

Livetra Paul
Director

Olivia Willis
Internal Auditor

Dana Earnest
Executive Assistant

Rajeswari Gidda
Account Clerk



Office of Internal Auditing
Bloxham Building
725 S. Calhoun Street
Tallahassee, Florida 32305
(850)561-8922

Technical Assistance Advisement 2020-004

Internal Accounts – Bank Reconciliation Process

Question	Response
1. What is the internal accounts bank reconciliation process?	<p>The internal accounts bank reconciliation process is a process used to reconcile all internal accounts transactions to ensure that transactions and balances posted in the Skyward Accounting Software School Based Activity Accounting (SBAA) Module reconcile with corresponding bank statements.</p> <p>The monthly reconciliation process is completed by the school bookkeeper with review and verification by the school principal. The process is not finalized until all reconciliation efforts have been completed by the school bookkeeper and all reviews have been completed by the school principal. Evidence of completion of the required reconciliation processes and review/verification efforts must be documented by signature and signature date of the school principal and bookkeeper on all required forms.</p>
2. When should bank reconciliations be completed?	<p><i>Per LCS Policy, the internal accounts bank reconciliation process should be completed by the 15th day of the month following the bank statement closing date.</i></p> <p>For example, the July 31, 2019 bank reconciliation process should be completed by August 15, 2019.</p>
3. What are the steps required to complete the internal accounts bank reconciliation process?	<p>To initiate the monthly reconciliation process, the school principal should receive the monthly bank statement for the school's internal accounts. <i>The bank statement should be opened and reviewed by the school principal.</i> The review should be conducted in an effort to ensure the accuracy and validity of transactions listed on the bank statement and to identify any unusual or fraudulent transactions. <i>Per LCS Procedure, the school bookkeeper is not authorized to open the internal accounts bank statement.</i></p> <p>The school bookkeeper should complete all monthly reconciliation efforts as detailed in the <i>Leon County Schools Internal Accounts Procedures Manual</i>. The financial reporting section of the manual provides guidance on the monthly reconciliation process.</p>

4. What forms are required to be maintained for the monthly internal accounts reconciliation process?

The financial reporting section of the LCS Internal Accounts Procedures Manual provides guidance regarding the forms and other documentation that should be maintained for the internal accounts monthly reconciliation process. The manual provides the following list of required forms that must be maintained to support the monthly reconciliation process:

1. Bank Statements
2. Bank Reconciliation Report
3. Principal's Monthly Report
4. Journal Entry Report
5. Properly completed check requisition forms with all invoices, receipts and other necessary supporting documentation attached. The checks and support should be organized in sequential order.
6. Properly completed ROMCs with all necessary supporting documentation. The cash receipts should be kept in sequential order and attached to the corresponding deposit slip. The deposit slips should be organized by the date of deposit.

5. What are the internal accounts review and/or audit efforts performed by the Office of Internal Auditing?

For audit purposes, documentation will be analyzed to identify evidence of timeliness, accuracy and adequate supervisory review effort. Other review criteria may be added as deemed necessary. Analysis will include, but not be limited to the following:

Documentation	Required Process/Procedure	Audit Evidence
Bank Statement	Principal must open, and review the entire monthly bank statement for accuracy and/or exceptions.	Principal's signature and signature date on all monthly bank statement. The bookkeeper's signature is not required on this document. The signature date evidences that this review occurred prior to completion of any monthly reconciliation efforts.
Bank Reconciliation Report	The bookkeeper must ensure that all transactions are properly posted to eliminate any variance between the balances on the monthly bank statement and Skyward Accounting Software SBAA Module (i.e. clear checks, post journal entries for interest, bank fees, NSF checks, etc.) The Principal should review the Bank Reconciliation Report to ensure:	Principal's signature and signature date on or before the 15 th day of the month following the bank statement closing date. Bookkeeper's signature and signature date on or before the 15 th day of the month following the bank statement closing date.

	<ul style="list-style-type: none"> • timeliness of reconciliation efforts • all variances have been eliminated • monthly account activity listed in the report detail is reasonable and accurate 	
Principal's Monthly Report	<p>The Principal should review the Principal's Monthly Report to ensure that balances in all asset (Checking, Saving/Money Market, CD, NSF, Change Fund, Petty Cash, etc.) accounts are reasonable and accurate. Principal review efforts should include obtaining an understanding of the status of any uncollected NSF checks. Further, each activity account balance should be reviewed for appropriateness and accuracy. All accounts with deficit balances should be reviewed and measures should be implemented to immediately eliminate any deficit balances.</p>	<p>Principal's signature and signature date on or before the 15th day of the month following the bank statement closing date.</p> <p>Bookkeeper's signature and signature date on or before the 15th day of the month following the bank statement closing date.</p>
Journal Entries	<p>Journal entries should be reviewed for accuracy and appropriateness. Consideration should be given to the reason for the journal entry (i.e. error, correction, transfer, etc.)</p>	<p>Principal's signature and signature date on or before the 15th day of the month following the bank statement closing date.</p>

Relevant Governing Authorities:

- Florida Department of Education Financial And Program Cost Accounting and Reporting for Florida School "The Red Book" – Chapter 8 – School Internal Accounts
- LCS Policy 6610 – Internal Accounts
- LCS Internal Accounts Procedures Manual

Office of Internal Auditing Technical Assistance Advisement 2020-04:

The Leon County School Board's Office of Internal Auditing in response to frequently asked questions from district management, school management, teachers, parents and other interested parties, issued this Technical Assistance Advisement. Responses are based on guidance provided in the aforementioned governing authorities. Questions regarding responses provided can be directed to the Office of Internal Auditing at internalauditors@leonschools.net.