



## Chapter 8 Analytics and Review Procedures

It is recommended that bureaus perform the following analysis on beginning balances and quarterly balances starting with the 2<sup>nd</sup> quarter of 2002:

- Period-to-Period Variance Analysis:** Period-to-Period analysis may be performed at the financial statement line item level and also at the SGL level. **The standard analytic files, to assist with this requirement, will be placed on the XA drive.**

- (1) Current quarter to prior year end
- (2) Current quarter to like quarter of prior year

In addition, analysis may be performed at the standard general ledger account level and Budget Object Class to Budget Object Class

- Trial Balance Relationships – Absolutes:** Absolute relationships are those where the balance or change in one account should equal the balance or change in related accounts, including cash to budget and proprietary to budget using the Hyperion file titled “Master-SOF TB”. SACAT will develop a complete list of absolute relationships that may be considered.

**See Appendix I for CFO Financial Statement Analytic Relationships.**

- Trial Balance Relationships – Reasonableness:** “Reasonableness relationships” are those where the balance or change in one account will have a relationship to the balance or change in another account on a judgmental basis. The relationships to be reviewed may include comparison of:

- (1) Year-end Property Plant and Equipment to Depreciation Expense
- (2) Year-end Property Plant and Equipment to the “Capitalized Equipment Expensed” Budget Object Class
- (3) Accounts Receivable, Unbilled Accounts Receivable, Allowance for Bad Debts and Bad Debt Expense
- (4) Budget accounts and rate of outlays as compared to time of year.

**See Appendix I for CFO Financial Statement Analytic Relationships.**

- Hyperion Database Integrity:** Hyperion Database Integrity reports check to ensure that Hyperion Organization Structures are in sync and data loads reconcile to FFS and ABICUS.

In general, integrity reports are generated after quarterly data loads, and periodically as the data base is adjusted with journal entries. Using various Hyperion Reporting and



Retrieve reports, integrity checks are performed by the NBC on all applications on a weekly basis.

- Subsidiary Reconciliation:** Reconciliation of Subsidiary Ledgers to trial balance totals would normally be performed monthly or quarterly. The subsidiary ledgers that should be developed and reconciled would normally include, for example:

- (1) Undelivered Orders detail and aging
- (2) Accounts receivable detail and aging
- (3) Unbilled accounts receivable detail and aging
- (4) Accounts payable detail and aging
- (5) Property, Plant and Equipment
- (6) Liabilities for over collections

- Subsidiary Reconciliation to External Sources** should include investments, Statement of Differences with Treasury (monthly), intra-department eliminations and Fund Balance with Treasury (monthly), and Debt with Treasury.

- FFS/ABICUS Analysis - Core Accounting System Posting Model Verification:** As one of the internal control steps, to ensure that the Department's compliance with the FFMIA requirements for "Standard General Ledger (SGL) Processing at the transaction level", each bureau should verify that the transactions posting models in the bureau core accounting system (FFS or ABICUS) are consistent with the Department's Chart of Accounts and Posting Models developed by the SACAT. The Department's Chart of Accounts and Posting Models are located on the "XA" server: Bureau Teams\SGL Team\FY2002.

A written compliance verification will be sent to the Director, Office of Financial Management by July 31<sup>st</sup> of each fiscal year as part of the year end closing process and at other times during the year when major changes have been made to the posting models. Any variations from standard posting models should be documented along with any manual procedures established to ensure full compliance with the SGL at the transaction level.

- Vendor tables should be reviewed at least quarterly.