


OHIO AUDITOR OF STATE
KEITH FABER



Reconciliation and Proof of Cash

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Items Needed

- All bank statements
- Cash Position Report
- Revenue Journal
- Check Register
- Cash Journal
- Transfer/Advance Report
- Outstanding Check List

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Terms

- Proof of Cash Period – The months that are to be reconciled.
The Proof of Cash Period could be January 2017 – December 2019,
 but the reconciliation work might be done in 2020
- Current Month – The month that you are working on currently
- Book Section – All lines on the proof of cash from the “Balance per Books” line through the “Adjusted Book Balance” line
- Bank Section – All lines on the proof of cash from the first bank account balance through the “Adjusted Bank Balance” line
- Reconciling Item – A posting or transaction that does not match between the books and the bank statement

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Terms

- Outstanding Checks – Checks that are written in a certain month, that do not clear the bank in that month
- Deposits in Transit – Receipts posted on the system in a certain month that do not clear the bank in that month or the following month (if a receipt does not clear the bank in the month it is posted, or the following month, it is a reconciling item)
- Check figure – Numbers at the bottom of the proof of cash columns that compare the Adjusted Book Balance to the Adjusted Bank Balance

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Proof of Cash Period

- Know what the Proof of Cash Period is and do not do any other months.

However, if the Proof of Cash Period is January 2017 – December 2019, you will need to check the January 2020 system reports and bank statements to see if any of the outstanding reconciling items were corrected on the system in January 2020. If so, those items would need to be backed out of the adjustment amounts. You would not actually reconcile January 2020 though.

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Important

- Work on one month at a time!!!
Only set up a new tab for the next month once the current month is complete
Do NOT set up tabs for all months to start
The linking can create nightmares to try to go back to a previous month and add reconciling items once subsequent month's tabs are set up
- Corrections to outstanding reconciling items are entered on the same line as the outstanding reconciling items

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Important

- While you are doing a proof of cash, do not try and correct anything for the time period that the proof of cash covers. Do not make any adjustments on the system.
- Once the proof of cash is completed for the entire period that it covers, one number will be posted to the system to adjust for each fund for prior year amounts. For amounts in the current year, individual correcting adjustments can be made as current year receipts and expenses.

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Tips

- Look for patterns – Once a few months are completed, patterns should become apparent.
- Auditor/Treasurer Fees and Returned Checks affect both columns
- Fund Transfers and Bank Transfers need to be “eliminated”
- Make notes on the proof of cash when each adjustment/reconciling item is first found.

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Tips

- Format
- Month
- Receipt Reconciling Items
- Expenditure Reconciling Items
- Fees/Returned Checks

September 2019
Interest not posted XYZ Bank savings
Deposit not posted (quarterly business income tax)
Bank service charges not posted (main account)
Memo check 91238 is duplicate of 91221
Deposit item returned
Credit card processing fees not posted
Bank transfer posted as memo check 91240
Auditor and Treasurer fees on RITA deposits

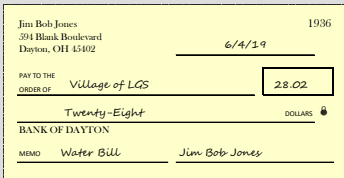
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Tips



- Cheat sheet shows how reconciling items should be entered in the proof of cash, + or - and which column.
 - Handout H 7

Common Issues



- In this case, the resident paid their water bill of \$28.02, which is what the entity posted on the system. However, banks go by what is written out on the line, not the numbers in the box, so this check only cleared the bank for \$28.00 which created a \$0.02 reconciling item.

Common Issues

- Deposits in transit clear in the next month
- Payments automatically withdrawn from the bank account
- Returned checks
- Auditor and Treasurer Fees
- Fund Transfers
- Bank Transfers
- Corrections posted for outstanding reconciling items
- Bank statement dates are mid-month

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