

USM Accounting Practice

Reconciliation of detail records and balances to control totals

General

This accounting practice establishes minimum requirements for ensuring the accuracy and completeness of accounting information that summarizes or relates to subsidiary ledgers, separate detailed records, or activity that is processed through or with other

The reconciliation needs to be reviewed by someone independent of the reconciliation process. Entries or adjustments that need to be reflected in one or the other information source should be reviewed and approved by someone independent of the reconciliation process.

Documentation, or references to underlying documentation, should be included for each reconciling item.

Management discretion may be exercised in resolving stable (meaning that the same difference or unidentified amount recurs in several consecutive reconciliations) and small unidentified differences. Institutions are encouraged to adopt a standard or threshold for writing off unidentifiable differences when they arise or occur, so that management discretion not be used as a standard vehicle for minimizing the level of effort applied to what should normally be a routine and fundamental accounting process.