BANKING & RECONCILING
2022 ANNUAL TREASURERS CONFERENCE

WHEN?

- Daily:
  - Cashbook charges to Cashbook credits

- At least Monthly:
  - Treasurer Funds Ledger to Auditor Funds Ledger
  - Bank Balance to Cashbook
CASHBOOK

➢ IC 5-13-5-1

Sec. 1. (a) Every officer who receives or distributes public funds shall:

(1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and

(2) balance the cashbook daily to show funds on hand at the close of each day.

(b) The cashbook is a public record and is open to public inspection in accordance with IC 5-14-3.

(c) A person who violates this section is subject to IC 35-44.2-2-2

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RECONCILING COMPLIANCE

➢ IC 5-13-6-1(e)

All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories.

➢ Accounting and Uniform Compliance Guidelines Manual for County Treasurers

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee.

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INTERNAL CONTROLS

- Control Environment
- Risk Assessment
- Control Activities:
  - Segregation of Duties
  - Reconciliation
- Information and Communication
- Monitoring

SEgregation OF DUTIES

- **IC 36-2-10-9**
  
The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor.

- **IC 36-2-9-12**
  
The auditor shall keep an accurate account current with the county treasurer.

- Statutory segregation of duties by office.
  - Receipts, warrants, reconcilement
- Care should be taken to preserve this segregation of duties
CASHBOOK CHARGES & CREDITS

- Prescribed Form 47
- Left side contains all of the charges
  - Tax collections – not quietused
  - Other sources – not quietused
  - Funds ledger
  - Investment ledger
- Right side contains all of the credits
  - Deposits
  - Investments
  - Cash on hand

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FUNDS LEDGERS:
TREASURER = AUDITOR

IC 36-2-10-15(a)

(a) The treasurer shall maintain:

(1) separate accounts of receipts for and expenditures from each specific county fund or appropriation; and

(2) a general account of all county receipts and expenditures.

Both Auditor and Treasurer prepare a monthly report and funds ledgers need to be reconciled between the two offices.

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FUNDS LEDGERS:
TREASURER = AUDITOR

Funds ledger is part of the Cash Book

Cash deposits

- Investments from general funds
- Investments from specific funds

<table>
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<tr>
<th></th>
<th>Balance Previous Day</th>
<th>Transferred From Accounts Above By Quiets</th>
<th>Today's Cash Received By Quiets</th>
<th>Fund Ledger Balance Correction</th>
<th>Auditor Corrected Entries</th>
<th>Disbursed</th>
<th>Balance Close of Day</th>
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<td>Other than Funds Ledger</td>
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BANK BALANCE TO CASHBOOK

➢ Cash Book is your record balance.
➢ There will be timing differences:
  • Deposits in transit
  • Outstanding checks
  • Credit cards
  • Interest/Bank charges
  • NSF checks

** You must be able support the amounts used in the reconcilement. All differences need to be identified or else you are not reconciled.

BANK BALANCE TO CASHBOOK

➢ Different approaches to reconcile cash book to banks:
  1. Reconcile each bank separately and summarize total adjusted bank balances, investments and cash agree to record balance
  2. Reconcile all deposits and investments from all banks on one reconcilement, add cash and compare total to record balance
BANK BALANCE TO CASHBOOK

Adjustments

• Posting errors
• Bank errors
• Potential problems
  ✓ Receipts don’t match deposits
  ✓ Disbursements don’t match warrants
  ✓ All unidentified variances need to be noted and investigated

OUTSTANDING CHECKS

➢ IC 5-11-10.5-2
  • Outstanding unpaid warrants or checks are void after 2 years

➢ IC 5-11-10.5-3
  • List in triplicate prepared for Board of Finance, Auditor, & Treasurer

➢ IC 5-11-10.5-4
  • Content of list prepared in triplicate

➢ IC 5-11-10.5-5
  • Procedure to use upon receipt of list
GATEWAY

- Monthly:
  - Bank Reconcilements
  - Bank Statements
  - Outstanding Check Lists
  - Cash Balance Report (Form 47 – Treasurers Cashbook)
  - Documentation of Reconciliation of Form 61’s

- Annually:
  - Year End Investment Statements

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MISCELLANEOUS

- Bank of New York (BNY)
  - State Revolving Funds (SRF)
  - Trust accounts for Debt Service and Construction
  - Included on Treasurers Cash Book

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DEPARTMENTAL BANK ACCOUNTS

- Council would need to approve.
- Must work with Treasurer (approved depository).
- IC 5-13-6-1 daily deposits required
- Turning over all funds collected to the Treasury.
- No authority to purchase from these accounts.

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