



May 14, 2008

UNIVERSITY CONTROLLER'S MEMORANDUM #02, (2007/2008)

To: Dean, Directors, Department Heads and Budget Managers

From: Michael Williams, University Controller

Subject: Ledger Reconciliation Guidelines

The reconciliation of departmental ledgers to supporting documents is a critical component of the University's internal controls and helps ensure sound financial management of University resources. These reconciliations provide management, auditors, and other users with the ability to substantiate balances, detect errors, and ensure consistency and accuracy between departments' internal records and University financial reports.

The purpose of these guidelines is to establish standard practices for performing these reconciliations on a monthly basis.

General Reconciliation Guidelines:

1. The reconciliation process should be accomplished by tracing summary ledger information to detailed transaction ledger information and then to appropriate supporting documentation.
2. These reconciliations are the responsibility of the Budget Manager (or designee) of each University department/unit.
3. In order to complete these reconciliations, departmental personnel should keep detailed, organized internal records of financial transactions (e.g. purchase orders, invoices, receipts deposited, etc.). If the volume of transactions is great, it may be helpful to keep track of these transactions electronically (e.g. in an Excel spreadsheet).
4. These internal records should be compared to OMNI departmental ledger reports on at least a monthly basis to ensure that only appropriate transactions have been recorded in the ledger.
5. This reconciliation should be completed, reviewed, and signed off on prior to the end of the second succeeding month. The individual reviewing and signing off on the reconciliation should not be the same person performing the reconciliation.

6. Any reconciling items which cannot be identified prior to the end of the second succeeding month shall be identified and resolved as soon as possible, but no later than the end of the third succeeding month.
7. Ledger reconciliations are not required to be in any particular format. However, they should present information clearly and in a consistent manner. Additionally, reconciliations should, at a minimum, include the following information:
 - General Ledger balance information
 - Name of preparer
 - Date prepared
 - Name of supervisor and signature and date of review/approval
 - Listing of reconciling items and notes on their resolution or planned resolution
 - Adequate documentation to support all transactional information on the ledger
8. The reconciliation of financial transactions and the recording of these transactions should be performed by different individuals. If proper segregation of these duties is not feasible due to staffing constraints, departments should contact the Controller's Office to discuss the implementation of compensatory controls.

Please contact Judd Enfinger (645-2436) or Sandy Scanlan (644-9474) in Quality Assurance should you have any questions.