

Rooksdown Parish Council

Bank Reconciliation Procedure

v1.0 Approved at RPC meeting 23 May 2018

1 The Rules

The Governance and Accountability for Smaller Authorities in England doc, (<https://www.nalc.gov.uk/news/entry/791-joint-practitioners-advisory-group-1>) states:

5.25. Bank reconciliations should be performed on a regular basis and cover each of the authority's bank accounts. Most commonly, authorities will operate a current account through which most transactions are made, and possibly one or more deposit accounts.

Some authorities will carry out a reconciliation every time they receive a bank statement, which is good practice as it identifies bank errors early on. It is for each authority to decide how regularly it wants to receive the assurance that a successful reconciliation can provide.

Reconciling the cash book to bank statements should be reported to members, and the full reconciliation made available for their scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of finance or another authority nominee is not only good practice but it is also a safeguard for the RFO and may fulfil one of the authority's internal control objectives.

2 The Purpose

From the above, the purpose of the bank rec is to show that the closing balance on the cashbook (ie the accounts system) at a given date is the same as on the bank statement. The checking and signing of it is just making sure that the RFO has checked they are OK, or if they're not, there is a good reason. Therefore (assuming the RFO has do their job properly) all councillors need to do is check the closing balance against the statement.

3 The Procedure

Therefore the procedure is:

- The Clerk enters all transactions in the cash book
- The Clerk receives a statement, reconciles the accounts and check they balance
- The Clerk prints out the reconciliation showing they balance
- Councillors check:
 - The reconciliation balance and the closing balance are the same as on the statement
 - Any discrepancies (ie uncleared payments listed on the reconciliation) are obvious, or are explained by the Clerk and minuted
- The designated person (usually the Chairman) signs the reconciliation and the statements

Note that it is not a requirement to approve reconciliations every month, but this is good practice.