



TOWN OF HOMER

BANK

RECONCILIATIONS

*Council Members: Linda Hardaway - District I • Johnny West - District II • Keldron Johnston District III
• Brandon Rich - District IV • Patricia Jenkins - District V*

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Town Clerk
Shenika Wright

TOWN OF HOMER
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TOWN OF HOMER
BANK RECONCILIATION
POLICY

Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.

1. The Mayor or the Financial Advisor is to receive the monthly bank statements unopened directly from the bank and review them for any unusual deposits and disbursements activity [Note: Any unusual activity must be promptly and thoroughly investigated and reported.]
2. After the Mayor's review, the bank statements are to be given to the Financial Advisor who has the responsibility for ensuring that all bank accounts are reconciled within 10 business days after the bank statements are received.

State law Louisiana Revised Statute (R.S.) 10:4-406(d) (2)) allows the municipality 30 days to examine bank statements and cancelled checks for unauthorized signatures or alterations. After 30 days, the municipality is precluded from asserting a claim against the bank for unauthorized signatures or alterations.

3. The written bank reconciliation is to be prepared by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements.
4. The monthly bank reconciliations are to be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.
5. Bank account balances are to be reviewed monthly to ensure that they are fully secured and that the types of securities pledged by the financial institution are in accordance with state law. (See R.S. 39:1221 for kinds of security and R.S. 39:1225 for amount of security.)

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