



OP 61.01: ACCOUNT RECONCILIATION

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 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. Signature lines for the reconciler and reviewer 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 for certain reasons such as cost reimbursable projects, revenue timing differences, etc. Fund balances should be monitored by department heads/directors, deans, and vice presidents.
- C. The Controller's Office will compile a Fund Balance Monitoring Report annually and forward to the appropriate fiscal officer. If any fund is identified as having a deficit balance, a formal written plan to address the deficit within a reasonable time period

should be provided to the Controller's Office. This documentation will be forwarded to the Office of the Vice President for Finance and Administration for possible follow-up action.

- D. 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. Monthly account reconciliations are to be retained for a minimum of three years beyond the current fiscal year unless a longer retention term is required by the funding agency for that fund.
- E. 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 recommended 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 Finance and Administration is responsible for the review of this operating policy every four years or as needed.

REVIEWED BY:

/s/ Kevin Edelblute 1/17/2022
Associate Vice President for Finance Date

/s/ Don Zant 4/4/2022
Vice President for Finance & Administration Date

/s/ Tracey N. Baham 4/5/2022
Assistant Vice President, Institutional Strategy & Effectiveness Date

/s/ Joan Lucas 5/9/2022
General Counsel Date

APPROVED BY:

/s/ Mark E. Keenum 5/23/2022
President Date