

Sample Budget Reconciliation Procedure (A)

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Budget reconciliation is defined as “the process of reviewing transactions and supporting documentation, and resolving any discrepancies that are discovered”.

The purpose of budget reconciliation is “to provide reasonable assurance that transactions are authorized, reasonable, allowable, and correct”.

All budgets for UW [department name] will be reconciled monthly by department staff knowledgeable of departmental policy, budget restrictions, and reconciliation guidelines.

The person who reconciles transactions should be different than the person who initiated, recorded, and authorized the transactions.

The reconciliation process will be completed within 45 calendar days of UW budget monthly closing.

A review of all transactions will be made to ensure:

- appropriateness of expenditures,
- to look for unusual transactions or abrupt changes from an established pattern or trend,
- Ensure the appropriate tax rate has been applied to transactions, and to
- Identify and liquidate pending encumbrances that have already made their way through payment completion but have not cleared the budget screen.

Supporting documentation should be matched to expense or revenue transactions on the official university record, and this documentation, along with evidence of the matching itself, maintained in the department offices, with these exceptions:

- Recurring and reproducible transactions less than \$1,000 originating from internal UW sources need not be physically matched or kept on file unless documentation is readily available.
- All individual transactions less than \$50 need not be matched, unless documentation is readily available.

Evidence of reconciliation, and its completion, along with supporting documentation, should be maintained in department offices (or can be sent to the University Records Center for inactive storage), and be available for subsequent review or audit.

The reconciliation process is a part of the departments’ system of internal controls, which includes guidelines for:

- Purchasing,
- Travel,
- Reimbursement and petty cash,
- Pro card purchases, and
- Internal purchases and documentation

Procedures for reconciliation shall be consistent with university documentation, including:

- “University of Washington Budget Reconciliation Guidelines” draft revised 6/14/1014
- UW GIM 2 “Fiscal Responsibilities on Grant and Contract Accounts”
- “Reconciliation Best Practices” from UW Financial Accounting
- “Budget Activity Reconciliation Process Guidelines” from UW Financial Accounting, and
- “Internal Controls” from UW Financial Accounting.