

# Havasu Community Health Foundation

## Policy on Bank Reconciliations

**Board Approved: May 17, 2017**

### Bank Reconciliations:

1. Bank statements are to be received unopened by the Administrative Assistant. The receiving party should review the contents for inconsistent check numbers, signatures, cash balances, and payees and endorsements at a minimum. After this cursory review is conducted, the official should initial and date the bottom, right-hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the Fiscal Manager (an individual without check signing rights) to reconcile the bank accounts using the approved reconciliation form.
2. The person charged with this responsibility should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements during this period of time, the Administrator should be notified.
3. When reconciling the bank accounts, the following items should be included in the procedures:
  - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
  - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
  - c. An investigation of items rejected by the bank, i.e., returned checks or deposits. d. A comparison of wire transfer dates received with dates sent.
  - e. A comparison of canceled checks with the disbursement journal as to check number, payee, and amount.
  - f. An accounting for the sequence of checks both from month to month and within a month.
  - g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
  - h. A review and proper mutilation of a void check.
  - i. Investigate and write off checks which have been outstanding for more than six months.

4. Completed bank reconciliations should be reviewed by the Administrator and initialed and dated by the reviewer.
5. The Administrative Assistant upon the completed bank reconciliations prepares any general ledger adjustments.
6. Copies of the completed bank reconciliations will be forwarded to the Treasurer for his/her review.

Reconciliations of Other General Ledger Accounts:

1. Each month the Administrative Assistant and Treasurer shall review the ending balance shown on balance sheet accounts such as the cash accounts, accounts receivable, accounts payable and deferred revenue. The Administrative Assistant and Treasurer shall review the bank reconciliations, schedules of accounts receivable and deferred revenue and the aging of accounts payable to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, petty cash, prepaid, property, equipment and fixtures, security deposits, and intangible assets.
  - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
  - b. Petty Cash - The balance in this account should always equal the maximum amount of all petty cash funds. The current amount equals \$100.00.
  - c. Prepaid - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period.
  - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
  - e. Security Deposits - The balance in this account should equal amounts paid in escrow to landlords and lessors and should not change frequently, but should be updated as applicable.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
  - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.
  - b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts

withheld from employee paychecks as well as the employer's portion of the expense for the period, that has not been remitted to the government authorities.

- c. Due to Others - If there are any amounts owed to others at the end of the period they should be recorded and the correct balance maintained in the general ledger
4. Income/Expenses - These accounts are described as income from membership, contributions, publications, and other expense line items such as salaries, consulting fees, etc.
- a. Income - The amounts charged to the various cash accounts should be reconciled with funding requests, funders reports, draw down schedules, etc.
  - b. Gross Salary Accounts - The balances in the gross salary accounts should be added together and reconciled with the amounts reported on quarterly payroll returns.
  - c. Consulting - The amounts charged should be reconciled to the contracts.