

Town of New Lebanon

Bank Reconciliation Policy

The Town of New Lebanon hereby adopts the following as its Bank Reconciliation Policy. The purpose of this Policy is to ensure that departments or officials having authority over Town bank accounts perform and prepare bank reconciliations on a timely basis and that bank reconciliations are submitted for Town Board review and oversight on a regular basis.

Purpose of Timely Bank Reconciliation

A reconciliation system is essential for maintaining proper control over municipal funds. A bank reconciliation is a schedule showing and explaining the differences between the bank's records of cash accounts and the Town's accounting records. It helps account for transactions not yet recorded by the bank, such as outstanding checks, and transactions processed by the bank that might not yet be recorded in the Town's accounting records, such as bank fees and wire transfers. Bank reconciliations can reveal errors made by either the bank or the Town. Timely bank reconciliation ensures accountability over municipal funds, leads to more effective and timely correction of errors, and assists in preventing fraud and abuse.

Timeliness of Bank Reconciliation

All departments or officials having control or authority with respect to any Town bank account shall prepare a bank reconciliation within 10 business days of receipt of each bank statement.

Submission of Bank Reconciliation to Town Board

All departments or officials having control or authority with respect to any Town bank account shall submit the completed bank reconciliation to the Town Board as part of such department's or official's report to the Town Board in advance of the next scheduled monthly meeting of the Town Board following completion of the bank reconciliation.

Manner of Reconciliation

Each department or official having control or authority with respect to any Town bank account shall reconcile the bank statement(s) with Town accounting records by computing an adjusted bank balance (to take into account, e.g., outstanding checks and deposits not yet reflected on the bank statement), computing an adjusted book balance (to take into account

charges, fees, debits and credits of the bank not yet reflected in the Town's accounting records), and comparing the adjusted bank balance with the adjusted book balance to ensure they are the same. If the adjusted bank balance and the adjusted book balance are not the same, the department or official shall investigate the cause of the difference and seek to correct it as appropriate.

Submission of the Bank Reconciliation

As part of such department's or official's regular monthly report to the Town Board, the department or official shall submit the latest bank reconciliation performed, if not previously submitted to the Town Board, along with a statement or notation as to the date on which the reconciliation was performed and by whom. Such submission shall include a copy of the bank reconciliation (if prepared as a separate document), along with copies of the documents on which the department or official relied in preparing the bank reconciliation, including (as appropriate and without limitation) the relevant bank statement(s), the relevant Town accounting records, and the relevant check copies, deposit tickets, and receipts, all with appropriate redactions (bank account number(s), etc.). If the adjusted bank balance and the adjusted book balance are not equal, the department or official shall explain the discrepancy and, as appropriate, the corrective action taken or to be taken to address the discrepancy.

Town Board Review of Interim Bank Reconciliations and Annual Audit

The Town Board's receipt and review of bank reconciliations on a periodic or regular basis under this Policy shall not be construed as a waiver or satisfaction of its legal responsibility to conduct an annual audit of the various departments and officials having authority over a Town bank account. Notwithstanding this Policy, the Town Board shall annually audit each department and official as required under State law, and each department and official shall fully submit to such annual audit.

Town Board Review of Policy

The Town Board shall periodically review this Policy and shall, as appropriate, make any amendment or changes as may be necessary to improve the Town's internal controls for financial operations.

TB reviewed & amended 12/12/2023