Balance Sheet Account Reconciliations

BRIEF

Policy Summary

It is a key responsibility of the Office of the Chief Financial Officer (OCFO) Controller's Office to monitor balance sheet accounts and prepare balance sheet reconciliations that accurately reflect the financial transactions of Berkeley Lab. This policy defines the requirements for balance sheet account reconciliations to ensure each balance sheet account is reconciled accurately, completely and in a timely manner.

Who Should Read This Policy

OCFO Controller's Office staff responsible for preparing and reviewing balance sheet account reconciliations

To Read the Full Policy, Go To:

The POLICY tab on this wiki page

Contact Information

General Accounting Manager, OCFO
Financial Controls and Compliance Manager, OCFO

POLICY

A. Purpose

The purpose of this policy is to define the requirements for balance sheet account reconciliations that accurately reflect financial transactions at Lawrence Berkeley National Laboratory (Berkeley Lab) and to ensure each balance sheet account is reconciled accurately, completely, and in a timely manner.

B. Persons Affected

Office of the Chief Financial Officer (OCFO) Controller's Office staff responsible for preparing and reviewing balance sheet account reconciliations

C. Exceptions

None

D. Policy Statement

1. An account is considered reconciled when documentation is provided that supports the underlying asset or liability position for a given account as of the reconciliation date.
2. The account reconciliation compares a general ledger account balance with supporting documentation, which may include a detail-level subledger, a bank statement, an aging report, or a spreadsheet.

3. Both the general ledger balance and the subledger balance should be reconciled to an adjusted balance. The reconciliation will identify the sources of any differences between the general ledger and the subledger's balances and the reconciler's plan for eliminating the differences.

4. An analysis that recaps the general ledger activity does not constitute reconciliation and is not appropriate documentation.

5. Each account will be reconciled based on the frequency denoted on the Reconciliation Tracking Log.

6. Each balance sheet account will be assigned to an account reconciliation owner and will be reconciled per its assigned frequency (e.g., monthly or quarterly) and due date, based on risk and materiality factors related to account activity and/or amount. The reconciliation owner has primary responsibility for accuracy, completeness, and timeliness of the reconciliation.

7. The reconciliation will conform to the standards prescribed by the Balance Sheet Account Reconciliation Desk Guide, including:
   a. General information on the reconciliation, including the account name, account number, brief description as to how the account is used, reconciliation period, account reconciliation owner, reviewer, and dates of completion and review
   b. The general ledger and subsidiary ledger balances at the end of the month, including the source of the supporting documentation/subledger
   c. Clear identification and resolution of each reconciling item, including expected date of resolution, responsible individual, and supporting documentation as appropriate

8. Additional information on the identification, documentation, and resolution of reconciling items can be found in the Balance Sheet Account Reconciliation Desk Guide.

9. Each balance sheet account will also be assigned a reviewer at the Principal Accountant or Manager level. The reviewer will have responsibility to review all aspects of the reconciliation and verify its accuracy, completeness, and timeliness. In addition, the reviewer will ensure that the reconciliation owner is addressing and resolving reconciling items in an appropriate and timely manner.

### E. Roles and Responsibilities

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<tr>
<th>Role</th>
<th>Responsibility</th>
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| Account Reconciliation Owner | Ownership responsibility is assigned to an accountant who is knowledgeable of the account and has the accounting skill to prepare the reconciliation. The Account Reconciliation Owner is responsible for:  
  1. Preparing the account reconciliation per the timing frequency assigned (i.e., monthly, quarterly, or annually) in accordance with Berkeley Lab financial policy  
  2. Ensuring the reconciliation accurately portrays the purpose of the account and corresponding transactions  
  3. Completing assigned reconciliations by the due date  
  4. Attaching all supporting documentation for the reconciliation and each reconciling item, as appropriate, to the account reconciliation in an orderly and referenced manner  
  5. Providing an explanation for reconciling items as defined in the Balance Sheet Account Reconciliation Desk Guide  
  6. Resolving any reconciling items in an appropriate and timely manner  
  7. Obtaining appropriate reviewer approval on each assigned reconciliation  
  8. Having sufficient knowledge of the account to explain and defend the reconciliation to an auditor |
| Account Reconciliation Reviewer | Each balance sheet account will also be assigned a reviewer at the Principal Accountant or Manager level. Reviewer responsibility is assigned to an accountant/manager who is knowledgeable of the account and has the accounting skill to review the reconciliation. The Account Reconciliation Reviewer is responsible for:  
  1. Ensuring that the reconciliation accurately portrays the purpose of the account and corresponding transactions  
  2. Validating that the supporting documentation accurately supports the reconciliation and adequately explains reconciling items  
  3. Challenging the Account Reconciliation Owner to clarify the reconciliation, as appropriate  
  4. Signing off on the reconciliation to demonstrate that the reconciliation meets the requirements of Berkeley Lab financial policy and the Balance Sheet Account Reconciliation Desk Guide requirements  
  5. Having sufficient knowledge of the account to explain and defend the reconciliation to an auditor |

### F. Definitions/Acronyms

None

### G. Recordkeeping Requirements

None

### H. Implementing Documents

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Lawrence Berkeley National Laboratory. The official or current version is located in the online LBNL Requirements and Policies Manual. Printed or exported versions are not official. Users are responsible for working with the latest approved revision.
I. Contact Information

General Accounting Manager, OCFO
Financial Controls and Compliance Manager, OCFO

J. Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision</th>
<th>By whom</th>
<th>Revision Description</th>
<th>Section(s) affected</th>
<th>Change Type</th>
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<tr>
<td>6/14/2012</td>
<td>2</td>
<td>M. Mock</td>
<td>Policy updated</td>
<td>All</td>
<td>Minor</td>
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Document Information

DOCUMENT INFORMATION

Title: Balance Sheet Account Reconciliations

- Document number: 11.01.002.000
- Revision number: 2
- Publication date: 6/14/2012
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- Policy Area: Accounting
- RPM Section (home): Financial Management
- RPM Section (cross-reference): Section 11.12
- Functional Division: OCFO
- Prior reference information (optional): RPM, Chapter 11, Section 11.12

Source Requirements Documents

- DOE O 534.1B, Accounting
- DOE Accounting Handbook, Chapter 21, Financial Closeout

Implementing Documents

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<tr>
<td>11.01.002.001</td>
<td>Controller's Office Desk Guide – Balance Sheet Account Reconciliations</td>
<td>Guide</td>
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