



General Ledger Account Reconciliation Policy

Responsible Official: Associate VP for Financial Operations and University Controller

Administering Department: Financial Reporting and Accounting Operations

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I. Purpose and Scope

This policy addresses the requirement for periodic reconciliation of general ledger accounts in the University's financial accounting system (UR Financials) to supporting schedules and data, and the need to understand and address in a timely manner any reconciling differences.

Reconciliation, verification, and substantiation are essential for an effective internal control environment to ensure that:

- The information reported in the University's financial statements is accurate, complete and recorded timely.
- The information can be relied upon for making financial and administrative decisions.
- The departments can identify and quickly report fraud, theft, compliance violations, and other irregularities to the appropriate authorities. University personnel must comply with the requirements of this policy to ensure that an effective internal control environment is maintained.

This policy applies to all University staff responsible for the initiation, execution, and authorization of general ledger account reconciliations including the processing of all associated journal entries to the general ledger.

II. Policy Statement

This policy governs reconciling, verifying, and substantiating financial information used by University personnel for administrative and programmatic decision-making.

a. General Policy

- All balance sheet accounts must be reconciled to appropriate supporting detail or other subsidiary system reports.
- Reconciliations are to be performed monthly within 45 days of the "as of" date being reconciled (e.g. by February 15, 2018 for balance as of December 31, 2017)
- Each general ledger reconciliation shall be reviewed and approved by someone other than the person preparing the reconciliation. The reviewer must have the appropriate



- technical skills and familiarity with the data and processes underlying the reconciliation in order to understand the data and reconciling items, and detect any possible errors.
- Reconciling differences between UR Financials and the supporting detail and data must be identified, investigated, and resolved in a timely manner.

b. Responsibilities by area are as follows:

Departments

- Review and reconcile financial information from UR Financials for all applicable Cost Centers and Financial Activity Objects (FAOs) that are relevant to their operating activities on a regular and timely basis for completeness and accuracy;
- Assign accountability to departmental employees and ensure reconciliation procedures are in place and followed within the department.
- Consider materiality, compliance risk, transaction detail volume, knowledge and experience of personnel performing analyses, in the design and implementation of account reconciliations and the subsequent review process.

Division Finance

- Review relevant financial data and information and related operating activities to ensure accuracy and completeness of divisional financial statements.
- Perform regular and timely reconciliations of general ledger accounts as assigned by Central Finance.
- Monitor reconciliations performed by departments within the division to ensure reconciliations are completed regularly, timely, consistently and to ensure all reconciliation items are corrected timely.
- Assist departments within the division on financial records inquiries and resolving reconciliation issues timely.

Central Finance

- Monitor the reconciliation processes performed by Division Finance to ensure reconciliations are completed regularly, timely, consistently, and to ensure all reconciling items are corrected timely.
- Perform regular and timely reconciliations of general ledger accounts assigned by Central Finance General Accounting Manager.
- Perform consolidated financial statement analysis on a quarterly basis and ensure material variances are documented as appropriate.
- Provide assistance to Division Finance as needed on financial records inquiries and on resolving reconciliation issues timely.

III. Definitions

Analysis - The process of evaluating, interpreting, and analyzing financial information, which includes breaking the information into a small segment or drill down to detailed support to understand the components of the amount stated.

Balance Sheet account - An account in the University's general ledger that records and summarizes financial transactions representing assets and liabilities of the University. Assets represent economic



resources that benefit future accounting periods such as accounts receivable and investments, while liabilities represent external obligations of the University, such as bonds and leases payable.

Comparison - The process of examining financial information for similarities or differences.

General Ledger - The official financial system used to record, summarize and report financial data for the University of Rochester. Currently, the general ledger (system of record) is UR Financials.

Reconciliation - 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 and locations. For financial reporting purposes, the process includes documenting the comparison of the departments' record of financial information/supporting documentation to the general ledger.

Review and Verification - A review is the process of examining financial information at a high level for accuracy and reasonableness. If determined to appear inaccurate or unreasonable, further investigation is needed. Verification is the further investigation at a lower level to review the transaction that may be inaccurate.

Subsidiary System - 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 URFAS that is used to track the University's fixed assets or Fundriver that is used to track the University's gift records.

Substantiation - The process of corroborating or confirming financial information contained in an account, report or system to ensure that the information is accurate and complete.

V. Related links and resources

- Administration and Finance: <http://www.rochester.edu/adminfinance/>
- UR Financials Tools and Resources: <http://www.rochester.edu/adminfinance/urfinancials/>
- Financial Accounting and Reporting for Higher Education from National Association of College and University Business Officers (NACUBO): <http://www.nacubo.org/>

VI. Contact

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