

Balance Sheet Account Reconciliation Procedure

Section 1 - Purpose

(1) This Procedure supports the [General Ledger Governance Policy](#) in establishing requirements for the reconciliation of Balance Sheet accounts for the University and its controlled entities (the Group).

Background

(2) High quality and timely Balance Sheet account reconciliations are a vital internal control which assists in ensuring accuracy and reliability of financial information.

(3) This Procedure applies to all staff of the Group who are assigned roles as Preparer or Approver of Balance Sheet account reconciliations, or otherwise responsible for compliance with this Procedure.

Section 2 - Policy

(4) Refer to the [General Ledger Governance Policy](#).

Section 3 - Procedures

Part A - Responsibilities and Required Actions

Frequency of Reconciliations

(5) The following Balance Sheet Account types must be reconciled monthly:

- a. accounts with sub-ledgers or with interfaces to systems performing similar functions (including bank, fixed assets, debtors, creditors);
- b. account types other than those listed in clause 5a with closing balances greater than \$10m for the University, and 1% of full year expenditure for Controlled Entities; and
- c. other high-risk accounts as identified by the Director, Financial Control and Treasury or the controlled entities' Head of Finance.

(6) All other Balance Sheet accounts must be reconciled at least quarterly. The quarterly cycle need not follow the calendar quarter cycles to enable the spread of the review over the 12 periods.

(7) All Balance Sheet accounts must be reconciled for the December reporting period.

Due Dates

(8) Timelines for completion of Balance Sheet Account Reconciliations for the University will be determined by the Director, Financial Control and Treasury or delegate and communicated as part of month-end timetabling communications to all Preparers and Approvers.

(9) Timelines for completion of Balance Sheet Account reconciliations for controlled entities will be set by the Controlled Entity Head of Finance and agreed with the Director, Financial Control and Treasury.

Content of Balance Sheet Account Reconciliations

(10) Regardless of the system used for storage, a Balance Sheet Account Reconciliation must include:

- a. a statement of purpose for the account;
- b. balance sheet account number and name;
- c. the accounting period of the reconciliation;
- d. general ledger balance as at close of the accounting period;
- e. supporting documentation (see further information under the Supporting Documentation heading) to substantiate the entire closing balance (not just movement in the period);
- f. a list of all Reconciling Items, with supporting documentation (see further below);
- g. a list of Unreconciled Items, with explanatory notes and documented action plan for investigation, including the specific task(s) required to be completed, the resources required, and the timeframe for resolution;
- h. electronic links (or location details) to any separate templated procedures relevant to the Balance Sheet Account Reconciliation;
- i. the Preparer and Approver's name, and dates of preparation and approval;
- j. if a zero balance, confirmation that the account is appropriate to be zero; and
- k. confirmation that the closing balance has been calculated in accordance with the relevant identified sections of the [Accounting Policies Register](#).

Supporting Documentation

(11) All Balance Sheet Account Reconciliations must include supporting documentation that explains the account, substantiates the closing balance and enables the Approver to understand its purpose and validate its accuracy.

(12) Examples of supporting documentation include, but are not limited to:

- a. bank or third party statements;
- b. reports from subledgers or other internal systems; and
- c. calculation worksheets.

(13) For sensitive and confidential information, relevant Approvers will document and implement protocols around document storage and retention in compliance with the [Records and Information Management Policy](#).

Segregation of Duties

(14) Segregation of duties between Preparer and Approver is mandatory.

Responsibilities of Preparer and Approver

(15) The Preparer must ensure their allocated Balance Sheet Account Reconciliations are created in accordance with the communicated timelines and include all content required by this Procedure.

(16) The Approver is accountable for reviewing the reconciliations, including performing an assessment on the accuracy, completeness, and validity of the reconciliations according to the requirements of this Procedure.

(17) Reconciliations that do not meet the standards of this Procedure must not be approved. The Approver will advise the Preparer of remedies required to revise the reconciliation for compliance with this Procedure.

(18) The Approver will oversee the action plan for the resolution of any identified unreconciled items.

System for Storing Reconciliations

(19) The University will use Blackline as the default portal where this service is activated, to prepare and approve all Balance Sheet Account Reconciliations. Supporting documentation must be attached to the reconciliation within Blackline.

(20) The controlled entities' Head of Finance will determine the storage procedures for their Balance Sheet Account Reconciliations.

Pre-set Expectations of Balances and Auto-certification Against these Expectations

(21) Certain Balance Sheet Account Reconciliations have expected balances that can be predicted in advance due to their inherent nature. Blackline includes a feature to load expected balances and auto-certify accounts which are within a tolerance of this balance. Tolerance is set at \$10,000 per Balance Sheet Account Reconciliation.

(22) Use of this feature within Blackline requires approval by the Director, Financial Control and Treasury for each impacted Balance Sheet Account. Approvers for impacted accounts are required to confirm in writing to the Director, Financial Control and Treasury bi-annually that the preloaded expected balance is still appropriate for the underlying nature of the account.

Tolerance Thresholds for Unreconciled Items

(23) The tolerance thresholds for temporary Unreconciled Items is set at \$50,000 per Balance Sheet Account Reconciliation for the University, and 0.1% of full year expenditure for Controlled Entities. Unreconciled Items within this tolerance limit do not require a formal action plan for investigation unless they persist for more than three months.

Timeframe for Resolution of Unreconciled Items

(24) Unreconciled items with a value above the tolerance thresholds noted above require an action plan for investigation and resolution, in accordance with the following timeframes:

University \$ value of unreconciled item	Controlled Entities value of unreconciled item as % of full year budgeted expenditure	Time frame for resolution from initial identification of Unreconciled Item
\$0 - \$50,000	0 - 0.1%	Three months
\$51,000 - \$100,000	0.1 - 0.5%	Two months
> \$100,000	> 0.5%	One month
> \$500,000	> 1%	Two weeks plus immediate notification by Approver to Director, Financial Control and Treasury

Independent Rotational Quality Reviews of Balance Sheet Account Reconciliations

(25) Rotational independent quality control reviews of Balance Sheet Account Reconciliations will be performed by Reviewers who are neither the Preparer nor Approver of the reconciliation under review.

(26) Reviews will focus on reconciliations that are required to be reviewed monthly because of their inherent nature or

risk profile (per clause 5 above), plus any other reconciliations that are identified as a cause for concern during month-end income statement and balance sheet results reviews.

(27) A quarterly timetable for quality reviews will be prepared by the Senior Manager Financial Controls and Compliance, for approval by the Director, Financial Control and Treasury. The timetable will detail the reviews to be performed, due date for review, and nominated reviewer. Findings from the quarterly reviews, including any remediation actions and due dates for improving the quality of the reconciliations, will be summarised by the Senior Manager Financial Controls and Compliance and communicated to the relevant reconciliation Preparers, Approvers, Reviewers and the Director, Financial Control and Treasury.

Reporting

(28) The following information must be provided to the Director, Financial Control and Treasury on a monthly basis:

- a. confirmation of completion status of reconciliations against the requirements of the published timetable, with an explanation and action plan for any reconciliations that are late;
- b. listing of all Unreconciled Items across all Balance Sheet Account Reconciliations with the action plans that each relevant Balance Sheet Approver has endorsed for resolution; and
- c. reports of any breaches of this Procedure.

(29) The Senior Finance Manager, Group Financial Reporting and Fixed Assets will oversee the provision of this information for the University.

(30) The controlled entities' Head of Finance will oversee the provision of this information for the controlled entity.

Section 4 - Guidelines

(31) Nil.

Section 5 - Definitions

(32) Commonly defined terms are located in the University [Glossary](#). Definitions specific to this Procedure are below:

- a. Approver: The individual who has assigned responsibility to review and approve the Balance Sheet Reconciliation.
- b. Balance Sheet Account: These are Natural accounts in a General Ledger used to record the financial transactions involving the entity's assets, liabilities and equity.
- c. Balance Sheet Account Reconciliation: The substantiation of a Balance Sheet account at a point in time, involving providing evidence that the composition of a balance or a group of related account balances are accurate and complete, and identifying any Unreconciled Items that require remediation.
- d. Blackline: Cloud-based software used by the University to complete Balance Sheet Reconciliations.
- e. Closing Balance: This is the amount remaining in a Balance Sheet Account at the end of a reporting period.
- f. Preparer: The individual who has assigned responsibility to prepare the Balance Sheet Reconciliation.
- g. Reconciling Item: A transaction(s) or item(s) that represents a difference between the general ledger balance and the subsidiary ledger or other supporting schedule(s) balance.
- h. Reviewer: A suitably qualified staff member who will perform a secondary level of review of a Balance Sheet Account Reconciliation that has been approved.
- i. Unreconciled Items: Any component of an account balance that is incorrect, unexplained, has been confirmed as an error or requires further investigation.

Status and Details

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