

ACTTS

Cash Mtg: Reconciling and Posting Cash Transactions (Discussion Document 4.20.2001)

Description:	Problem statement <i>Example</i>	Risk Assessment	Proposed Options/Resolutions
<p>Unidentified incoming funds:</p> <p>Electronic funds transfers (EFTs)</p> <p>That are:</p> <ul style="list-style-type: none"> • Unidentified • Reconciled to bank • Not posted to appropriate GL account 	<p>EFTs are not identified and posted to the general ledger on a timely basis.</p> <p><i>Example: Income received via wire transfers:</i> CM receives notification of incoming EFT but can not post to the appropriate account due to lack of information.</p> <ul style="list-style-type: none"> • When originators do not provide the right information: CM can not post to the appropriate GL account and funds remain in cash account. 	<p><i>Audit report:</i> Timely performance and review of bank reconciliation are key control procedures. Outstanding adjustments complicate the process of reconciliation, increase the possibility of misstatements of cash, and reduce the effectiveness of bank reconciliation as a control procedure.</p> <p><i>Escheat:</i> Harvard must remit unidentified EFTs to the Commonwealth of Mass in accordance with the abandoned property reporting requirements. In addition, failure to properly track unidentified funds increases the risk of improperly recording income. note: Both PWC and OGC determined unidentified EFTs are abandoned property.</p>	<ul style="list-style-type: none"> • Implement better local internal control practices: -perform monthly reconciliation of income accounts, checking with CM regarding open items • Use checklist, Harvard University Incoming Wire Transfer Data Requirements • Initiate higher level CM-tub communication: -monthly master list of unidentified EFTs to Fin Deans (email) • Consider the use of Central AR for reoccurring billing
<p>Unidentified incoming funds:</p> <p>Bank deposits</p> <p>That are:</p> <ul style="list-style-type: none"> • Unidentified • Reconciled to bank • Not posted to appropriate GL account 	<p>Bank deposits are not identified and posted to the general ledger on a timely basis</p> <p><i>Example: Bank deposits made by local unit:</i> Local units are not forwarding the necessary bank deposit documentation to CM. CM must request copies directly from the bank. Bank copies do not always include a local unit identifier or account information.</p> <ul style="list-style-type: none"> • When local units do not forward the necessary information (copies of University credit voucher and validated deposit slip): CM can not post to the appropriate GL account and funds remain in cash account. 	<p><i>Audit report:</i> Same as EFTs</p> <p><i>Escheat:</i> Same as EFTs</p>	<ul style="list-style-type: none"> • Implement better local deposit and reconciliation practices: -maintain copies of credit voucher form and validated deposit slips -verify monthly against detailed listings • Initiate higher level CM-tub communication: -monthly master list of unidentified deposits to Fin Deans (email) • Consider the use of Central AR for reoccurring billing
<p>Reconciling and posting transactions:</p> <p>Credit card transactions (income and fees)</p> <p>These are:</p> <ul style="list-style-type: none"> • Identified • Reconciled to bank • Not posted to appropriate GL account 	<p>Credit card transactions are not posted to the general ledger on a timely basis.</p> <p><i>Example: Fees associated with MC/VISA/AmEx payments (income):</i> Harvard unit accepts the credit card payment, journals and posts income but doesn't post associated fees.</p> <p>or</p> <p>Harvard unit accepts the credit card payment, fails to journal either income or associated fees.</p> <ul style="list-style-type: none"> • When local units do not post income and/ or fees: CM can not post to the appropriate GL account and funds remain in cash account. 	<p><i>Audit report:</i> Same as EFTs/bank deposits</p> <p><i>Escheat:</i> n/a</p>	<ul style="list-style-type: none"> • Implement better accounting practices • Initiate higher level CM-tub communication: -monthly bank reconciliation reports to Fin Deans (email) • Refer to grid, Posting Credit Card Transactions