



Account Reconciliation Toolkit

A Practical Guide to Regular Reconciliation and Review of Financial Transactions

How to Use This Toolkit

Objective: This Account Reconciliation Toolkit offers a detailed technical guide to aid in the regular reconciliation and review of financial transactions, in alignment with the University of Kentucky’s existing policies and procedures. Each of the three carefully organized sections aim to provide tailored support for the diverse reconciliation needs across the various university departments. Importantly, this toolkit is not a policy manual and should not be interpreted as providing literal or exact procedures. Instead, it is intended to facilitate the practical application of departmental guidelines and enhance the effectiveness of account reconciliation, allowing departments the flexibility to use either the entire toolkit or selected sections as per their specific needs.

Account Reconciliation Overview	An outline of the essentials of account reconciliation, offering a foundational explanation of what, why, who, and when. Share with: Anyone who reconciles or approves reconciliations; departmental leadership
Customizable Tools and Reports	A guide to using the provided reports and templates to support efficient reconciliation procedures within your department. Share with: Business office staff, departmental reconcilers and supervisors
Consolidated Reconciliation Report Process	For departments without an established reconciliation process for compiling and routing reconciliation documentation. Share with: Reconcilers, approvers, and departmental supervisors without existing reconciliation procedures

For the purposes of this toolkit, “department” refers to all University of Kentucky subunits [i.e., college, school, department, unit]. Please refer to the policy and/or administrative manual(s) maintained by your business office or other appropriate body for specific policies and procedures affecting your area. While account reconciliation may overlap with other control activities in your department, it does not eliminate the need for other reconciliations, such as transaction verification processes required by a specific system or overseeing authority (e.g., other internal departments or external sponsors).

Account Reconciliation Overview

Account reconciliation is the process of reviewing transactions, supporting documentation, and resolving any discrepancies discovered. Regular reconciliation activities should be completed in your department to provide reasonable assurance that transactions are **authorized, reasonable, allowable, and correct**.

- Per the University of Kentucky Business Procedures Manual (BPM) **BPM E-17-6 Reconciliation and Review of Financial Transactions**, “Verification of financial transactions ensures the accuracy and integrity of financial reporting records and protects University assets, serving as a key element of the University’s system of internal controls.”

Why Reconcile?



- Per **BPM E-1-3 Fiscal Roles and Responsibilities**, financial reconciliation and review of departmental cost objects should be completed by, “**the employee designated by the responsible officer (e.g., department chair, director, principal investigator, or equivalent)...**” Designated employees often include department administrators and fiscal managers.

Who Should Reconcile?



- **Reconciliation should be completed monthly, within 45 days of month-end close.**
- For sponsored projects, a final reconciliation should be completed within 45 days of the budget end date.
- All cost objects should be reconciled monthly. A final review of cost objects after fiscal year end closing is recommended.

How Often Should We Reconcile?



New to Account Reconciliation? There's Training for That!

This toolkit provides a high-level overview of account reconciliation procedures. For more detailed information and step-by-step instructions, visit the [FAST Courses webpage](#).

[Click here](#) to access Handouts and Quick Reference Guides (QRGs) from the Account Reconciliation Course (linkblue log-in required).



***Reminder:** All staff who perform account reconciliation (both review and approval functions) are required to enroll in the Finance and Administration Specialized Training (FAST) program. Faculty reviewers and approvers are encouraged to enroll.*

The full financial review reconciliation process is comprised of three (3) high-level activities – [1] A detailed review of transactions and supporting documentation, [2] budget versus actual review and analysis, and [3] labor cost distribution review and analysis. Within these three activities, individual procedures ensure information is adequately obtained, reviewed, and approved.

Per [BPM E-17-6](#), “**each unit must have written procedures that document processes specific to the unit.**” Documented departmental reconciliation policies and procedures should be kept current.

A standard reconciliation is completed with a line-item review of each expenditure and revenue and verifying source documentation. The general procedures to support this review reconciliation are:

1. Generate
2. Gather
3. Verify
4. Compare
5. Check
6. Clear
7. Review
8. Confirm
9. Certify

Reconciliations are considered complete when:

- transactions have been reviewed and matched,
- errors have been detected and corrections have been initiated, and
- a certification form has been approved and signed by each appropriate level.

By the end of the process, departments should be able to provide documented evidence of account reconciliation completion and review for each cost object.

Frequently Asked Questions

Q. How do departments generate reports for reconciliation and which reports should they use?

A. SAP HANA, Tableau, and Axiom (UK Healthcare) are all standard university platforms. [UK Institutional Research, Analytics and Decision Support](#) (IRADS) has developed several Tableau reports to support departmental reconciliation activities. Departments may establish procedures and conventions around the use of specific reports, including their formatting and storage. Preferences and procedures may vary depending on the types and volume of cost objects reconciled within individual departments (see [BPM E-17-1 Chart of Accounts – Cost Object Structure](#) for more information about the function of cost objects at the university). Toolkit sections 2 and 3 provide an overview and technical instructions for the use of the Reconciliation Summary Dashboards developed by IRADS.

Q. How can my department ensure the integrity of financial records when exporting reports generated for reconciliation?

A. While it is impossible to eliminate all risks of potentially fraudulent behavior, [BPM E-1-4 Internal Control](#) outlines control activities designed to mitigate such risks. These controls include regular self-audits, and maintaining separation of duties between “...the functions of authorizing and recording transactions, performing reconciliations, and the physical control of related assets...”

Q. Once a reconciliation has been completed, to what extent should an approver further review the completed reconciliation to ensure compliance and accuracy?

A. The depth of review required by an approver post-reconciliation can vary by department, reflecting the unique operational needs and risk profiles of each area. Departments are encouraged to develop their own tailored review guidelines in alignment with university policies and procedures. Maintaining comprehensive documentation of departmental procedures can contribute to the effectiveness and reliability of departmental financial management.

Q. How should departments store monthly reconciliation files and the related supporting documentation?

A. Individual departments should establish specific procedures for reconciliation files and supporting documentation storage. [BPM E-17-6](#) states that supporting documentation “...may be paper (e.g., hardcopies of receipts or invoices) or electronic (e.g., PDFs).” Electronic storage includes documentation stored within the university’s Enterprise Resource Planning (ERP) software (i.e., SAP, SAP Concur).

Customizable Tools and Reports

Tableau Reconciliation Summary Dashboards

IRADS has created new Reconciliation Summary and Cost Distribution Dashboards to facilitate departmental financial transaction review and reconciliation.

[Click here to access the Tableau Reconciliation Dashboards](https://analytics.uky.edu/#/workbooks/15933/views)

Or copy and paste this link in your browser:

<https://analytics.uky.edu/#/workbooks/15933/views>

The dashboards include five (5) views, which can be used to generate reports to support departmental reconciliation processes. Continue to the next page for a detailed review of each view or click on the sections below to be taken directly to a specific view description in this toolkit.

The screenshot displays the Tableau Reconciliation Summary Dashboard interface. It features a 'SELECT DEPARTMENT' section with a 'Department Code (Fctr)' dropdown menu set to '(None)'. Below this are fields for 'Fiscal Year' (2024), 'Fiscal Period' (003 - September), and 'Funds Center' (All). To the right of these filters are three buttons: 'Budget vs Actual Reconciliation Dashboard -->', 'Budget Entry Doc Details Dashboard -->', and 'Actual Details with Vendor Dashboard -->', each accompanied by a green 'EXECUTE' button. Below the filters is the 'IT0027 and IT1018 Cost Distribution' section, which includes a text box stating 'To view the IT0027 and IT1018 Cost Distribution please select departments and date range below.' This section has a 'Department' dropdown set to '(None)', a 'Start Date (IT0027)' field with the value '7/1/2023', and an 'End Date (IT0027)' field with the value '8/30/2024'. To the right of this section are two buttons: 'IT0027 Dashboard -->' and 'IT1018 Dashboard -->', each with a green 'EXECUTE' button.

Reconciliation Summary Dashboards

Budget vs Actual Reconciliation

Budget Entry Doc Details

Actual Details with Vendor

Cost Distribution Dashboards

IT0027 Distributions

IT1018 Distributions

Budget vs. Actuals Reconciliation Dashboard

Used for high-level budgetary review and variance analysis comparing actual expenditures to budgeted amounts.

What to look for:

- Confirm a positive “Available Budget” balance.
 - Negative balances should be justifiable and/or have a noted reason.
 - The Available Budget should align with the timing of the year.
 - The percent of expenditures and available budget should be appropriate for the planned expenditures at the time of reconciliation.
- Review the “Current Month Actuals” and “YTD Actuals” for each cost object, confirming they are reasonable and in line with the cost object’s budget. *More information about the Current Month Actuals can be found in the Details tab, explained in further detail below.*

Budget Entry Doc Details Dashboard

Used to review the original budget, annual budget, recurring budget, and non-recurring budget.

What to look for:

- The original budget line should match the budget entered and approved during the current fiscal year budget development process.
- Each budget transfer or revision line should have a corresponding budget document explaining the purpose of the transaction. If a discrepancy is found, contact your area budget officer for additional information. The correction and person responsible should be noted on the Departmental Certification Form.

Actual Details with Vendor Dashboard

Used to review detailed information about each transaction within the reconciliation period.

What to look for:

- Match and verify detail report matches source documentation information, including the G/L code, cost object, business purpose, and vendor, payee or ProCard holder name.
- Note any discrepancies or errors on the Departmental Certification Form for further review.
- **The Actuals Detail with Vendor Dashboard displays employee information, removing the need to use a separate labor distribution report for labor detail reconciliation.**

IT0027 Cost Distribution Dashboard

Used to review IT0027 (CDEM) cost distributions for all employees charging to departmental cost object.*

**IT0027 distributions are used only for temporary funding arrangements with a prescribed end date. Distributed employees may be internal or external to the department.*

What to look for:

- Confirm departmental employees with a distribution less than 100% are accurately charging to cost objects outside your department.
- Confirm employees external to your department with charges on your cost object will display a distribution percentage in this report. Multiple distribution changes within the fiscal year will be reflected within the respective reporting period of the change.
- **Irrespective of the circumstance, source documentation should be saved for each change in distribution.** This could include email, a PADR with a budget revision, etc. If an employee with a distribution is not found on the IT0027 report, they may be found on the IT1018 Position Cost Distribution Dashboard, described below.

IT1018 Position Cost Distribution

Used to review permanent IT1018 (default) cost distributions for each position.

- Positions without an IT0027 (CDEM) cost distribution will default to the position's IT1018 entry. An IT0027 (CDEM) entry in SAP will override the original IT1018 entry for the specified timeframe.

Why might IT0027 cost distributions change between periods?

Example 1: Employee A begins work on a new sponsored project in September, charging 5% of their payroll to the sponsored project. An IT0027 cost distribution is processed to charge this 5% to the sponsored project while reducing the default distribution from 100% to 95%.

Example 2: Employee A ends work on the sponsored project in March of the same fiscal year and begins work on a new sponsored project in the same month, this time charging 10% to the new sponsored project. An IT0027 cost distribution is processed, ending the 5% distribution to the original sponsored project, starting a new 10% distribution to the new sponsored project, and reducing the default distribution from 95% to 90%.

Example 3: Department C agrees to pay for a portion of the instruction for a course offered by Department B. Department B decides to directly charge Department C via an IT0027 cost distribution, distributing 12.5% of Faculty B's position. Department B will note a distribution decrease from 100% to 87.5% in the effective months, while Department C will note a new 12.5% distribution in the same period.

Consolidated Reconciliation Report Process

This section provides detailed, step-by-step instructions for using the IRADS Tableau Reconciliation Dashboards to efficiently compile departmental reconciliation reports. It is tailored to assist departments who either do not have an established reconciliation process or who are looking to update their current methods and includes specific instructions for using Excel and Adobe PDF tools for exporting and managing reconciliation data effectively. *The processes outlined below assume your department maintains an electronic filing system to store and archive departmental reconciliation files. Check with your departmental business officer or information technology staff about the proper use of electronic file storage in your area.*

Generate Reports and Compile the Reconciliation File

The instructions provided in this section will produce two (2) files – an Excel workbook to be used for financial review and reconciliation activities and a consolidated PDF file.

1. Access the Tableau Reconciliation Summary Dashboards

Use the Tableau dashboard to generate fiscal period reports by department after the official month-end closing notification has been posted by Accounting and Financial Reporting Services (AFRS). Descriptions of each dashboard view are provided in the Customizable Tools and Reports section of this toolkit.

2. Select the Reconciliation Summary Dashboard View

Filter the following variables: **Department Code, Fiscal Year, and Fiscal Period**. Filter the **Funds Center** variable if reconciling a single cost center. After confirming the variables are correct, click the green 'EXECUTE' icon next to the 'Budget vs Actual Reconciliation Dashboard'.

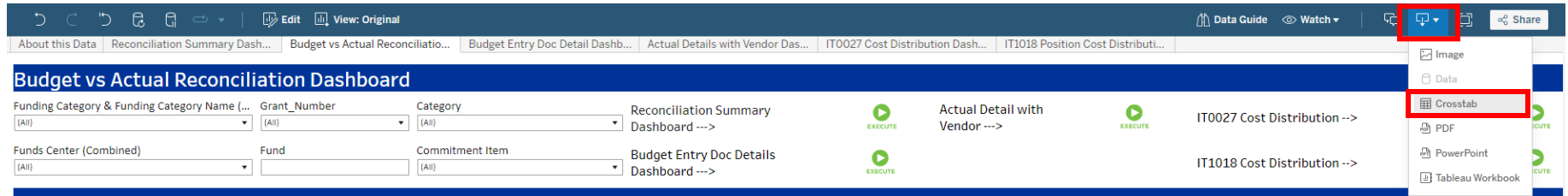
Reconciliation Summary Dashboard

SELECT DEPARTMENT
Department Code (Fctr) (None)
Fiscal Year 2024
Fiscal Period 003 - September
Funds Center (All)

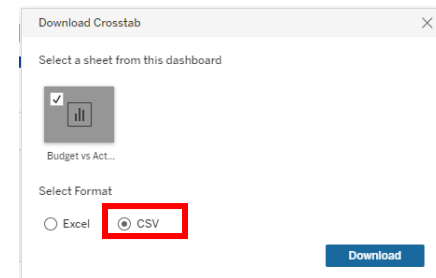
Budget vs Actual Reconciliation Dashboard --->	EXECUTE
Budget Entry Doc Details Dashboard --->	EXECUTE
Actual Details with Vendor Dashboard --->	EXECUTE

3. From the Budget vs Actual Reconciliation Dashboard View (3rd tab)

Review and download the Budget vs Actual detail for the first page of the departmental reconciliation file.



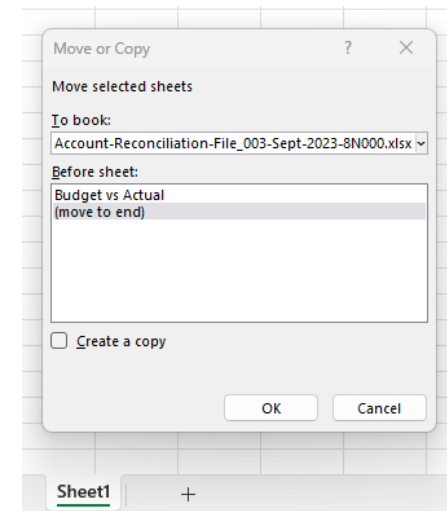
- Click the Download icon (see image above), select Crosstab → CSV → Download
- Open the downloaded file and expand all columns to view the data.
- Change the tab name from “Sheet 1” to “**Budget vs Actual.**”
- Save as an Excel file (.xlsx) within your departmental reconciliation folder with a file name convention including the Fiscal Period, Fiscal Year, and Department Number.
Example: “006-DEC-2023-8X000”



4. Click the Budget Entry Doc Detail Dashboard View (4th tab)

Review and download the Budget Entry document detail for the second page of the departmental reconciliation file.

- See step 2 instructions for downloading and opening the file.
- Move the data into the previously saved file by right-clicking on the “Sheet 1” tab and selecting “Move or Copy”. Select the saved file as the “To book:” location, select (move to end) and click “OK.”
- Change the tab name from “Sheet 1” to “**Budget Entry Docs**” and save changes.



5. Click the Actual Details with Vendor Dashboard View (5th tab)

Review and download the Expenditure Actual detail for the third page of the departmental reconciliation file.

- See Step 3 instructions for merging the new download with the saved reconciliation file.
- Change the tab name from “Sheet 1” to “**Exp Detail**” and save changes.

6. Click the IT0027 Cost Distribution Dashboard (6th tab)

Review and download IT0027 Cost Distribution detail for the fourth page of the departmental reconciliation file.

- See previous steps for file download and merge instructions.
- Change the tab name from “Sheet 1” to “**Cost Distributions**” and save changes.

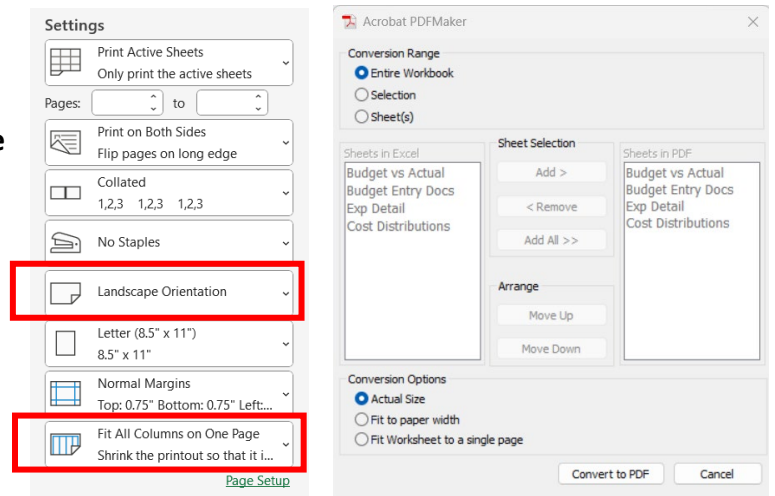
7. Click the IT1018 Cost Distribution Dashboard (7th tab)

Review the distribution detail for any required updates. Saving this report with the reconciliation file is optional and only required if changes are necessary. If including with the reconciliation file:

- See previous steps for file download and merge instructions.
- Change the tab name from “Sheet 1” to “**1018 Dist.**” and save changes.

8. Update Print Settings and Save As Adobe PDF Document

- In the consolidated Excel reconciliation file, hold “**Ctrl**” and select all tabs.
- Click File → Print. Change the document orientation from Portrait to **Landscape** and change scaling from “No Scaling” to “**Fit All Columns on One Page.**”
- Click File → Save as Adobe PDF. Select “**Entire Workbook**” as the conversion range and click “**Convert to PDF.**”
- Save Adobe PDF file in your department reconciliation folder with the same file name convention as the source Excel file (see step 3).



Review Reports and Reconciliation

After the consolidated files have been created, they may be used by the Responsible Person or their designee to reconcile the periodic activity of the respective department. The information in each tab should be reviewed to determine if the expenditures, revenues, and cost distributions posted to departmental cost objects are allowable, reasonable, allocable, accurate, and approved.

1. Budget vs Actual Review

- Verify beginning balance with prior month's ending balance.
- Confirm budget availability and review areas of elevated risk/concern.

2. Budget Entry Document Review

- Review source documentation for each Budget Entry document and review for accuracy.
- Verify prior month discrepancies have been corrected.

3. Expenditure Detail Review

- Review source documentation for each line item.
- Review encumbrances/funds reservations.
- Check labor details for all personnel charges.
- Verify prior month discrepancies have been corrected.

4. Cost Distribution Review

- Review source documentation.
- Check all IT0027 (CDEM) distributions, ensuring distribution start and end dates match supporting documentation.

Documenting and Clearing Discrepancies

Efficiently documenting and resolving errors discovered during the reconciliation process is crucial for maintaining the integrity of your financial records.

When documenting an error – note the nature of the error, the date it was discovered and any relevant details about the transaction.

Investigate the discrepancy – analyze the error to understand its cause and to prevent similar errors in the future.

Clear the discrepancy – take appropriate action to resolve the error. Note who has been assigned to resolve the issue and follow up regularly.

Highlight for approval during certification – ensure the reconciliation approver acknowledges the discrepancy and the steps taken to correct it.

Centralized vs Decentralized Units

Academic and non-academic units may be centralized if reporting departments have little to no autonomy in their business procedures. Many, but not all these situations may exist in a centralized structure:

- Budget decisions are made by the centralized business office with the Dean/Director.
- Personnel decisions and transactions are primarily completed by the centralized business office.
- Purchasing is completely or almost completely processed by the centralized business office.
- Equipment purchasing and maintenance is completed by a centralized information technology office.

Academic and non-academic units may be decentralized if business operations decisions are delegated to the unit. Many, but not all, of these situations may exist in a decentralized structure:

- Budget decisions are made by the unit.
- Personnel decisions and transactions are completed by the unit.
- Equipment purchasing and machine maintenance is completed by the unit.
- Purchasing is completely or almost completely processed by the unit.
- Administrative rights to computer equipment are at the unit or user level.

Consult your Area Fiscal Officer if you are uncertain of your unit's structure classification.

5. Sign Departmental Certification Form and Notify Approver

- After reconciliation and review activities are complete for the department, all pertinent information should be included on a Departmental Certification Form and signed by the Reconciler.
- Save the Departmental Certification Form with the consolidated reconciliation file, with a similar naming convention.
- Notify the reconciliation approver that the reconciliation file and certification form are ready for review and approval.

Review and Certify Reconciliation

Once complete, the reconciliation approver(s) should review reconciliation files and indicate approval via the Departmental Certification Form.

Certification requirements may vary between departments, depending on departmental size, centralization, business roles and authorizations.

Reconciliation certification requires two signatures at minimum, the reconciler and reconciler approver. Departmental policies and specific cost objects (e.g., sponsored projects) may require additional signatures.

Centralized units may require Unit Business Center and/or Unit Director review for full reconciliation certification. Decentralized units may require Fiscal Manager and/or Unit Director review. **Departments are encouraged to maintain approver tables to promote clarity and efficient certification of reconciled cost objects.**

Appendix - Glossary

Allocable expense – a cost incurred for the benefit of a cost object and directly related to its purpose.

Allowable expense – a necessary, reasonable, and appropriate purchase of goods or services permitted by university policy to be paid from a specific cost object.

Annual Budget – the sum of the recurring budget and any non-recurring budget changes made during the current fiscal year.

Approver(s) – individual(s) authorized to review and approve the work of the responsible person or reconciliation designee.

Cost object – a 10- or 12-digit number within the University’s accounting system used to record revenue, expense, balance sheet data, and/or other productivity measures for an organizational unit or project. In SAP, funds, cost centers, funds centers, WBS elements, and internal orders are all cost objects.

Ledger – the official university record of all financial transactions. Ledgers may list transactions for any SAP cost object.

Non-Recurring Budget – any one-time budget increases or decreases made during the current fiscal year.

Original Budget – the budget as approved by the Board of Trustees and the effective budget at the beginning of the fiscal year (July 1st).

Principal Investigator(s) – (PI) – the individual(s) responsible for the financial, administrative, and compliance matters of an awarded sponsored project.

Reasonable expense – a payment that is not extreme or excessive and reflects a prudent decision to incur the cost on behalf of university business.

Reconciliation – a process that compares two sets of records to make sure they agree and identify and resolve differences. It is a critical internal control to ensure a department and the University’s financial integrity. For this policy, the comparison is between the supporting documentation maintained by the department and SAP system information.

Reconciler(s) – individual(s) responsible for maintaining documentation and comparing it to the report of transactions generated from SAP or Tableau.

Recurring Budget – the original budget of a unit plus permanent increases or decreases made throughout a fiscal year.

Responsible person – individual identified as responsible for managing the funds in this cost object.

Supporting documentation – records such as payroll documents, procurement card receipts, purchase orders, travel expense reports, cash/check/ACH transmittals, journal vouchers (JVs), etc. that are the source of accounting transactions; may be paper (e.g., hardcopies of receipts or invoices) or electronic (e.g., PDFs).