

Reconciliations



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Bank Reconciliation

- Matching transactions in the accounting statements to bank statements – as a verification process.
- Records aren't accurate until all bank accounts are reconciled.
- Review uncleared transactions and reverse the ones that are no longer outstanding.
- Same process applies to credit card reconciliations.
- Example:



Bank Reconciliation Tips

- Best process is to reconcile on at least a monthly basis.
- Use direct download function for bank transactions in your software.
- If can't find a discrepancy, step away and come back the next day.
- Use deposit and withdrawal totals when looking for a discrepancy.
- Outstanding cheques are stale dated if older than 6 months.



Revenue Reconciliation

- Obtain revenue confirmation from ISC, CMHC, province and other funders and compare amounts in accounting records to confirmation amounts for every program.
- Investigate and adjust discrepancies, amounts in records should agree to confirmations.
- Discrepancies are normally from allocating to a wrong program.
- Create accruals/receivables for amounts not yet received at year-end.
- Get program managers to review their programs and confirm all the funding is accounted for.
- Example

Loans Between Programs

- Normally tracked in due to/from accounts, as loans or AR/AP.
- Loan amounts should agree in both the lending and receiving program: if social assistance lent \$50,000 to the band, SA should show a loan receivable of \$50,000 and the band loan payable of 50,000.
- Compare loan balances in both programs, investigate and reconcile discrepancies – print out GL/transaction list and match every transaction.
- It's a good practice to repay all loans from other programs by the year-end.



Payroll Advances

- Normally recorded in a separate account (receivable) on the balance sheet, includes advances and repayments.
- At year-end, we need to produce a list of employees and amounts they owe for advances.
- Start with the total balance of the employee advances account. If it's a credit balance (meaning, we owe the employees) it's likely an error and needs to be adjusted to wages (debit employee advances/credit wages).
- Review transactions in the account and prepare a list of employees that still owe at year-end.
- If no longer employed and can't collect the advances – write off to wages (debit wages/credit employee advances).



Payroll Advances Continued

- Consider exporting to Excel, sorting by name and eliminating amounts repaid so only outstanding amounts are left.
- It's a good practice to have all employee advances repaid by the year-end.



Accounts Payable

- Review bills received and payments after the year-end. Do any of them belong to year-end?
- Record bills that belong to year-end with a March 31 or earlier date. If haven't received a bill, can record an accrual – debit expense/credit accrued liabilities. Accrued AP should be reversed on April 1 because actual bills will be recorded when received.

Practical Application for First Nations Finance

Thank you for your time



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