

**MISSISSIPPI STATE UNIVERSITY
ACCOUNT RECONCILIATION
POLICY AND PROCEDURE**

POLICY

Every financial activity must be monitored to ensure that all revenues earned/collected by a department/unit were credited to the correct account and to ensure that expenditures were allowable, properly approved, and charged to the correct account. This policy sets general guidelines for departments/units to follow in developing account reconciliation procedures.

PROCEDURE

Account reconciliation is a comparison of detailed information as contained within the university's financial system (such as Banner Monthly Ledger Reports FWREXEG & FWREXDP) to supporting documentation retained within the department/unit (for example, department/unit copies of cash receipt vouchers, purchase orders, and procurement card statements). The Controller and Treasurer's Office will provide to each budget unit a list of Banner fund and organization combinations that incurred activity for the most current month closed to posting activity.

- A. Each department/unit shall develop procedures for reconciliation of all departmental/unit accounts. Although departments/units may review their ongoing ledger activity on the university's accounting system and print the ledgers at any time, a formal reconciliation of the accounting records should be performed periodically, preferably on a monthly basis. In addition to ensuring the completeness, accuracy, and appropriateness of revenues and expenditures being reported, the reconciliation process should also include a comparison of actual revenues and expenditures to budget to ensure that overspending does not occur.

Each department/unit head is responsible for ensuring that adequate documentation is maintained to support the reconciliation process. Documentation should include the signatures of both a reconciler and a reviewer (the reconciler and reviewer should not be the same person). The reviewer is normally the department/unit head; however, review responsibilities may be delegated by the department/unit head to a designee such as a business manager. Principal investigators should always review their own account reconciliations. Reconciler and reviewer signature lines are provided on the summary page of Banner Monthly Ledger Reports FWREXEG & FWREXDP.

- B. Each department/unit is responsible for ensuring that individual funds do not develop a deficit balance. Exceptions are allowable only for formally defined and documented reasons (ex. cost reimbursable projects, revenue timing differences, etc.), and any exception must receive approval from both the appropriate Vice President and the VP of Budget and Planning, and either the Provost or President. Fund balances should be monitored by department heads/directors, deans, and vice presidents, and any non-exempt deficit should be immediately reported through the chain of command for resolution. If any non-allowable deficit should occur, a formal written plan to eliminate the deficit in a reasonable amount

of time should be documented and submitted to the Division of Budget and Planning.

- C. Account reconciliations, including evidence of review and approval by the appropriate person, shall be maintained at the department/unit and made available to internal or external auditors upon request. Periodic/monthly account reconciliations are to be retained for a minimum of one year. Fiscal year-end reconciliations are to be maintained for a minimum of three years beyond the current fiscal year.
- D. The oversight and control value of account reconciliation is greatly enhanced when performed by an employee who is independent of the processing of cash receipts/revenue and expenditure transactions. Therefore, it is recommend that the duties of account reconciliation be separated, if possible, from the duties of processing cash receipts/revenues and expenditures.

REVIEW

The Vice President for Budget and Planning is responsible for the review of this operating policy every four years or as needed.

RECOMMENDED BY:

/s/ Ken Stewart
Director, Reporting, Planning and Analysis

07/02/2014
Date

/s/ Don Zant
Vice President for Budget and Planning

07/03/2014
Date

/s/ Timothy N. Chamblee
Assistant Vice President and Director, OIRE

07/20/2014
Date

/s/ Joan Lucas
General Counsel

07/25/2014
Date

APPROVED BY:

/s/ Mark E. Keenum
President

07/29/2014
Date