



BANK RECONCILIATION POLICY

Effective: September 2, 2014

Overview

Bank reconciliation is an underappreciated, yet critical control to help ensure an organization's financial integrity. Weaknesses and inefficiencies in the reconciliation process often lead to mistakes on the balance sheet and overall inaccuracies in the financial month end close.

Purpose

The City of Clarkston is responsible for the timely reconciling of all city bank accounts to ensure good controls over cash. Reconciling the city's bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciled items are appropriate and are being recorded; and (4) the reconciled cash balance is consistent with the general ledger cash balance.

Bank Reconciliation Procedures

1. The City Manager is to receive the monthly bank statements unopened directly from the bank and review them for any unusual deposits and disbursements activity. [Note: Any unusual activity must be promptly and thoroughly investigated and reported.]
2. After the City Manager review, the bank statements are to be given to the Finance Officer who has the responsibility for ensuring that all bank accounts are reconciled within 20 business days after the bank statements are received.
3. The written bank reconciliation is to be prepared by an employee who does not have responsibility/authority to sign checks; or receive and deposit cash.
4. The monthly bank reconciliations are to be properly completed, dated, and signed by both the preparer (Finance Officer) and reviewer/approver (the City Manager) and be maintained on file for subsequent review and audit.

5. Bank account balances are to be reviewed monthly to ensure that they are fully secured and that the types of securities pledged by the financial institution are in accordance with city and state law.

