



Board Agenda Item #	Agenda # II F- Consent Item
Date:	February 8, 2018
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Revised Bank Reconciliation Policy (CSH 107) to Align with LACOE Requirement

Proposed Board Recommendation

I move that the board approve the proposed revision to CSH 107 Bank Reconciliation Fiscal Policies.

Background

Our current fiscal policy deadlines do not align with those of the Los Angeles County Office of Education’s requirements. This change will make official our commitment to complete bank reconciliations by the 15<sup>th</sup> of the following month. This change will address the LACOE staff findings on the renewal petition for MSA 5 on January 23, 2018 Board Meeting at LACOE, stated as follows:

*“Additional Financial and Operational Concerns: The Fiscal Policies Handbook has insufficient controls and contains the following deficiencies: • Bank reconciliation process and timeline does not comply with LACOE’s MOU requirement of the submission of all financial report by the 15th following month.”*

The proposed revision is highlighted on the attached copy of the Bank Reconciliation Policy.

Budget Implications

N/A

How Does This Action Relate/Affect/Benefit All MSAs?

- To address LACOE staff findings on the renewal petition for MSA 5 and comply with the authorizing agency’s reporting timeline for all of MSA 1, MSA2, MSA3 and MSA 5.

**Name of Staff Originator:**

Nanie Montijo, Chief Financial Officer

**Attachments**

Proposed CSH 107 Bank Reconciliation Fiscal Policy

**SOP # CSH107 Revision: 1**  
**Effective Date: 2/8/18**

**Prepared by: Central Office**  
**Approved by: BOD**

**Title: CSH107 BANK ACCOUNT RECONCILIATIONS**

**Policy:** To ensure the accuracy of the Organization's bank account records by proving the monthly balance shown in the bank's Account Register.

**Purpose:** To outline the practices for preparation of a Monthly Bank Reconciliation

**Scope:** This applies to all bank accounts maintained by the Organization.

**Responsibilities:**

Chief Financial Officer or designee is responsible for review and approval of all reconciliations.

Back-office service provider is responsible for reconciling each site's respective checking account.

**Background:** Errors or omissions can be made to the Organization's bank account records due to the many cash transactions that occur. Therefore, it is necessary to prove the monthly balance shown in the bank account register. Cash on deposit with a bank is not available for count and is therefore proved through the preparation of a reconciliation of the Organization's record of cash in the bank and the bank's record of the Organization's cash that is on deposit.

**Procedure:**

**1.0 BANK STATEMENT PREPARATION**

**1.1** After receipt of the monthly bank statement and/or online printing of the monthly bank statement, back-office accountant should prepare the monthly bank reconciliation as follows:

- by the 15<sup>th</sup> of the following month for MSA 1, MSA 2, MSA 3 and MSA 5 and;
- by the 20<sup>th</sup> of the following month for MSA 4, MSA 6, MSA 7, MSA 8, MSA SA and MSA SD

After preparation, the back-office client manager will carefully review the bank reconciliation. Once reviewed, the bank reconciliations are sent to the Finance Team for final review and approval. To preserve proper segregation of duties, no single employee, should perform both cash transaction functions and bank account reconciliations.

**2.0 COMPUTERIZED FORMAT**

**2.1** In the computerized environment, the accounting system provides an automated bank reconciliation task. This task is generally selected once a month in conjunction with receiving the month end bank statement and/or online printout of the month end bank statement. Once selected, the screen shows a list of all items that have been posted to the cash account and that have not been cleared from the previous month's account reconciliation. The screen is usually divided into two segments: one half is a list of all checks and other charges reducing cash, and the other half is a list of all deposits and other items increasing cash. This screen would also have a field for entering the proper month end date and the balance at month end, per the bank.

**2.2** After the account-reconciling task is successfully completed, a report is provided which shows the reconciliation process, including outstanding checks and deposits in transit.

Note: Once completed, the bank reconciliations and bank statements are filed electronically.

**Revision History:**

<b>Revision</b>	<b>Date</b>	<b>Description of changes</b>	<b>Requested By</b>
0	2/14/13	Initial Release	
1	9/5/17	Revision to clarify processes and positions	
2	2/08/18	Revision to comply with LACOE requirement	CFO