WISCONSIN YEAR-END RECONCILIATION MANUAL
Department of Administration – State Controller's Office

Section	APPROACH TO YEAR-END RECONCILIATION AND TRIAL BALANCE VALIDATION
Subsection	n/a
Accounts	n/a
Effective Date	07/01/2016
Revision Date	05/07/2018

BACKGROUND

This manual provides specific information regarding the review and validation of certain groups of trial balance accounts. It also provides specific procedures for reviewing and confirming that the entries posted from the PeopleSoft subsystems to the General Ledger are accurate, and the resulting appropriation trial balances may be relied on for the Annual Appropriation Certifications (formerly known as "Form 78's"), for generating the State's Annual Fiscal Report (budgetary basis), the Comprehensive Annual Financial Report (GAAP basis), and for auditors to use in preparing the Single Audit Report.

It is important to understand that much of the guidance within this manual is related to reviewing account transactions and balances, and validating that the final trial balance for the fiscal year is accurate. The term "reconciliation" refers to the processes used to:

1. Reconcile external systems with the State's ERP system, STAR;
2. Reconcile that transactions initiated from the STAR subsystems (i.e. AP, AR, etc.) were correctly posted to the General Ledger.

State agencies will be responsible for ensuring that the data interfaced from their external systems agrees the data in STAR.

State agencies will also be responsible for reconciling their transactions from the STAR subsystems to the General Ledger. The Department of Administration, through both the STAR Support, and the State Controller's Office will provide tools and assistance with the subsystem reconciliation process.

APPROACH TO YEAR-END RECONCILATION

Over the years, the agencies have developed their own internal approaches to the year-end appropriation validation. The State's Central Accounting System (used until 1992), and the WiSMART system (used until 2015) were not fully-integrated systems. So, there were limited issues between the general ledger and any subsidiary ledgers.

PeopleSoft is a fully-integrated ERP system. It is highly-configurable, and uses approximately 10,000 relational database tables to support this ability. The complexities of the configurations, and the way that the relational data is used within the different subsystems creates new challenges for the State.

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However, the overall approach to the year-end reconciliation and account validation is based on the same principles that have been used in previous systems. Agencies should employ a top-down approach to reviewing their account balances:

1. Review trial balance accounts within their appropriations; and
2. Drill-down to transaction-level detail when additional analysis is required.

STEP 1 – APPROPRIATON TRIAL BALANCE REVIEW
Agencies should prepare appropriation-level trial balances as their starting point. They may create these trial balances by running the Trial Balance Report in STAR (Main Menu > General Ledger > General Reports > Trial Balance). The report may be published to a .pdf file, or downloaded to a csv file. However, the report includes various headings and section divisions that will need to be sorted out to create a data matrix that may be further manipulated.

> **TIP**
> The public query "WI_GL_LEDGER_BAL_RPT" will produce a usable csv file that may be used directly within MS Excel without additional formatting. A more efficient analysis can then be achieved using filters and pivot tables.

Once the trial balance has been prepared, the agency should review their account balances across all appropriations, and identify those accounts that will need additional review. Accounts with one or more of the following attributes should be marked for additional review:

Unusual Balance - Balances that seem unusually high or low for the account compared with prior years;
Reversed Balance – Debit amounts for accounts that normally have credits, and vice versa;
Inappropriate Balance – Balances in accounts that the agency does not normally use.

Agencies should mark those trial balance accounts that they will need to review further.

STEP 2 – TRANSACTION REVIEW
The agency will need to drill-down into the transactions that make up the balances that have been marked for further review. The General Ledger Activity report should be used to produce the detail transactions: Main Menu > General Ledger > General Reports > Ledger Activity.

The transactions should be reviewed to determine if there are any that appear to be unusual vs. the typical transaction for the account being reviewed. The agency should indicate the Journal ID(s) of the

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transaction(s) causing balance issue. The agency may then review the transaction source, description and posting date and determine if a correcting or adjusting transaction is needed.

STEP 3 – CORRECTING/ADUSTING ENTRIES
Based on the analysis above, the agency should then make any correcting/adjusting entries via GL – Journal transaction in STAR. The agency must keep a log of the correcting/adjusting entries used in their year-end processing. The log must contain the Fund, BU, Appropriation, Account, Journal ID that is being corrected/adjusted and the Journal ID of the correcting/adjusting entry.

If the agency cannot determine what is causing an unusual balance within some of their accounts, or if the correcting/adjusting entry cannot be determined, they should contact their SCO Accounting Support contact, which can be found at: https://doa.wi.gov/pages/sco-accounting-support.aspx