

BANK RECONCILIATION PROCEDURE

Overview of the bank reconciliation spreadsheet.

There are 2 sides to this spreadsheet- The **bank side** (on the left) and the **book side** (on the right). **The goal is to make both sides equal each other.**

The **bank side** is for items that needs to be corrected with the **bank** or need to clear the bank and will appear on a future bank statement but have already been posted on the books.

The **book side** is for items that need to be entered or corrected on the **books** and have already cleared the bank.

You may have an item that needs to go on both sides because it has not yet cleared the bank and has not been posted to the books but needs to be accounted for.

District Name
Bank Reconciliation
Bank Account Name (Payroll Clearing)
Bank Name & Bank Acct #
For the Month of January 2005

<u>Bank Side</u>		<u>Book Side</u>	
Balance per Bank Statement	XXX	Balance per General Ledger	XXX
+Deposits in Transit	+XX	+Deposits not Posted	+XX
-Outstanding Checks	-XX	-Checks not Posted	-XX
+/- Adjustments	<u>+/-X</u>	+/- Adjustments	<u>+/-X</u>
Reconciled Bank Balance	XXX	Reconciled General Ledger Balance	XXX

DIFFERENCE = Reconciled Bank Bal – Reconciled General Ledger Balance
(This should be 0)

BANK RECONCILIATION PROCEDURE

Procedure:

1. Gather or print reports for current month. The following is a list of reports you will need:
 - Cash Receipts Journal**- list by fund
 - Check Register**- list by fund or ck # if only 1 bank acct
 - Expenditure and Liquidation Journal**- for that period
 - Detail General Ledger**
 - Inquiry of Cash Acct**- xxx-xx-1110-xx-xxx-xxxxxx
 - Bank Statement**- make copy to use so you preserve the original document for the auditors and can recopy if you have to start over.
 - Bank Reconciliation spreadsheet**- from last month
2. Open last month's reconciliation spreadsheet and save as the new month.
3. Change the date to the current month and year.
4. Change the 'Balance per Bank Statement' amount to the Ending Account Balance on the bank statement.
5. Change the 'Balance per General Ledger' amount to the ending cash balance on the general ledger. Be sure to include all funds for this bank account. You can list each fund cash balance and have the total populate this amount.
6. From the bank side of the last months bank recon spreadsheet, check off all deposit in transit items that cleared the bank and check those items off on the bank statement. Delete these deposits and amounts from your current bank rec. spreadsheet.
7. From the bank side of the last months bank rec. spreadsheet, check off all outstanding checks that cleared the bank and check those items off on the bank statement. Delete these checks and amounts from your current bank rec. spreadsheet.
8. From the book side of the last months bank rec. spreadsheet, check off all deposits not posted that are on your cash receipts journal. Check these deposits on the cash receipts journal and delete these deposits and amounts from your current bank rec. spreadsheet.

9. From the book side of the last months bank rec. spreadsheet, check off all checks not posted that are on your check register. Check these deposits on the cash receipts journal and delete these items and amounts from your current bank rec. spreadsheet. Examine the cash disbursements journal and the inquiry for any journal entry adjustments that were made to the books. Delete these items from your current bank rec. spreadsheet.

Now you are ready to begin working with the current month's data.

10. Compare the bank stmt to the cash receipts journal. Check off deposits that have cleared on the cash receipts journal. On your current bank rec. spreadsheet on the bank side, list all deposits that are on the cash receipts journal that did not clear the bank under the 'Deposits in Transit' section. On the book side, list all deposits that cleared the bank but were not on your cash receipts journal. Also list deposits that cleared the bank for a different amount and need to be corrected on the books.
11. Compare the bank stmt list of checks to the check register. Check off checks that have cleared on the check register. On your current bank rec. spreadsheet on the bank side, list all checks that are on the check register that did not clear the bank under the 'Outstanding checks' section. On the book side, list all checks that cleared the bank but were not on your check register. Also list checks that cleared for a different amount and need to be corrected on the books.
12. Look at the 'Reconciled Cash Balance' for the bank side and compare to the 'Reconciled General Ledger Balance' on the book side. If they are equal, jump for joy because you balance and are done. If they are not equal, look at the 'difference' and see if you can find that amount.

REASONS FOR DIFFERENCES- places to look

***** You may need to just leave it with a difference until you complete the next month to see if it swings back and corrects itself.**

1. **Transposition error**- is the difference divisible by 9? If so, check your amounts because there is a number transposed (digits in the wrong order- 76 not 67)
Add the digits together to see if it is divisible by 9- ex. $576 = 5+7+6=18$
2. **Cash Inquiry items**- are there any items listed that have not been accounted for.
3. **Outstanding checks**- did you miss a check or transpose the amount when entering it on your spreadsheet?
4. **Deposits in transit**- did you miss a deposit or transpose the amount on your spreadsheet?
5. **Unposted checks**- did you miss a check or transpose the amount on your spreadsheet?
6. **Unposted deposits**- did you miss a deposit or transpose the amount on your spreadsheet?
7. **Bank charges**- did you list charges that are on the bank statement but not posted on the book side under adjustments?
8. **Errors**- did you list all errors that need to be corrected in the books on the book side of the bank rec. spreadsheet?
9. **VOIDS or Reissues**- are there any voided checks not entered in the system or did they clear anyway.
10. **Journal entries**- where there any JV entries to the cash account on the books that do not match the bank statement?
11. **Wrong 'Balance per General Ledger'**- be sure you have all funds balances that go to this bank account and that you are not including funds that belong to other bank accounts.
12. Check your detail general ledger beginning month balances to verify they match your last month's reconciliation. If the gen. ledger beginning month balance does not equal your last month's bank rec. spreadsheet beginning book balance, then entries were made to cash in the previous month after you completed the reconciliation. Take these amounts into consideration for this month's statement.

13. Do your total checks on your check register equal the withdrawal total on the bank statement? Do your cash receipts journal totals equal the deposit total on the bank statement? If either answers are NO, then recheck that side to see what was missed.

****** Note: Cash General Ledger Balance can be affected by auditor's adjusting entries. Be sure you are using the correct balances and be aware that auditor's adjusting entries can cause you not to balance. Auditors entries do not always balance--even though they should. You also may need to take off items from your spreadsheet that the auditor included in their adjusted cash balance.**

RSCCC Specific info>

Finance

***Cash receipts and checks are automatically posted to cash when saved.- check numbers are assigned when printed and posted.

Payroll

*** If auto JV payroll transactions is selected, then the system will post net payroll check amounts to clearing fund.

***Statutory Minimum is NOT automatically expensed or payment posted with the payroll interface. You still need to run stat min report and post expense. Then, post payment as a district written check.

***Texnet amounts are posted with the expenses but the payments still need to be entered as a district written check. This includes withholding, medicare, social security, etc.