



INSIGHTS FROM THE BDO PUBLIC SECTOR PRACTICE

# What Is the Joint Reconciliation Program and How Does It Affect Auditability?



## **You may be familiar with both the Joint Reconciliation Program (JRP) and the Army's continuing efforts to pass an audit, but did you know they go hand in hand?**

The JRP is a financial management internal control that includes elements of the Army's Statement of Budgetary Resources (SBR) and Consolidated Balance Sheets. That internal control is critical to ensuring the Army's commitment, obligation and disbursement balances are accurate, valid and complete. Consistent review of Joint Reconciliation reports supports consistent research, remediation and monitoring of dormant<sup>1</sup> balances to support the financial management environment.

The JRP is truly a joint effort. JRP reviews are conducted with all relevant stakeholders, including financial management, accounting, contracting, logistics and supporting Defense Finance and Accounting Service (DFAS) personnel. Participation in the JRP helps validate that all financial transactions are properly recorded and documented, any necessary adjustments are recorded promptly, and that the supporting documentation is readily retrievable when needed. In addition to maintaining documentation to support the adjustments, JRP analysts must also maintain evidence that the review was performed in a timely manner.

There are many benefits to the JRP and programs like the JRP, such as the Dormant Account Review – Quarterly (DAR-Q) or other funds monitoring activities. Some common benefits include:



A routine (e.g., quarterly) review cadence allows for ongoing assessment of open balances.



Key metrics can be produced, reported and tracked on a set recurring basis.



Consistent participation in the program in alignment with guidance across sub-organizations helps build trust with external auditors.



The consistency of reports, including common data points and definitions, allows analysts to easily assess and respond to requests.



Open balances can be resolved early, leaving fewer open balances at the end of the fiscal year and reducing the work required at year-end closeout.



Negative unliquidated obligations (NULOs) are identified and resolved early, which can help ensure fiscal law compliance and avoid Anti-Deficiency Act (ADA) violations.



To achieve the full value of these benefits, there are key considerations that an organization should review to effectively implement or execute JRP concepts or similar processes. Below are five best practices for developing or executing your JRP:

1

**Identify who will lead the effort** within your organization and who represents each of the other departments or agencies involved.



2

**Get buy-in from stakeholders.** The budget analysts, their supervisors, headquarters and all internal and external supporting roles will need to perform their part in keeping transactions up to date.



3

**Develop a program cadence that all stakeholders can agree to.** For example, determine if reports release monthly with quarterly submissions or whether weekly reports make more sense.



4

**Determine what existing guidance can strengthen the effort.**

When available, point to guidance to assist with gaining stakeholder buy-in. For example, some common references to review and include are the Department of Defense (DoD) Federal Management Regulation (FMR) 7000.14-R, Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS), and the Green Book and Red Book published by the Government Accountability Office (GAO) to name just a few.



5

**Set up dashboard metrics to allow all stakeholders to see the impact of the reviews.**

Ensure important metrics can be seen at a glance. For example, what is the percentage of dormant lines that becomes too high (such as over 15%) for that report area? Prioritize reviews to include the oldest and highest dollar lines with no recent activity.



Using the best practices outlined above, organizations can develop or execute their JRP, or programs like it, in a way that optimizes efficiency and demonstrates effective internal control. With consistent execution, open balances — including unliquidated obligations (ULO), NULOs and outstanding commitments — can be resolved in a timely manner.

If your organization is struggling to execute your JRP or a similar program, [BDO Public Sector](#) offers services that can help, ranging from financial management, audit readiness and audit remediation to data management, policy analysis and continuous process improvement. Our professionals have successfully executed a thorough JRP in support of the Army, its Major Subordinate Commands, depots/arsenals and other supporting stakeholders.

BDO understands the importance of a Joint Reconciliation Program and following and improving internal controls year over year to achieve audit success. Visit [bdo.com/defense](https://bdo.com/defense) for more information about our service offerings, or [send us an email](#) with any questions you may have on how your organization can benefit from our JRP experience.



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## REFERENCES

<sup>1</sup>Balances are defined as dormant if they have not been liquidated and no obligations, adjustments, contract modifications, disbursements or withdrawals occur within the 90-day dormancy period.

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