

Regulations of the University of North Texas System	Chapter 08
08.5000 Reconciling and Verifying General Ledger Accounts and Other Financial Information	Fiscal Management

08.5001 **Regulation Statement.** The University of North Texas System shall reconcile, verify, and substantiate financial information used by System personnel for administrative and programmatic decision-making. The reconciliation of financial information enhances internal controls by providing managers, auditors, and other users with the ability to detect errors and analyze the integrity of reported financial data. The Review of financial information should be performed on a regular and timely basis.

08.5002 **Application of Regulation.** System Administration and Institutions.

08.5003 **Definitions.**

1. **General Ledger.** “General Ledger” means the official financial system used to record, summarize, and report financial data for System Administration and Institutions.

2. **Reconciliation.** “Reconciliation” means the process of comparing information that exists in two systems or locations, analyzing differences and making corrections so that the information is accurate, complete and consistent in both systems or locations. For financial reporting purposes, the process includes validating the local unit’s independent record of financial information and comparing the information to the General Ledger.

3. **Review.** “Review” means the process of examining financial information for accuracy and reasonableness. If determined to appear inaccurate or unreasonable, further investigation is warranted.

4. **Segregation of Duties.** “Segregation of Duties” means an internal control designed to prevent error and fraud so that a key process or task is completed by more than one individual.

5. Statement of Net Position. “Statement of Net Position” means the financial statement that records and summarizes financial transactions representing assets, liabilities, deferred outflow of resources, deferred inflow of resources of the UNT System, System Administration, and each Institution.
6. Subsidiary System. “Subsidiary System” means a separate, independent computer system that is used to record, process and report specialized or selective financial information. An example of a subsidiary system is a computer system that is used to track costs for auxiliary services and to create internal or external billings.

08.5004 Procedures and Responsibilities.

1. Reconciliations should be performed to agree General Ledger account balances to independent sources and to agree General Ledger account balances to subsidiary systems (i.e. all transactions submitted by the subsidiary system have been sent and accepted by the General Ledger system or any other financial system as intended and designed). If any differences are identified they should be thoroughly documented and explained. Differences can be the result of timing, changes in estimates, misclassifications, accounting practices, un-posted items, or errors. Appropriate actions should be taken to correct differences.

Responsible Party: UNT System Accounting Departments

2. All Statement of Net Position accounts with activity should be reconciled and all necessary adjustments should be posted to the General Ledger in a timely manner. Any unreconciled accounts and unposted adjustments to the General Ledger should be reviewed by UNT System management to determine their effect and the potential for financial misstatement.

Responsible Party: Accountants and UNT System Accounting and Financial Reporting Departments

3. Annually, management should assess the risk of each Statement of Net Position account and determine the appropriate frequency for performing reconciliations. Changes to the risk of any account should be documented and communicated to those performing and reviewing the

reconciliation. At a minimum, all General Ledger accounts should be reconciled annually.

Frequency based on risk:

- High = at least monthly
- Medium = at least quarterly
- Low = at least yearly

Responsible Party: UNT System Financial Reporting Departments

4. Documentation should be prepared and Reviewed for each reconciling item based on a timeline established by management. The timeline developed should allow for the timely posting of adjustments to the General Ledger.

Responsible Party: UNT System Accounting and Financial Reporting Departments

5. The reconciliation process should be monitored on an ongoing basis throughout the year by management to validate the reconciliations are completed regularly, timely, and consistently. Management should also validate that the procedures for reconciling accounts are being followed based on the appropriate level of risk for the account.

Responsible Party: UNT System Accounting and Financial Reporting Departments

6. The reconciliation process should include a comparison of activity between the subledger (i.e. data from the subsidiary systems), or supporting spreadsheet and the general ledger, resolution of un-reconciled items and manager Review. Accounts should be reconciled systematically with the utilization of system generated reports and processes whenever possible and manually reconciled as needed. Specifically:

Steps	Responsible Party	Systems, Forms, and Documents Used
The opening account balance should be confirmed with the previous period closing balance.	Accounting Staff	Reconciliation, General ledger, Subledger
Activity posted to the accounts should be Reviewed to determine that transactions are properly classified to the account; are authorized in accordance with policies; occur within the guidelines of the stated purpose of the account; and include expected charges, receipts, or other activity that normally appears in the account.	Accounting Staff	Reconciliation, General ledger, Subledger
At year-end journal entries should be processed prior to closing the books for any <i>reconciling items</i> resulting from transactions that have not been recorded in the general ledger.	Accounting Staff	Reconciliation, General ledger, Subledger, or Journal entry
Errors or discrepancies noted during the <i>reconciliation</i> process should be addressed and corrected before the books are closed, or by the following accounting period close if approved by the reconciliation Reviewer.	Accounting Staff	Reconciliation, Journal entry
The ending balance per the <i>reconciliation</i> should agree to the supporting detail in the general ledger balance.	Accounting Staff	Reconciliation, General ledger, Subledger
The <i>reconciliation</i> should include the required information and be submitted to a manager for approval.	Accounting Staff	Reconciliation
Reviewer must confirm that the <i>reconciliation</i> ending balance agrees to the general ledger.	Accounting Manager or UNT System Equivalent	Reconciliation, General ledger, Subledger
Reviewer must validate ending balances with supporting documents.	Accounting Manager or UNT System Equivalent	Reconciliation, General ledger, Subledger

7. UNT System should separate functional responsibilities so that mistakes, intentional or unintentional, cannot be made without being discovered

by another person. The four key duties related to account reconciliations that need to be considered for proper Segregation of Duties are:

- a) Preparation of Reconciliation – reconciliation of General Ledger accounts and the research and timely resolution of reconciling items.
- b) Approval of Reconciliation – Review and approval of account reconciliations performed by the preparer.
- c) Management monitoring Review – verification that all reconciliations have been appropriately completed and approved.
- d) Reconciliation oversight – periodic Review of reconciliations based on factors such as quantity of unreconciled items, significant dollar amount, and/or reconciliations that require further resolution.

Responsible Party: UNT System Accounting and Financial Reporting
Departments

References and Cross-references.

Texas Reporting Requirements for Required Year-End Review and/or Reconciliation of Financial Data and Balances in Uniform Statewide Agency System.

Forms and Tools. N/A

Approved: May 28, 2015

Effective: May 28, 2015

Revised: