The following document is intended as a guide for unit reconciliation activities. Each unit is unique and has a wide range of transaction types, activities, and resources to consider. This guide hopes to answer some basic questions about reconciliation and provide some helpful questions and details for distinct types of transactions.

Why is a reconciliation required? A reconciliation process ensures accurate reporting of the University of Illinois System's audited financial statements, helps safeguard system resources, and identifies any unusual transactions caused by fraud or accounting errors. It can also help keep track of the status of internal operations and budgets on a timely basis and ensure accurate data is used for management decision making. Reconciliation is a financial best practice and is part of establishing adequate internal controls, which are required by the Fiscal Control and Internal Auditing Act (30 ILCS 10/).

What is a reconciliation? Reconciliation is the process of comparing transactions and financial activity between the University's system of record (Banner) and supporting documentation. You should consider:

- Inclusion of operating and general ledger transactions.
- The CFOAPAL used is accurate (e.g., rogue, charge is not related to the self-supporting fund activity, expense does not meet donor intent).
- Tracing the transaction to adequate independent supporting documentation which exists either electronically or in paper format (See table below for examples).
- Transactions that you expected to be processed (e.g., deposit) and whether those transactions have been recorded in Banner.
- Documenting how you've resolved discrepancies identified in the process.
- That all transactions have proper, documented authorization.

The following chart provides some guidance for a variety of transaction types.

Key Concept	Best Practice and other timely considerations
Shadow systems – Banner pushing to a shadow system	Some units have shadow systems that pull information from Banner. These are used for internal financial reporting or tracking. If such shadow systems are used in decision making, reconciliations should include comparing the balances to ensure all feeders worked properly and no reconciling items exist. Shadow systems that feed to Banner should be noted in other areas of this chart.
T-Card and employee reimbursements	T-Card and employee reimbursements require a two-level review and approval processes. While a reconciliation might identify new issues, T-Card and employee reimbursements would be considered low risk for reconciliation purposes given they have two levels of approval before processing.

<table>
<tr><td>Banner PO invoices</td><td>Reconciliation should include a review to ensure the business purpose is documented, the correct CFOP was used, the invoice matches the requisition or purchase order, the request was properly approved, and support for receiving the goods or services is present, if applicable (see invoice payment below).

If you have an application or shadow system for the request, routing, and approval of PO’s and the Banner PO approver is checking such a system or application when approving orders, then a reconciliation for PO support may not be needed. Units should consider the types of purchases being made and whether receiving support and documentation may be needed to confirm goods or services were received (e.g., computers, toner, highly convertible items). See invoice payments below.</td></tr>
<tr><td>iBuy charges</td><td>While most transactions from iBuy have a secondary review and approval, there are features of this system that do not require or force segregation of duties and therefore, units should think carefully about including or excluding these transactions from the reconciliation. In addition, iBuy does not allow for a receipt required function, therefore units should consider confirming receipt or receiving documents to support these charges depending on the type of purchase (e.g., computers, toner, highly convertible items).</td></tr>
<tr><td>Receiving documents</td><td>Need to consider the types of purchases that you are making and what your receiving function looks like for each and whether your reconciliation should also be ensuring receipt. Considerations should include things like:
High risk computer equipment
Low risk office supplies
Intangible services received
The type of purchase or payment mechanism (e.g., Standing purchase order, iBuy, ChromeRiver)
What kind of invoice, if any, is received from the vendor
Where the equipment was shipped
Dollar threshold for risk decisions.
Unit decisions based on these factors should be documented and communicated to reconcilers.</td></tr>
<tr><td>Gift and Gifts in kind (i.e., donated goods or services)</td><td>Should consider the following:
All deposits that the unit sent to UIF (University of Illinois Foundation) made it to UIF and were deposited.
All the gifts deposited by UIF directly went into the correct account.
No reversals by UIF or unusual transactions were processed that do not have supporting documents.
Work with advancement to ensure all expected gifts are received.
Gifts were received in the correct period (e.g., year-end cut-off).</td></tr>
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	- Split gifts where funds come through another unit or are held at another unit are received or are being spent. - Expenditures and adjustments are compliant with donor intent. Some units may already have a check for compliance with donor intent at the beginning or approval stage. Units should consider who is doing the reconciliation and whether they have the reports needed. If advancement or stewardship is reconciling, are they looking at all the above items (e.g., a JV made on gift funds that would not be noted on UIF reports, adjustments made by UIF)? If accounting is reconciling, do they have access to the proper TED reports (i.e., Accounting Monthly Reports, Transactions [monthly]) and are they aware of the gift activity? Units should consider gifts in kind which do not appear directly on the monthly Banner statements. See 11.3 of the Business and Financial Policies and Procedures for more information about gifts in kind.
Revenue and related activity from the sales of goods and services	**Revenue** Revenue reconciliation should be looked at from both directions. Is everything that should have been recorded in Banner recorded properly, and are the transactions that posted to Banner, including refunds, proper and supported? Revenue comes in many different forms and depending on your unit, you may have one or more of these revenue types. For service revenue recorded from the receipt of cash, checks, and credit cards by the unit, the reconciliation should include a review of original sales records. Original sales records include cash register tapes, receipt booklets, service records, Point of sales data (POS), or other sales support. It is important to consider if your reconciler is segregated from sales and deposit processing and that your reconciliation looks at the supporting documents that underly the deposits. Unit cash handling procedures (10,1,1 of the Business and Financial Policies and Procedures) establishes who is conducting which role and is approved through the University Bursar; please refer to your approved Unit Cash Handling Procedures document as you consider your reconciliation processes. **Refunds** Refunds, whether credit card, checks, or cash should be properly supported and authorized. Particular attention should be paid to ensure refunds are being made to the same person or credit card as the initial purchase. **Operational subsidiary systems**

	If the sales are being posted from a shadow-system that feeds to Banner GAR (General Accounts Receivable) or another receivable subsidiary system, the reconciler should be comparing Banner to the shadow system to ensure the feed was successful and the entries are accurate (unless this is being done via system controls). If the GAR cash receipt records are feeding back to the shadow system, the reconciliation should compare GAR and the shadow system to ensure those feeds are accurate. If sales are being posted to Banner through GAR entry by the unit, the sales should be traced back to whatever original system or sales records that support the revenue recognized. Again, depending on whether the reconciler is the independent person fulfilling a segregation of duties role, this reconciliation may need to include detail sales records. This kind of review should also include any write-offs, credits or refunds. If revenue transactions are posted to a shadow system and that shadow system posts revenue to Banner, in addition to reconciliation between Banner and the shadow system, there should be a reconciliation process that ensures all activity (e.g., sales, services) are posted as revenue in the shadow system based on the original supporting documents (e.g., cash receipts, service records). Note that this may include operational employees that are outside of the accounting offices (e.g., medical billing specialists reconcile revenue to patient records). **Other** Additional considerations for some reconcilers: 1. The University's June 30 cut-off for financial reporting and accrual/deferral cut-off tracking related to sales is important and additional steps may be needed by the reconciler to ensure all sales have been either posted or included in a FACTS sheet report. Such steps might include review of contract terms, deliverables, and progress to date amongst other items that may be unique to your operation. 2. Are sales of tangible items included that might need to be reported for sales tax? You may want to talk with your business leadership to confirm any sales tax questions. 3. Are sales credited to the proper revenue account code within the proper fund throughout the reporting period?
Payroll	Payroll is processed under an expectation that you will have someone entering in the time and a separate person reviewing or approving for non-exempt employees. For exempt employees, reviewing the detail report of payroll transactions is important to ensure that employees paid should be paid and that they were paid on the correct CFOP (e.g., an academic professional employee resigns, and a stop payroll was never processed.)

	Units need to consider third party feeder applications and the impact of what is approved and how. Units should consider reconciling detailed transactions for awards, labor redistributions, adjustments, and lump sums to ensure adequate document support exists. Note that the ANA (Adjustment Notification Application) system transactions (awards and overpayments) are manually keyed from ANA to Banner and have a higher risk of errors from outside your unit. Other transactions may have controls on the front end by HR personnel in your own unit. You should consider the risks based on your activity and processes. Here are items that need to be answered or considered as part of documentation support. 1. Who requested the transaction, and do we have that support? Are they authorized to charge the source of funds receiving the payroll expense? 2. Was their segregation of duties in the processing of this transaction (note that some systems allow approvers to submit and approve). 3. Documents required by policy (e.g., GC-81 for non-current transfers, Dean delegation or other support) 4. Is there an explanation of how the amount was calculated? 5. Is the CFOP used accurately (e.g., ANA transactions are manually keyed in from ANA to Banner and human error can occur, is the payroll for self-supporting operations on the self-supporting fund)?
F&A, tuition remission, ALAS (Allocations and Assessment Systems) charges	These charges are calculated by central offices based on formulas and policy. No reconciliation is required for these charges.
Journal Vouchers including those with non "J" prefix feeders	Journal vouchers may not have any secondary review and approval and can be processed to any CFOP without the CFOP owner's approval. For many of the University's storeroom and service areas, this is particularly true. Reconcilers should be looking for support, either from the unit processing the JV or from the employee that ordered the goods or services, that includes what the transaction is for, how the amount was calculated or determined, who approved the transfer, and whether the CFOP was used correctly (e.g., revenue vs. Negative expense). This includes internal or external transactions. There also may be other documentation required to support a journal voucher (e.g., GC-81). FOATEXT and the description line text should be sufficient to provide context for the charge and contact information but is generally not adequate as the only support.
GL transactions	General ledger transactions should be included in the reconciliation process. Depending on the unit activities, this might be done monthly, quarterly, etc.

	Accruals, inventory, deferrals, and prepaids are the most common transaction types. Support for changes and/or balances should be reviewed as part of the reconciliation and special attention should be paid on June 30. This review might be done by the normal reconciler or done at a higher level (e.g., stagnant balances, credit/debits in the wrong direction).
Budget transactions	There are two types of budget entries. The first is the annual budget set up. The second is changes to the budget throughout the year. Support for budget entries should include support for the detailed amounts, the transaction's purpose, and proper account code usage. Depending on your college, those may be reviewed at a higher level, but you should also consider segregation when determining the proper place for reconciliation.
Fund transfers	Fund transfers should be included in the reconciliation and ensure documentation exists to support the transaction including, but not limited to the allowability of the transfer for fund type, adequate FOATEXT and description line text, and proper use of rule codes. Depending on your college, those may be reviewed at a higher level, but you should also consider segregation when determining the proper place for reconciliation.

Who should perform the reconciliation? The person that performs the reconciliation should be someone knowledgeable about the unit's operations to an extent that they could identify and communicate problems. Segregation of duties may also be critical to consider in this area depending on if and how transaction processing is segregated. For example, the person reconciling should not be the same person that places orders through Central Stores, since JV's have no approval routing queues. In some instances, the only segregation that exists may be the person that conducts the reconciliation.

The University is continually looking at profiles and access in conjunction with internal controls. Changes to allowable profiles and the role of the reconciler should be continuously monitored.

When should a reconciliation be performed? Monthly is a best practice and recommended, however, the unit should consider the types of transactions (e.g., grants, cash) and risk associated with the activities and may require a different timeline such as daily or quarterly reconciliation. See chart above for some consideration of risk.

Best practice is to conduct a monthly reconciliation which should be completed by the end of the subsequent month and reported to a supervisor. This should not be construed to mean that resolution of reconciling items may take a bit longer.

How should reconciliations be documented? There are two distinct areas to consider in documenting the reconciliation process.

Based on the information above, a clear outline of expectations for what will be included and excluded from this process should be documented and communicated to the reconciler. This helps demonstrate that we've assessed the risks and made decisions using that information.

The second area is how the reconciliation itself will be evidenced. The format of a reconciliation can be done in many ways; however, it should be clear to management or an external reviewer when a reconciliation has been completed in some tangible way. For example, signed checklists or reports, organization of paper files, and electronic filing systems that show transactions reconciled are stored different from those that are not reconciled.