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Applies To: Colleges and System Office
Procedure Responsibility: Accounting

Credit Card Clearing Account Reconciliation

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Section 3.18.1 - General

Each college must complete a monthly reconciliation for the credit card clearing account transactions at all campuses which accept credit cards under that college's business unit (BU). The general ledger (GL) account used to record the credit card transactions is a clearing account – account #16035. The credit card reconciliation report must be reconciled monthly to a balance of zero (-0-) as this is the function of a clearing account with zero being the true balance.

The credit card clearing account reconciliation is to be transmitted via e-mail to the KCTCS System Office (SO) of Accounting. The reconciliation is due by the 20th day of the following month (i.e., October's reconciliation would be transmitted by November 20th). The subject line of the e-mail should read as follows:

Business Unit, College, Account, and Month-Year.

For example, Big Sandy Community and Technical College would complete the subject line of their May 2012 e-mail as follows:

68100 BSCTC 16035 05-2012

Section 3.18.2 - Definition of a Complete Credit Card Clearing Account Reconciliation

A. The credit card clearing account reconciliation is to be completed in a format prescribed by KCTCS SO Accounting (an example is in Section 3.18.5). The college must send the following to be complete:

Credit Card Reconciliation
Credit Card Activity Spreadsheet – (Section for College BU)
GL Activity Report

Note: Outstanding items are most likely the result of timing issues and should adjust off the reconciliation the following month. If this is not the case, please notify SO Accounting as further investigation is required.

Section 3.18.3 - Staff Responsibility for Credit Card Clearing Account Reconciliation's

The college 's chief business officer has final responsibility for the credit card clearing account reconciliation process. Delegation of performing the actual reconciliation is permitted; however, consideration should be given to make sure that there is proper segregation of duties, (i.e. no one that handles payments or receivables, etc., should perform credit card reconciliations). If a lack of staff creates a segregation of duties concern, a plan for mitigating the risk exposure should be submitted and approved for security and audit purposes by the KCTCS SO Director of Accounting.

Section 3.18.4 – General Instructions for Credit Card Clearing Account Reconciliation Completion

A. Currently, the GL account used to record credit card transactions in the PeopleSoft (PS) Financial System is account 16035. Account 16035 is a clearing account. When reconciling this account, the reconciled balance must be zero (-0-).

   1) To begin, run the GL Activity Report on account 16035 for the college's BU for the month being reconciled. The ending balance for account 16035 will be the starting point, or amount at the top, of the credit card clearing account reconciliation.

   2) The credit card activity spreadsheet will also be used to reconcile the credit card clearing account. (This spreadsheet is forwarded to the college each month from the SO.)

      Note: There is not a separate bank account for credit card transactions. All deposits/disbursements generated by credit card usage flow through the SO central depository bank account. The credit card activity spreadsheet is derived from the SO central depository bank account and is "the bank statement" for reconciliation purposes.

      Journals to post the credit card activity from the bank statement to the GL are made at the SO and posted to fund '01'. If credit card transactions at the college have been posted to other funds, a journal entry will need to be prepared to transfer these amounts between the two funds in account 16035. For example, a balance in account 16035

fund 12 will need to have the appropriate amount moved from fund 12 to fund 01.

3) Compare the credit card activity spreadsheet to the GL activity report. List the differences on the reconciliation (see instructions below). As the GL activity report sums transactions together, it may be helpful to query the detail of the credit card transactions in PS. Recommended queries are as follows:

- K_SF_RCPTS_TENDER sorted by tender
- SF750A_CASHIER_TENDER_TOTALS
- AA_ALL_JRNL_LINES_BY_BU_ACCT

B. Differences (additions or deductions) that are typically listed on the credit card reconciliation are usually the result of timing issues where transactions had been recorded in PS but not by the bank (spreadsheet) or vice-versa. For example, on July 30, someone pays their tuition with a credit card. The receipt is recorded in PS; but, the tuition amount was not reflected on the SO forwarded spreadsheet. This is likely to happen with credit card transactions that take place at the end of the month. It typically takes 2 – 3 business days for the receipt of a credit card transaction to be processed and posted by the bank.

1) Additions: amounts that will debit (increase) GL account 16035 are credit card transactions that should have been recorded but were not. For example, a credit card receipt that was initially recorded with a tender type of cash instead of than credit card.

2) Deductions: amounts that will credit (decrease) GL account 16035 are credit card transactions that have been recorded; but should not have been. For example, a cash receipt that was recorded as a credit card receipt or a credit card receipts that were posted to the wrong business unit. In addition, transactions that took place at the end of the month and were not recorded by the bank (listed on the spreadsheet), would be included here as well.

C. The ending balance of the credit card clearing account reconciliation should equal zero (-0-). This would be the balance once the outstanding (reconciling) transactions post to the account.

Section 3.18.4 –Credit Card Reconciliation Form

Business Unit 68100
Big Sandy Community and Technical College
Credit Card Clearing Account Reconciliation
Month Ending July 2008

Ending Balance - GL Account 16035		$X.xx
Additions: (debits to GL Acct 16035)		
Credit Card Receipts not recorded	$X.xx	
Credit Card Receipts recorded as cash	$X.xx	
Other (describe)	$X.xx	
Total Additions		$X.xx
Deductions: (credits to GL Acct 16035)		
Amounts on GL – to be posted by bank (timing)	$X.xx	
Cash recorded as Credit Card	$X.xx	
Credit Card receipts - posted to incorrect BU	$X.xx	
Other (describe)	$X.xx	
Total Deductions		$X.xx
Adjusted Credit Card Clearing GL Balance at July 31, 2008		$0.00

Preparer signature _____ Date_____

Dean of Business Affairs _____ Date_____

End of Procedure