verderame, Sara: entered as a credit to increase revenue

---

Subtotal of all known reconciling items requiring a manual journal entry for resolution: 150.00
Adjusted General Ledger Balance: 37,149.00
Revenue Reconciliations for USPs

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

<table>
<thead>
<tr>
<th>DATE <em>(MM/DD</em></th>
<th>DETAILED DESCRIPTION</th>
<th>$ AMOUNT</th>
<th>Work Paper **</th>
<th>Cross</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/20</td>
<td>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.</td>
<td>$40.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subtotal of supporting detail and all known adjustments to subledger: $40.00

Subledger Balance from Tab 1: (37,589.00)

Adjusted Subledger Balance: (37,145.00)
Revenue Reconciliations for USPs

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

<table>
<thead>
<tr>
<th>Prepared by</th>
<th>Sara</th>
<th>PRINT NAME</th>
<th>7.16.22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved by</td>
<td>Jess</td>
<td>PRINT NAME</td>
<td>7.18.22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sara</th>
<th>SIGNATURE</th>
<th>DATE PREPARED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jess</td>
<td>SIGNATURE</td>
<td>DATE APPROVED</td>
</tr>
</tbody>
</table>
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?