

Bank Account Reconciliations
Standard Operating Procedures

December 22, 2010

Beaufort County Finance Department

Author: Alan R. Eisenman, CPA, Finance Supervisor  Date: December 22, 2010

Approved: David A. Starkey, CPA, Chief Financial Officer  Date: December 22, 2010

TABLE OF CONTENTS

<u>SECTION</u>	<u>SECTION TITLE</u>	<u>PAGE</u>
A.	PURPOSE	3
B.	SCOPE	3
C.	DEFINITIONS	3
D.	RESPONSIBILITIES/QUALIFICATIONS	4
E.	PROCEDURES	4
F.	RECORDS MANAGEMENT	4
G.	QUALITY CONTROL	5

A. PURPOSE

The purpose is to document the uniform process for bank account reconciliations in the Finance Department. It should be noted that both the Treasurer's Office and Employee Services reconcile bank accounts, but these controls only pertain to the Finance Department.

B. SCOPE

The Beaufort County Finance Department employees who perform and review the bank account reconciliations are limited to the County's Chief Financial Officer (CFO), Finance Supervisors, the Accounting Supervisor, and Fiscal Technicians.

This standard operating procedure describes the process by which the designated Finance Department employees reconcile bank accounts.

C. DEFINITIONS

Bank reconciliation- a reconciliation between the bank statement monthly balance and the County's general ledger book balance in Munis.

Bank statement- a monthly statement from the bank that shows the activity of cleared items during the month, such as deposits, checks, interest, service charges, ect.

Book balance- the general ledger balance that accounts for transactions that occurred during the month, but may have not yet cleared the bank.

General Ledger – the “books” of the County. A compilation of all of the accounts within the County, accounted for in separate funds. These accounts are then used to create the balance sheet and income statement for each County fund.

Journal Entry – an amendment to the general ledger.

Munis – the County's general ledger software.

Outstanding items- deposits or checks that have been written during the month, but have not yet cleared the bank either due to the bank's lag time in processing a transaction or the individual has not yet taken the item to the bank for processing.

Sharepoint – the County's intranet.

D. RESPONSIBILITIES/QUALIFICATIONS

The Finance Department is responsible for reconciling approximately 90 monthly bank accounts, while the Treasurer's Office is responsible for reconciling approximately 40. The Employee Services also has one bank account that it reconciles monthly.

E. PROCEDURES

1. Around the tenth day of the following month, the bank statements are mailed or sent from various County departments to the Finance Department to begin the reconciliation process.
2. The creator accesses Sharepoint and opens up the corresponding bank account Excel spreadsheet.
3. Since there is a separate tab for each month, the creator makes a copy of the previous tab and updates the information to reflect the current month's activity such as bank balance, outstanding deposits and checks, prior month's book balance, interest earned, etc.
4. Journal entries are posted into Munis to record the month's activity and the backup documentation such as the bank statement is attached to the entries.
5. Journal entry numbers are entered on the bank reconciliation so that anyone can look at the corresponding journal entries to see which entries made up that month's bank account activity.
6. The creator prints out an account detail history report from Munis to ensure that the adjusted bank reconciliation balance agrees to the general ledger balance at month end. Since the creator's name is on this Munis report, it verifies that the creator did not review his own work.
7. The creator updates the list of bank accounts spreadsheet in Sharepoint to annotate that this bank reconciliation has been completed.
8. The creator has the CFO review and sign off on the bank reconciliation and corresponding journal entry. If there is an error or clarification, the reviewer will ask the creator to make the necessary adjustments to correct the bank reconciliation and will sign off on the updated reconciliation.
9. Once the bank reconciliation and journal entry has been approved and signed off, then the creator will scan both documents into Sharepoint so that there is an electronic version available for future reference.

F. RECORDS MANAGEMENT

Current fiscal year paper bank reconciliations should be scanned into pdfs and stored on the County's intranet and also maintained in files by the Finance Department until the current fiscal year audit is complete and issued. After the current fiscal year audit has been issued, the paper copies of the bank reconciliations can be shredded, but the electronic copies stored on the intranet should be maintained indefinitely.

G. QUALITY CONTROL

There is always a reviewer of every bank reconciliation that is processed in the Finance Department. There is an internal deadline that monthly bank reconciliations should be completed no later than the 25th of the following month to ensure timely and accurate financial reporting.