

UNWRECK YOUR RECS

Nancy Wu



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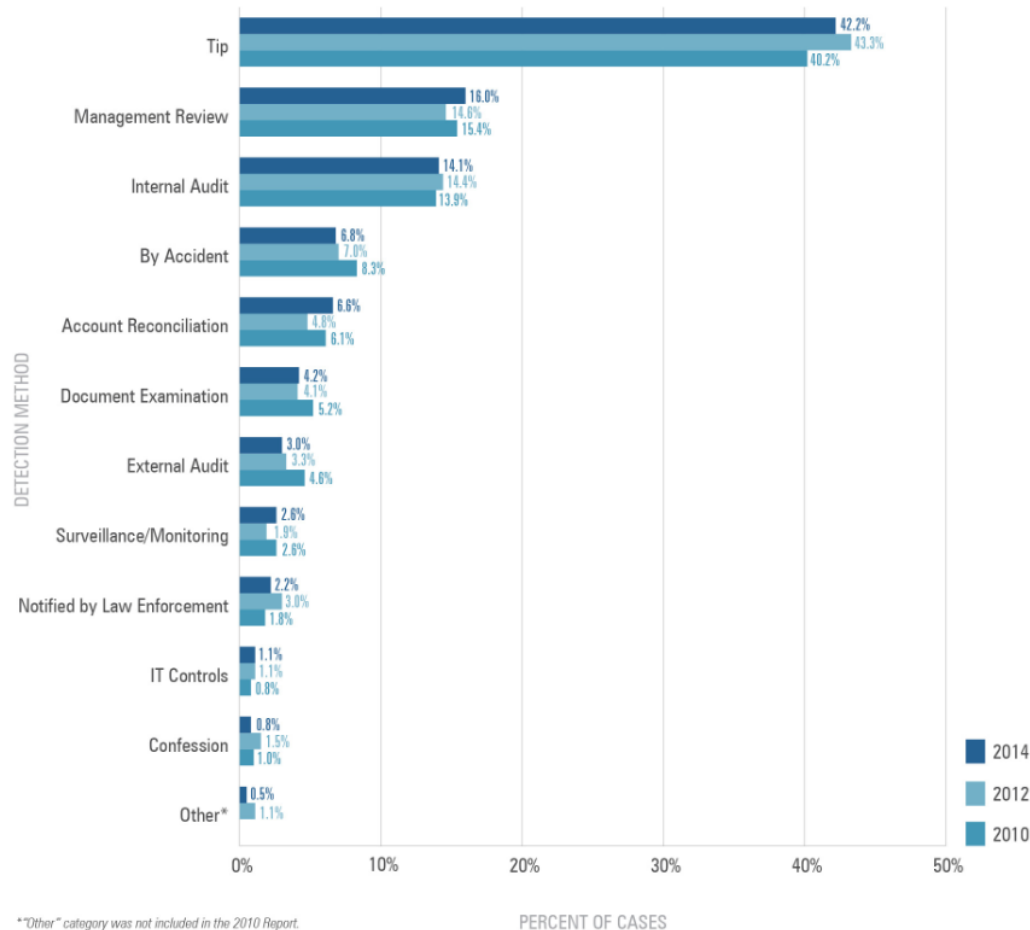
Head of Sales and Support
SkyStem LLC

About SkyStem

SkyStem makes ART – a month end close and reconciliation software for the busy accountant that is affordable and easy to use.

Why are Reconciliations Important?

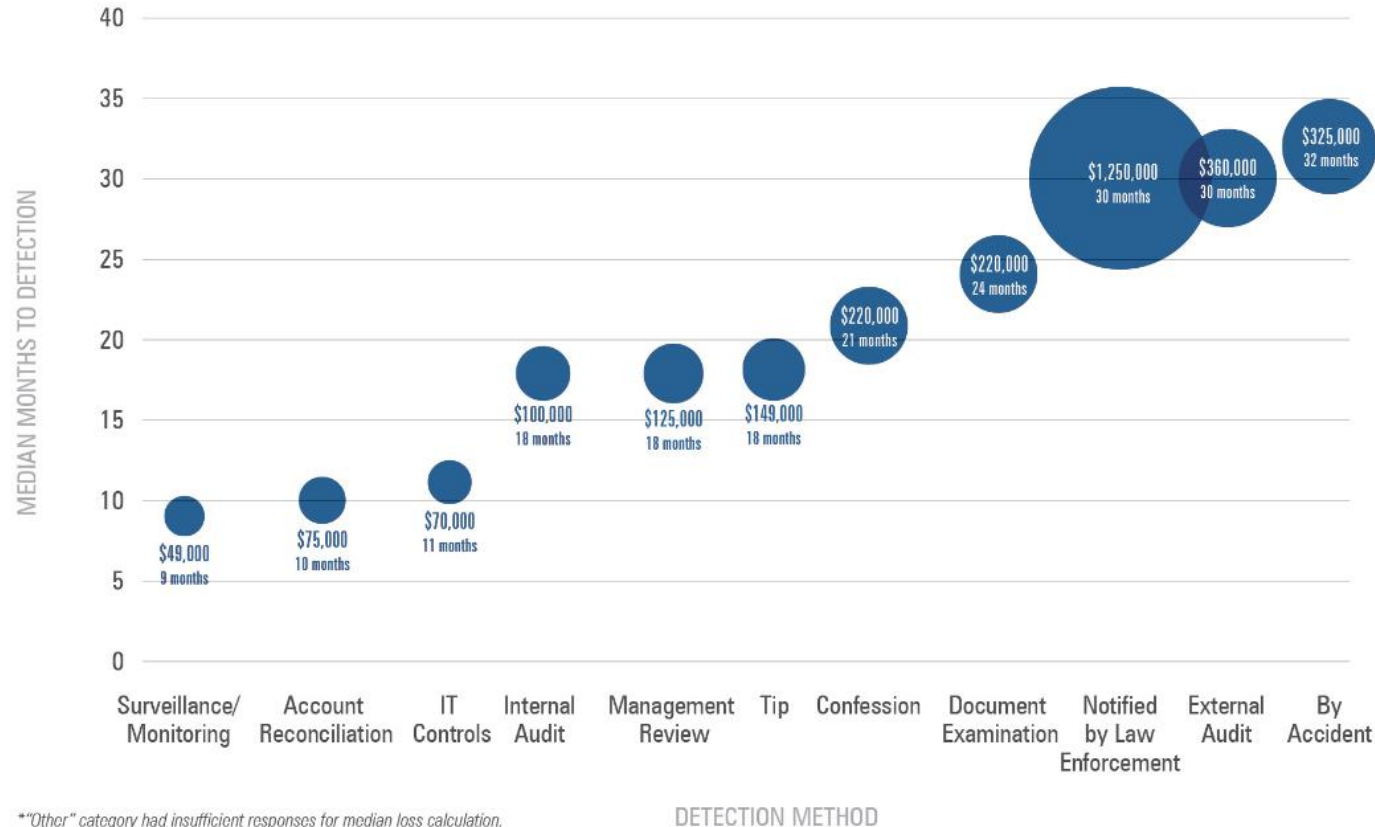
Figure 11: Initial Detection of Occupational Frauds



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Why are Reconciliations Important?

Figure 12: Median Loss and Median Duration by Detection Method



*"Other" category had insufficient responses for median loss calculation.

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6

Components In Every Reconciliation

No. 1

Policies & Procedures

Policies & Procedures

Nature of Account

Reconciling Procedures

General Policies

Periodic Updates as Necessary

No. 2

GL Balance

This is Not a Reconciliation

Reconciliation

ACME Corp	
PE 6/30/16 Reconciliation	
	Amount
Period Beginning Balance	1,000
Transaction ###	50
Transaction ###	(50)
Transaction ###	100
Transaction ###	100
Transaction ###	(100)
Period Ending Balance	1,100

Prepared By _____

Reviewed By _____

GL Detail

Account 123 General Ledger Detail

	Debit	Credit	Amount
Period Beginning Balance			1,000
Transaction ###	50		
Transaction ###		50	
Transaction ###	100		
Transaction ###	100		
Transaction ###		100	
Period Ending Balance			1,100

No. 3

Supporting Detail

Supporting Detail

ACME Corp
GL ##### - Deposits
PE 6/30/16 Reconciliation

Policies and Procedures:
Lots of good stuff on nature of account and reconciling procedures.

Ending GL Balance	Amount 1,100	→ GL print out
-------------------	-----------------	----------------

Supporting Detail		
Utility Deposit (1/1/2003)	500	} Need Back up
Utility Deposit (5/15/2010)	400	
ABC Corp Deposit (12/5/2015)	100	
Total Supporting Detail	1,000	

Supporting Detail

3 Types of Supporting Documentation

- ❖ Third Party Information
- ❖ Internal System Information
- ❖ Other Internal Analysis/Documents

Supporting Detail

Different Types of Supporting Documentation are Not Created Equal

Subledger Detail	Strong
External Information (Vendor / Customer)	Strong
Internal Official Document	Strong
Journal Entry	Depends
Internal Email	Weak
General Ledger Period Activity	Weak
No Support	Weak

Supporting Detail

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ABC Corp Deposit (12/5/2015)	100	
Total Supporting Detail	1,000	

No. 4 + 5

Timing Differences Adjustments

Timing Differences & Adjustments

ACME Corp
GL ##### - Deposits
PE 6/30/16 Reconciliation

Policies and Procedures:
Lots of good stuff on nature of account and reconciling procedures.

	Amount	Aging	
Ending GL Balance	1,100		→ GL print out

Adjustments

Timing Differences			
XYZ Deposit Return (5/1/2016)	(70)	61	→ Need Back Up

Adjusted GL Balance	1,030	
----------------------------	--------------	--

Supporting Detail

Utility Deposit (1/1/2003)	500	} Need Back Up
Utility Deposit (5/15/2010)	400	
ABC Corp Deposit (12/5/2015)	100	
Total Supporting Detail	1,000	



< 90
days

Timing Differences & Adjustments

ACME Corp
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Ending GL Balance	1,100		→ GL print out

Adjustments

Timing Differences			
XYZ Deposit Return (5/1/2016)	(70)	61	→ Need Back Up

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Supporting Detail

Utility Deposit (1/1/2003)	500	} Need Back Up
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Total Supporting Detail	1,000	

No. 6

Variances & Write-offs

Variances & Write-Offs

ACME Corp
GL ##### - Deposits
PE 6/30/16 Reconciliation

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Ending GL Balance	Amount 1,100	Aging	→ GL print out
Adjustments			
Timing Differences			
XYZ Deposit Return	(70)	61	→ Need Back up
Adjusted GL Balance	1,030		
Supporting Detail			
Utility Deposit (1/1/2003)	500		} Need Back up
Utility Deposit (5/15/2010)	400		
ABC Corp Deposit (12/5/2015)	100		
Total Supporting Detail	1,000		
Write-Off	-		
Variance	30		

Review Process

ACME Corp
GL ##### - Deposits
PE 6/30/16 Reconciliation

Policies and Procedures:
Lots of good stuff on nature of account and reconciling procedures.

	Amount	Aging
Ending GL Balance	1,100	
Adjustments		
Timing Differences		
XYZ Deposit Return	(70)	61
Adjusted GL Balance	1,030	
Supporting Detail		
Utility Deposit (1/1/2003)	500	
Utility Deposit (5/15/2010)	400	
ABC Corp Deposit (12/5/2015)	100	
Total Supporting Detail	1,000	
Write-Off	-	
Variance	30	

Prepared By _____

Reviewed By _____

6 Components of a Reconciliation

Policies & Procedures

Ending GL Balance

Supporting Detail

Timing Differences & Adjustments

Write-offs and Variance

Review Process

ACME Corp
GL ##### - Deposits
PE 6/30/16 Reconciliation

Policies and Procedures:
Lots of good stuff on nature of account and reconciling procedures.

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Ending GL Balance	1,100	
Adjustments		
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Total Supporting Detail	1,000	
Write-Off	-	
Variance	30	

Prepared By _____

Reviewed By _____

Review Process

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Utility Deposit (5/15/2010)	400	
ABC Corp Deposit (12/5/2015)	100	
Total Supporting Detail	1,000	
Write-Off	-	
Variance	30	

Prepared By _____

Reviewed By _____

What to Show Audit

Evidence that...

- ❖ Accounts are reconciled regularly
- ❖ Accounts are reconciled properly
- ❖ Reconcilers have proper understanding of the account
- ❖ Documented policies and procedures
- ❖ Reconciliations are reviewed
- ❖ Reconciliations are reviewed timely
- ❖ Supporting documentation is valid
- ❖ Timing Differences are resolved timely
- ❖ Proper segregation of duties in place

Automation Eliminates...



- ❖ The Need to Reconcile 100% of Accounts
- ❖ Excel Coversheets
- ❖ Inconsistent Rec Practices
- ❖ Creating and Updating Checklists
- ❖ Reviewing Recs from Scratch

Automation Eliminates...



- ❖ Track GL Balance Changes
- ❖ Post-It Review Notes
- ❖ Time Spent on Open Items Aging
- ❖ Cumbersome Audit Process
- ❖ Paper, Binders, Physical Storage
- ❖ 90% of Admin Burden

and say hello to...



- ❖ **10% to 35% System Reconciliation**
- ❖ **Non-Negotiable Standard Coversheets**
- ❖ **Real Time Completion Status Update**
- ❖ **Automatic Open Items Aging**

and say hello to...



- ❖ Reporting on Exceptions
- ❖ Smart Workflow
- ❖ Email Alerts on Delinquencies
- ❖ Back Up Assignment
- ❖ Email Alerts on Delinquencies
- ❖ Paperless Preparation and Review

and say hello to...



- ❖ Back Up Assignment
- ❖ GL Balance Updates
- ❖ Current Conversion
- ❖ Policies & Procedures Repository
- ❖ Central Archiving
- ❖ Auditor (Restricted) Access

More CPE Webinars to Come!

Linked In: **SkyStem**

Facebook: **SkyStem**

Twitter: **@skystem**

Email: **info@skystem.com**

Thanks! xoxo