

## TRUST POLICY FOR CONTROL ACCOUNT RECONCILIATIONS

<b>Reference Number</b> <b>FIN = Finance</b>	<b>Version: V 1.0</b>		<b>Status: Final</b>		<b>Authors:</b> Tony Simpson, Senior Financial Accountant and Ian Calladine, Group Accountant
Version / Amendment History	Version	Date	Author	Reason	
	1.0	July 2021	I Calladine	Policy developed	
<b>Intended Recipients:</b> This policy is aimed at all finance staff that prepare and / or review balance sheet control account reconciliations.					
<b>Training and Dissemination:</b> The Policy will be implemented with a “How do prepare audit standard control account reconciliations ‘best practice’ guide” being issued in July 2021. Training will be made available in 2021 to any staff needing guidance / support.					
<b>To be read in conjunction with:</b> N/A					
<b>In consultation with and Date:</b> Finance Improvement Group (FIG) 22 June 2021					
<b>EIRA stage One</b>	Completed N/A				
stage Two	Completed N/A				
<b>Approving Body and Date Approved</b>			Trust Delivery Group July 2021		
<b>Date of Issue</b>			6 July 2021		
<b>Review Date and Frequency</b>			6 July 2024 every 3 years		
<b>Contact for Review</b>			Kendre Chiles, Assistant Finance Director – Financial Services		

# TRUST POLICY FOR CONTROL ACCOUNT RECONCILIATIONS

## 1. Introduction

The Trust's annual accounts have to be fully supported for both the Group and the Trust to external audit for all material control accounts. The Trust also has to support its monthly control accounts balances periodically to internal audit.

## 2. Purpose and Outcomes

The purpose of this Policy is to provide a governance framework to ensure that balance sheet reconciliations are performed accurately and in a timely manner in accordance with the Trust's requirements for best practice.

The expected outcomes resulting from the implementation of the policy is that **95% of the active** Trust's and Sub Co's control account balances will be fully supported in a timely basis.

## 3. Definitions Used

A key **control** operated by the Trust is to compare the total balance on the **control account** at the end of the accounting period with the total of all the separate memorandum balances. In theory they should be identical. This is referred to as **control account reconciliation**.

A **control account** is a statement of financial position / balance sheet account code for a particular asset or a liability.

A **Preparer** is a person who prepares control account reconciliations.

A **Reviewer** is a person who reviews control account reconciliations.

A **Reconciling item** is an amount that does not form part of the supporting information. It can be a timing or permanent difference.

A **timing difference** will disappear over time and requires no management intervention. A permanent difference will not disappear as time passes and **does** require management intervention.

**Timely basis** means monthly unless otherwise agreed with the compliance team.

The **compliance team** are the Group Accountant, Senior Financial Accountant and the Deputy Financial Accountant within Financial Services.

## 4. Key Responsibilities / Duties

It is the Preparer's responsibility to ensure that the control account reconciliation has the following qualities: i) agrees to the General ledger balance; ii) reconciles to some external supporting information such as a bank statement, stock system report or other third party evidence to support the existence of a debtor debit balance or a credit creditor balance; iii) any reconciling items are clearly identified and their nature assessed (timing or permanent).

It is the Reviewer's responsibility to ensure that the control account reconciliation has been prepared in a timely manner and supports the general ledger. Ideally there should be no reconciling items from the General Ledger balance and the supporting information. Timing differences are acceptable; for example, unrepresented BACs payments which may clear after the month-end cut off, but all

permanent reconciling items should have an action plan on when and how they will clear in the reviewer's comments box noted by either the Preparer or Reviewer.

## **5. The Reconciliation process and implementation**

Reconciliations must be performed on a **regular basis**, usually monthly but in certain specific cases quarterly, six monthly or annually (in agreement with the compliance team).

All reconciliations must be carried out using the **standardised template** as the principal document (including subsidiary reconciliations) – see Appendix One.

All reconciliations must be saved in **one directory or sub folder** in a **consistent manner**. For example, "Account Code brief description MX 21-22".xlsx. (e.g. 91140 Prepayments M1 21-22) so that the reconciliations may be reviewed and assessed as required in a **timely manner**.

All accounts must be reconciled using a **single template** as a preference – no account should be split between two or more reconciliations. However, more than one account may be represented by a single reconciliation where this is deemed appropriate given the nature of the asset or liability involved such as PPE / Intangibles, ESR Pay reconciliations and Inventory reconciliations where **grouping of account codes** is more appropriate.

The template will be completed by reconciling the balance on the **general ledger** at the end of the period under review with supporting reports or documentation. This **supporting information** may be incorporated into the reconciliation file as a single electronic form. A hyperlink to detailed support on the main reconciliation template may be used for efficiency.

Any difference between the general ledger balance and the total shown by the supporting documentation must be identified and analysed into **reconciling items**. These will all be investigated and the action to be taken, and timescale, for their resolution indicated.

The template will be **signed** and **dated** as having been **completed**, and then as having been **reviewed** by a **different member of staff** with the appropriate knowledge. This is an important segregation of duties raised by **external audit**.

Reconciliations will be completed as described above according to **a strict timetable – usually monthly**. This will enable a check to be made by senior Finance staff and any omissions or discrepancies to be resolved before the Trust's financial performance is finalised for the period in question.

**Random** checks will be made each month on the **quality** of the reconciliations.

When an account has been **reconciled / prepared** and **reviewed** according to the above requirements, this will be recorded in the **Control Account Dashboard** (Appendix Two) immediately. This will enable the **tracking of actual performance** each month to be assessed and reported to Senior Management.

To **improve the quality** of control account reconciliations, a "How do prepare audit standard control account reconciliations 'best practice' guide" will be issued and training made available in 2021 to any staff needing guidance and further support.

## 6. Monitoring Compliance and Effectiveness

The key requirements will be monitored in a composite report presented on the Trusts Monitoring Report Template:

Monitoring Requirement :	Control Account Dashboard for both the Trust and Sub-Co's to be rolled out in July 2021  Random checks by the compliance team
Monitoring Method:	The actual percentage of reconciliations Prepared and Reviewed to be monitored on a Monthly basis from M3 2021/22
Report Prepared by:	Senior Financial Accountant
Monitoring Report presented to:	Finance Improvement Group (FIG) 360 Assurance (Internal Audit)
Frequency of Report	Quarterly from M3 2021/22 (FIG) Periodic (360 Assurance)

Any breach to the policy will be identified and formally investigated.

## 7. References

NUH Control Account Policy and Procedures

Source of data	Date of publication/issue	Detail of requirement
NUH	29 June 2018	Control Account Balance Sheet reconciliations Policy
NUH	29 June 2018	Control Account Balance Sheet reconciliations Procedures (Finance Manual)

## 8. Appendices

**Appendix One – standardised control account template**

<b>Balance Sheet Reconciliation Cover Sheet</b>	 <b>University Hospitals of Derby and Burton</b> NHS Foundation Trust
---	--

General Ledger Account Code	91107	
Account name	AR NHS DEBTORS SHAs	
Period number and month	11	Feb-21

<b>Description of Balance:</b>	<b>Balance expected to be:</b>
AR Balance - Health Education England	<u>Debit</u>

<b>BALANCE PER GENERAL LEDGER</b>	3,248.81
-----------------------------------	----------

<b>Represented by:</b>	
Balance on AR at end of M11 - see attached sheet for confirmation	3,248.81
	3,248.81

<b>Reconciling Items (if required):</b>		
Details <small>(narrative)</small>	Action to be taken <small>(details)</small>	Amount
		0.00

Check that reconciliation accounts for difference to G/L balance	OK
--	----

<b>PREPARER SIGN OFF</b>			
	Yes / No		
Reconciliation complete	No	NAME	<input style="width: 100%;" type="text"/>
		DATE	<input style="width: 100%;" type="text"/>

<b>REVIEWER SIGN OFF</b>			
	Yes / No		
Review complete	No	NAME	<input style="width: 100%;" type="text"/>
		DATE	<input style="width: 100%;" type="text"/>

<b>REVIEWER COMMENTS (if applicable)</b>

## Appendix Two – Trust Control Account Summary – March 2021

Summary of Trust Control Accounts - Pd 12 March 2021											
Reconciler (Preparer)	Reviewer (Sign-off)	Business Partner / Lead Accountant	Department	Number of Reconciliations Prepared	Number of Reconciliations Reviewed	Number of Issues Raised on Review	Number of Reconciliations responsible for	Actual Percentage Prepared (%)	Percentage of Reconciliations responsible for (%)	Value Responsible for £ Debit / (Credit)	Quantity Outstanding
Alison Boulter		Julie Waldrum	Financial Management	1	0	0	2	50%	0%	(1,065,254)	1
Anne Shaw				1	0	0	1	100%	0%	(2,392,720)	
Chloe Smith	Garry Locker	Nolan Salmon	Financial Services	37	0	0	38	97%	9%	64,795,535	1
Di McCormick	Garry Locker	Nolan Salmon	Financial Services	34	29	0	34	100%	8%	(38,073,933)	
Garry Locker	Nolan Salmon	Kendre Chiles	Financial Services	146	1	0	153	95%	38%	(616,543,021)	7
Garry Locker/Nolan Salmon	Kendre Chiles	Kendre Chiles	Financial Services	6	6	0	6	100%	1%	0	
Gemma Booth	Mark Albrighton	Kendre Chiles	Financial Services	21	1	0	21	100%	5%	(273,413,976)	
Ian Calladine	Kendre Chiles	Ian Calladine	Financial Services	2	2	0	2	100%	0%	0	
Kim Croxall	Gemma Booth	Mark Albrighton	Financial Services	46	35	0	46	100%	11%	20,145,988	
Lucky Kaur	Kendre Chiles	James Blair	Financial Management	6	0	0	6	100%	1%	(9,156,104)	
Luke Adams		Matt Shields	Financial Management	2	0	0	2	100%	0%	0	
Lyndsey Smith	Garry Locker	Nolan Salmon	Financial Services	1	0	0	1	100%	0%	(62,756)	
Martin Booker	Mark Albrighton	Kendre Chiles	Financial Services	10	0	0	11	91%	3%	(142,368,021)	1
Mirjam Chapman				1	0	0	1	100%	0%	(237,955)	
Mohammed Haroon	Mark Albrighton	Kendre Chiles	Financial Services	57	0	0	59	97%	15%	587,995,217	2
Nolan Salmon	Kendre Chiles	Kendre Chiles	Financial Services	15	8	1	15	100%	4%	402,606,957	
Pete Graves				3	0	0	4	75%	1%	3,714,367	1
Richard Capaldi				0	0	0	1	0%	0%	9,370	1
?			Financial Services	0	0	0	3	0%	1%	749,367	3
<b>TOTAL</b>				<b>389</b>	<b>82</b>	<b>1</b>	<b>406</b>	<b>96%</b>	<b>100%</b>	<b>-3,296,938</b>	<b>17</b>
<b>Last Updated</b>	<b>02/06/2021 19:01</b>					Missing	406 0		Missing	(3,296,938)	

## Appendix Two – Trust Control Account Detail (Extract) – March 2021

1									+				
2													
A		B		C			L	X	Y	Z	AA	AB	AC
1		Trust Control Accounts March 2021					Pd 00	Pd 12					
2	Ref	GL Code	Nominal Description	Apr 2020	Mar 2021	Variance CY v's PY Mar-21 v's Mar-20	Variance CY v's PY Mar-21 v's Mar-20 Percentage	Who	Reconciled By	Reviewed By			
3	1	91000	BH STATIONERY STOCK	(0.46)	0.00	0.46	(100.00)	GL	Garry Locker	Nolan Salmon			
4	2	91001	BH NON STORES STOCK	2,692,286.35	2,558,240.85	(134,045.50)	(4.98)	GL	Garry Locker	Nolan Salmon			
5	3	91002	BH FREIGHT ACCOUNT STATIONERY	0.00	0.00	0.00		DM	Di McCormick	Garry Locker			
6	4	91003	BH FUEL STOCK	46,790.71	57,603.50	10,812.79	23.11	GL	Garry Locker	Nolan Salmon			
7	5	91004	BH BULK STOCK	34,744.73	41,981.42	7,236.69	20.83	GL	Garry Locker	Nolan Salmon			
8	6	91005	BH TREATMENT CENTRE STOCK	915,240.75	1,016,028.64	100,787.89	11.01	GL	Garry Locker	Nolan Salmon			
9	7	91006	FREIGHT ACCOUNT TC	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
10	8	91007	BH ESTATES BED SPARES STOCK	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
11	9	91008	BH ESTATES HSSU STOCK	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
12	10	91009	BH ESTATES BGarry Locker STOCK	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
13	11	91010	BH HISS PHARMACY STOCK (1Q)	546,447.67	509,794.77	(36,652.90)	(6.71)	GL	Garry Locker	Nolan Salmon			
14	12	91011	BH FREIGHT ACCOUNT PHARMACY	6.00	0.00	(6.00)	(100.00)	GL	Garry Locker	Nolan Salmon			
15	13	91012	BH PHARMACY STOCK INV PRICE DIFFS	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
16	14	91013	BH ROBOT INITIAL STOCK - TEMP	1,182.34	1,182.34	0.00	0.00	GL	Garry Locker	Nolan Salmon			
17	15	91014	BH CHEMOTHERAPY DRUG STOCK	252,597.65	402,190.31	149,592.66	59.22	GL	Garry Locker	Nolan Salmon			
18	16	91015	BH CHEMOTHERAPY FREIGHT CHARGES	0.00	0.00	0.00		GL	Garry Locker	Nolan Salmon			
392	390	95371	AUC PFI GBV	0.00	414,227.04	414,227.04		MH	Mohammed Haroon	Mark Albrighton			
393	391	95372	AUC MES GBV	0.00	500,000.00	500,000.00		MH	Mohammed Haroon	Mark Albrighton			
394	392	95500	MES: Cost	21,033,815.90	21,090,691.63	56,875.73	0.27	MH	Mohammed Haroon	Mark Albrighton			
395	393	95501	MES: Depreciation	(10,662,549.18)	(13,062,518.33)	(2,399,969.15)	22.51	MH	Mohammed Haroon	Mark Albrighton			
396	394	95502	MES: Depreciation Software	(2,566.49)	(3,282.73)	(716.24)	27.91	MH	Mohammed Haroon	Mark Albrighton			
397	395	95503	MES: Software Cost	5,013.63	81,213.63	76,200.00	1,519.86	MH	Mohammed Haroon	Mark Albrighton			
398	396	95504	PFI: Hospital Cost	334,287,898.33	334,702,214.08	414,315.75	0.12	MH	Mohammed Haroon	Mark Albrighton			
399	397	95505	PFI: Hospital Depreciation	(12,458,682.94)	0.00	12,458,682.94	(100.00)	MH	Mohammed Haroon	Mark Albrighton			
400	398	95550	Buildings MES GBV		25,065.00	25,065.00		MH	Mohammed Haroon	Mark Albrighton			
401	399	95600	Investment in Subsidiary	28,124,677.50	28,124,677.50	0.00	0.00	GB	Gemma Booth	Mark Albrighton			
402	400	95800	Lifecycle Prepayment > 1 Year	5,502,571.21	6,388,351.21	885,780.00	16.10	GB	Gemma Booth	Mark Albrighton			
403	401	95802	Prepayment > 1 Year	28,423.26	2,013.41	(26,409.85)	(92.92)	NS	Nolan Salmon	Nolan Salmon			
404	402	99003	AP Non NHS Control Burton Balance Transfer	(403.00)	0.00	403.00	(100.00)	GL	Kim Croxall	Garry Locker			
405	403	99004	AR Debtors Burton Non-NHS	199,539.38	58,345.60	(141,193.78)	(70.76)	GL	Garry Locker	Nolan Salmon			
406	404	99998	Derby/Burton Legacy balance clear down	0.00	0.00	0.00		NS	Nolan Salmon	Nolan Salmon			
407	405	99999	Error Suspense	0.00	(0.00)	(0.00)		GL	Garry Locker	Nolan Salmon			
408	406	95368	IT Leased Acc Dep	0.00	(117,069.85)	(117,069.85)		MH	Mohammed Haroon	Mark Albrighton			
409													
410		Various	Income and Expenditure in 2020/21 - Deficit / (Surplus)		3,296,937.51								
411													
412		<b>TOTAL</b>		<b>0</b>	<b>0.00</b>								
413													
414											Monthly Quarterly		