

Balance Sheet Account Reconciliations – Policy

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Responsible Administrator: Vice Chancellor for Finance and Chief Financial Officer
 Responsible Office: Controller’s Office
 Policy Contact: Assistant Controller

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1. Policy Statement

The goal of this document is to provide the governance framework for a standard and consistent balance sheet account reconciliation process across the university.

2. Scope

This policy applies to all Vanderbilt staff responsible for the initiation, execution, and authorization of balance sheet account reconciliations including the processing of all associated adjusting journal entries to the general ledger. This policy serves as the single governing authority for all balance sheet account reconciliations.

3. Definitions

General Ledger - The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the results of the business.

Balance Sheet Account Reconciliation - A balance sheet account reconciliation is the comparison of an account’s general ledger balance to a sub ledger balance, bank or other third-party statement, or additional documentation that appropriately supports the account’s balance. Reconciliations are performed daily, monthly or quarterly based on whether an account is defined as high, medium, or low risk. Typical high-risk accounts include cash, trade receivables, payables, and financing receivables. See appendix B for timing of account reconciliations.

Preparer - The preparer is the individual who creates the reconciliation and compiles the supporting documentation. The preparer is responsible for uploading and archiving both the reconciliation and supporting documentation into the designated storage medium (see 4.b. and 4.c. below).

Approver – The approver is the individual who is responsible for reviewing the reconciliation and supporting documentation for validity, accuracy, and completeness.

Supporting Documentation (specifically for Balance Sheet Account Reconciliations) - Supporting documentation provides details for and substantiates the general ledger account balance being reconciled. Supporting documentation should be detailed enough so that a person without extensive knowledge of the account can review the reconciliation and understand the nature of the balance. Examples of supporting documentation include, but are not limited to, bank or other third-party statements, reports from sub ledgers or other internal systems, calculation work papers, and notes or commentary by the preparer/approver.

Reconciling Item - A transaction or item that represents a difference between the general ledger balance and the subsidiary ledger or other supporting schedule(s) balance. All reconciling items should be explained and have supporting documentation.

Reconciliation to Third-Party Statements – Type of reconciliation containing primarily external third-party activity. The third-party typically provides a statement that serves as supporting documentation for the general ledger balance.

Sub-ledger Reconciliation – Type of reconciliation consisting primarily of activity contained in a sub ledger. A sub ledger is a data source that contains a sufficient level of detail to properly support the individual items/transactions that make up the balance of the general ledger account.

Roll-forward/Carry-forward Reconciliation – Type of reconciliation typically supported by workbooks using internal and/or external support schedules through the application of management estimates, calculations, and assertions.

4. Policy

- a) Balance sheet reconciliations are conducted at the (natural) account balance level where sub-ledger, third-party statements, or similar supporting documentation is available for substantiation.
- b) Where possible, reconciliations should be performed using Oracle (e.g. cash). For account reconciliations performed in Oracle, supporting documentation should be loaded electronically in Oracle.
- c) For account reconciliations performed manually (i.e., outside of Oracle), one of the reconciliation templates in Appendix A must be used. Once complete, the reconciliation template must be signed off on by the preparer and approver. Upon approval, reconciliations should be submitted to Finance to be maintained in a central repository and available for additional review. This maintains consistency in the workflow of all reconciliations as well as consistency in keeping all reconciliations in one central location.

- d) All balance sheet account reconciliations are required to be signed off on by an appropriate preparer and approver. The preparer and approver cannot be the same person. Additional levels of certification (i.e. by an accounting manager) may be required on some accounts.
- e) Supporting documentation is required to be maintained with all reconciliations and should be in “electronic” format when possible (i.e. Excel, Word, PDF files).
- f) All reconciling items are required to be identified and have appropriate supporting documentation.
- g) All reconciling items begin aging the first calendar day following month-end. Reconciling items should be categorized into the following aging groups by number of calendar days: 0-30, 31-60, 61-90, and >90.
- h) All reconciling items >\$10,000 and aged greater than 90 days must have a documented plan for resolution provided to the AVC for Finance & Controller.
- i) All reconciling items, regardless of amount, and aged greater than 90 days will be reviewed by the AVC for Finance & Controller annually and a plan for resolution will be required. In situations where multiple balance sheet accounts are supported by a single set of documentation, the accounts may be grouped for completion.

5. Balance Sheet Account Reconciliation Responsibility Matrix

Activity	Preparer	Approver
Ensure all transactions from the G/L and subledger are entered	✓	
Identify balance sheet accounts to be reconciled and source documentation/system to reconcile against	✓	
Review the account balance from the general ledger with source documentation/system based on reconciliation type	✓	
Identify reconciling items	✓	
Approve reconciliation		✓
Provide the AVC for Finance & Controller a documented plan for resolution of all reconciling items >\$10,000 and aged greater than 90 days	✓	✓
Request additional support for reconciling items if necessary	✓	
Provide additional information/justification for reconciling items		
Determine if an adjusting entry is necessary. If yes, post adjusting entry to the the appropriate subledger or G/L as necessary.		
Add any addition comments to support the reconciliation, if necessary	✓	
Verify that G/L account balance and supporting documentation reconcile	✓	✓
Sign off/approve the account reconciliation	✓	✓

6. Appendix A: Reconciliation Templates

Standard Reconciliation Vanderbilt University	
Account Name:	Prepared by:
COA:	Month Ended:
Add:	
Balance per GL (BlackLine)	-
Reconciling Items <i>See Worksheet Tab A</i>	-
Difference	\$ -
(Description of Account and Reconciliation)	

 VANDERBILT UNIVERSITY	Balance Sheet Account Reconciliation			
	COA: XXX.XX.XXXXX.XXXX.XXX.XXX.XXX.X.X			
	FOR MONTH ENDED MM/DD/YY			
	Preparer:	Prepared date:	Email:	
Department based approver:	Approved date:	Email:		
Financial Reporting approver (if applicable):	Approved date (if applicable):	Email:		
Purpose of this account:				
General Ledger Balance:			-	
Prior Month Balance			-	
Details of account (if account does not have a Sub-ledger balance):				
Date	Journal ID	Transaction description	Amount	
MM/DD/YY		Total of trasactions per G/L (see Supporting Documentation #1 Tab)	-	
Total from Sub-ledger or details of account:			\$ -	
Difference between general ledger and sub-ledger or account details:			\$ -	
Reconciling Item(s):				
Description	Proposed corrective action	JE Number	Date to be processed	
			-	
Total of Reconciling Items:			\$ -	
Unreconciled Balance (MUST BE ZERO)			\$ -	
Brown highlighted cells: all must be filled in.				
Blue highlighted cells: some have to be filled in (refer to instructions).				
Pink highlighted cells: to be filled in with any reconciling items				

7. Appendix A: Timing of Balance Sheet Reconciliations

Balance Sheet Account	Monthly	Quarterly	Annually
Cash	✓		
Student Receivables	✓		
General Account Receivables	✓		
Contributions Receivable		✓	
Allowance for Doubtful Accounts			✓
Prepaid Expenses	✓		
Deferred Compensation Plan Assets			✓
Notes Receivable	✓		
Investments	✓		
Property Plant & Equipment	✓		
Accounts Payable	✓		
Accrued Liabilities	✓		
Deferred Revenue		✓	
Actuarial liabilities		✓	
Govt. Advances for Student Loans			✓
Commercial Paper		✓	
Long-term debt		✓	
Fair value of securities sold short			✓
Fair value of interest rate exchange agreements		✓	