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**Title**

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**The Reconciliation of Accounts**

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**Policy**

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All financial accounts must be reconciled regularly by the department to which the account is assigned. The reconciliation process must be documented.

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**Procedure**

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A departmental account is any account that falls under a department’s purview-General Revenue accounts, AEF account, Auxiliary accounts, Federal Contracts/Grants accounts, State Agency accounts, Foundation accounts, Private gifts/Contract Accounts.

Since department size and complexity varies significantly, there is not one set of specific fiscal procedures that fits all departments. However, there are certain important fiscal responsibilities that all departments should ensure are met. These fiscal responsibilities not only help ensure that management is properly informed of their fiscal operations and condition, but that proper controls are in place to ensure that revenues are maximized, and prudently spent, that University funds are properly safeguarded, and that proper accountability is maintained. The reconciliation of accounts is one such safeguard.

A departmental account reconciliation is simply the matching of two different records, using the same information to identify and investigate differences, and taking corrective action when necessary. Generally, the university’s official Peoplesoft financial report is compared to an alternative report or the original supporting documents. This control activity helps ensure the accuracy and completeness of transactions that have been charged to the department’s accounts.

Each department should ensure proper separation of duties. The person who performs departmental account reconciliations should not approve departmental expenditures or handle cash receipts. At least two sets of eyes should look at a transaction.

Reconciliation training is available at the University at <https://www.fa.ufl.edu/directives/monthly-reconciliation/>. Appropriate departmental staff should be required to attend this available training. If a department is too small to have two or more employees who can segregate duties, then the department administrator must frequently review departmental transactions.

Departments that are responsible for grant accounts should consider having the grant PI (“principle investigator”) or account manager review and verify individual grant accounts.

The following **Minimum Standards** should be used to perform account reconciliations on all departmental accounts.

#### Step 1 – Listing of Accounts

The first step is to ensure that the reconciler is aware of all accounts assigned to their department. The reconciler should maintain a current listing of accounts and should note on the listing the date(s) when he/she confirmed the accuracy and completeness of the listing.

#### Step 2 – Current Period Activity

The second step is to review ledger sheets for propriety and trends.

<b>Example Charges to Accounts</b>	<b>Supporting Documentation</b>
Payroll	Approved Personnel Action Form/Time Sheet
Travel Reimbursement	Approved Travel Voucher
Equipment	Approved Purchase Order/Invoice
Consultant Services	Approved Contract
Cash Deposits	A copy of the check or EFT

Scan appropriate reports to verify appropriateness of payroll expenditures, revenues and expenditures.

Review activity for reasonableness. This may include doing a fluctuation analysis of revenues and/or expenditures. An example of a fluctuation analysis would include comparing current period expenditures for consumable supplies with expenditures for consumable supplies from the previous month and assessing the difference for reasonableness.

After these reports are reviewed, the reconciler should question/verify the accuracy of items that may appear unusual/incorrect (e.g. pull supporting documentation).

Care must be taken that all entries and the final account balance are verified. There are numerous ways that an entry may appear.

### Step 3 – Correcting Entries

The third step in the minimum standards for performing departmental account reconciliations is to note whether correcting entries from previous month's reconciliations have been posted to the current month's ledger sheets and to propose correcting entries, if necessary, as a result of the current month's reconciliations.

If the reconciler does not know how to correct an erroneous entry, they should contact the central business office for assistance.

#### Examples of Reconciling Items:

- Amount charged to wrong account
- Data input or keying error
- Purchase order was issued but account was not encumbered
- Previously encumbered amount was paid but was not disencumbered
- Duplicate payment or documentation is not original
- Travel: Employee reimbursed twice
- Travel: Trip cancelled but account still charged
- Travel: Travel vouchers submitted for travel not taken
- Travel: Travel expenses inflated
- Pcard: Purchases are not for official business purposes

### Step 4 – Documentation

Appropriate documentation should be retained to support that this reconciliation process has been performed. Documentation should be retained until the successful close of the annual financial audit.

#### References

Monthly Reconciliation Overview: <https://www.fa.ufl.edu/directives/monthly-reconciliation/>  
Reconciliation training <https://www.fa.ufl.edu/directives/monthly-reconciliation/>.

#### Important Dates

- Approved: January 2008, Approver: Dr. Teresa A Dolan, Dean, University of Florida College of Dentistry
- Reviewed and Revised: March 2022, Approver: Dr. A. Isabel Garcia, Dean, University of Florida College of Dentistry