



RESOLUTION NO. 546 – EXHIBIT A

I. PURPOSE:

To establish a policy governing the monthly reconciliations of Ulster County’s bank accounts.

II. POLICY STATEMENT:

It is the policy of Ulster County that all incoming or outgoing funds to the County’s bank accounts be recorded on a timely basis. Frequent and timely bank reconciliations are essential to prevent fraud and to ensure the County’s funds are handled with fiscal and fiduciary responsibility. Bank account reconciliations are a key component of good controls over cash and should be done in a timely manner. Reconciling the bank statement balance with the County’s records (general ledger) is necessary to ensure that all receipts and disbursements are correctly recorded, to ensure checks are clearing the bank account in a reasonable time, that reconciling items are appropriately recorded, and that the reconciled cash balance agrees to the general ledger cash balance.

III. SCOPE:

The policies and procedures herein apply to all Inter-Departmental Bank Reconciliations. Inter-Departmental Bank Reconciliations are completed and reviewed with the participation of the Department of Finance and the Office of the Comptroller. Bank Accounts for which these policies and procedures do not apply are limited only to those prohibited by law.

IV. INTERDEPARTMENTAL BANK RECONCILIATION PROCEDURE:

A. Receipt and Storage of Bank Statements

1. Electronic Statements

Most bank statements are accessed electronically, which is the preferable method of receipt. The Commissioner of Finance (“the Commissioner”) is the administrator on all bank accounts and, as such, has the authority to provide limited, “read-only” access to those individuals within the Department of Finance who the Commissioner determines need this ability to complete the Department’s duties as required by the Bank Reconciliations Procedures outlined herein.

For all statements where electronic access exists, the Commissioner is required to provide “read-only” access to the Comptroller’s office to all accounts, except those prohibited by law, for monitoring and auditing purposes. The Office of the Comptroller is further entitled to electronic, “read-only” access provided to a minimum of a secondary designee within the Department who shall be designated by the Comptroller.

In the first week following the month end (i.e. when the statements are available electronically), the Department of Finance and the Office of the Comptroller will download the statements and save an electronic copy.

2. Mailed Statements

All bank statements delivered by mail should be received through the Department of Finance and Comptroller’s Office separately and directly from the financial institution, where allowable by law. For statements which are unlawful for Comptroller review, the statements shall be received through the Department of Finance with a list of such statements provided to the Clerk of the Legislature and the Office of the Comptroller no later than March 31st annually. The paper statements shall be saved electronically no later than one (1) week following receipt.

3. Establishment of New Bank Accounts

Within ten (10) days of opening a new bank account, the Commissioner of Finance is required to notify the Office of the Comptroller. The new account is required to be set up in a manner which provides for immediate compliance with the procedures outline herein.

B. Completion of Bank Reconciliations

1. Purpose

Bank account reconciliation is the process of confirming that the bank statement is valid and accurate, that transactions are reflected properly in the general ledger account and that the ending balance on the general ledger account is accurate.

2. Performance

Bank reconciliations are required to be completed and approved within thirty (30) days following the month-end by a member of staff who does not have access to bank deposits, accounts payable or payroll checks, and cannot authorize electronic fund transfers or be a signer on a bank account. Staff performing the bank reconciliations are responsible for starting any required journal entries such as posting bank interest earned and posted in the period.

If a circumstance arises where a staff member who fits this description is not available within thirty (30) days following the month-end, the Department of Finance shall notify the Office of the Comptroller of the delay. If a circumstance arises where a staff member who fits this description is not available within ninety (90) days following the month-end, the bank reconciliations may be temporarily completed by an individual who does not have access to bank deposits, or payroll checks, and cannot authorize electronic fund transfer or be a signer on a bank account for a maximum of four (4) months of reconciliations.

Documentation of reconciliations should include source documents used in the reconciliation and a schedule showing the comparisons made and adjustments or reconciling items identified with sufficient detail and clarity to enable effective review. Documentation should be maintained electronically.

3. Timing

Each bank account must be reconciled monthly. Bank Reconciliations should be completed prior to the subsequent month end and submitted to the Commissioner of Finance, or their designee, following completion.

4. Bank Reconciliation Approval

The Commissioner of Finance, or a Deputy Commissioner of Finance, is required to review and approve all bank reconciliations. The Commissioner or Deputy ensures that all reconciliations tie to the general ledger, checks for long outstanding items and discrepancies, and follows up on open items. All bank errors must be escalated to the Commissioner of Finance for resolution. Finally, the Commissioner or Deputy initials and dates the Reconciliation report and saves the bank reconciliations and any backup electronically.

The Department of Finance shall submit all approved bank reconciliations to the Office of the Comptroller within three (3) working days following the date of approval.

5. Bank Reconciliation Review

The Office of the Comptroller shall review all approved Bank Reconciliations ensuring that all transactions are recorded properly to the general ledger and that all discrepancies and follow up items are acknowledged and are undergoing appropriate follow up procedures within ten (10) days of receipt.

Approved Reconciliations are required to be submitted to the Comptroller's office for review in accordance with the Ulster County Charter and Local Law 10 of 2023. If bank reconciliations for certain accounts will not be submitted to the Comptroller within the timeline authorized by this policy, the Department of Finance shall pre-emptively notify the Comptroller's Office of the anticipated completion date, the reason for the delay, and the action plan, including a detailed description of the issue, the necessary steps for resolution, and a deadline for completion. Such notification and plan must be simultaneously submitted to the Clerk of the Legislature.

The signature from the Office of the Comptroller on the bank account reconciliation summary will confirm that current procedures were followed, and that the reconciliation accurately presents the status of the account at the bank as well as on the general ledger. Signed and dated reconciliations are required to be saved electronically.

6. Research and Review of Discrepancies and Open Items

A. Outstanding Checks

The Department of Information Services receives files directly from the bank with checks cashed in the prior month and saves them to the Department of Finance's electronic shared drive. The Department of Finance imports these files into the County's Financial Management System at the beginning of the following month to update the outstanding check listing. Checks which have not cleared the bank account during the period should be attached to the completed bank reconciliation for routing through the approval and review process and should be attached as backup to the completed and approved reconciliation file.

For Payroll Account: The Information Services Department obtains the file from the bank and places it on the Department of Finance's electronic shared drive. The Department of Finance uploads this file monthly in a proof format and downloads a monthly payroll check file from the online banking that is compared to the exported financial system file. After this comparison is made, the Department of Finance posts the uploaded file and manually updates any other checks that have cleared but were not included in the file. This process ensures the outstanding checks for the payroll account are up to date at the end of each month. Checks which have not cleared the bank account during the period should be attached to the completed bank reconciliation for routing through the approval and review process and should be attached as backup to the completed reconciliation file.

All outstanding check lists are reviewed by the Department of Finance for stale-dated status, and the Department of Finance performs its due diligence in working to ensure payments are cashed by the intended parties or turned over to the state, once deemed abandoned. This due diligence may include following up with individuals and vendors to ensure checks were received, voiding and re-issuing lost checks, or other corrective actions as deemed necessary.

B. Adjustments to General Ledger

If an unmatched bank line that represents a deposit/withdrawal appears on a bank statement but not in the general ledger, the transaction should be identified, researched, and, if deemed necessary and appropriate, a journal entry to process the transaction shall be processed by the staff member completing the reconciliation. The entry shall flow through the normal journal entry authorization process in the County's Financial System.

C. Adjustments to Bank

If an unmatched book line that represents a deposit/withdrawal exists within the general ledger but not on a bank statement, the item shall be displayed as a reconciling item on the bank reconciliation. Each item should be reviewed to determine if timing is reasonable, if an adjustment is necessary, and/or if there is a bank error. Bank errors must be handled by the Commissioner of Finance and communicated to the Office of the Comptroller in the Bank Reconciliation and correlating back up. Necessary adjusting entries shall be processed by the staff member completing the reconciliation. The adjusting journal entry shall flow through the normal journal entry authorization process in the County's Financial System.

D. Timing of Resolution

Any unmatched book/bank lines or other reconciling items should be corrected within 120 days of the reconciled month.

E. Issues Identified by the Office of the Comptroller During Review

The Finance Department is required to research and make any necessary and appropriate corrections to general ledger errors identified by the Office of the Comptroller within ten (10) days of notification.

V. ISSUES:

Issues shall be dealt with on a circumstantial basis dependent on the nature of the issue. Non-compliance with the policies and procedures herein must be reported simultaneously to the County Executive and the Clerk of the Legislature. Issues arising from the detection of potential or known fraud and/or theft shall be dealt with a manner appropriate with accounting regulations, State law, and Federal law, where applicable.