
INTERNAL CONTROL POLICIES

2701	Internal Control Policy
2701.1	Addendum – Internal Control Standard #1 – Payments Cycle
2701.2	Addendum – Internal Control Standard #2 – Conversion Cycle
2701.3	Addendum – Internal Control Standard #3 – Revenue Cycle
2701.4	Addendum – Internal Control Standard #4 – Time Cycle
2701.5	Addendum – Internal Control Standard #5 – Integrity Cycle
2702	Internal Audit
2703	Safeguarding University Assets
2704	Account Reconciliation

2701 INTERNAL CONTROL POLICY

Effective: December, 1986
Revised: April, 2010
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To communicate the University's objectives and to establish standards for the design and operation of the University's system of internal control.

The reliability which the University can place upon its financial records is dependent upon the effectiveness of the procedures and controls which are adopted to ensure that the results of transaction processing are reflected accurately, consistently and completely in those records. Controls must ensure also that assets are not exposed to unauthorized access and use. Management has the responsibility to establish and maintain an adequate system of internal control and to furnish to the Trustees of the University, governmental agencies, University creditors and other constituencies reliable financial information on a timely basis. An adequate system of internal control is necessary for management to discharge these responsibilities.

1. GENERAL POLICY:

The University Comptroller, as Chief Accounting Officer, has the fiduciary responsibility for the accounting records of the University and the ultimate responsibility for the adequacy and effectiveness of the overall system of internal control. In order to meet these responsibilities within the University's decentralized operating environment, the responsibility for a variety of controls must be delegated to the various operating entities of the University. Therefore, the schools, service and resource centers, central administrative departments, auxiliary enterprises, subsidiaries, the Clinical Practices of the University of Pennsylvania (CPUP) and the Hospital of the University of Pennsylvania (HUP) are required to:

- A. Construct and maintain books, records and accounts which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets for their respective operating units.
- B. Establish and maintain a system of administrative control which promotes operational efficiency and effectiveness, and ensures adherence to University policies and procedures. These controls include, but are not limited to, budgets, schedules, job assignment and monitoring sheets, policy and procedure manuals, organization charts, job descriptions, employee training programs and various quality controls.
- C. Establish and maintain an adequate system of internal accounting control sufficient to provide reasonable assurance that:

1. Transactions are executed in accordance with University management's general or specific authorization;
2. Transactions are recorded as necessary (a) to permit the preparation of financial statements in conformity with generally accepted accounting principles and the University's financial and accounting policies, and (b) to maintain accountability for University assets;
3. Access to assets is permitted only in accordance with management's general or specific authorization; and
4. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

2. ACCOUNTING CYCLE DEFINITIONS:

The University's internal control policy is categorized by accounting cycles, which outline the control standards to be achieved within each cycle by an adequate system of internal control, regardless of whether processing is manual or automated.

Accounting cycles are groupings of transactions based upon the type of activity which those transactions represent. These accounting cycles are defined below. Internal control standards pertaining to these cycles are issued as addenda to this policy (see 2701.1 through 2701.5).

- A. **Payments Cycle:** Transaction flows pertaining to expenditures and payments, and related controls over ordering and receipt of purchases, accounts payable and cash disbursements (see 2701.1).
- B. **Conversion Cycle:** Transaction flows pertaining to the production of goods or services, and related controls over such activities as inventory transfers and charges to production for labor and overhead (see 2701.2).
- C. **Revenue Cycle:** Transaction flows pertaining to revenue generating and collection functions, and related controls over such activities as sales orders, delivery of goods and cash collection (see 2701.3).
- D. **Time Cycle:** Not strictly related to transaction flows, this cycle includes events caused by the passage of time, controls that are applied only periodically, certain custodial activities and the financial reporting process (see 2701.4).
- E. **Integrity Cycle:** In a computer-supported environment, a fifth accounting cycle, known as the integrity cycle, is applicable. This cycle includes controls over the creation, implementation, security and use of computer programs, controls over computer center operations and controls over the security of data files. These are referred to as integrity controls (see 2701.5).

3. DESIGN OF INTERNAL CONTROL SYSTEMS:

Management is responsible, in both the central and decentralized operating units, for establishing, maintaining and promoting effective business practices and effective internal controls. Such systems of internal control will vary from activity to activity depending upon the operating environment, including the size of the entity, its diversity of operations and the degree of centralization of financial and administrative management.

While there may be practical limitations to the implementation of some internal controls, each business function throughout the University must establish and maintain a system of controls which meets the minimum requirements as established by the University's Internal Control Policy. A properly functioning system of controls improves the efficiency and effectiveness of operations, contributes to safeguarding University assets and identifies and discourages irregularities, such as questionable or illegal payments and practices, conflict of interest activities and other diversions of University assets.

4. DOCUMENTATION OF INTERNAL CONTROL SYSTEMS:

Internal control systems must be documented. The nature and extent of documentation will depend upon the operating environment of each business function, and may take various forms including, but not limited to:

- A. Written policies and procedures.
- B. Formalized reporting responsibilities within the activity and descriptions of authority and responsibility. These may be in the form of organization charts, job descriptions and/or narratives.
- C. Control objectives and control techniques which contribute to the achievement of those objectives (such as those stated on internal control questionnaires).
- D. Flowcharts of systems with the identification of key control points.
- E. Support for decisions regarding the implementation of controls, preferably in a cost-benefit format.

5. ADMINISTRATION OF INTERNAL CONTROL POLICY:

Each University officer, with support from his/her business administrator and/or financial administrator, is responsible for the application of this policy and the design, development, implementation, documentation and maintenance of a system of internal controls within his/her area of responsibility. Additionally, unless otherwise specifically stated in the policy, all personnel engaged in activities affecting the adequacy of controls are subject to the provisions of this policy.

Internal control standards are issued as addenda to this policy to aid in its implementation (see 2701.1 through 2701.5). These standards present standard control objectives which, when met, provide reasonable assurance of maintaining an adequate system of accounting control over the various cycle activities and transactions. Comments and recommendations from any operating unit regarding this control policy and the internal control standards shall be directed to the University Comptroller.

6. REVIEW AND EVALUATION OF INTERNAL CONTROLS:

The Internal Audit Department of the University of Pennsylvania has the responsibility to review and measure the effectiveness of the controls established within the framework of this policy as they relate to the University's accounting, financial and operating systems. The purposes of these reviews are to:

- A. Ascertain the reliability and integrity of accounting, financial and operating information and the means of generating and reporting that information.
- B. Ensure that systems comply with University policies, objectives, standards and procedures, and with federal, state and local laws and regulations.
- C. Evaluate computer-based systems in production, in development or undergoing change; and evaluate the systems development process and computer operations.
- D. Evaluate the adequacy of methods used to safeguard University assets.

The Internal Audit Department assists management by furnishing impartial, independent analyses, appraisals, recommendations and pertinent comments in written reports to the dean, vice president or the person responsible for the entity under review, as well as the Executive Vice President, Vice President Finance and Treasurer, Comptroller and the University's external auditors.

2701.1 ADDENDUM -- INTERNAL CONTROL STANDARD #1: PAYMENTS CYCLE

Effective: December, 1986

Revised:

Last Reviewed: April 2017

Responsible Office: Comptroller

Approval: Comptroller

DEFINITION

The payments cycle includes transaction flows pertaining to expenditures and related controls over such activities as ordering and receipt of goods and services, payroll processing, accounts payable and other cash disbursements.

GENERAL STANDARDS

1. Purchases should be initiated only on the basis of appropriate authorizations and records of commitments should be maintained in order to:
 - A. Determine that transactions are executed in accordance with authorization; and
 - B. Establish the amount of any provision required for losses arising from unfulfilled commitments.
2. Control should be established over goods and services received in order to:
 - A. Determine and record the liability for goods and services received but not entered as accounts payable; and
 - B. Post (debit) the items to detailed inventory records, where required.
3. Control should be established over goods returned to and claims made on suppliers in order to:
 - A. Obtain credit for all such items; and
 - B. Post (credit) the items to the detailed inventory records, where required.
4. Invoices and related documents should be properly checked and approved as valid relative to unit price, quantity, dollar amount, commodity received vs. ordered, and payment terms before being entered as accounts payable.
5. Payments in respect to wages and salaries should be:
 - A. Made only to University employees at authorized rates of pay;
 - B. Made in accordance with records of work performed; and

C. Calculated accurately.

- 6. Payroll deductions should be correctly accounted for and paid to third parties to whom they are due, on a timely basis.**
- 7. Reimbursements of imprest and similar funds should be made only for valid transactions.**
- 8. Disbursements from bank accounts should be made only for valid transactions.**
- 9. Accurate detailed records should be maintained of materials and supplies inventories.**
- 10. Additions to and disposals of property, plant and equipment should be properly authorized.**
- 11. Accurate records should be maintained of the cost and accumulated depreciation of property, plant and equipment.**
- 12. General ledger entries arising from the payments cycle should be accurately determined.**
- 13. Payments in connection with transactions not directly related to the main business activities of the organization should be made only on the basis of properly approved, adequate and valid documentation.**
- 14. Entitlements under vacation pay arrangements should be authorized and recorded so that only valid payments are made to employees.**
- 15. All loans to officers and employees should be:**
 - A. Authorized properly; and**
 - B. Under proper accounting control.**
- 16. All advances made to employees for expenses and all claims recorded in the accounts for the reimbursements of expenses incurred should be valid.**
- 17. Bills, acceptances, and notes payable should be:**
 - A. Accepted/drawn only in respect to valid transactions; and**
 - B. Accurately recorded, in order to determine the outstanding liability.**
- 18. Accurate records should be maintained for materials and supplies inventories held on behalf of third parties (e.g., component parts or packaging materials supplied by customers) so as to:**
 - A. Enable such inventories to be identified separately from those owned by the University; and**
 - B. Provide a basis to establish the liability for any such goods not ultimately returned.**
- 19. General ledger entries in respect to accrued and prepaid expenses and deferred charges should be accurately determined.**
- 20. Accrued interest and other credit charges payable should be accurately calculated and accounted for in the correct financial period.**

21. Accurate records should be maintained of goods received on consignment so as to establish the liability for any such goods sold or used by the University.

2701.2 ADDENDUM - INTERNAL CONTROL STANDARD #2: CONVERSION CYCLE

Subject: Internal Control
Effective: December, 1986
Revised:
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

DEFINITION

The conversion cycle includes transaction flows pertaining to the production of goods and services, resources held, used or transformed, and related controls over such activities as inventory transfers and charges to production for labor and overhead.

GENERAL STANDARDS

1. In order to make and/or support the entries in the inventory records, control should be established over:
 - A. Issues from inventories of materials and supplies to production (operations), and returns from production to inventory;
 - B. Charges to production for labor and overhead; and
 - C. Transfers from production to inventories of supplies, parts and finished goods.
2. Accurate inventory records should be maintained of work-in-progress.
3. General ledger entries arising from the conversion cycle should be accurately determined.
4. Accurate records should be maintained of internal production projects (e.g., construction of property, plant and equipment, major maintenance or overhauls) so as to determine the amounts to be capitalized, deferred or written off.
5. Accurate records should be maintained of goods held on behalf of third parties (e.g., customers' goods to be returned after processing) so as to:
 - A. Enable such goods to be identified separately from those owned by the University; and
 - B. Provide a basis to establish the liability for any such goods not ultimately returned.

2701.3 ADDENDUM - INTERNAL CONTROL STANDARD #3: REVENUE CYCLE

Subject: Internal Control
Effective: December, 1986
Revised:
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

DEFINITION

The revenue cycle includes transaction flows pertaining to the revenue generating and collection functions, and related controls over such activities as sales, collection of tuition and fees, accounts receivable, investments and other revenues.

GENERAL STANDARDS

1. Records should be maintained of unfulfilled sales commitments, such as uncompleted printing orders or undelivered computers, in order to determine the provision required for any liability and/or losses arising there from.
2. Control should be established over credit sales, deferred tuition and fees, and services performed so as to:
 - A. Establish an accounts receivable record and make appropriate charges to customers or students for all such credit transactions;
 - B. Determine the amount of the related revenue which has not been entered as accounts receivable;
 - C. Make the related entries in the detailed inventory records, where required; and
 - D. Establish a proper reserve for uncollectible accounts.
3. Control should be established over cash sales of goods and services in order to:
 - A. Ensure that payment is received upon delivery;
 - B. Account for all such sales; and
 - C. Make the related entries in the detailed inventory records, where required.
4. Control should be established over goods returned by and claims received from customers, such as the return of personal computers, so as to:
 - A. Determine and record the liability for goods returned and claims received but not entered in the accounts receivable records; and

- B. Make the related entries in the detailed inventory records, where required.
5. All charges and credits to customers and students should be appropriately checked as being valid before being entered in the accounts receivable records.
 6. All valid accounts receivable transactions, and only those transactions, should be accurately recorded as accounts receivable.
 7. Control should be established over all cash and checks received. Such receipts should be deposited promptly in the appropriate University bank account.
 8. Accurate detailed records should be maintained of inventories whether purchased for use or resale.
 9. General ledger entries arising from the revenue cycle should be accurately determined.
 10. Customers should be approved for credit worthiness before orders are accepted and goods are delivered or services performed.
 11. Payment should be obtained for all sales to University employees.
 12. All documents and transactions pertaining to bills, acceptances, and notes receivable should be:
 - A. Accurately recorded in order to determine the outstanding amounts receivable; and
 - B. Adequately safeguarded prior to maturity.
 13. Accurate records should be maintained of accounts receivable which have been written off. A regular review should be made to ensure that any possible recoveries are received by the University.
 14. All income from miscellaneous sales (e.g., disposal of assets) should be received and recorded.
 15. All revenue derived other than through normal sales or student tuition and fees should be received and recorded.
 16. General ledger entries with regard to accrued and deferred income should be accurately determined.
 17. Accrued interest and credit charges receivable should be accurately calculated and accounted for in the correct financial periods.
 18. Accurate records should be maintained of goods held on behalf of third parties (such as goods sold but held for later delivery) so as to:
 - A. Enable such goods to be identified separately from those owned by the University; and
 - B. Provide a basis to establish the liability for any such goods not ultimately delivered.

2701.4 ADDENDUM - INTERNAL CONTROL STANDARD #4: TIME CYCLE

Subject: Internal Control
Effective: December, 1986
Revised:
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

DEFINITION

The time cycle, not strictly related to transaction flows, includes events caused by the passage of time, controls that are applied only periodically, certain custodial activities, and the financial reporting process. Included in the time cycle are controls over the continuous transaction processing systems, such as budgeting, trial balance preparation, inventories and fixed asset verification.

GENERAL STANDARDS

1. All financial reports (both internal and external) should be prepared accurately and submitted on a consistent and timely basis.
2. Adequate procedures should be followed to confirm the physical existence of inventories recorded in the general ledger.
3. Costs attributable to inventories should be accurately determined.
4. Adequate steps should be taken to identify all inventories for which provisions may be required.
5. Adequate steps should be taken to confirm the physical existence of, and, if appropriate, the title to property, plant and equipment.
6. All doubtful accounts receivable should be identified (either individually or by categories) in order to determine any provisions required for such accounts.
7. Adequate steps should be taken to confirm the accuracy of the bank balances shown in the general ledger.
8. Investments should be accurately accounted for and adequately safeguarded.
9. Accurate records should be maintained with regard to bond issues and debt obligations, and all related transactions should be under adequate accounting control.
10. All valid general ledger entries, and only those entries, should be accurately recorded in the general ledger.

- 11. Documents of value owned by others, but held by the University as security or otherwise (e.g., documents of title or stock certificates) should be adequately safeguarded and periodically confirmed with the owners in order to determine the liability for any losses arising from such arrangements.**
- 12. Amortization of deferred expenditures and intangible assets should be provided at appropriate rates and the value of such assets should be periodically reviewed so as to determine any required amortization provisions.**
- 13. All doubtful non-trade debts receivable (e.g., loans to employees and others, expense advances or uncollectible pledges) should be reviewed periodically in order to determine the adequacy of the reserve provisions against such receivables.**

2701.5 ADDENDUM - INTERNAL CONTROL STANDARD #5: INTEGRITY CYCLE

Subject: Internal Control
Effective: December, 1986
Revised:
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

DEFINITION

The integrity cycle includes controls over the creation, implementation, security, and use of computers and computer programs, controls over the operations in computer centers, and controls over the security of data files. Computer controls (1) enhance assurance of the accuracy and reliability of the results of data processing, (2) contribute toward safeguarding University assets, and (3) promote operational efficiency and effectiveness.

GENERAL STANDARDS

1. Procedures should be established to ensure the selection, installation and implementation of the proper facilities and equipment to meet current and future data processing requirements.
2. There should be effective control over the deployment and use of personnel and computer resources in the user and computing departments.
3. A systems development methodology (SDM) should be followed to ensure the development of effective, efficient, maintainable and auditable computer systems. Changes to existing systems should be governed by the same criteria that exist for the development of new systems.
4. Controls should be in place to ensure the continuous operating capability of the data center (e.g., a computer disaster recovery plan) and the prevention and/or timely detection of equipment misuse and data loss.
5. There should be programmed procedures in computer programs to ensure the complete and accurate processing of all authorized data, including prevention, detection and correction of errors; and prevention and/or timely detection of unauthorized data.
6. Methods and procedures should be in place to ensure the adequate documentation of the programs and systems for use by user personnel, data processing personnel, management and auditors.
7. Procedures should be established to ensure the proper selection, use and control of outside computer centers and service bureaus.

NOTE: Computer control guidelines to support the Integrity Cycle standards are being developed and will be available through the Internal Audit Department.

2702 INTERNAL AUDIT

Subject: Internal Control
Effective: December, 1986
Revised: May, 2006
Last Reviewed: April 2017
Resp. Office: Office of Audit, Compliance & Privacy
Approval: EVP

PURPOSE

It is the policy of the University of Pennsylvania to support an internal audit function within the University and University of Pennsylvania Health System to provide independent appraisal services to management and the Board of Trustees to assist them in the effective discharge of their governance and oversight responsibilities. As such, the Office of Audit, Compliance and Privacy has been established under the direction of the Associate Vice President for Audit, Compliance and Privacy who reports directly to the Board of Trustees through the Trustee Committee on Audit and Compliance. Both University and Health System management and the Board of Trustees have approved the role of the Office of Audit, Compliance and Privacy as described in this statement.

OBJECTIVES

It is the responsibility of management to establish and maintain a system of internal controls designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

The Office of Audit, Compliance and Privacy is responsible for appraising controls, activities, operations, or transactions in order to ensure compliance with applicable policies, laws and regulations and for evaluating the effectiveness of controls in operations, compliance and financial reporting of the University's and Health System's departments and units. The Office of Audit, Compliance and Privacy assists management by furnishing impartial, independent analyses, appraisals, recommendations and pertinent comments on the activities reviewed.

SCOPE

To attain its objectives, the Office of Audit, Compliance and Privacy:

1. Provides a program of financial, operational, information technology, and compliance audits. The program is guided by a risk-based audit planning model that incorporates collaboration with the independent accountants and management.
2. Provides through the Compliance and Privacy functions, oversight, monitoring and awareness training, independently and in consultation with other central administrative service units, Schools and Centers, as appropriate. In addition, the Compliance and Privacy functions operate as a resource to coordinate and monitor Schools and Centers' and Health System compliance initiatives.

3. Reviews and evaluates accounting, financial and operating systems to ensure that they comply with University and/or Health System policies, objectives, standards and procedures, and with federal, state and local laws and regulations.
4. Reviews and evaluates computer-based systems in production, in development, or undergoing change.
5. Reviews and evaluates the systems development process and computer operations.
6. Reviews and evaluates the adequacy of measures to safeguard assets from loss.

The Office of Audit, Compliance and Privacy has the authority to recommend improvements and to monitor the implementation of its recommendations. It has free, unlimited and unrestricted access to all books, records, files, property and personnel of the University and the Health System, including the schools, service and resource centers, central administrative departments, auxiliary enterprises, subsidiaries, the Clinical Practices (CPUP) and the Hospital (HUP), Pennsylvania Hospital, Penn Presbyterian Medical Center, and Clinical Care Associates. The Office of Audit, Compliance and Privacy is a staff function and as such does not exercise direct authority over other persons.

AUDIT REPORTS

The Office of Audit, Compliance and Privacy communicates to senior and operating management in the form of written reports, consultation, or advice. Written reports include both recommendations and management responses itemizing specific actions taken or planned to mitigate identified risks and to ensure that operational objectives are achieved. Management responses to the audit report are required within thirty (30) days from the report date. Outcomes are also communicated to the Trustee Committee on Audit and Compliance and the Penn Medicine Committee on Audit and Compliance.

PROFESSIONAL STANDARDS

To satisfy its objectives, the Audit function subscribes to the Code of Ethics, Statement of Responsibilities, and Standards for the Professional Practice of Internal Auditing stated by the Institute of Internal Auditors.

2703 SAFEGUARDING UNIVERSITY ASSETS

Subject: Internal Control
Effective: January, 1988
Revised: August, 2013
Last Reviewed: May 2017
Responsible Office: Comptroller
Approval: Executive Vice President

INTRODUCTION

University and Health System management at all levels are responsible for safeguarding financial and physical assets and being alert to possible exposures, errors and irregularities. Management must be aware of internal control weaknesses which can lead to or permit misuse, misappropriation, or destruction of assets. The University policy regarding the safeguarding of assets and the investigating, processing, and reporting of suspected misappropriations and similar irregularities applies to all areas of the University and Health System. These include the schools, service and resource centers, central administrative departments, auxiliary enterprises, the Clinical Practices (CPUP), the Hospital (HUP), Clinical Care Associates (CCA), and any wholly-owned subsidiaries of the University.

[Refer to Human Resources Policy Number 002 for Entire Policy](#)

2704 ACCOUNT RECONCILIATION AND REVIEW

Subject: Internal Control
Effective: May, 2009
Revised:
Last Reviewed: April 2017
Responsible Office: Comptroller
Approval: Comptroller

DEFINITIONS

- Account** General ledger **Object Code**, as assigned by the Office of the Comptroller, including all CNACs, BCs, ORGs, Funds, Programs and Center Refs.
- Reconciliation** The process of comparing information that exists in two separate forms (BEN general ledger, reports from service providers, invoices, shadow systems, etc.), analyzing differences and making the necessary corrections to ensure that the information is accurate, complete and consistent.
- Roll-forward** Activity analysis that simply rolls transactions from one month to the next. While serving as a good analytical tool, it is not an acceptable substitute for a properly performed account reconciliation.

PURPOSE

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

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

GENERAL POLICY

Each functional department is responsible for ensuring that account reconciliations are performed on a monthly basis and in a timely manner for all accounts as assigned by the Office of the Comptroller. The account reconciliations must be completed in a standardized format* that has been approved by the Office of the Comptroller. In addition, the various account reconciliations prepared within each functional department must

be summarized on a monthly basis into an executive level report* or “object code inventory”, which must be reviewed and signed by the identified functional department heads (“FDH”). The completed and reviewed object code inventories* must be electronically submitted to the Office of the Comptroller on a monthly basis, with hard copies containing original signatures, submitted on a quarterly basis.

The Office of the Comptroller will maintain a master list of all account assignments. As new accounts are set up, the Office of the Comptroller will assign to the appropriate functional department. This list will indicate the functional departments responsible for completing the individual account reconciliation, supervisors and FDHs. The Office of the Comptroller will also provide standardized account reconciliation report templates* and object code inventories* to be used by functional departmental personnel.

A critical element of the account reconciliation process is the resolution of differences. Differences must be identified, aged, investigated and explained, with any significant correcting entries recorded in the proper accounting period. Correcting entries that are determined to be immaterial or less than significant, should be recorded in the subsequent accounting period. Differences remaining outstanding for over 90 days that cannot be resolved should be written off. Best practices surrounding account reconciliations include, but are not limited to, the following:

- The employee responsible for reconciling the account should sign and date their reconciliation
- The employee’s supervisor must review the reconciliation and sign and date to attest to their review
- Functional departments should maintain their own set of written account reconciliation procedures which include staff responsibilities, key activities and timelines for completion
- Supporting documentation must be maintained for each account
- To comply with proper internal control procedures, evidence that account reconciliations have been completed must be maintained in the functional department files
- Procedures should be reviewed by FDHs and supervisors on a regular basis

* Please follow this [link](#) to be directed to the Documents/Forms page on the Comptrollers website to find all documents referred to above.