

# QUALITY MANAGEMENT SYSTEM

**PL-009A-FIN**  
**Bank Reconciliation policy**

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	Revision	<b>A</b>
Purpose of Document: <b>This policy covers the processes to be followed for bank account reconciliation and review.</b>	Commencement date	<b>12 April 2018</b>
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Approved by the College Council. Decision number 156, 12 April 2018		
It is directed by Council that this policy will be made available on the College web site.		

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# PL-009A-FIN

## BANK RECONCILIATION POLICY

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### 1. PURPOSE

The purpose of this policy is to ensure that:

- 1.1 Monthly Bank Reconciliations are performed correctly and all transactions are complete and accurately recorded in the General Ledger; and
- 1.2 Monthly Bank Reconciliations are reviewed by a senior official.

### 2. SCOPE

This policy applies to all bank accounts of the College.

### 3. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

- 3.1 "Accounting Officer" – is the College Principal.
- 3.2 "Act" – is the CET Act No.16 of 2006, as amended (formerly the FET Act)
- 3.3 "Bank Reconciliation" - is a process performed to explain the difference between the bank balance reflected in the College's bank statement, as supplied by the bank, and the corresponding amount reflected in the College's own accounting records at a particular point in time.

- 3.4 "CET"- is Continuing Education and Training.
- 3.5 "College" – is a Public TVET College
- 3.6 "Department"; "DHET" – is the Department of Higher Education and Training.
- 3.7 "DPF" – is the Chief Financial Officer or Deputy Principal: Finance
- 3.8 "Employee" – is any official, employed by the College, or Department, irrespective of grade, full-time or part-time, or basis of remuneration: whether it be monthly, weekly, daily or on an hourly basis.
- 3.9 "Financial Manager" – is a senior Finance post reporting directly to the Deputy Principal: Finance.
- 3.10 "Finance Coordinator" – is a Finance post reporting directly to the Financial Manager.
- 3.11 "Finance Administrator" – is a Finance post reporting directly to the Finance Coordinator and is responsible for the processing of all cashbook related entries.
- 3.12 "Minister" – is the Minister of the Department of Higher Education and Training.
- 3.13 "TVET" – is Technical and Vocational Education and Training.

#### 4. LEGISLATIVE FRAMEWORK AND BEST PRACTICE REGULATIONS

Key principles contained in the following legislation and best practices were applied during the development of this policy:

- a) CET Act No.16 of 2006, as amended (formerly the FET Act );
- b) Public Finance Management Act, 1999 (Act No 1 of 1999, as amended by Act 29 of 1999) (PFMA);
- c) National Treasury Regulations, March 2005; and
- d) National Treasury Regulations Gazetted 30 November 2012.

The following College Codes and DHET recommended policies have a bearing on this policy:  
Borrowings Policy

#### 5. POLICY STATEMENT

- 5.1 The Financial Manager of the College must ensure that bank statements are drawn daily for quick content reviews.
- 5.2 This entails obtaining daily bank statements and clearing items, line by line, by comparing items recorded in the respective bank account within the College cash-book.
- 5.3 Procedures must be implemented to investigate and address any unauthorised transactions and/or any long outstanding payments recorded in the cash-book or unidentified deposits or payments reflected on the bank statement. Unauthorised matters should be finalised within 3 months of the month wherein they were first recorded.
- 5.4 The DPF, or a duly authorised person, must review and approve all Bank Reconciliations at month end, which must be signed as evidence thereof.

## 6. BANK RECONCILIATION PROCEDURES

- 6.1 The College must maintain a strict control of its cash assets. The reconciliation of the bank balance, per the bank statement, with the balance on the respective cash-book account at a certain date is one of the main controls.
- 6.2 The cash-book must be recorded from original source documents driving the receipt or payment of funds. The reconciliation of the cash-book to the bank statement must be performed after the cash-book and general ledger is updated when performing the month-end close process.
- 6.3 The following procedures must be followed when performing the Bank Reconciliation:

<b>6.3.1 Bank Deposits, Direct Transfers and Electronic Banking</b>			
<b>STEP</b>	<b>DESCRIPTION</b>	<b>RESPONSIBILITY</b>	<b>TIMING</b>
STEP 1	Establish credits to the College bank account and follow up to ensure that these deposits or credits are accounted for in the books of the College.  The College should attempt to Identify full details of each credit, promptly, to avoid having to account for these credits in the suspense account.	Finance Manager; Finance Coordinator; Finance Administrator	Daily
STEP 2	Process the daily transfers or deposits into the College's bank account into the applicable general ledger by processing the credits through the receipting procedures process.	Finance Manager; Finance Coordinator; Finance Administrator	Daily
STEP 3	Record all unidentified credits in a suitable register to facilitate future claims against the amount, and in a suspense account in the ledger that must be cleared within two months.	Finance Manager; Finance Coordinator; Finance Administrator	Daily
STEP 4	Perform a reconciliation of the unidentified deposit account on a monthly basis.	Finance Manager; Finance Coordinator; Finance Administrator;	Monthly
STEP 5	Verify all debits on the College bank account to ensure that these entries are correct and accounted for.	Finance Manager; Finance Coordinator; Finance Administrator.	Daily
STEP 6	Inspect the bank statements to confirm that the only debits on the account, other than College cheques and authorised electronic funds transfers, are:  a) bank charges; b) electronic transfers such as transfers to salaries accounts; or c) authorised direct debits from, or standing orders to suppliers; or d) other authorised electronic payments to suppliers.	Finance Manager; Finance Coordinator; Finance Administrator	Daily
STEP 7	Check the bank charges and interest amounts for reasonableness, and record the transactions for processing to the general ledger.	Finance Manager; Finance Coordinator; Finance Administrator.	Monthly

### 6.3.2 Bank Reconciliation

<b>STEP</b>	<b>DESCRIPTION</b>	<b>RESPONSIBILITY</b>	<b>TIMING</b>
STEP 1	Reconcile the cash- book/general ledger account to the bank statement before the month end close. This is an automated process performed within the accounting software module.	Finance Manager; Finance Coordinator; Finance Administrator.	Monthly
STEP 2	Print the reconciliation once all the entries have been processed.	Finance Manager; Finance Coordinator; Finance Administrator.	Monthly
STEP 3	Forward the balanced reconciliation to the Financial Manager for approval, to be indicated by his /her signature.	Finance Manager; Finance Coordinator; Finance Administrator.	Monthly
STEP 4	File the approved reconciliation.	Finance Manager; Finance Coordinator; Finance Administrator	Monthly