

UADA Policy 302.1 Balance Sheet Account Reconciliations

Purpose

The purpose of this policy is to establish and define a governance framework for a standard and consistent balance sheet account reconciliation process across UADA's ledger accounts.

Scope

This policy applies to all UADA 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.

Policy

1. Ledger Account Level

Balance Sheet Accounts are conducted at the Workday ledger account level, with the exception of bank accounts, where account reconciliations must naturally occur on the basis of an individual bank account or appropriate grouping of bank accounts. Sub-ledger detail, third-party statements, or similar supporting documentation must be available for ledger accounts to be subject to this policy. In situations where multiple balance sheet accounts are supported by a single set of documentation, the accounts may be grouped for reconciliation completion.

2. Evidence of Completion and Review

All reconciliations must include evidence of the UADA employee that prepared and reviewed the reconciliation. In no circumstances may the preparer and reviewer be the same person. Review must be completed by an individual with the working title of 'Manager' or above at a minimum, and such reviewer must be a central finance employee (i.e. Business Office, Grants/Sponsored Programs Office, Chief Financial Office). In some instances, central finance management may deem that an account reconciliation requires multiple levels of approval.

3. Supporting Documentation

Supporting documentation is required to be maintained with all reconciliations and should be in "electronic" format (i.e. Excel, Word, PDF files).

4. Reconciling Items

All reconciling items are required to be identified and have appropriate supporting documentation.

5. Aging of Reconciling Items

All reconciling items begin aging on the first calendar day following month-end. Sufficient documentation must be maintained to reasonably identify the age of reconciling items.

6. Required Approval for Significantly Aged Reconciling Items

All reconciling items greater than \$10,000 and aged greater than 90 days must be clearly identified on the face of the reconciliation and the supporting documentation must include a plan for resolution. Any reconciliation that includes reconciling items that meet these thresholds must be reviewed and approved by an Assistant or Associate Vice President for Finance and Administration until such items are resolved in accordance with the documented plan.

7. Escheatment

To facilitate a compliant and efficient process of escheating outstanding checks that are identified as reconciling items in bank account reconciliations, these items may be identified as reconciling items for greater than 90 days, but in no case shall an outstanding check remain as a reconciling item more than 365 days, unless approved by the Associate Vice President for Finance and Administration. It is the general policy of UADA that aged outstanding checks be escheated at least annually.

8. Frequency of Reconciliations

Balance sheet ledger accounts must be reconciled at least annually for any account that has a balance greater than \$0 as of June 30 each year, unless specific exceptions are documented and maintained in the Business Office's schedule of ledger account reconciliations. Bank accounts shall be reconciled each month, and this shall be the documented frequency in the Business Office's schedule of ledger account reconciliations.

9. Timing of Preparation and Review of Reconciliations

Reconciliations shall be completed and reviewed no later than 31 days following the month end through which a balance sheet account is completed (i.e. if an account is reconciled as of February 28, the reconciliation must be completed and reviewed no later than March 31). Rarely, extenuating circumstances may dictate the need to extend the standard completion and review date for an account reconciliation. In such cases, the extension and reason for extension shall be documented and approved by the Associate Vice President for Finance and Administration.

10. Interpretation of Policy

In all cases, interpretations of application of this policy are at the sole determination of the Associate Vice President for Finance and Administration. In making interpretations of this policy, the Associate Vice President for Finance and Administration shall consider internal control best practices, identification and prevention of the potential for fraud, prudent risk management, and maintenance of UADA's reputation as a trusted steward of public resources. Significant policy interpretations shall be documented on a case-by-case basis and accumulated for consideration of incorporation into a revised version of this policy.