Effective: July 1, 2009
Supersedes: Procedure 3.2 dated July 1, 2005
Applies To: Colleges
Procedure Responsibility: KCTCS Accounting

Bank Reconciliations

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Section 3.7.1 - General

A bank reconciliation must be completed every month for each bank account that the college controls. The bank reconciliation must be transmitted to KCTCS Accounting by the 20th day of the following month (e.g. October's reconciliation transmitted by November 20th).

Section 3.7.2 - Definition of a Complete Bank Reconciliation

A. Bank reconciliations must be completed in the format prescribed by KCTCS Accounting (an example is in Section 3.7.5). Any deviation from the prescribed format must have written approval from either the Director or Associate Director of Accounting.

B. The College must send the following to be complete:
- Bank Reconciliation
- Bank Statement
- GL Activity Report
- Copy of entries made to PeopleSoft to correct prior months reconciling items (or indicate the journal ID on bank reconciliation)
- All should be sent electronically

C. The general ledger must be adjusted for reconciling items the month following the reconciliation. Any amounts remaining outstanding on the reconciliation for a period of more than one month will be rectified via a journal entry prepared by KCTCS Accounting. The journal entry will adjust the college cash account using the account string 44300 01 706280 06038 00 and the college will be notified of the adjustment. For example, any reconciling items on the

October bank reconciliation that originated in August or earlier would be in this category. Adjustments will be made by KCTCS Accounting to clear the reconciling items.

D. The bank reconciliation and the entries to adjust for reconciling items that are sent to KCTCS Accounting must be reviewed and initialed by the College's chief business officer as to correctness and accuracy.

Section 3.7.3 – Who May do Bank Reconciliations

The College chief business officer has final responsibility for the bank reconciliation process. Delegation of performing the actual reconciliation is permitted. However, consideration must be given to ensure there is proper segregation of duties, (i.e. no one that makes actual deposits, or handles receivables, etc., is permitted to perform bank reconciliations). If lack of staff creates a problem with the segregation of duties, approval must be requested and granted in writing from KCTCS Accounting.

Section 3.7.4 – General Instructions for Bank Reconciliation Completion

When determining the general ledger balance for a given cash account using PeopleSoft's Financial Module, the query (or other reports used) must extract all information related to the cash account. The form in Section 3.7.5, depicts cash account (10616) for Jefferson (BU 68060); but, transactions to account 10616 may have been coded to other college business units. Hence, it is critical that whatever reports or processes used to obtain general ledger balances from PeopleSoft's Financial Module render the cash balance for the account in total. Activity for a given cash account can cross business units.

A. The bank reconciliation form basically performs two reconciliations. The first is the reconciliation from the bank balance on the bank statement, to an adjusted bank balance. The second is the reconciliation from the general ledger (PeopleSoft) ending balance to an adjusted general ledger (PeopleSoft) balance. (Note -The PeopleSoft balance must be determined by including all transactions up to and including the end of the month date). Both the adjusted bank and general ledger (PeopleSoft) balances should equal each other.

B. The only items that are adjustments to the bank (or top half) of the reconciliation are items that are already recorded in the general ledger (PeopleSoft) but did not appear on the bank statement for that month. For example - deposits recorded in the general ledger (PeopleSoft) at the end of the month that had not been deposited in the bank by the bank's cutoff time for that day. This occurs when a deposit is taken to the bank at 3:30 PM on

the last day of the month. Since the bank records transactions made after 2:00 pm on the next business day, that transaction is recorded by the bank on the first of the next month. The college recorded the deposit on the last day of the month; but it won't appear on the bank statement until the following month**.**

Any adjustments on the bank half of the reconciliation will not require any adjustments to the general ledger (PeopleSoft). These are only timing issues that should correct themselves the next month.

On the bottom half of the bank reconciliation, (the general ledger / PeopleSoft half), the starting point is the end of the month balance per the general ledger (PeopleSoft) balance. Below that, reconciling items are listed (items that either should have been recorded in the general ledger (PeopleSoft), but weren't; or, items that weren't recorded in the general ledger (PeopleSoft), but should have been). There are two types of reconciling items, 'Deposits' or 'Disbursements'. Examples of 'Deposit' type adjustments include a credit card deposit recorded in the general ledger (PeopleSoft) as a cash deposit; or, a deposit reflected on the bank statement that had not been recorded in the general ledger (PeopleSoft). Examples of 'Disbursement' type adjustments include a transfer that is reflected on the bank records, but was not recorded in the general ledger (PeopleSoft); or, a bank fee that needs to be recorded in the general ledger (PeopleSoft). **Basically all reconciling items in the lower (general ledger / PeopleSoft) section of the bank reconciliation must have a corresponding journal entry attached to the bank reconciliation and entered in the next month to correct the error in order for the bank reconciliation process to be considered complete.**

C. The amounts in the shaded lines on the bank reconciliation must equal each other and must also equal the balance in the general ledger (PeopleSoft), after adjusting entries for the reconciling items are made.

End of Procedure

Section 3.7.5 – Bank Reconciliation Form

Name of Account: Cash – Jefferson
Account # on Ledger (PeopleSoft) (Example 10616)
Business Unit: 68060
Month reconciling: October 2005

Bank Statement Balance at end of Month		$ XXXXXXX
Additions recorded in PeopleSoft, but not on the bank statement:		
Deposits in transit	$XXXXXX	
Other (describe)	$XXXXXX	
Deductions recorded in PeopleSoft, but not on the bank statement:		
Outstanding disbursements (describe)		
Outstanding ACH	$XXXXXX	
Adjusted Bank Balance at October 31, 2005		$ XXXXXXX
General Ledger (PeopleSoft) balance October 31, 2005		$ XXXXXXX
Deposit reconciling items:		
	$xxxxxxx	
	$xxxxxxx	
Disbursement reconciling items		
	$xxxxxxx	
	$xxxxxxx	
Adjusted General Ledger (Peoplesoft) balance October 31, 2005		$ XXXXXXX

Preparer signature _____

Dean of Business Affairs _____