

General Policy

Reconciliation is the process of comparing information that exists in two systems or locations, analyzing differences and making corrections so that the information is consistent in both locations. Account reconciliations ensure consistency between the department's records and the University's general ledger and resulting financial reports. This policy requires that departments complete quarterly reconciliations of balances in specific balance sheet accounts¹ at the WhoKey² level to ensure that balances in the general ledger is equal to balances in sub-systems. All funds within the balance sheet account must be included in the reconciliation. Departments may use the reconciliation template provided or use their own format. All reconciliations must be retained in the department and available to share as requested by central administration or auditors. Detailed documentation to support the balance sheet balances must be retained in the department (see Adequate Documentation below). At fiscal year-end, all reconciliations must be complete and available by the third weekend in August. Key staff critical to compliance with this policy are the *Account Owner*³ and the *Reconciler*⁴. The *Account Owner* and the *Reconciler* may be the same person.

Responsibilities of Account Owner

1. Designate a *Reconciler* for each relevant balance sheet account and document that reconciliations are completed in a timely manner.
2. Review the quarterly reconciliation for reasonableness and focus on unusual fluctuations in balances.
3. Assess the value of assets and liabilities to determine if valuation adjustments are necessary (receivables write-off, inventory adjustments, etc.).
4. Review and obtain approval of all valuation adjustments from department head.
5. Contact Accounting Services if balance sheet adjustments are required.
6. Ensure that appropriate corrective actions have been taken, including communications with superiors as necessary.

Responsibilities of Reconciler

1. Verify that prior period errors have been corrected.
2. Compare the ending balance per the general ledger and the sub-system.
3. Identify, research, resolve and document all variances and reconciling items.
4. Complete reconciliation spreadsheet (departments may use template provided).
5. Take appropriate action to resolve errors/discrepancies by collaborating with *Account Owner* as necessary.
6. Document that the reconciliation is complete and communicate all issues to the *Account Owner*. This can be accomplished by sending an email to the *Account Owner* stating that balance sheet accounts have been reconciled and issues have been addressed.

Adequate Documentation

Departments are responsible for proof of review and source documentation. Furthermore, they are accountable for providing this information in a timely manner at the request of Central Administration, Internal Audit or external auditors. Documentation that is not maintained centrally must be maintained by departments. Supporting documentation, either paper or electronic, must be adequate to support the financial transactions and balances. This documentation must be maintained in the department and provide sufficient information to describe the activity and allow for retrieval of source documentation to support the balances and respond to auditor sampling.

Definitions

¹ Departments are responsible for reconciling the balances in the accounts listed below to the general ledger balances.

| Description | Institutional Accounts |
|--------------------------|------------------------|
| Accounts Receivable | 1100, 1101, 1119, 1120 |
| Due From Interdepartment | 1170 |
| Inventory/Supplies | 1300 |
| Prepaid Expense | 1350 |
| Accounts Payable - Other | 2001 |
| Deferred Revenue | 2010 |
| Due To Interdepartment | 2170 |

Central Administration is responsible for reconciling other balance sheet accounts, particularly reconciliation of general ledger balances to major central subsystems.

² WhoKey – The full MFK (Master File Key) consists of 11 elements & sub-elements. The combination of 7 of those elements makes up the WhoKey. Those elements are fund, organization, department, sub-department, grant/program ID, grant/program number & function.

³ Account Owner – This is the person who has general decision making authority over the account and fiscal responsibility & accountability for the account. The *Account Owner* for non-grant accounts is typically the Departmental Administrator but may be delegated to a Business Manager, Financial Officer or Program Administrator. The *Account Owner* for grant accounts is the Principal Investigator. Research Administrators are not permitted to be the Account Owner.

⁴ Reconciler – This is the person reconciling the balance sheet account.