

Briefing Note – Bank Reconciliation

What is a Bank Reconciliation?

A bank reconciliation matches information from the Town Council's cashbooks (part of the accounting records) to the corresponding information on bank statements. Simply put, a reconciliation is how the Council checks it has the cash it thinks it has.

Good practice and Financial Regulations require that a Councillor independent of the normal financial processes verify the bank reconciliations on a regular basis (at least once a quarter) and at the end of the financial year. The emphasis is on "verification" – the Councillor must check the information presented by the finance staff and sign the bank reconciliation and the bank statement as evidence that they have checked the figures.

What documents should I expect to see?

A bank reconciliation is carried out for each of the Council's bank accounts because for each of the accounts there is a separate cashbook. Except that the main Barclays Account is a "sweep" account which means that there is a current account linked to a savings account – the balance on the current account is automatically maintained at, or close to, £12,000 by "sweeping" funds in and out of the savings account. These two accounts are reconciled together because they are both the same cashbook.

For each bank reconciliation you should expect to see:

- Bank Reconciliation Statement
- Bank statement (or two in the case of the main Barclays account)
- Cashbook report for the relevant month.

Note that the bank statement may be a transaction list printed from online banking.

What am I checking?

You are checking that the dates match. If the Bank Reconciliation Statement says it is as at (say) 31st October 2024 then the bank statement(s) and the cashbook should all say 31st October

That the description of the bank statement on the reconciliation statement matches the bank statement you are looking at. The description might be abbreviated so it won't match word for word – but you should be relatively sure that the statement you are looking at is the one described.

That the bank balance shown on the reconciliation statement is exactly the same as the balance (at the same date) on the bank statement.

That the cashbook balance on the reconciliation statement matches the "Balance Carried Fwd" figure at the end of the cashbook report.

Everything matches what do I do?

Sign and date the Bank Reconciliation Statement.

Sign and date the bank statement(s) against the balance that matches the date of the reconciliation

It doesn't match?

Don't sign anything!

What else?

Don't be afraid to ask the staff questions

Checkout the worked example of the bank reconciliation prepared for the Barclays accounts for the month ending 31 July 2024 (which is the most recent bank reconciliation that I finished myself).