

Policy and Procedures for Bank Reconciliations

BACKGROUND INFORMATION

The reconciliation of all bank accounts in a timely manner is a key component of good controls over cash. The reconciliation of the bank balance with the book balance (i.e., general ledger) is necessary to ensure that:

1. All receipts and disbursements are recorded, which is an essential process for ensuring complete and accurate monthly financial statements;
2. Checks are clearing the bank in a reasonable timeframe;
3. Items reconciled are appropriate and are being recorded;
4. Fraudulent claims can be discovered and investigated; and
5. Reconciled cash balance agrees to the general ledger cash balance.

The following represents a revision to the Falmouth Housing Authority's Bank Reconciliation policy.

BANK RECONCILIATION POLICY OF THE FALMOUTH HOUSING AUTHORITY

BANK RECONCILIATION POLICY

This policy applies to all FHA programs, including federal and non-federal, and programs subject to partnership agreements, regulatory agreements, and/or financial agreements, unless specifically noted in the above-mentioned agreements.

Bank statements are provided directly to the Fee Accountant monthly. Each bank account will be reconciled by the fee accountant by the 15th day of the following month. Bank discrepancies will be communicated by the fee accountant to the Executive Director for resolution with the bank. The bank reconciliations will be provided with the monthly fee accounting reports.

BANK RECONCILIATION PROCEDURES

Bank Reconciliation

Bank statements will be made available directly from the bank to the fee accountant, by mail or electronic access each month for the preparation of the bank reconciliation. This approach allows the financial data to be provided to the fee accountant in a timely manner and provides a level of internal controls so that the PHA cannot alter information on the bank statement.

Bank reconciliations are prepared by the fee accountant on a monthly basis.

The Fee Accountant provides the completed bank reconciliations to the PHA as part of the monthly fee accounting reports.

Review of Bank Reconciliation

The Executive Director will review the completed reconciliation reports to ensure that there are no questionable transactions, outstanding checks, or deposits in transit.

The Executive Director will initial and date the bank reconciliation, which will indicate that the review was completed and any follow-up action, if needed, was appropriately taken. Written documentation of follow-up action and resolution is retained with each bank reconciliation for auditing purposes.

A copy of the bank reconciliation will be given to the Board of Commissioners as part of the monthly board reporting package. The Board of Commissioners will review the bank reconciliation and ensure that there are no deposits in transit which spans more than one (1) month.

Other key items that should be considered during the monitoring of the bank reconciliation by both the Executive Director and Board of Commissioners include the following:

- The actual activity in the bank account matches the intended use of each bank account.
- The number and amount of deposits in transit. Large number of deposits or large amounts in transit may indicate fraud.

Year End Review for Outstanding Checks

The PHA will retain a copy of all bank reconciliations in accordance with the PHA's record retention policy.

Policy and Procedures for Bank Reconciliations

At the end of the fiscal year, the bank reconciliations should be specifically reviewed by the Executive Director. Any outstanding checks that have been dormant for more than one (1) year for payroll checks and three (3) years for tenant refunds and payments for goods or services may need to be voided by the PHA.

The Executive Director will provide the list of any voided checks to the fee accountant so that a journal entry can be made to the financial statements and the bank reconciliations can be updated.

Outstanding checks that meet the definition of unclaimed property by the state will be remitted to the state as outlined in the state's unclaimed property rules and guidance.

Approved by Board of Commissioners on 4/29/24

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