**Bank Reconciliation – Financial Institutions**

**Procedure Type:** District Accounting

**Procedure Name:** Bank Reconciliation

**Procedure Owner:** Associate Vice Chancellor of Finance and Administration

**Secondary Owner:** Executive Director of Business & Administrative Operations

**Cross-Functional Divisions:**

Finance and Administration Division – Student Financials, Accounting, Student Financial Aid, Accounts Payable

College – College Business Offices, Financial Aid Offices

**Category:**

**Procedure Purpose:**

The goal of this procedure is to provide the governance framework for a standard and consistent balance sheet account reconciliation process across Peralta. This procedure should be used in conjunction with

* [Standards & Guidance – fasab.gov](https://fasab.gov/accounting-standards/) | [Generally Accepted Accounting Principals](https://files.fasab.gov/pdffiles/2022_%20FASAB_%20Handbook.pdf)
* [CCC - Budget and Accounting Manual (BAM)](https://ocde.us/Business/Documents/District%20Accounting/Budget_and_Accounting_Manual_(BAM)_2000.pdf#:~:text=This%20Budget%20and%20Accounting%20Manual%20%28BAM%29%2C%20which%20has,to%20define%2C%20establish%2C%20and%20maintain%20the%20budgeting%20and)
* PCCD Board Policies
* PCCD Administrative Policies

**Procedure Summary:**

A balance sheet account reconciliation is the comparison of Peoplesoft Financial Management: General Ledger balance to a subledger balance in PeopleSoft Campus Solutions or Human Capital Management, bank or other third-party statement, or additional documentation that appropriately supports the account’s balance.

**The District Finance Accounting Team is responsible for performing daily, monthly, and quarterly bank reconciliations based on whether an account is defined as high, medium, or low risk.** Bank accounts with daily balances of **$50,000 or greater are considered high.**

* **The designated accounting staff is responsible for monitoring cash activities every workday, based on the bank’s month-to-date information, available on the bank’s website for bank accounts defined as high-risk.**
* **The designated accounting staff is responsible for conducting a monthly bank reconciliation shortly after the end of each month, when the accounting staff has access to the bank statement containing the bank's beginning cash balance, transactions during the month, and ending cash balance. Monthly bank reconciliations, in general, must be available for review and presented to the Associate Vice Chancellor of Finance and Administration by the 15th of each month, except**

**The Associate Vice Chancellor of Finance and Administration is responsible for approving the monthly bank reconciliations by the 20th of each month.**

**The Process Owner is responsible for researching irreconcilable items identified and providing proper support to District designated accounting staff.**

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| --- | --- | --- | --- | --- |
| **Bank Name** | **Account Description** | **Object Code** | **Reconciliation**  **Preparer** | **Risk** |
| **East West Bank Escrow** | **Parking Mitigation / BCC** | **9122** | **Principal Accounting Technician** | **High** |
| **Wells Fargo** | **Merchant Credit Card\***  **Activities include:**  **1. PayPal (fee-based courses, Laney facilities rentals)**  **2. Shift-4 (Laney’s Bistro/Cafeteria)**  **3. Wells Fargo Business Track (Int'l app fees)** | **9123** | **District Accounting Technician** | **High** |
| **Wells Fargo** | **Laney Fed ACH / EFT Account** | **9125** | **Principal Accounting Technician** | **Low** |
| **Wells Fargo** | **Financial Aid\*** | **9128** | **Principal Accounting Technician** | **High** |
| **Bank of America** | **United Health (Vision)** | **9129** | **District Accounting Technician** | **Medium** |
| **Wells Fargo** | **Revolving cash account.**  **1. Cash advancements to employees.**  **2. Wire remittances to students.** | **9130** | **Principal Accounting Technician** | **High** |
| **Cal Bank & Trust** | **Employee Direct Deposit** | **9135** | **District Accounting Technician** | **High** |
| **Cal Bank & Trust** | **Workers Compensation - Self-Insurance** | **9136** | **District Accounting Technician** | **High** |
| **Cal Bank & Trust** | **Medical - Anthem/Trustmark** | **9138** | **District Accounting Technician** | **High** |
| **Bank of America** | **Laney – Business Services Office** | **9140** | **District Accounting Technician** | **High** |
| **Merritt – Business Services Office** | **9141** | **High** |
| **Berkeley – Business Services Office** | **9142** | **High** |
| **Alameda – Business Services Office** | **9143** | **High** |
| **External Bank Accounts** | | | | |
| **Wells Fargo** | **Merritt ASB** |  | **Merritt-Staff Asst / Student Services** | **Low** |
| **Merritt Food Service** |  | **Low** |
| **ASCIP – FBO Account (liability insurance)** |  | **Vendor** | **Low** |
| **Bank of America** | **General Fund – Laney College** |  | **Laney-Staff Assistant** | **Low** |

***Bank Reconciliation Process Flow***

**A bank reconciliation is the process of matching the balances in PeopleSoft accounting records for a cash account to the corresponding information on a bank statement. This is to ensure that Peralta’s cash records are correct. The information on the bank statement is the bank's record of all transactions impacting the entity's bank account during the past month.**

**The designated accounting staff is responsible for preparing the bank reconciliation in a timely manner following the essential process flow for a bank reconciliation.**

1. **Start with the bank's ending cash balance.**
2. **Add any deposits in transit from the company to the bank.**
3. **Subtract any checks that have not yet cleared the bank.**
4. **Either add or deduct any other items.**
5. **Go to PeopleSoft – Financial Management Trial Balance Report for ending general ledger balance.**
6. **Deduct from it any bank service fees, NSF checks and penalties.**
7. **Add to it any interest earned.**

**At the end of this process, the adjusted bank balance should equal Perala’s ending adjusted cash balance.**

***Bank Reconciliation Record Keeping***

**The designated accounting staff is responsible for completing the bank reconciliation and attaching the proper supporting documentation to each reconciliation.**  Supporting documentation must:

* Provide details for and substantiate the general ledger account balance being reconciled.
* Be detailed enough so that a person without extensive knowledge of the account can review the reconciliation and understand the nature of the balance.

Examples of supporting documentation include, but are not limited to, **bank or other third-party statements, reports from sub ledgers or other internal systems, calculation work papers, and notes or commentary by the preparer/approver.**

**The approved bank reconciliation is located on Peralta’s W Drive (W:) > Departments > finbudg > Bank Reconciliation > *Reconciliation Preparer’s Name* >…**

**Procedures:**

***Performing Monthly Bank Reconciliations***

1. **The designated accounting staff determines the accounting period that is being reconciled.**
2. **The designated accounting staff download reports from the financial systems. Information from financial systems and sources below should be utilized.**

* PeopleSoft Financial Management – General Ledger module
* PeopleSoft Campus Solutions
* Human Capital Management
* BankMobile (Payment Processor)
* Department of Education Grants Management System G5 (Administration and Payment)
* United Health Care Portal
* Sedgwick – Check Register No Voucher
* Bank (Bank Statement)

|  |  |  |  |
| --- | --- | --- | --- |
| **Account Description** | **Object Code** | **Process Owner** | **Source Document(s)** |
| **Parking Mitigation / BCC** | **9122** |  | **PS FM – Trail Report:**  **Run Trail Balance for ending balance (GL) – per accountant.** |
| **Merchant Credit Card** | **9123** | **College Business Services Office**  **-Bursars**  **-VPAS**  **-College Dean – A&R** | **PS Campus Solution – Query Manager:**  **- PCC\_CREDIT\_CARD\_TO \_GL**  **- PCC\_STUDENT\_PAYMENT\_TO\_GL**  **- SF\_E\_PAYMENT\_LOG**  **[filter queries by object code]**  **PS FM – Trail Report** |
| **Laney Fed ACH / EFT Account** | **9125** |  | **Run Trail Balance for ending balance (GL) – per accountant.** |
| **Financial Aid** | **9128** | **District Director of Financial Aid** | **Run Trail Balance for ending balance (GL) – per accountant.** |
| **United Health (Vision)** | **9129** | **District Benefits Specialist** | **File Name: Detailed Report for Transfer Evaluation – BC (Daily Statistics)**  **Senior Accountant downloads file from United Health Care portal and places on W:Drive.** |
| **Revolving Cash Account** | **9130** | **1. District Director of Payroll Services**  **2. District-Dir of Intn'l Svcs & Student Support** | **Run Trail Balance for ending balance (GL) – per accountant.** |
| **Employee Direct Deposit** | **9135** | **District Director of Payroll Services**  **District-Sr System Analyst Pay/Std/Fin** | **PeopleSoft FM – Query Manager:**  **- PD\_PAYROLL\_BY\_ACCOUNT \_OF**  **--(Check Register)**  **- AAA\_JRNL\_BY\_OBJ**  **--(Batched)**  **[filter query by object code]**  **PS FM – Trail Report** |
| **Workers Compensation - Self-Insurance** | **9136** | **District-Coordinator/Risk Management**  **Vendor-Sedgwick** | **PeopleSoft FM – Query Manager:**  **- AAA\_JRNL\_BY\_OBJ**  **--(Batched)**  **File Name: Check Register No Voucher**  **- Sedgwick sends a list of weekly disbursement to the district accounting team via email on Thursdays. (**[accouting@peralta.edu](mailto:accouting@peralta.edu)**).** |
| **Medical - Anthem/Trustmark** | **9138** | **District Benefits Specialist** | **PeopleSoft FM System – Query Manager:**  **- AAA\_JRNL\_BY\_OBJ**  **--(Batched)**  **[filter queries by object code]** |
| **Cash in Bank – Laney** | **9140** | **College Business Services Office – VPAS** | **PS Campus Solution – Query Manager:**  **- PCC\_CREDIT\_CARD\_TO \_GL**  **- PCC\_STUDENT\_PAYMENT\_TO\_GL**  **- SF\_E\_PAYMENT\_LOG**  **[filter queries by object code]**  **PS FM – Trail Report** |
| **Cash in Bank – Merritt** | **9141** |
| **Cash in Bank – Berkeley** | **9142** |
| **Cash in Bank – Alameda** | **9143** |

1. **The designated accounting staff calculates cash within each report.**
2. **The designated accounting staff identifies irreconcilable items, notifies the Process Owner, and collaborates to resolve differences.**

* Merchant Credit Card (9123)
  + - **(Manual) Clerical variances – 1. Request supporting documentation from the Process Owner; 2) Create journal adjustment in PS FM GL module to correct the variance; 3. Submit to AVC of Finance and Administration for review.**
    - **(System) Non-cash activities for prior year credits being applied as cash – 1. Download support from Campus Solution, 2. Work with the District System Analyst to identity the variance; 3. Create journal adjustment in PS FM GL module to correct the variance.**
    - **Chargebacks – (online) student dispute charges. 1. Notify college A&R to research issue. 2) Upon notification, College A&R staff will work with students or credit card merchant to resolve dispute charges.**
* Employee Direct Deposit (9135)
  + - **Rejected ACH (chargebacks) – 1) Senior Accountant notifies the Director of Payroll Services, 2) Designated payroll staff works with the Finance Executive Assistant to reissue a manual paycheck; 3) Payroll Staff coordinates with employee to pick–up check.**

1. **Upon receiving notification, the Process Owner provides supporting documentations to designated accounting within five working days.**

1. The Associate Vice Chancellor of Finance and Administration:
   * Determines if a journal entry is needed to correct the cash in bank balance in an accounting record.
   * Reviews and approves the monthly bank reconciliation.
   * **Naming Convention for each reconciliation: Accounting Period\_Bank Name\_Object Code.**

**Related Policies:**

* [Standards & Guidance – fasab.gov](https://fasab.gov/accounting-standards/) | [Generally Accepted Accounting Principals](https://files.fasab.gov/pdffiles/2022_%20FASAB_%20Handbook.pdf)
* [CCC - Budget and Accounting Manual (BAM)](https://ocde.us/Business/Documents/District%20Accounting/Budget_and_Accounting_Manual_(BAM)_2000.pdf#:~:text=This%20Budget%20and%20Accounting%20Manual%20%28BAM%29%2C%20which%20has,to%20define%2C%20establish%2C%20and%20maintain%20the%20budgeting%20and)
* PCCD Board Policies
* PCCD Administrative Policies

**Related Forms and Information:**

**History:**

New Procedure