

System-wide Policy:	
FI0115 - Reconciling and Reviewing Departmental Ledgers	
Version: 2	Effective Date: 08/30/2024

SECTION 1. Policy Statement

I. Department Head's Responsibilities

- A. Department heads must ensure that they or a designee conduct a formal reconciliation, review, and approval of each ledger monthly no later than the deadline established in the procedures under this policy. .
- B. Department heads must ensure that the Reconciler and the Approver are different people.

II. Reconciling Ledgers

- A. The employee who reconciles a Monthly Ledger is the Reconciler under this policy. Reconcilers may be exempt or non-exempt employees. The Reconciler must:
 1. Verify that each transaction:
 - a) Was authorized, complies with University fiscal policy, and that each expense has a legitimate business purpose;
 - b) Is supported by appropriate documentation;
 - c) Is recorded using correct accounting codes; and
 - d) Is described clearly and accurately.
 2. Ensure that appropriate measures are taken to correct errors from previous months' postings.
 3. Create an auditable record certifying completion of the reconciliation. The procedure for this policy details what constitutes an auditable record.

III. Reviewing and Approving Ledgers

- A. Approvers must review and approve the Monthly Ledger after the reconciliation is complete.
- B. The Approver must:
 1. Ensure that the Reconciler has properly reviewed and reconciled each transaction.
 2. Verify that each transaction is authorized, accurately described, and appropriate for University business.
 3. Compare financial results to departmental budgets, operational plans, sponsored project objectives, or gift/endowment fund provisions, and take appropriate action if necessary.
 4. Ensure that appropriate measures are taken to correct errors, research suspicious-looking transactions, and address potential budget shortfalls.
 5. Create an auditable record documenting review and approval of the ledger. See the procedures under this policy for more information.

SECTION 2. Reason for the Policy

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To establish fiscal responsibility for reviewing University funds ensuring adequate internal controls and budgetary oversight.

SECTION 3. Scope and Application

This policy applies to all University employees.

SECTION 4. Procedures

[link]

SECTION 5. Definitions

Reconciler: An individual who is delegated the responsibility to reconcile the ledgers. Reconcilers must not review transactions that they create or enter into the general ledger, unless the applicable Chief Business Officer or designee has approved an exception

Approver: An individual authorized to commit funds for a department, sponsored project, capital project, or gift/endowment fund. The approver acknowledges and documents that ledgers have been reconciled properly and all transactions are consistent with approved budgets and University policies. Normally, a department head, dean, or director serves as the approver, but the department head, dean, or director may delegate approval duties to another authorized approver as defined by FI0150—Approvals. Principal investigators must review and approve their own ledgers and may not delegate their obligation to anyone.

Monthly Ledger: A monthly ledger is a record of financial activity posted to a department fund or project during one calendar month. See the procedure under this policy for more information.

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SECTION 6. Penalties/Disciplinary Action for Non-Compliance

Violation of this policy might result in progressive disciplinary actions, up to and including termination. Moreover, violation of this policy could result in audit findings.

SECTION 7. Responsible Official & Additional Contacts

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Ron Loewen	865-974-2160	ron.loewen@tennessee.edu

SECTION 8. Policy History

List the history of any prior revisions of the policy or whether this policy replaces an existing policy. The forma below is merely a guide.

Revision 2: 08/16/2024

Revision 1: 10/01/2017

SECTION 9. Related Policies/Guidance Documents

- FI0120 – Records Management
- FI0310 – Receiving and Depositing Money
- FI0505 – Accounts Payable
- FI0930 – Payroll