

POLICY and PROCEDURE: Verification of Bank Reconciliations

PURPOSE: To Define the Policy and Procedure for Verifying Bank Reconciliations

SCOPE: Bank Accounts operated by Melbourn Parish Council

POLICY: Bank reconciliations are a key financial control. The process compares MPCs financial records with those of their banks to ensure that there is agreement between the sums of money in the different accounts. It is responsibility of the RFO to produce reconciliation for each bank account at the end of every month. The Councillor who has been nominated by MPC to verify the bank reconciliations should follow the procedure below.

RESPONSIBILITIES: It is the responsibility of the Responsible Financial Officer (RFO) to ensure that bank account reconciliations are properly verified. Verification will be monthly. Councillors will be nominated and approved at full Parish Council meetings to serve a term as the person delegated to verify bank account reconciliations. A normal period of such service is one year, although this time period can be flexible at the discretion of the RFO. It is the responsibility of the nominated Councillor to report anomalies or concerns to Parish Council if these cannot be resolved by discussion with the RFO.

PROCEDURE:

1. Bank and Building Society Accounts

- 1.1 Check that a reconciliation has been produced for each account every month
- 1.2 Ensure that the opening cash book balance agrees with the closing balance from the previous month's reconciliation
- 1.3 Confirm agreement between the bank statement balance and an original (or on-line) bank statement
- 1.4 Check that any reconciling items appear genuine. Query any over three months old with the RFO or Clerk
- 1.5 For the main current account randomly select a small number of items from the bank statement and agree them to the Edge bank statement report. Randomly select a few items from the Edge report and agree them to the bank statement.
- 1.6 Query any unusual items

1.7 Sign the bank reconciliations and bank statements.

2. Prepaid debit cards

Note: MPC operates an imprest system for the prepaid debit cards. The balance on the debit cards plus the purchases made should total the amount agreed by MPC to be loaded on the cards (currently £600).

2.1 Ensure that a prepaid debit card reconciliation has been produced by the RFO

2.2 Check the opening balance to the previous month's reconciliation

2.3 Agree the statement balance per the reconciliation to the debit card statement

2.4 Ensure that the total of purchases made plus the statement balance is £600

2.5 Query any differences or unusual items

2.6 Sign the prepaid debit card reconciliation and debit card statements

3. Petty Cash

Note: MPC operates an imprest system for petty cash. The balance in the petty cash tin plus the petty cash vouchers should total the agreed float (currently £30)

3.1 Ensure that a reconciliation has been produced by the RFO

3.2 Check the operating balance to the previous reconciliation

3.3 Ensure that the total of the petty cash vouchers and the cash in the petty cash tin totals £30

3.4 Query and differences or unusual items

3.5 At random, carry out occasional check audits of the balance of petty cash in the tin

4. Reporting

Report that bank reconciliation checks have been completed to Melbourn Parish Council. Bring any concerns, or absence of bank reconciliations, to the attention of the Council or the Finance and Good Governance Committee.



Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council Meeting: 28 September 2020