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Bank Reconciliation Guide

1. The CEC should receive the bank statements sealed
2. Compare the Beginning and Ending balances in the account
3. Review all deposits and checks.
   a. **Review reasonableness of the amount for each check and deposit**
      (too high? Too low? Legitimate business expense?)
   b. **Review the signatures on the checks** (do any look forged or false?)
   c. **Review if any checks are made payable to “cash”**
   d. **Review any non-check charges** (bank errors, withdrawals, bank charges, etc)
4. Sign the back of the envelope to confirm receiving it unopened and give the statement to your bookkeeper to reconcile it
5. After reconciliation, review the statement again and compare it with the QuickBooks reconciliation report
   a. **Review all entries that do not match.**
   b. **Review timeliness of deposits and checks in QuickBooks** (are deposits in QuickBooks made the day of the actual deposit? Are deposits made weekly? Are checks entered within 24 hours of being written)
   c. **Question all journal entries** (is there documentation to support the entry? Are there frequent and numerous entries?)
   d. **Question all voided checks** (has it been 90 days since the check was written?)
6. If anything seems strange, then consult the “Spot Checking for CECs” section for procedures to trace each check and deposit back to the receipt book. If a discrepancy is discovered, then inform your District Director of the issue.
   a. Spot Checking is encouraged for every reconciliation.
Spot Checking for CECs

1. Select a month’s Bank Statement and the QuickBooks Reconciliation
   a. Ensure that the beginning and ending balances match
   b. Review all cleared checks and deposits
   c. Question uncleared deposits and checks

2. Select a small sample of deposits (2-3)
   a. Match the amounts on the bank deposit receipt or stamped deposit slip with the reconciliations and the bank statements
   b. Add the yellow receipts amounts and see if it matches the bank deposit receipt or stamped deposit slip
   c. Check the sequence of receipts for missing, skipped, or voided receipt numbers. None should be missing or skipped, and voided receipt numbers should have an explanation.
   d. Question the reasonableness of the amount (too high? Too low?)
   e. Verify the date that deposits are recorded in QuickBooks Online is the day of the deposit at the bank.
   f. Verify the date of the deposits on the statement match the reconciliation reports
   g. Initial the deposits you reviewed

3. Select a small sample of checks (4-6)
   a. Sample checks over $300 and checks over $100 payable to employees
   b. Match the amounts on the checks with the reconciliation and bank statements
   c. Determine if the check is for a legitimate business expense
   d. Examine each check voucher, receipt and other documentation
   e. Check each voucher for the CEC signature
   f. Ensure that each check has a voucher and signature
   g. Check the sequence of checks for missing check numbers
   h. Question reasonableness of amount (too high? Too low?)
   i. Initial the checks you reviewed

4. Question all journal entries on the QuickBooks Online reconciliation report
a. Are there more journal entries than normal? (1-2 per month is normal)
b. Is there documentation to support each entry? Were you informed that the entry was being made?

5. Review the activity log in QuickBooks Online
   a. There should not be deleted or edited transactions unless it was done under the approval of a QuickBooks administrator.
   b. Specifically question edits to amounts on transactions

6. Question your staff of any concerns you have during your review

7. If you suspect fraud, then communicate with your DED

Checkout Receipt Book and Checkout Moneybag Guide

1. The checkout receipt book is checked out of the extension office by a staff member or volunteer. The checkout should be fully documented with responsibility for the funds and receipts given the responsible party.

2. The staff member or volunteer responsible for collecting funds for an event must bring a checkout locked moneybag/box

3. Cash on hand to make change for the events must be written out of the extension checking account payable to the responsible party.

4. These checkout receipt books are then returned to the designated funds custodian along with the funds collected. Total funds should equal the total receipts and the cash on hand if any. Any discrepancy or discount must be documented.

5. The designated funds custodian then initials all file copies of the cash receipts once they are in their possession. The designated funds custodian then separates the change funds, if any, from the deposit for future recording.
   a. A designated substitute custodian can be appointed to cover extended periods of leave; however, the substitute is required to document the transfer of cash/checks and properly secure funds for which he/she is responsible. When the designated funds custodian returns, they must review all transactions made in their absence and document it by initialing the file receipt in the receipt book.
6. The designated funds custodian will then issue one receipt from the master receipt book for the entire amount of the funds collected. This receipt from the master book should reference receipt numbers from the secondary receipt book. The white copy from the master receipt book should be stapled to the last receipt used in the secondary receipt book. The secondary book is now ready to be checked out again.

7. When the designated funds custodian is ready to make the deposit, the custodian must be careful to separate the funds raised from the change funds in QuickBooks. See “change fund guide” for more details.