Policy Directive: compliance is mandatory

Balance Sheet Reconciliation Policy Directive

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Policy developed by: Finance and Corporate Services Division
Approved at Portfolio Executive on: 6 August 2015
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Summary
The Balance Sheet Reconciliation Policy Directive prescribes what is required to ensure balance sheet reconciliations are performed accurately and in a timely manner to meet the requirements of the Treasurer’s Instructions, Australian Accounting Standards and other regulatory requirements.

Keywords
Balance Sheet, Reconciliation, Policy Directive, Documentation, Account, Finance, Compliance

Policy history
Is this a new policy? Y
Does this policy amend or update an existing policy? N
Does this policy replace an existing policy? N

Applies to
All SA Health Portfolio

Staff impact
All Staff

EPAS compatible
N/A

Registered with Divisional Policy
Yes

Contact Officer

Policy doc reference no.
D0390

Version control and change history

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Balance Sheet Reconciliation Policy Directive

Version V1.0
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Document history

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Approvals

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1. Objective

This policy directive prescribes what is required to ensure balance sheet reconciliations are performed accurately and in a timely manner to meet the requirements of the Treasurer’s Instructions, Australian Accounting Standards and other regulatory requirements.

2. Scope

This policy directive is applicable to all SA Health staff.

3. Principles

The following principles must be followed:

> Reconciliations must be performed and reviewed monthly.
> Reconciliations must have sufficient and relevant documentation to independently verify each account balance.
> Reconciling items must be dealt with appropriately and in a timely fashion to prevent them carrying over into a new period.
> The Reviewing Officer cannot be the same person as the Responsible Officer.

4. Detail

Treasurer’s Instruction (TI) 2.1 Financial Management states that the Chief Executive of SA Health must ensure that reconciliations between the general and relevant subsidiary ledgers are performed on a regular and timely basis for:

> income management (e.g. debtors ledger/accounts receivable ledger);
> expenditure management (e.g. creditors ledger/accounts payable ledger); and
> asset and liability management (e.g. asset register).

4.1. Reconciliations

It is necessary for each component of the balance sheet (at Level 7 account) to be reconciled with appropriate source documentation provided to ensure compliance with audit requirements. This specifically includes the reconciliation of general ledger to subsidiary ledger balances where relevant. The presentation of this information is to be compiled in the SA Health Balance Sheet Reconciliation Tool, unless an exemption has been granted by the Director, Financial Accounting.

Reconciliations must be performed monthly, unless an exemption has been granted by the Director, Financial Accounting. Reconciliation frequency will be reviewed annually, cognisant of business risk and account materiality.

This process is to be followed for all public authorities within SA Health.
4.2. Reconciliation Responsibilities

Financial Accounting are responsible for ensuring all balance sheet account reconciliations to the Oracle General Ledger have been performed and contain sufficient and relevant supporting documentation to independently verify each account balance.

All accounts must be assigned to a Responsible Officer and Reviewing Officer within SA Health finance. The Responsible Officer is the person responsible for completing the relevant reconciliation, providing adequate supporting documents and resolving reconciling items in a timely manner. This information must then be provided to a Reviewing Officer who will independently review and confirm that the information provided, along with any corrective action required, is accurate. The Reviewing Officer must retain evidence of the review.

The Reviewing Officer cannot be the same person as the Responsible Officer and must be at least one level higher in the organisation structure.

4.3. Reconciling Items

Where reconciling items occur, they must be dealt with in an appropriate and timely manner to prevent them from carrying over to a new period. Reviewing Officers are responsible for monitoring the progress and escalating corrective action.

Items requiring the resolution by e-Health Systems require a HEAT Job Number and must be included on the reconciliation for reference and escalation as required.

All individual reconciling items greater than $1 000 000 and/or 3 months old must be escalated to the Director, Financial Accounting. The Director, Corporate Finance Services should be notified where such items are considered to impact on the operating position of the Department or LHN/SAAS due to the reconciling items not being appropriately reflected in the results.

5. Roles and Responsibilities

5.1. Finance Accounting

Financial Accounting are responsible for:

> performing and/or reviewing balance sheet reconciliations;

> ensuring adequate supporting documentation is provided for each reconciliation; and

> ensuring corrective action to resolve reconciling items is completed in a timely manner.

6. Reporting

N/A

7. EPAS

N/A
8. Exemptions
N/A

9. National Safety and Quality Health Services Standards
N/A

10. Risk
Non-compliance with this policy directive could result in non-compliance with Treasurer’s Instructions and adverse commentary by Audit.

11. Evaluation
Compliance with this document will occur when reconciliations are performed and reviewed monthly and are accompanied by sufficient and relevant documentation to independently verify each balance sheet item.

12. Definitions
In the context of this document:
> **SA Health** is the corporate identity used for the Department for Health and Ageing, all Local Health Networks and SA Ambulance Services.

13. Associated Policy Directives / Policy Guidelines
> **Asset Management Policy**
> **Liability Management Policy**

14. References, Resources and Related Documents
> **Balance Sheet Reconciliation Procedure**
> **Treasurer’s Instruction 2 Financial Management**