

Bank Reconciliation Checklist for Your Next Board Meeting

Before we get started on the process, let's see what you and your board already have in place. Bank reconciliations are more than just a system to verify the cash balance of your accounting records. They serve as a very important fraud detection device. The best indicator of an adequate process is that your property manager firm:

- Includes copies of the bank statements and reconciliations with the monthly management report; and
- The monthly package is generally available to the Board by the end of the subsequent month.

Self-Analysis of adequacy of the bank reconciliation process

This tool is designed to identify if the potential for added risk of fraud exists concerning an important basic internal control of your property. By following these steps, you can do a simple test of the process.

1. Determine when to expect the bank reconciliation to be completed (i.e. 20 days after month end).
2. Note the date that the monthly management report is received.
3. Go through the package and see if copies of the end of the previous month's reconciliation is included as well as copies of bank statements for all the Corporation's bank accounts. If they are all included, your risk is normal, however, we do suggest that you consider the C&B appropriate Segregation of Duties Self-Analysis (available on our website).
4. If not, contact your financial analyst and request these items along with a commitment of when you can expect them.
5. If their response is longer than a few days, you should consider whether time was needed to complete the reconciliation as that might indicate that your expectation in Step 1 was not met.
6. Review the bank reconciliations and note if there are old outstanding checks and/or miscellaneous reconciling items. If amounts are significant, determine what steps are being taken to resolve the reconciling items.

Timely performance of the bank reconciliation is in no way an indicator of adequacy of the bank reconciliation process. Regardless of the timing of the bank reconciliation process or the adequacy of reconciliations performed, fraud may have occurred. This self-evaluation tool is solely intended to easily identify potential shortcomings in a small organization's structure.

If you have any questions concerning the bank reconciliation process, feel free to contact us at Czarnowski & Beer LLP.



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