Clearing Account
Reconciliation Guidelines

Prepared by Fiscal Services

GEORGE MASON UNIVERSITY

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Introduction

George Mason University requires timely reconciliation of all clearing accounts and clearing funds. The purpose of this systematic review is to ensure that all transactions have been properly recorded, that any irregularities are identified and immediately reported to the appropriate parties, and that corrections are documented, monitored and resolved within an acceptable time frame.

The following guidelines will assist the responsible individuals with verifying that the information recorded in Banner Finance, Mason's financial accounting system, is accurate. Department representatives may use the suggested process OR another reconciliation process provided a full and systematic verification and reconciliation is completed and certified within the prescribed time frame in the Timeline section below.

Principles

Clearing accounts are groups of balance sheet accounts that are characterized by temporarily holding debit or credit balances to be offset by external transactions, or that are to be transferred elsewhere in the general ledger. For example, scholarships entered as financial aid to student accounts covered by checks received from organizations outside of GMU. Therefore, balances in the clearing funds/accounts should net to zero overtime.

Clearing activity should reside in a single clearing fund within each fund group, with a separate balance sheet account for each clearing activity stream. In general, similar activities should be combined in a single account, such as Wire Transfers and Flywire Transfers. A high volume of transactions might justify creating a separate balance sheet account to facilitate reconciliation, for example Outside Scholarships or Foundation Scholarships financial activity.

Clearing Accounts Structure

To identify a group of clearing accounts, a separate L4 level account will designate the accounts under it as clearing accounts. For example, under the L4 level account 2435-Accounts Payable Clearing, there would be L5 level clearing accounts rolling up to it. Each clearing L4 account should contain the word "Clearing" at the end of the account title to facilitate identification and monitoring of all clearing accounts. Each clearing L5 account should also contain the word "Clearing" at the end of the account title.

Acct L4	Acct L4	Acct L5	Acct L5	Acct Status Ind
2435	Accounts Payable Clearing	21014	Student Refunds Payable Clearing	A
		21016	Graduate Health Subsidy Clearing	A
		21031	Ghost Card Payable Clearing	A
		23010	Refunds Clearing	A
		26610	Vendor Pass Thru Bookstore Clearing	A
		26617	Pcard Clearing	A
		26618	ATC Clearing	A

Clearing Funds Structure

Clearing activity should reside in a single clearing fund. Clearing funds are identified at the fund L5 level. A separate clearing fund is required for Cardinal reporting needs such as Education and General activity versus Auxiliary Enterprises. A separate clearing fund may also be

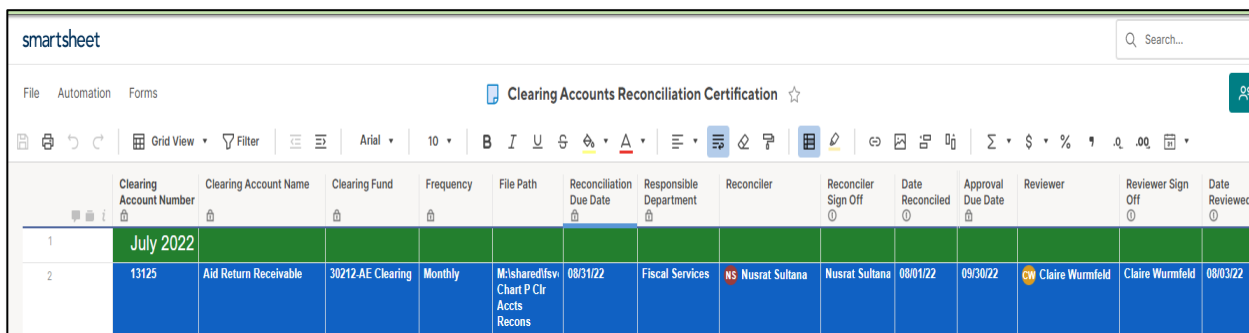| Fund L5	Fund L5
10112	E and G Clearing
30212	AE Clearing

required for banking needs, for example segregating state versus local activity. Each clearing fund should contain the word "Clearing" at the end of the fund title to facilitate identification and monitoring of all clearing funds.

Timeline

All clearing accounts must be reconciled and approved in a timely manner as deemed appropriate and specified in Smartsheet (for example monthly/quarterly/annually). Reconciliations must be prepared and certified no later than one month after the last day of the reconciliation period. For example, financial transactions for the period ended June 30th must be reconciled and certified by July 31st. Reconciliations must be reviewed and approved by the Reviewer no later than two months after the last day of the reconciliation period. For example, financial transactions for the period ended June 30th must be reviewed and approved by August 31st. Earlier reconciliation and approval is encouraged.

Certification

The fact that the reconciliation was performed and approved must be documented with dated certifications. The individual preparing the reconciliation (the Reconciler) must certify that the reconciliation is complete and the individual responsible for reviewing and approving the work of the Reconciler (the Reviewer) must certify his/her review of the reconciliation. This certification should be done in Smartsheet whereby the Reconciler/Reviewer should enter their full name and date of reconciliation/approval. When more than one individual is responsible for preparing or approving the reconciliation, everyone must provide a certification. *Please note the Smartsheet Certification process is subject to change based on University requirements.*
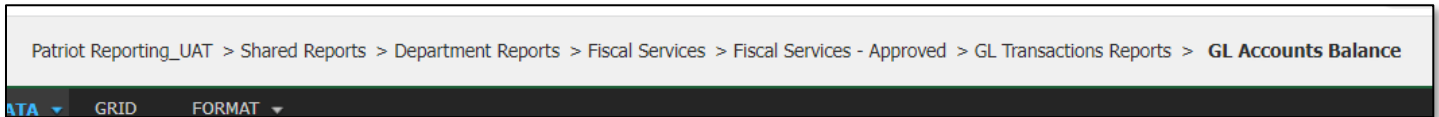

Reconciliation Guidelines

- Responsible Departments should maintain up to date detailed procedures on all clearing account reconciliations assigned.
- The Reconciler and the Reviewer should obtain a good understanding of the ins and outs (the usual debits and credits) in the clearing account.
- All reconciliations should start with the balance from Banner as of the date being reconciled (last day of the period being reconciled) and a list of transactions that make up the balance should be part of the reconciliation.
- Reconciling items should be clearly noted as to whether they are timing differences or other, and when they are expected to be cleared. Any action taken to clear outstanding items should be noted (for example submission of a JV).
- Reconciling items that are not timing differences should be thoroughly investigated and resolved within three months of identification of the reconciling item.
- If any JVs are required to clear any reconciling items, the JVs should be submitted to General Accounting within three months of identification of the reconciling item.
- If the department does not know what to do with any long-outstanding, unresolved, and/or un-cleared item, it should be brought to the attention of the Clearing Accounts Committee for further guidance.
- If the Reconciler or Reviewer changes, the Clearing Accounts Committee should be notified so that access to the Smartsheet can be provided.
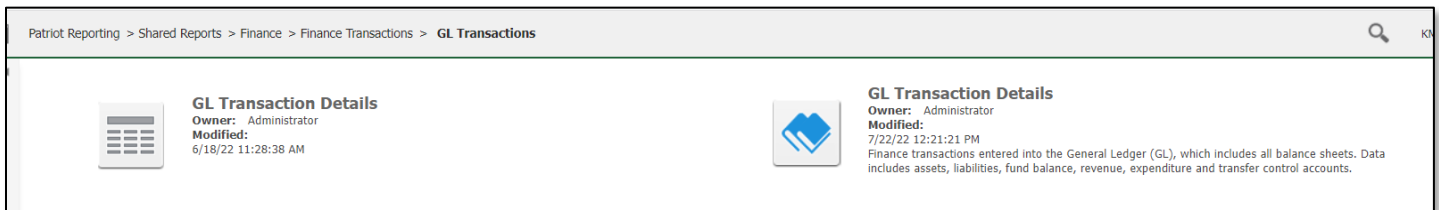
Resources

The following reports are suggested to be used to pull detailed transactions within the fund/account being reconciled:

Balance in the fund/account:

1. ePrint report = FGRTBAL (PRODUCTION repository)
2. The following MicroStrategy (MSTR) report can also be used. It has not been migrated to PROD yet. We will update the path once it is migrated

Patriot Reporting_UAT > Shared Reports > Department Reports > Fiscal Services > Fiscal Services - Approved > GL Transactions Reports > **GL Accounts Balance**

ATA ▾   GRID   FORMAT ▾

MSTR Detailed transactions:

Patriot Reporting > Shared Reports > Finance > Finance Transactions > **GL Transactions**

GL Transaction Details
Owner: Administrator
Modified:
6/18/22 11:28:38 AM

GL Transaction Details
Owner: Administrator
Modified:
7/22/22 12:21:21 PM
Finance transactions entered into the General Ledger (GL), which includes all balance sheets. Data includes assets, liabilities, fund balance, revenue, expenditure and transfer control accounts.

Clearing Accounts Committee

A clearing accounts committee has been established for ongoing monitoring of all clearing account activity. The committee will meet on a quarterly basis.

The committee will be responsible for the following:

- Approving new clearing accounts or funds requested.
- Ensuring each clearing account is assigned a Responsible Department, Reconciler and Reviewer.
- Ensuring that Responsible Departments have documented procedures on the clearing account reconciliations.
- Providing guidance as needed to Responsible Departments on any non-standard un-cleared items and/or any long-outstanding un-cleared items.
- Monitoring timely reconciliation of all clearing accounts and clearing funds. This involves performing spot checks on a random basis to ensure reconciliations are performed and reviewed in a proper and timely manner.
- Serving as liaison between Office of University Audit and Responsible Departments in the event of any internal audit.
- Discussing any other ad-hoc matters related to clearing account activity.
- Providing and maintaining resources to facilitate the reconciliation process (such as reports in MicroStrategy).

Members of the Committee

- Clare Laskofski
- Yoon Hwang
- Karina Mizrahi

- Nusrat Sultana
- Claire Wurmfeld

Smartsheet Login for Reconciliation Certification

The fact that the reconciliation was performed and approved must be documented with dated certifications. Certification is recorded on the assigned Smartsheet "Clearing Accounts Reconciliation Certification". The steps to login and access the free Smartsheet application are located below.

All Reconcilers and Reviewers should have access to the Smartsheet "Clearing Accounts Reconciliation Certification". If you do not have access, please send an email requesting access to Nusrat Sultana.

Step-by-Step

1. Open the Smartsheet application. Enter your Mason email address (@gmu.edu) and then select "Sign in with Microsoft". You will be prompted to continue to the Mason Federated Login. Enter your Patriot password to continue and authorize with 2FA. (*Note: Login instructions are subject to change based on ITS recommendations*)
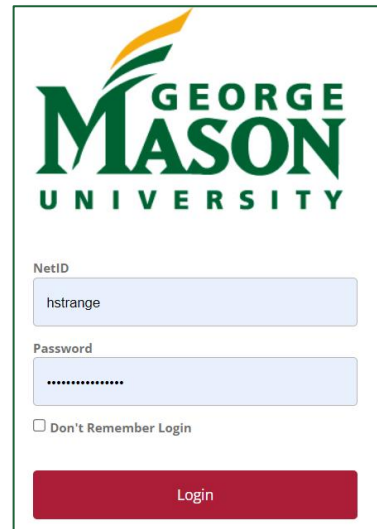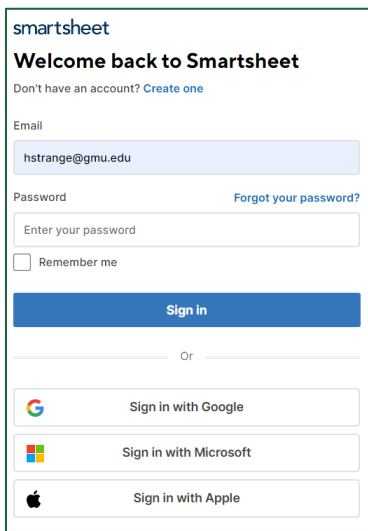
2. Once you are logged in, you will see the Smartsheet(s) that you have permission for under "Suggested for You." Click on the appropriate sheet to open the document and perform your required actions.

   You can also view all your documents from the left side menu by clicking on the file folder icon.
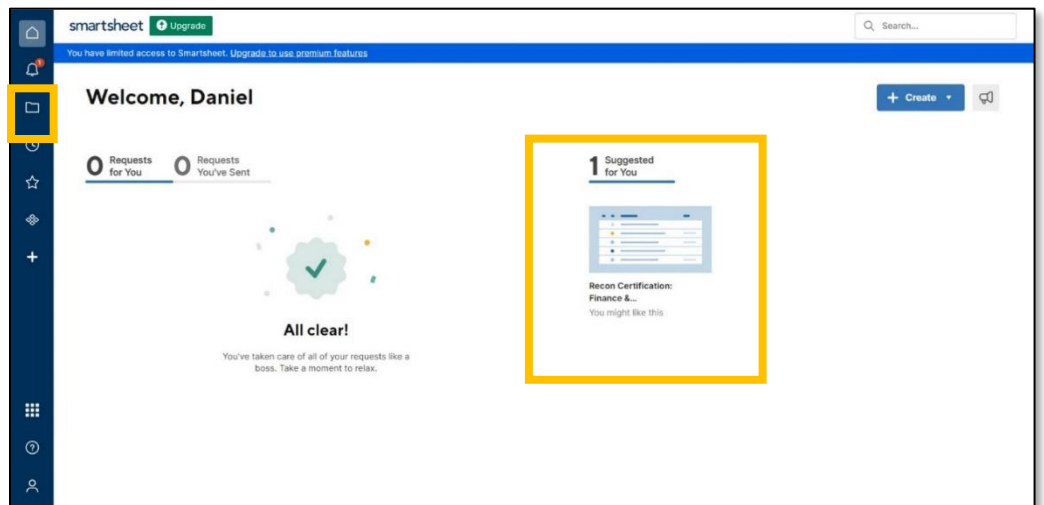
3. While changes are available in real time, Smartsheet does **not** autosave and you need to click the floppy disk icon to save. Be very careful not to override other departments data and only enter data for your assigned actions.

4. To quickly locate your reconciliations, you can apply a filter to the "Reconciler" column, "Responsible Department" column, or "Reviewer" column. For example, click on the three dots on the top right corner of the column heading "Responsible Department" and then choose "Filter."

5. Click on the dropdown arrow and select the department you wish to view, then click on "Apply".

6. You should then see only the department reconciliations you selected when creating the filter. *The filtered view will only be visible to you and will not change the organization of the Smartsheet*. You can name the filter to easily apply it next time you open the Smartsheet. To remove the filter, simply click on the dropdown arrow on the filter tab and select "Filter Off".

7. To sign off on the reconciliation, type in your full name in the column "Reconciler Sign Off" and select the date of completion in the column "Date Reconciled". Once the Reconciler signs off, the row will change to a blue color. Reviewer will sign off on the "Reviewer Sign Off" column and select the date of review in the column "Date Reviewed".