

University of Missouri System Accounting Policies and Procedures



Policy Number: APM-15.15

Policy Name: Monthly Balancing

General Policy and Procedure Overview:

The Controller's Office does a monthly balancing of each deposit account. This official policy provides authoritative guidance to the University in calculating the bank accounts versus our People Soft Accounts and related procedures. This policy will include the procedure of verifying the balance for each bank account while comparing it to our general ledger balance for each account.

Definition of Key Terms:

CRR – Cash Receipt Report – An entry by a department to prove the money coming in or going out of the bank that allows the correct account and mocode that should be credited or debited.

ARR – Account Receivable Receipt – An entry by a department to prove the money coming in or going out of the bank that allows the correct invoice information that should be credited or debited.

ReconNet – The software used by the Controller's Office to reconcile bank accounts.

Detail Policy and Procedure:

Review of Daily Activity:

As part of Daily Reconciling, transactions from the bank accounts are downloaded daily from the respective bank web site or bank file received over night. The General Ledger information is downloaded daily from a file on MIS WEB APPS – POS File. The monthly activity by location is compared to the monthly activity in the GL for each bank account. The GL balance is retrieved through Financial Reporting for all cash accounts. The ending balance for the current month in General Ledger for all cash accounts is pulled from WEB APPS Financial Reporting.

If there is a difference at this point, the Controller's Office researches the account determines what items cause and the reason for the difference. If required, the account is adjusted and the adjustment noted, to assure the accounts do balance in the end. The review of items is a control over the departments' entries and deposits to ensure the accuracy and completeness of entries.

Balance Bank Accounts

Once all accounts balance book to book (Reconciliation Worksheet to GL), the process is to balance the Reconciliation Worksheet to the bank. The GL balances are manually entered into the Reconciliation Worksheet. Each bank account is selected and balanced adjusting for outstanding items. If there is a difference, the Controller's Office determines if an entry was made to offset this situation the next month or if there are entries missing either from the bank or the GL. Once determined and corrected, the report for each account will be printed and kept in a monthly balancing book which is maintained in the vault. The report shows the account balanced and any outstanding items for that account. The Reconciliation Worksheet takes the detailed activity as per the first part of the policy and compares transaction by transaction to the information on the bank statement and produces a list of unmatched items. This process ensures the Reconciliation Worksheet includes all the bank items entered to match the month's statement.

Review by Associate Controller

Once the monthly book is completed in the binder, it is given to the Associate Controller to review and approve. The Associate Controller looks at each one and makes sure the balance reflects the correct ending balance and they do balance or what the reason is if they do not. The Associate Controller reviews for stale reconciling items, contacts the appropriate Accounting Office, and expedites the resolution. He then initials the GL Cash Ending Balance Report on each account he has reviewed. If there are no further changes needed, the books are stored in the vault located in the controller's office area. The Associate Controller's reviews constitute the major control over the reconciliation process. This review tests the accuracy and timeliness of the reconciliations. The review of reconciling items ensures timely clearing of items and the completeness of CRRS and Journal Entries. And the function serves as a managerial level control over the reconciliation process.

Responsibilities:

Bank Account Reconciling Accountant:

- Matches general ledger entries to entries in bank accounts to assure accuracy, Completeness, and timeliness of entries.
- Compares entries on the University's books to entries at the bank.
- Reconciles bank balance to university cash balances.
- Prepares documentation of reconcilements for associate controller's review.

Associate Controller:

- Reviews and tests the accuracy and completeness of the reconcilements
- Contacts accounting departments to expedite resolution of stale items
- Signs and dates the reconcilements as evidence of review.

Accounting Department:

- Reviews reconcilements for items in need of clearing
- Makes adjusting entries to clear reconciling items.

Effective Date: July 1, 2006

Revised Date: June 12, 2008

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.