



Dave Yost
Auditor of State



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Reconciliations

Anna Mary Thomas
Project Manager
Local Government Services Section

Objectives

- What is reconciliation?
- Timing of reconciliation
- What items are needed?
- Helpful hints
- Problems that have been encountered



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What is a reconciliation?

The process ensuring that cash balances presented in the cash journal are in agreement with depository balances.



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When should you perform reconciliation?

MONTHLY – within the first week of the new month is best.



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Why is it important to do this monthly?

Many reasons:

- The process allows you to determine if all items have been recorded and match the postings by the bank at the same amounts. If there is a discrepancy, this can be corrected fairly quickly.
- The accuracy of the transactions within the system allows the Council or Trustee to have an accurate and up to date information to make the best decisions for the government.
- A new fiscal status concern – fiscal caution. If a township, municipal corporation, or county has not reconciled its accounting journals and ledgers with the treasury treasury/bank for more than three months and is unable to reconcile the records within one month of written notification by the Auditor of State.



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Are you able to do this other than monthly?

Most banks send their bank statements after month end. That is why it is required to be done monthly.

If you have access to your bank accounts on-line, the option to check off checks and deposits cleared on bank to system can be done daily or weekly to lessen the load at month end. Many banks offer the on-line services for no cost.



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HELP – I am new and something seems wrong

Tips to determine if there is an issue

- Ask for the latest bank reconciliation performed by Clerk/Finance Director.
 - Also determine if Council/Trustees are receiving a copy monthly
- Look at the bank reconciliations and determine if there is a large reconciling item amount listed
 - Does the reconciling items have descriptions for each item and amounts?
 - If no descriptions are listed for each amount, ask what they are?



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HELP – I am new and something seems wrong (continued)

Now what?

- Depending on how many months it is behind, you will need to start at the last reconciled month and move forward
 - Options: in-house or contract
- If you have several reconciling items, you need to check following:
 - Is the amount fixed in following month
 - Is the amount getting larger or fluctuating



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Items Must Have

- All Bank Statements
 - Checking, Savings, CDs, Investments
- Computer System or Manual Cash Journal



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Possible Items Needed

- Cash Journal printed if on computer system
- Deposit Slips
 - *Why?* – If you have more than one deposit slip in a day that has more than one receipt, deposit slip may be needed to match up system to bank.



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It's Time to Start the Reconciliation Process

The order of what we go over may be different but process is same.



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- Bank balances from bank statements need inputted into reconciliation
- Investment balances on system should be reviewed and updated at end of month to match statements, if they don't already.



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Tip #1

Whether it is deposits, checks, electronic receipts or withdrawals, or interest earned, use a pencil or another notation to mark off of the bank statement to show you have found it in the ledgers. This will save time later if questions or problems arise.



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Revenue

Deposits on bank statement need to be matched to the receipts posted to system.

- Some systems make you mark receipts on system when matched to bank deposits
- Receipts posted but not on bank statement at end of month, should be listed as Deposits in Transit reconciling item
- Any receipt that doesn't match deposit slip needs to be listed as reconciling item for the amount that doesn't match



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Revenue

Electronic receipts on bank statement

- May or may not have received documentation in mail or via email
- Determine if it is posted in system
- Find source of receipt if not receipted before receiving bank statement



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Revenue

Bank corrections

- o May note during month or the month prior a receipt on system doesn't match bank. If bank caused error, they will show correction.
- o Bank correction needs matched up to the potential reconciling item in prior month or the original receipt



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Revenue

Things to remember:

- o Property Tax Revenue is posted at gross amount. To make sure it is posted correctly per bank, the deductions must be included with gross amount to reach net that was received.
- o Income Tax Revenue collected by outside company has fees. Therefore, it is posted at gross with deductions just like property tax revenue.



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Revenue

Things to remember:

- o Interest is only shown on statements and needs posted or it is a reconciling item.
- o Investment interest needs to be flagged to hit investment account on system to allow the investment balance match the investment statements. Example – STAROhio
- o NSF on receipts returned – Make sure it is matched up with the original receipt when received



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Expenditures

Checking account cleared checks

- Cleared checks on bank statements need marked in system as such
- Double check that amounts of the cleared check on bank match system
 - Any differences should be listed as reconciling items on bank reconciliation and researched
- Checks not cleared will be listed as outstanding checks



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Expenditures

Outstanding Check List

Review the outstanding check list monthly. Please note if any checks are over 6 months old or older. If they are, consider calling vendor or person listed on check to determine if it was received or sent in error



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Expenditures

Wire Payments or Electronic Debits

- Most wire payments shown on bank statements are debt payments. These items must match memo expenditures posted in system
- Any item listed on bank as debit or expense not related to check must be posted in system or it is reconciling item



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Expenditures

Bank Charges

Several banks have a monthly bank charge. This is only listed on statement and must be posted to system.

At times, bank charges for new checks issued and that is also listed on bank statement and must be posted.



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Expenditures

Things to remember

- All memo charges posted in system must be listed on bank statement
- Checks that are voided – make sure they are noted in the system. This keeps the outstanding check list up to date



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Investment Accounts

Possible items

- Receipt into investment is possible movement of money from another bank account to investment. - No receipt posted
- Deduction from investment possible movement to another bank account. – No expenditure posted
- Other items



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IT BALANCES!!

No greater feeling than when you have reached the end and the books reconciled to the bank.



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Local Government Services

Southwest Region

88 East Broad Street
Columbus, Ohio 43215

Anna Mary Thomas

Presenters Phone: (800) 282-0370
Presenters Fax: (614) 466-4490
E-mail: contactus@ohioauditor.gov



Ohio Auditor of State
Dave Yost

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Dave Yost
Auditor of State

88 East Broad Street
Columbus, Ohio 43215

Phone: (800) 282-0370 Fax: (614) 466-4490
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Attachment

Bank Reconciliation Reconciled Date 12/31/2013

UAN v2014.1

Prior UAN Balance:		\$713,277.63
Receipts:	+	\$178,756.08
Payments:	-	\$125,208.75
Adjustments:	+	<u>-\$100.01</u>
Current UAN Balance as of 12/31/2013:		\$766,723.93
Other Adjusting Factors:	+	<u>-\$64.37</u>
Adjusted UAN Balance as of 12/31/2013:		<u>\$766,659.56</u>
Current Bank Balance as of 12/31/2013:		\$820,238.05
Deposits in Transit:	+	\$0.00
Outstanding Payments:	-	\$53,578.49
Outstanding Adjustments:	+	\$0.00
Other Adjusting Factors:	+	<u>\$0.00</u>
Adjusted Bank Balance as of 12/31/2013:		<u>\$766,659.56</u>

Balances Reconciled

Reconciliation Notes

Payments Not In UAN: \$64.37
DON BERRY CK 1001???????????

Governing Board Signatures

There are no outstanding receipts as of 12/31/2013.

There are no outstanding adjustments as of 12/31/2013.