
2704 ACCOUNT RECONCILIATION AND REVIEW

Subject: Internal Control
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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.