

Verification of Cost Centers

In order to be in compliance with the [UH System Administrative Memorandum \(SAM\) 03.G.03](#) -Financial System Verification of Cost Center Transactions, a monthly verification of transactions for each **active** cost center in the PeopleSoft financial system against departmental records is required to ensure accuracy and propriety of the transactions. Verifications must be completed no more than 60 days after the close of the accounting period being verified. Cost centers are to be monitored each month through analysis and verification. College Business Administrators/Division Business Administrators (CBAs/DBAs) and Cost Center Managers or their designee (via written signature authority) are responsible for reviewing and approving monthly cost center verification reports. Cost Center Managers must review and sign verifications at least once a quarter. A Cost Center Verification Log may be used for approving multiple cost centers.

A complete Cost Center verification includes:

- A 1074 verification worksheet report, which includes revenue, expense, fund equity, and budget transactions, open commitment and soft commitment balances, and asset and liability balances to ensure they are accurate and in accordance with departmental records.
- Identification of transactions that appeared on a cost center in error and require a correction.
- Preparation and transmittal of requests for corrections to the appropriate department.

Monthly verifications must be filed by the department and made available to General Accounting or the auditors upon request. To be in compliance with SAM 03.G.03, it is mandatory to retain verification for all of the periods of the current fiscal year and the previous fiscal year.

On a quarterly basis, representatives from the Budget Office and General Accounting will review cost centers for the following:

- Good Budget Balance Available (from 1063 report)
- Revenue on track to meet budget projections (from 1063 report)
- Good Fund Balance (from 016B report)
- Good Fund Balance (from 033A report)
- Endowment Spending
- Open Commitments from Prior Years
- Soft Commitments

They will communicate the results to the CBAs/DBAs and these items must be resolved prior to the next quarterly review.

Cost centers that will no longer be utilized should be inactivated, so they are removed from the list of cost centers to be verified. However, cost centers cannot be inactivated until all of the following are true:

- a. All individual asset and liability account balances are zero; and
- b. The net total of all fund equity accounts is zero; and
- c. The cost center has no soft or open commitments.
- d. Original budget (base budget) is zero.

REFERENCES

[UH SAM 3.G.03 - Financial System Verification of Cost Center Transactions](#)
[UHCL Cost Center Verification Procedures](#)
[Cost Center Verification Log](#)