



# MT. DIABLO UNIFIED SCHOOL DISTRICT

## INTERNAL AUDITOR GUIDANCE

### Bank Accounts & Reconciliation

#### Overview

Each school site and district department or program that administers at least one bank account must complete a bank reconciliation report every month. The report should be submitted to the Internal Auditor of the Chief Business Office no later than the 20<sup>th</sup> of each month.

There are three types of checking bank accounts that the schools or department use:

- Clearing
- Revolving Cash
- Associated Student Body

#### Signatory

Two signatures are required on all checks. Sites/departments are recommended to have three signers for each account. The bookkeeper of the account(s) must not be a signer. Bookkeeper must have full and sole custody of the blank checks, accounting records, checkbook register and bank statements. These must be kept in a secured place, e.g. safe or locked drawer in a locked office.

#### Stale Dated Checks

Any checks issued but uncashed for six months or more are considered stale dated, and are no longer valid. Void these checks in account system or checkbook register, noting the check #, original date of issuance and payee's name. The check amount is added back to account balance. If the expense for the check voided has previously been reimbursed by district, that amount will need to be returned to district. Contact Accounts Payable of Fiscal Services for direction on how to net this amount against future reimbursement requests.

#### Retention

Bank reconciliation, cancelled checks and reimbursement requests are required to be kept for three years (recommended four years), according to CASBO Records Retention Manual,

#### Clearing Account

A Clearing account is established for the collection of money or donations that will later be deposited to the school site budget for related expenses. Checks can only be issued to Mt. Diablo

Unified School District to transfer (or “abate”) the money from the clearing account to the appropriate budget.

A Clearing account is established to set certain financial transactions apart from regular accounts, so that different types of transactions are not commingled. It is a temporary holding account. All money in the account should be transferred or abated to the District account, so a balance should not exist at the end of any fiscal year. **Clearing account abatement should be made monthly.**

Abate only checks that have cleared, to avoid overdrawing the account in case of any checks bounced due to insufficient funds. This will also avoid any unnecessary finance charges to the account.

### Reconciliation for Clearing Account

Refer to the Bank Reconciliation form for Clearing Account (Exhibit A).

“School” - Enter school name

“Beg. Date – End Date” - Enter the reporting period being reconciled, e.g. MM/01/YY to MM/31/YY

“Bank Ending Balance” - Enter the ending balance amount from the bank statement

“Book Ending Balance” - Enter the last day of the month balance amount from Quicken or checkbook

“Add: Deposits in Transit” - List any deposits recorded in checkbook that have not cleared the bank

“(Subtract) Uncleared Checks” - List any checks written in checkbook that have not cleared the bank

“Add: Interest / Correction” - List any interest recorded in bank statement that is not in checkbook

“(Subtract) Charges / NSF Checks” - List any bounced checks and finance charge not in the checkbook

“Adjusted Bank Balance” - Bank Ending Balance + total Deposits in Transits – total Uncleared Checks

“Adjusted Book Balance” - Book Ending Balance + total Interest/Correction – total NSF/Charges

If Adjusted Bank Balance equals Adjusted Book Balance, the reconciliation is complete. Sign and date under “Preparer”. Principal/Administrator must review and approve the reconciliation form.

The reconciliation report package should include the following:

- Bank reconciliation page
- Bank statement
- Quicken register or transaction report, or copy of checkbook
- If using ASBWorks, include ASBW account register report

Principal must review the completed package and approve by signing the reconciliation page. Submit the approved reconciliation report package to the Internal Auditor no later than the 20<sup>th</sup> of each month. Submission can be done by scanning and emailing, faxing, or pony hardcopies.

## Revolving Cash Account

A revolving cash account is a specific amount of money reserve in an already established fund to be used for purchase of inexpensive items.

A revolving cash account allows school staff or district employees to purchase inexpensive items (with prior approval of the principal/budget administrator) directly from vendors and later be reimbursed by the revolving cash account. Please refer to the Revolving Cash Guide for further details.

The revolving cash account will be reimbursed through the District's accounts payable process. Replenishment of funds is done through a request for reimbursement. See Exhibit B for sample of reimbursement request memo to District

Cancel any old checks that are stale dated, i.e. more than six months old, if the employee no longer works for the District. If those checks have previously been reimbursed by District, refund District by netting the amount against current or future reimbursements. Memo must include supporting information, i.e. check date, check #, check amount, who it was made out to, expense code and description of the related expense that was voided.

### Reconciliation for Revolving Cash Account

Refer to the Bank Reconciliation form for Revolving Cash Account (Exhibit C).

"School/Site" - Enter school/department name

"Beg. Date – End Date" - Enter the reporting period being reconciled, e.g. MM/01/YY to MM/31/YY

"Bank Ending Balance" - Enter the ending balance amount from the bank statement

"Book Ending Balance" - Enter the last day of the month balance amount from Quicken or checkbook

"Add: Deposits in Transit" - List any deposits recorded in checkbook that have not cleared the bank

"(Subtract) Uncleared Checks" - List any checks written in checkbook that have not cleared the bank

"Add: Interest / Correction" - List any interest recorded in bank statement that is not in checkbook

"(Subtract) Charges / NSF Checks" - List any bounced checks and finance charge not in the checkbook

"Adjusted Bank Balance" - Bank Ending Balance + total Deposits in Transits – total Uncleared Checks

"Adjusted Book Balance" - Book Ending Balance + total Interest/Correction – total NSF/Charges

If Adjusted Bank Balance equals Adjusted Book Balance, the reconciliation is good. Move on to the "Add: Pending Reimbursement Request to District" section.

"Add: Pending Reimbursement Request to District" - List amounts that are pending reimbursement from District. If a reimbursement memo has been submitted to Accounts Payable, enter only the total amount from the memo. If there were expenses yet to be submitted for reimbursement, list the check dates, numbers and amounts.

"Revolving Cash Balance" - Adjusted Book Balance + total Pending Reimbursement from District

"Revolving Cash Limit" - Enter cash limit, e.g. elementary school \$1,500; middle school \$2,500; etc.

If Revolving Cash Balance equals Revolving Cash Limit, the reconciliation is complete. Sign and date under "Preparer". Principal/Administrator must review and approve the reconciliation form.

The reconciliation report package should include the following:

- Bank reconciliation page
- If using ASBWorks, also include ASBW bank reconciliation report

- Bank statement
- Quicken register or transaction report, or copy of checkbook
- If using ASBWorks, include ASBW account statement report
- Memo(s) for pending reimbursement request from District

Principal must review the completed package and approve by signing the reconciliation page. Submit the approved reconciliation report package to the Internal Auditor no later than the 20<sup>th</sup> of each month. Submission can be done by scanning and emailing, faxing, or pony hardcopies.

## Associated Student Body Account

An Associated Student Body (“ASB”) account is established for funds belonging to student related activities only and is not to be commingled with other accounts. An ASB account should not be used for any transactions other than ASB transactions. All money deposited to the ASB bank account must be spent according to Associated Student Body regulations (refer to chapter 8, page 103 of FC MAT ASB Accounting Manual 2015). Also refer to MDUSD guide for ASB advisor for policies and procedures.

### Reconciliation for Associated Student Body Account

Refer to the Bank Reconciliation form for Associated Student Body Account (Exhibit D).

“School” - Enter school name

“Beg. Date – End Date” - Enter the reporting period being reconciled, e.g. MM/01/YY to MM/31/YY

“Bank Ending Balance” - Enter the ending balance amount from the bank statement

“Book Ending Balance” - Enter the last day of the month balance amount from Quicken or checkbook

“Add: Deposits in Transit” - List any deposits recorded in checkbook that have not cleared the bank

“(Subtract) Uncleared Checks” - List any checks written in checkbook that have not cleared the bank

“Add: Interest / Correction” - List any interest recorded in bank statement that is not in checkbook

“(Subtract) Charges / NSF Checks” - List any bounced checks and finance charge not in the checkbook

“Adjusted Bank Balance” - Bank Ending Balance + total Deposits in Transits – total Uncleared Checks

“Adjusted Book Balance” - Book Ending Balance + total Interest/Correction – total NSF/Charges

If Adjusted Bank Balance equals Adjusted Book Balance, the reconciliation is good. Move on to the “ASB Ledger Balance” section.

“ASB Ledger Balance” – List all the ledger accounts associated with the student body, e.g. class yearbooks, language clubs, etc. For elementary schools, there may be just one ledger account. Enter beginning balance for all the ledger accounts. If there were any fundraising, enter the amount raised under “Revenue” for that ledger account. If there were expenditures, enter the amount under “Expense”. Calculate the Ending Balance for each ledger account. The sum of all the ending balance ledger accounts must equal the Adjusted Book Balance

If Total ASB Balance equals Adjusted Book Balance, the reconciliation is complete. Sign and date under “Preparer”. Principal/Administrator must review and approve the reconciliation form.

The reconciliation report package should include the following:

- Bank reconciliation page
- Bank statement
- Quicken register or transaction report, or copy of checkbook
- Balance Sheet for the ASB account reviewed and signed by ASB Advisor (for organized ASB)
- If using ASBWorks, include ASBW transaction summary report signed by ASB Advisor

Principal must review the completed package and approve by signing the reconciliation page. Submit the complete reconciliation report package to the Internal Auditor no later than the 20<sup>th</sup> of each month. Submission can be done by scanning and emailing, faxing, or pony hardcopies.

At the end of each school year, a year-end summary report must be generated (see Exhibit E for sample). This report is similar to the bottom half of the monthly reconciliation form, except that it covers the entire school year.

- Beginning balance should list all the ledger accounts as of Jul 1 of the school year
- Revenue should be the total amount raised for the year for each ledger account
- Expense should be the total amount spent for the year for each ledger account
- Transfer In and Transfer Out are for adjustments only; ASB approval required
- Ending balance should be the same amount as those in the Jun 30 monthly reconciliation
- Total of all the ledger amounts should equal the Jun 30 adjusted book balance

For schools that use ASBWorks accounting software, run Transaction Summary report for custom date 07/01/YYYY to 06/30/YYYY instead of using Exhibit E form.

The year-end summary is due to the Internal Auditor the same time June monthly reconciliation is submitted.

Exhibit A

**Mt. Diablo Unified School District**  
**Bank Account Reconciliation**

<div style="border: 1px solid black; width: 100%; height: 15px; margin-bottom: 2px;"></div> School			<div style="border: 1px solid black; width: 100%; height: 15px; margin-bottom: 2px;"></div> Beg. Date		-	<div style="border: 1px solid black; width: 100%; height: 15px; margin-bottom: 2px;"></div> End Date	
<div style="border: 1px solid black; width: 100%; height: 15px; margin-bottom: 2px;"></div> Clearing Account							
Type of Account							
Bank Ending Balance:				\$	Book Ending Balance:		\$
<b>Add: Deposits in Transit</b>				<b>Add: Interest / Error Correction</b>			
Date	Reference	Amount	Date Description Amount				
\$			\$				
<b>(Subtract): Uncleared Checks</b>			<b>(Subtract): NSF Checks / Charges / Correction</b>				
Date	Check #	Amount	Date Check # Amount				
\$			\$				
Adjusted Bank Balance:			\$	Adjusted Book Balance:			\$
<small>Adjusted Bank Balance should equal Adjusted Book Balance</small>							
Prepared by: <div style="border: 1px solid black; width: 100%; height: 15px; margin-top: 2px;"></div>			Approved by: <div style="border: 1px solid black; width: 100%; height: 15px; margin-top: 2px;"></div>				
Date: <div style="border: 1px solid black; width: 100%; height: 15px; margin-top: 2px;"></div>			Date: <div style="border: 1px solid black; width: 100%; height: 15px; margin-top: 2px;"></div>				

**Note:** Reconciliation package is due to the Internal Auditor by the 20th of each month. Package must include signed reconciliation, bank statement, and copy of checkbook pages, Quicken transaction/register summary report or ASBWorks account statement report (whichever applicable). Submit to Internal Auditor via scan/email, pony or fax (925-609-8768). Keep a copy for records.

Exhibit B

**Revolving Cash Account Reimbursement Request**

Date: \_\_\_\_\_

To: Accounts Payable of Fiscal Services

From: \_\_\_\_\_

Please issue a check in the amount of \$\_\_\_\_\_ to reimburse \_\_\_\_\_ revolving cash account for the following expenses as listed below. Original itemized receipts are also attached as a backup to this request. Any voided stale-dated checks previously reimbursed, if any, are listed and netted against current expense reimbursements.

Program, Account Code			
Date	Description	Amount	Check #
	Total		

Program, Account Code			
Date	Description	Amount	Check #
	Total		

Program, Account Code			
Date	Description	Amount	Check #
	Total		

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_



## Mt. Diablo Unified School District

### Bank Account Reconciliation

**Note:** Reconciliation package is due to the Internal Auditor by the 20th of each month. Package must include signed reconciliation, bank statement, and copy of checkbook pages, Quicken transaction/register summary report or ASBWorks account statement report (whichever applicable). Also include memo to district for reimbursement. If no memo, list checks to be reimbursed. Submit to Internal Auditor via scan/email, internal office pony or fax (925-809-8788). Keep a copy for records.



## Mt. Diablo Unified School District

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

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**Mt. Diablo Unified School District**  
**ASB Year-End Summary Report**

Note : Report is due to the Internal Auditor no later than 20th of August, 2018, same deadline as June 30th reconciliation.

Exhibit F

MT. DIABLO UNIFIED SCHOOL DISTRICT

NAME OF SCHOOL

## CHECKBOOK REGISTER

BANK NAME

ACCOUNT TYPE

ACCOUNT #

[illegible]