

Office of State Courts
Administrator

BANK RECONCILIATION - MACA 10/18/2019





Agenda

- Bank Reconciliation Best Practices
- Uniform Accounting System
- Bank Reconciliation Overview
- Bank Reconciliation Exercise
- Common Adjustments Discussion
- Q&A



Bank Reconciliation Best Practices

1. Timely Receipts
2. Bank Reconciliations/Deposits/Outstanding Checks
3. Disbursements
4. Open Items
5. Bonds

Uniform Accounting System Court Operating Rule 4.51-4.59

Accounting records shall include:

- Pre-Numbered Receipts (COR 4.53)
- Pre-Numbered Checks (COR 4.52)
- Cash Control Records (COR 4.54)
 - WORKSHEETS 10 AND 11

Uniform Accounting System Court Operating Rule 4.51-4.59

Accounting records shall include:

- Case Fee Records (COR 4.55)
- Open Items Records (COR 4.56)
- Uncollected Costs, Fines and Judgements (COR 4.57)
- Monthly Reconciliation Records (COR 4.59)

All bank balances and open items records (this includes bonds) shall be reconciled at least monthly.

Bank Reconciliation - Overview

- Ending book balance should match the end of the month bank balance.
 - If it does not match, a review of receipts, deposits, and checks should be done to determine if any adjustments are needed in order to balance.

Bank Reconciliation - Terminology

- Cash Control Record – combined or separate list of amounts received (receipts) and checks issued (disbursements) established and maintained by the court
- Outstanding Bonds – bond funds that are receipted and deposited and being held until funds are applied to case costs or refunded
- Open Items – funds receipted and deposited and being held until funds are applied to the case costs or refunded
- Deposits in Transit – deposits recorded by court but did not clear the bank

Bank Reconciliation - Terminology

- NSF Checks – non-sufficient funds checks
- Chargebacks – charges returned to payment card after successfully disputed by payer, funds reversed from court bank account
- Positive Adjustment – adjustment to the bank balance when the bank balance is lower than book
- Negative Adjustment – adjustment to the bank balance when the bank balance is higher than book

Bank Reconciliation - Items Needed

- Bank Statement – WORKSHEET 3
- Cash Control Records – cash balance as of last day of the month
 - Outstanding Check List for Previous Month – WORKSHEET 4
 - Check Register for Current Month – WORKSHEET 5
 - Receipt Listing for Current Month – WORKSHEET 6
 - Deposit in Transit List (not applicable in this exercise)
- Outstanding bond listing/report – WORKSHEET 7
- Open items listing/report – WORKSHEET 8
- Point of Sale/Credit Card vendor reports – WORKSHEET 9
- Online payment vendor reports – WORKSHEET 9

Bank Reconciliation Exercise – Getting Started

1. Clear Outstanding Checks from Previous Month
2. Clear Checks from Current Month
3. Create New Outstanding Check List
4. Clear Deposits*

*(No Deposit in Transit List for this Exercise)

Clearing Checks & Deposits Best Practices

- Create an outstanding check list
 - Review outstanding check list for checks that have not cleared that were made out to attorneys and other political subdivisions, follow up monthly
 - Outstanding checks to defendants, follow up after 2 to 3 months to verify check was received
 - Turn stale dated checks over to unclaimed property annually
- Create a deposit in transit list
- Follow up on deposits that have not cleared in a reasonable amount of time

Bank Reconciliation Process

BANK	BOOK
Ending Bank Balance from Bank Statement	Beginning of Month Book Balance
+Deposits in Transit	
+Other Positive Adjustments	+ Receipts for the Month
-Outstanding Checks	
-Other Negative Adjustments	- Disbursements for the Month
= Adjusted Bank Balance	= Ending Book Balance*

*Reconcile to Open Items (this includes outstanding bonds).

Common Adjustments

- Encoding Errors
- Timing adjustments
- Service Charges
- Interest
- NSF Checks
- Chargebacks

Positive Adjustment	• Bank Lower than Book
Negative Adjustment	• Bank Higher than Book

Identifying Adjustments

• **Summary of Negative Adjustments**

- Negative adjustments from previous month's bank reconciliation have not been corrected.
- Bank deposit error where the amount of the bank deposit is MORE than the amount entered in book/system.
- Bank deposit not entered in book/system by month end or partially entered, such as:
 - Tax Intercept Receipts, Debt Collection Receipts, electronic Check/Credit card vendor receipts, Deposits made to the bank account in error.
- Deposit made in court account in error. (Wrong account).
- Voided receipt re-entered for less than the original receipt in error.
- Other timing differences.

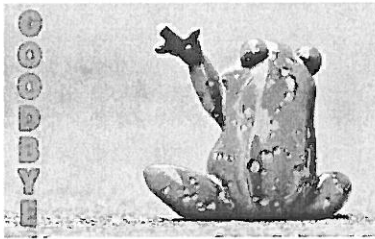
Identifying Adjustments

• **Summary of Positive Adjustments**

- Positive adjustments from the previous month's bank reconciliation have not been corrected.
- Previous month(s) service charges have not been resolved.
- Bank deposit errors where deposit is LESS than System.
- Bank debits not recorded in book/system. (NSF checks, service charges, electronic check & credit card "credits")
- Non-monetary receipt voided and re-receipted as monetary.
- Voided receipt re-receipted for more than original receipt.
- Receipts recorded in book/system twice by mistake.
- Other timing differences.



Contact Information



OSCA Help Desk

573-751-4377 or 888-541-4894
Accounting Assistance: Option 2
