

**ADMINISTRATIVE POLICY**

# Balance Sheet Account Reconciliations Policy

---

**Approval Authority:** Vice Chancellor for Finance, Information Technology and CFO

**Responsible Administrator:** Controller

**Responsible Office:** Finance

**Policy Contact:** Director of Accounting and Financial Reporting

Originally issued:  
January 2018

Current version  
effective as of:  
July 2023

---

**POLICY STATEMENT/REASON FOR POLICY**

This document defines the policy to provide the governance framework for a standard and consistent balance sheet account reconciliation process across the university.

---

**THIS POLICY APPLIES TO**

This policy applies to all Vanderbilt 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****A. Natural Account Level**

Balance sheet reconciliations are conducted at the (natural) account balance level where sub-ledger, third-party statements, or similar supporting documentation is available for substantiation. In situations where multiple balance sheet accounts are supported by a single set of documentation, the accounts may be grouped for completion.

**B. Cash Accounts**

For cash accounts, reconciliations should be performed using Oracle (the cash management module). Supporting documentation should be maintained in BlackLine (the central repository software used for balance sheet account reconciliations).

**C. Non-cash Accounts**

For non-cash accounts, reconciliations should be performed in BlackLine. Once complete, the reconciliation must be signed off on by the preparer and approver.

**D. Required Sign-off**

All balance sheet account reconciliations are required to be signed off on by an appropriate preparer and approver. The preparer and approver cannot be the same person. Additional levels of certification (i.e. by an accounting manager) may be required on some accounts.

**E. Required Support**

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

#### F. Reconciling Items

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

#### G. Aging of Reconciling Items

All reconciling items begin aging the first calendar day following month-end. Reconciling items should be categorized into the following aging groups by number of calendar days: 0-30, 31-60, 61-90, and >90.

#### H. Required Approvals for Significant Aged Reconciling Items

All reconciling items >\$10,000 and aged greater than 90 days must have a documented plan for resolution provided to the AVC for Finance & Controller.

#### I. Required Resolution for Reconciling Items

All reconciling items, regardless of amount, aged greater than 90 days will be reviewed by the AVC for Finance & Controller annually and a plan for resolution will be required.

---

## DEFINITIONS

General Ledger - The general ledger contains all Vanderbilt financial transactions. Currently, the general ledger (system of record) is Oracle. Information from the general ledger is used by Vanderbilt to analyze, report, and monitor the financial results of the university.

Balance Sheet Account Reconciliation - A balance sheet account reconciliation is the comparison of an account’s general ledger balance to a sub ledger balance, bank or other third-party statement, or additional documentation that appropriately supports the account’s balance. Reconciliations are performed daily, monthly or quarterly based on whether an account is defined as high, medium, or low risk. Typical high-risk accounts include cash, trade receivables, payables, and financing receivables.

Preparer - The preparer is the individual who creates the reconciliation and compiles the supporting documentation. The preparer is responsible for uploading and archiving both the reconciliation and supporting documentation into the designated storage medium (see 4.b. and 4.c. above).

Approver - The approver is the individual who is responsible for reviewing the reconciliation and supporting documentation for validity, accuracy, and completeness.

Supporting Documentation (specifically for balance sheet account reconciliations) - Supporting documentation provides details for and substantiates the general ledger account balance being reconciled. Supporting documentation should be detailed enough so that a person without extensive knowledge of the account can review the reconciliation and understand the nature of the balance. Examples of supporting documentation include, but are not limited to, bank or other third-party statements, reports from sub ledgers or other internal systems, calculation work papers, and notes or commentary by the preparer/approver.

Reconciling Item - A transaction or item that represents a difference between the general ledger balance and the subsidiary ledger or other supporting schedule(s) balance. All reconciling items should be explained and have supporting documentation.

Reconciliation to Third-Party Statements - Type of reconciliation containing primarily external third-party activity. The third-party typically provides a statement that serves as supporting documentation for the general ledger balance.

Subledger Reconciliation - Type of reconciliation consisting primarily of activity contained in a subledger. A subledger is a data source that contains a sufficient level of detail to properly support the individual items/transactions that make up the balance of the general ledger account.

Roll-forward/Carry-forward Reconciliation - Type of reconciliation typically supported by workbooks using internal and/or external support schedules through the application of management estimates, calculations, and assertions.

---

## CONSEQUENCES OF NON-COMPLIANCE

As noted in steps h and i above, All reconciling items >\$10,000 and aged greater than 90 days must have a documented plan for resolution provided to the AVC for Finance & Controller. In addition, all reconciling items, regardless of amount, aged greater than 90 days will be reviewed by the AVC for Finance & Controller annually and a plan for resolution will be required.

---

## PROCEDURES

Procedures vary based on the type of account being reconciled. Procedures for each account reconciliation should be documented within BlackLine.

---

## ADDITIONAL CONTACTS

Subject	Contact	Office	Phone
Account Reconciliations	Finance	Accounting	(615) 343-6601

---

## HISTORY

**Issued:** January 2018

**Reviewed:** June 2023

**Amended:** June 2023