



Policy Type: Administrative

Category: Fiscal and Budget

Policy Name: Reclassification Policy for Financial Transactions

Policy Owner: Controller-Treasurer Department

Policy Purpose

The purpose of this policy is to provide County Agencies and Departments with guidelines for reclassifying deposits from temporary clearing accounts to the appropriate general ledger accounts. This policy also applies to other reclassifications used for correcting general ledger accounts and reclassifying Procurement Card (P-Card) expenditures.

Policy Summary

Each County Agency and Department must reclassify deposits received in temporary revenue clearing accounts during the accounting period in which the deposits are received. The temporary revenue clearing accounts must have a zero balance at fiscal year-end. This ensures all deposits are recorded in a timely manner and in the correct general ledger accounts and correctly reflected for financial reporting purposes.

The Controller-Treasurer Department General Accounting Unit [Bank Desk] sends a notification to County Agencies and Departments that have outstanding balances in a temporary revenue clearing account on a quarterly basis.

On occasion, transactions are posted to an incorrect general ledger account. The County Agency or Department responsible for the incorrect



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posting is responsible for reclassifying the transaction to the proper general ledger account. P-card expenditures must be reclassified to ensure they are recorded in the correct general ledger accounts and correctly reflected for financial reporting purposes.

Reclassification Timelines

County Agencies and Departments must follow the reclassification timelines stated below:

Reclassification Timeline	Deadlines During the Fiscal Year	Fiscal Year-End
Deposits (and Chargebacks)	7 days of following month	Published in Fiscal Year-End Training materials .
Incorrectly Posted Transactions	As soon as possible but no later than the Controller's deadline for fiscal year-end close.	
P-Card Expenditures	30 days of statement date	

Procedures

Reclassifying Deposits and Chargebacks in Temporary Revenue Clearing Accounts

County Agencies and Departments must:

- 1) Run a "Special Ledger Detail Analysis" (ZGLR008) in SAP or run an online bank report for temporary revenue clearing accounts. Both reports provide detailed deposit (and chargeback) information.
- 2) Identify the deposits (and chargebacks) belonging to your Agencies or Departments.
- 2a) If a balance amount is negative, it generally indicates a deposit or a refund that needs to be reclassified.



- 2b) If a balance amount is positive, it generally indicates a returned check that needs to be reclassified.
- 3) Collect required supporting documentation for the identified transaction and prepare the reclassification. Ensure the supporting documentation is attached to the reclassification entry in the County's accounting system.

Incorrectly Posted Transactions

County Agencies and Departments must:

- 1) Identify transactions that were posted to an incorrect general ledger account.
- 2) Collect required supporting documentation for the identified transaction and prepare the reclassification. Ensure the supporting documentation is attached to the reclassification entry in the County's accounting system.

P-Card Expenditures

County Agencies and Departments must:

- 1) Reclassify P-Card expenditures to the proper expenditure account using the online portal of the P-Card vendor (as of this writing, USBank's Access Online portal). Refer to the Procurement Card (P-Card) Procedure Manual for further details.

Definitions

For the purposes of this policy, the following definitions apply:



- 1) **"County's accounting system"** means the SAP system or other similar system used by the County as its primary accounting and finance system.
- 2) **"General ledger account"** means an account contained in the General Ledger, which records every financial transaction of the County.
- 3) **"Reclassification"** means to transfer an amount from one general ledger account to another

Frequently Asked Questions

None.

Related Policies

- County of Santa Clara Procurement Card (P-Card) Policy - <http://eportal.sccgov.org/sites/proc/divisions/countywidecontracting/p-card/userproceduredocuments/County%20of%20Santa%20Clara%20Procurement%20Card%20Policy-Revised%20December%2018,%202012.pdf>
- General Ledger Account Policy - <https://saecommon.sccgov.org/countypolicy/General-Ledger-Account-Policy.pdf>

Related Forms and Information

- Fiscal Year End Training Materials (updated annually) <https://sccconnect.sharepoint.com/sites/controller/SitePages/Fiscal-Year-End-Training-Information.pdf>

History



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Date	Changes Made
1/14/2019	Links Updated. (David Bruno)
8/24/2018	Policy Uploaded. (Kyle Larson)
8/23/2018	Policy Adopted.