

STEPHEN F. AUSTIN STATE UNIVERSITY
NACOGDOCHES, TEXAS

Account Reconciliation Training

January 2019



sfasu.edu

Training Objectives

- To provide guidance on completing an account reconciliation
- To inform reconcilers of the resources available to perform a proper reconciliation



Account Reconciliation

- The process of ensuring that two sets of records (department's and Banner) are in agreement.
- Used to verify that account transactions, such as receipts, deposits and expenditures, are accurate.

The objective is to record the correct amounts in the correct accounts in SFA's Banner Finance Module.



What is involved in account reconciliation?

- Compare department's records to Banner entries
- Analyze and research differences
- Make corrections
- Maintain consistent data



Why should department accounts be reconciled?

- To comply with university policies and procedures
- To ensure accounts are correctly credited or charged for all revenues, expenditures, and encumbrances
- To ensure errors are caught and corrected promptly
- To ensure accuracy and thoroughness of transactions



What is meant by accuracy and thoroughness?

- Reviewing account entries to make sure they:
 - Are appropriately classified to the account
 - Are in accordance with University policies and procedures, State and Federal laws and regulations, and specific sponsor or donor requirements or restrictions
 - Are within the guidelines of the stated purpose of the account
 - Have matching dollar values for each transaction between department's records and SFA's Banner Finance Module



Reconciliation of Receipts to Deposits

[SFA Board Policy 3.26, Receipts and Deposits](#)

- Policy is applicable to every university department, administrative office, and affiliated organization that handles receipts
- Requires that cash receipts be reconciled to deposits at the close of the business day when possible, and no later than the beginning of the next business day
- Requires that at a minimum, the supervisor perform a monthly reconciliation of receipts and deposits to SFA's Banner records, keep written documentation, and report any discrepancies





The Department's Reconciliation Spreadsheet



On an ongoing basis, departments should record deposits, expenditures, invoices, IDTs, encumbrances and any other transactions that affect the account balance. This can be done on a spreadsheet provided by the Controller's Office (upon request; see example below) or in a format that best meets the department's needs. In all cases, the format should include:

- Departmental and Banner ending balances from last reconciliation
- Transactions during the period, including dates
- Adjustments (with explanation)
- Departmental and Banner ending balances, which must balance
- Date of reconciliation
- Initials of person performing reconciliation

NOTE: Under no circumstance should the reconciliation be performed by the same individual who receipted the funds. ([SFA Board Policy 3.26, Receipts and Deposits](#))

Date	Description	Additions (e.g., deposits, IDTs credits)	Subtractions (e.g., PO, IDT charges)	Reconciling Amounts (e.g., timing issues, correction pending)	Department Balance	Banner Balance	Reconciliation Date	Reconciled By (initials)
	BEGINNING BALANCE							



The Reconciliation Process



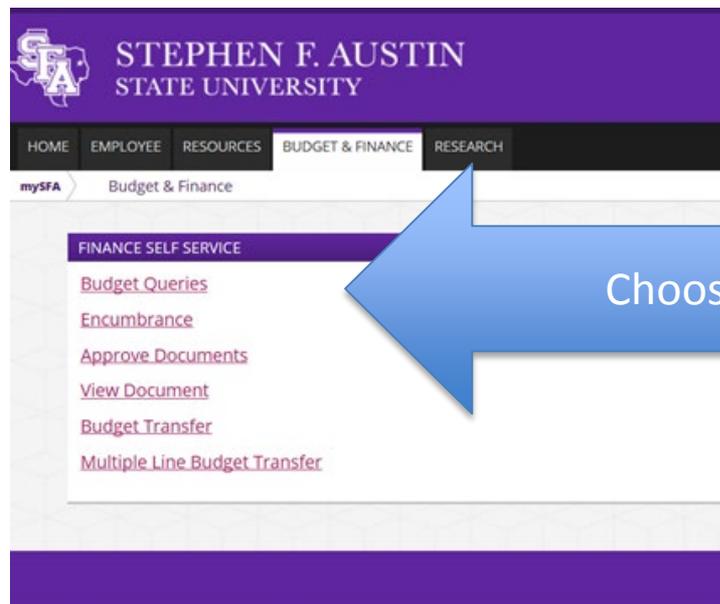
Step 1: Gather the data

- Gather all transaction documents for the account since the last reconciliation (e.g., receipts, interdepartmental transfers (IDTs), paid invoices), along with the prior reconciliation spreadsheet.



Step 2: Open the Banner Finance Module

- Using the Self Serve Banner Finance Module, obtain the month end balance for the applicable reconciliation period.



The screenshot shows the Stephen F. Austin State University website. The header includes the university logo and name. The navigation menu has tabs for HOME, EMPLOYEE, RESOURCES, BUDGET & FINANCE, and RESEARCH. The BUDGET & FINANCE tab is active, showing a sub-menu with the following options: Budget Queries, Encumbrance, Approve Documents, View Document, Budget Transfer, and Multiple Line Budget Transfer. A blue arrow points from the right towards the 'Budget Queries' link.

Choose Budget Queries



Step 3: Open Internet Native Banner (INB)

- Using screen FGITRND, compare the Banner activity of the applicable period to departmental records.

Stephen F. Austin State University (PROD)...

ellucian Detail Transaction Activity FGITRND 9.3.6 (PROD)

COA: S Fiscal Year: 19 Index: Fund: Organization: Account: Program: Activity: Location: Period: 03 Commit Type: Both

DETAIL TRANSACTION ACTIVITY

Active filters: Field: YTD Clear All

Account	Organization	Program	Field	Amount	Increase (+) or Decrease (-)	Type	Document *	Transaction Date *	Activity Date *	Description	Comr
670100		350	YTD	48,569.52	+	HGNL	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670140		350	YTD	83.48	+	HGNL	F0043729	11/30/2018	12/06/2018	HR Payroll 2018 SM 22 0	U
670140		350	YTD	170.40	+	HGNL	F0043684	11/15/2018	11/27/2018	HR Payroll 2018 SM 21 0	U
670150		350	YTD	23,770.14	+	HGNL	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670150		350	YTD	-1,271.07	-	HGNL	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670220		350	YTD	1,202.40	+	HGNL	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670410		350	YTD	13,947.07	+	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670410		350	YTD	-1,135.08	-	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670430		350	YTD	5,329.42	+	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
670430		350	YTD	-122.43	-	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
679090		350	YTD	5,079.93	+	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
679090		350	YTD	-165.50	-	HGRB	F0043686	11/30/2018	11/27/2018	HR Payroll 2018 MN 11 0	U
772430		350	YTD	164.00	+	IPNI	S0576532	11/02/2018	12/18/2018	PAYPAL EDUPLIANCE	U
772730		350	YTD	10.00	+	JE16	FP004241	11/30/2018	12/10/2018	Nov FY 18/19 Printing & Graphics	U
772730		350	YTD	61.04	+	JE16	FP004241	11/30/2018	12/10/2018	Nov FY 18/19 Printing & Graphics	U
772910		350	YTD	346.52	+	JE16	FP004225	11/30/2018	12/04/2018	PO IDT 11/1-11/30	U
773000		350	YTD	127.69	+	IPNI	S0577357	11/02/2018	12/18/2018	Summus Industries Inc	U
773340		350	YTD	33.96	+	IPNI	S0577357	11/02/2018	12/18/2018	Summus Industries Inc	U
773340		350	YTD	2,599.99	+	IPNI	S0576531	11/02/2018	12/18/2018	Summus Industries Inc	U



Step 4: Investigate each reconciling item

- NOTE: Reconciling items may or may not require actual adjustments in the department's or SFA's accounting records.



Common Reconciling Items

- Timing differences
- Dollar amounts differences
- Items incorrectly coded
- Erroneously posted items
- Missing entries



Timing Differences

- Identify timing differences from prior reconciliation which posted in the current period. These are no longer reconciling items.
- Identify current period items expected to clear in the following month due to timing differences. These are reconciling items.



Example of Timing Differences

An expense for printing has been incurred but printing services has not yet submitted its monthly billing to the Controller's Office.

- The expense is reflected in the department's records, but not in Banner. It is expected to be posted in Banner the following month.
- This is a reconciling item this month, but will not be a reconciling item once it is posted in Banner.



Dollar Amounts Differences

- Identify invoices/charges with differing dollar amounts between Banner and department's records.
 - Is the invoice final?
 - Are additional charges expected to be paid for this encumbrance?
 - Are amounts posted in Banner different than what the department expected?

These may be reconciling items.



Example of Dollar Amounts Differences

IDT charges for 3.5 hours of special services work at \$40/hr. The charge should be \$140, but amount actually posted in Banner is \$160.

Possible reasons and solutions:

- **Contact the department that processed the IDT to determine why \$160 was charged rather than \$140.**
- **Is the amount a result of a calculation error?** If yes, then the \$20 difference ($\$160 - \140) is a reconciling item in Banner and requires an IDT correction by the charging department.
- **Is the amount a result of the special services employee working 4 hours instead of the expected 3.5?** If yes, then the \$20 difference requires a correction to the department's records.



Items Incorrectly Coded

- Possible coding errors
 - Fund
 - Organization
 - Account
 - Program
 - Commodity Code



Example of Items Incorrectly Coded

Expense amount of \$125 matches in Banner and the department's records for 1,000 answer sheets.

- The Banner **account code** is **772100 (Professional Fees and Services)**, but department records indicate the account code should be **773000 (Consumable Supplies)**.
- The Banner account code is incorrect. This is a reconciling item between Banner accounts, but does not cause an overall reconciling difference between Banner and departmental records because the amounts are the same.

An IDT correction must be initiated.



Erroneously Posted Items

- Items posted in Banner are not the department's
 - **Contact the department that initiated the transaction and obtain a copy of the source document.**
 - **Is the item charged to the wrong fund or fund center?** If yes, this is a reconciling item and a correction in Banner is needed from the department that originated the entry. This can be done by IDT or on the next billing, if applicable.



Example of Erroneously Posted Item

An invoice is paid to a vendor, but the department did not initiate the transaction.

- Contact Accounts Payable (AP) to obtain a copy of the invoice.
- Review transaction to determine cause of error.
- Contact appropriate department and request that they process an AP invoice correction to correct the fund/fund center.



Missing Entries

- Missing entries can occur in either Banner or the department's records.
 - Identify which system of record is missing the entry.
 - Contact the office responsible for the missing entry.
 - Evaluate the supporting documents to determine if the item is coded to the correct funding source.
 - Initiate corrections to the applicable system of record.



Example of Missing Entries

An IDT was paid to Printing Services, but the department does not have a copy of the transaction.

- Obtain a copy of the transaction from Printing Services.
- If the charge is correct, enter the expense in the department's records.
- If the charge is incorrect, request that Printing Services submit an IDT to correct the Banner records.

This is a reconciling item.



Review for Proper Approval

During the reconciliation process, the reconciler should verify that each transaction has approval from the department's account manager or delegated authority.



Where should account reconciliations and supporting documentation be kept?

- Reconciliation reports, along with supporting documentation, must be maintained in secure departmental files.
- Supporting documentation may be kept in either print or electronic format.
- Exhausted receipt books should be maintained at the SFA Business Office.



Examples of supporting documentation

- Copies of receipts
- Deposit slips
- Electronic spreadsheet
- Fiscal year summary
- Copies of checks
- Petty cash transactions
- Copies of money orders



How long should account reconciliations and supporting documentation be retained?

[SFA Board Policy 2.9, Records Management](#)

[SFA Records Retention Schedule SFA4.6.2](#)

- SFA adheres to state regulations for the management of its records.
- Reconciliations and supporting documentation should be maintained until **Fiscal Year End + 3 Years**. *Example: Reconciliation report dated 10/2017 (FY18) should be kept until August 31, 2021.*

