



CAMPUS CORRESPONDENCE

Date: November 2, 2009

To: Deans, Directors and Department Heads

From: Donna K. Torres, CPA
Associate Vice Chancellor for
Accounting and Financial Services

Subject: Requirement to Monitor Budgets by Object Code

The LSU System Internal Audit staff has recently completed an audit of the LaCarte Card Program. An audit recommendation has been adopted which requires budget to actual comparisons by account number and object code on a quarterly basis.

To aid in the review process, the following tools are available:

- Various financial reports (ledgers) are available on-line through PAWS. Account balances and transactions can be checked at any time.
- The "University Subsidiary Summary Ledger" includes a column titled "Acct Stat" which indicates if an account is "Overdrawn" (OD), or has the "Potential to be Overdrawn" (P/OD). The "Potential to be Overdrawn" means that there is an outstanding encumbrance (a purchase order has been issued and the estimated expense shows as an encumbrance) or a tentative transaction that is causing the account to be shown as OD.
- A report titled "University Overdrawn Accounts" is now available. This report indicates each account and summary object code that is OD or P/OD due to an encumbrance or tentative transaction. The accounts on this report will require review, explanation or action on a quarterly basis.

Instances in which ODs are appropriate are the following:

- Unexpended salaries will be used to balance the budget.
- The account is a self-generated account in which revenues are earned later in the fiscal year.
- The account was established for start-up funds for new faculty/researchers.

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A system-generated e-mail will be sent after the second month of each quarter reminding college/department heads to conduct the analysis and investigate the ODs and P/ODs, and if appropriate, take corrective action or document why no action was taken prior to the end of the quarter. The first e-mail will be sent in early December 2009.

Budget Adjustments (BAs) should be processed in the General Ledger System (GLS) for departments and/or accounts that have large overdrafts in some object codes and credit balances in others. For instance, adequate funds are typically not budgeted in travel or equipment object codes. These are two areas which you should consider transferring budget to fund the expenses incurred.

Documentation must be maintained to demonstrate the analysis has been completed and the appropriate action has been taken (i.e. a Budget Adjustment has been processed, or notes to indicate why no action was taken). This documentation should be maintained with ledger reconciliation files for possible audit review.

Please note that Sponsored Program Accounting (SPA) will continue to monitor sponsored agreement accounts.

Please let me know if I can provide any additional information. I can be reached at 578-1623 or dtorres@lsu.edu.

xc: Chancellor Mike Martin
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