General Ledger Reconciliation

The foundation of quality financial information is in the detail data recorded at the general ledger (GL) level by agencies. Reconciliations are important throughout the year, not just at fiscal year-end. Financial reconciliations are a key element of a system of internal control. Without reconciliations, systemic problems can go undetected.

- GL reconciliation is most effective when accountability is assigned to specific staff, by GL code and Account.
- When applicable, reconcile to a secondary source such as bank statement, subsidiary ledger balance, or another system such as CAMS (capital asset management system), or an Accounts Receivable system.
- It is important to have adequate segregation of duties and review incorporated in your reconciliation procedures.
- Procedures should go beyond filling out a template. Analysis is required when variances are noted. If the amount of the physical inventory does not equal the GL balance, the difference should not simply be adjusted in the accounting records. Rather, further investigation is needed to determine why there is a difference and where in the process the GL balance and physical inventory got out of sync. The goal is to correct deficiencies and strengthen controls over safeguarding assets while at the same time facilitating reporting GL balances that are accurate and meaningful.
- Because the variance in one GL could be offset in another, it is important to reconcile all GL's in an account at the same time.
- Reconciliations should be timely and routine. If you don't reconcile regularly, errors can accumulate and the cleanup process gets more complicated.
- If you don't already have a GL reconciliation process in place, start with the most material GL balances, and continue until you've reconciled each GL.
- Be aware of the reconciliation timing requirements in SAAM for certain GLs: daily, weekly, quarterly, annually.
- Failure to reconcile material general ledger balances with related subsidiary ledgers may be considered by the auditor to be a significant deficiency or material weakness.