

## Administration Policy

Complete Policy Title: <b>Clearing and Holding Accounts</b>	Policy Number (if applicable):
Approved by: <b>Director of Finance</b>	Date of Most Recent Approval:
Date of Original Approval(s): <b>December 2017</b>	Supersedes/Amends Policy dated:
Responsible Executive: <b>Director of Finance</b>	Enquiries: <a href="mailto:finserv@mcmaster.ca">finserv@mcmaster.ca</a>
<i><b>DISCLAIMER:</b> If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails</i>	

### SCOPE

This Policy applies to balance sheet accounts at the university that are used as clearing and holding accounts for funds. Accounts that are used for day to day operations by departments to hold funds before they are allocated to the appropriate revenue or expense must be analyzed and reconciled to the GL on a regular basis.

### POLICY

The purpose of this policy is:

- To define the appropriate use of holding and clearing accounts
- To document roles and responsibility for reconciliation preparation and review
- To identify what needs to be included in the reconciliation procedure for each account
- To list the university's clearing and holding accounts and responsible positions for preparing and reviewing each account

### DEFINITIONS

Balance sheet **holding accounts** are used to facilitate timely recording of financial activity when there is an absence of full chart field details for posting. One such account is the Cashiers' Clearing (Unclaimed Payments) Account which is used to record hold bank receipts until the correct chart field (e.g. Research project number) is identified and the funds can be credited.

Balance sheet **clearing accounts** exist to manage timing differences between detailed and summary postings. One such account is the PCard Clearing account that receives all charges from the bank for university procurement cards at the summary level. As each department completes their reconciliation, the account is cleared and the individual departments are charged.

**ROLES AND RESPONSIBILITIES**

Each account must have a **preparer** who performs a monthly reconciliation, and a **reviewer** who reviews the monthly reconciliation. Documentation of the procedure for reconciliation of each account is the responsibility of the **reviewer**. The procedure must include the frequency of reconciliation and the thresholds for write offs. Unless otherwise stated in the procedure, reconciliations are prepared at the account level (six digit). Assistance with reconciliations can be provided by Financial Services if needed.

At year end each account will be assigned to a staff member in Financial Services who will review the reconciliation and request any additional required audit working papers. The Director of Finance will approve any write offs or adjustments in accordance with each account’s specific reconciliation procedure.

**LIST OF CLEARING AND HOLDING ACCOUNTS, PREPARERS AND REVIEWERS**

<b>Account Name</b>	<b>Chart field #</b>	<b>Position Responsible for Reconciliation</b>	<b>Position Responsible for Review and Procedure</b>
Business Office Clearing	210039	Systems Coordinator, Student Accounts and Cashiers	Manager, Student Accounts & Cashiers
Payroll Clearing and Advances	220620	Reporting & Control Analyst	Manager, HR Reporting and Control
P Card Holding Account	210015	Lead Hand, Accounts Payable	Senior Manager, Accounts Payable
CRA Clearing	220590	Reporting & Control Analyst	Manager, HR Reporting and Control
Cashiers’ Clearing	200040	Systems Coordinator, Student Accounts and Cashiers	Manager, Student Accounts and Cashiers
Banking Clearing	200050	Systems Coordinator, Student Accounts and Cashiers	Manager, Student Accounts and Cashiers
eCommerce Cash Clearing	100300	Financial Coordinator, Financial Services	Manager, Financial Reporting (Financial Services)