

A8.800 Disbursing/Accounts Payable and Payroll

p 1 of 17

A8.847 Reconciliation of the Departmental Checking Account

1. Purpose

To provide procedures to perform monthly reconciliation of the Financial Management Information System (FMIS) Departmental Checking Account records to Bank records for review and control purposes.

Check reconciliation is automated with the receipt of an electronic file of check numbers and check amounts of cashed checks from the Bank for each Departmental checking subaccount. The bank tape is run against the corresponding FMIS bank files identifying checks with non-matching check numbers and/or amounts and outstanding checks (uncashed) at the end of each month. Reconciliation activities address the listing of exceptions and the outstanding checks.

2. Responsibilities

Reconciliation of the Departmental Checking account is a critical function for verification of cash balances at the University system level and detection of erroneous data entry in FMIS or Bank files. This is also a critical process for the detection of unauthorized Departmental checks (checks cashed at the Bank with no records in FMIS).

- a. The reconciler is responsible for conducting monthly reviews of Departmental checking account disbursement records and bank records to ensure proper maintenance of the checking account.
- b. The Fiscal Officer is responsible for ensuring that the Departmental checking account is being properly administered. The Fiscal Officer must review the findings of each reconciliation and initiate any appropriate action as required.
- c. The General Accounting and Loan Collection Office (GALC) is

responsible for the reconciliation of the pooled cash resources of the University of Hawai'i General Account (UHGA concentration account). Monthly reconciliation of the UHGA cash balances require tracking of outstanding Departmental checks and reconciliation of exceptions. The General Accounting and Loan Collection Office will monitor the resolution of exception situations by Departmental personnel.

3. Guidelines

- a. The Fiscal Officer or the Campus/Department Head, who designates the reconciler, must ensure that the reconciler is an individual other than the custodian or the alternate. The Fiscal Officer may be the designated reconciler in those offices where staffing does not allow for the separation of duties.
- b. The reconciler will promptly conduct reconciliations at the end of each month and submit the original Departmental Checking Account Reconciliation, Form DC-2 (Attachment 1) to the General Accounting and Loan Collection Office (GALC), by the 30th day following the close of each month. The reconciliation report must be properly certified by the reconciler and the Fiscal Officer. If an exception is reported on the Check Reconciliation Report (VHMR001 - Attachment 2), clearly indicate the corrective action that is being initiated.
- c. If the reconciliation uncovers an exception situation, immediate action must be taken to resolve the situation. **"FMIS check records not found"** situations as reflected on the Check Reconciliation Report are extremely critical since the bank records reveal cashed checks which are not recorded in FMIS.

The Exception Listing of the Check Reconciliation Report is a cumulative file that continues to list exceptions until they are resolved. Exceptions are resolved by the Bank when bank input errors are involved (e.g., erroneous check amount). Erroneous entries in FMIS require special corrective FMIS transactions (e.g., erroneous check number or amount entered on a manual check). Checks are to be manually reconciled on Screen 114 by the Reconciler upon resolution of the situation. Refer to the Departmental Checking User Guide for detailed instructions on the use of Screen 114.

The Departmental Check Reconciliation - Exception Listing Corrective Action (Attachment 3) is a table that describes required actions to resolve various situations as reflected on the Exception Listing of the Check Reconciliation Report. Contact the General Accounting and Loan Collection Office for guidance in resolving situations listed on the Exception Listing.

- d. Campus/department units are responsible for maintaining proper documentation to support all Departmental checking account reconciliations including:
- 1) Departmental Checking Account Reconciliation (Form DC-2)
 - 2) Check Reconciliation Report (VHMR001)
 - 3) Check/Batch Log (Attachment 4)
 - 4) Monthly Bank Statement
 - 5) Canceled checks, bank debit/credit memos
 - 6) Monthly Check Register (VHCR039) reflecting all Departmental checking account transactions (Attachment 5)
 - 7) Consolidated Check Activity Report (VHMR094C), reflecting check numbers/ amounts of prior month's outstanding checks and current month's checks. (Attachment 6)
 - 8) Voided Checks by Bank for the Month (VHMR094E) reflecting check numbers/amounts of voided checks (Attachment 7)
 - 9) Any other relevant supporting documentation (e.g. FMIS-625DC, follow-up letters on outstanding checks, stop payment orders, etc.)

These documents are to be maintained in office files and made available for review upon request.

4. Procedures - Reconciliation

a. Reconciliation Process

The reconciliation process reviews the activities of the Departmental checking account for the specific month, resolves any identified exceptions, and reconciles the outstanding check balance. The reconciliation process must be performed on a timely basis.

b. Reconciler's Activities

- 1) Obtain the unopened envelope containing the canceled checks and the bank statement for the month.
 - a) Canceled checks are listed numerically on the bank statement. Matching of the Bank canceled check listing against the FMIS Departmental check file is automated and produces the Monthly Check Reconciliation Report VHMR001 - Exception Listing.
 - b) Research each item on the Exception Listing and initiate appropriate action as described in the Departmental Check Reconciliation - Exception Listing Corrective Action (Attachment 3). Contact the General Accounting and Loan Collection Office for clarification if required.
 - c) Based on the automated reconciliation, the Consolidated Check Activity Report (VHMR094C) is produced and displays the status of the prior month's outstanding check and the current month's checks as of the end of the month. The checks are sorted by check date and check number and appropriate follow-up action on the outstanding checks is to be initiated as follows:
 - S** The listing of outstanding checks must be reviewed for aging (number of days outstanding).
 - S** It is suggested that letters of inquiry be sent to those vendors/payees that have been issued checks that are outstanding for a significant period (prior to the 180-day limit). Initiate any required action based on responses to inquiries.
 - S** A follow-up stale dated check inquiry should be sent to vendors/payees for any outstanding

check exceeding the 180-day limit (sample - Attachment 8). Technically, the checks are no longer negotiable and must be properly enfaced (updated) before it can be cashed.

- 2) Verify FMIS-625DC and related voided checks processed for that month against report VHMR094E - Voided Checks by Bank for Current Month. Verify all other voided checks (e.g. system voided checks due to check printing errors) against the VHMR094C - Consolidated Check Activity Report and Check/Batch Log.
- 3) Complete the Departmental Checking Account Reconciliation (Form DC-2).
- 4) Examine the Check/Batch Log, the Check Register (VHCR038), and the supply of unissued checks to account for all checks. Should any checks appear to be missing, immediate follow-up action is required including the issuances of stop payment orders if appropriate (Refer to A8.848 - Special Departmental Checking Account Procedures).
- 5) Review canceled checks for unauthorized signatures, alterations, or irregular endorsements. If any incidents of altered checks or forgery are uncovered, initiate the procedures reflected in A8.848 - Special Departmental Checking Account Procedures.

c. Departmental Checking Account Reconciliation (Form DC-2)

Complete the Departmental Checking Account Reconciliation (Form DC-2) as follows:

- 1) Date: Enter the month and year of the reconciliation.
- 2) FMIS Bank: Enter the Departmental Checking Bank number, (e.g. 00100)
- 3) UH Campus/Department: Enter the appropriate campus and department (e.g. Agr-Bio Chem, Honolulu CC, etc.).
- 4) Custodian: Enter the name of the custodian of the Departmental checking account.

- 5) Cumulative Exception Listing: Enter the data reflected on the Check Reconciliation Report (VHMR001) - Cumulative Exception Listing on to the form. Provide an explanation and describe the action taken to resolve the situation. Refer to Attachment 3 for guidelines in resolving exception situations.
- 6) Reconciliation of Outstanding Checks:
 - a) Enter the total outstanding amount from Consolidated Check Activity Report (VHMR094C).
 - b) Enter any reconciling items - e.g. exception items listed as outstanding, difference in prepaid check amount, prepaid check not recorded, etc. Contact the General Accounting and Loan Collection Office for clarification if required.
 - c) Enter the adjusted total outstanding check amount.
- 7) Reconciliation of Checks Cashed:
 - a) Enter the Checks Cashed total from Consolidated Check Activity Report (VHMR094C).
 - b) Enter the total unreconciled items for the month per Check Reconciliation (VHMR001) - Monthly Exception Listing.
 - c) Enter the total manually reconciled checks for the month.
 - d) Add items 7.a. and 7.b., subtract item 7.c. and enter total.
 - e) Enter the Total Checks cashed per bank statement.
 - f) Enter the difference of item 7.d and 7.e. Result should equal zero. Contact the General Accounting and Loan Collection Office for clarification if required.
- 8) Attach supporting documents:
 - a) Copy of Bank Statement

b) Copy of Bank Debit or Credit memo issued to correct bank errors.

9) Reconciler, Fiscal Officer Signature and Date: The reconciler and the Fiscal Officer are to sign and date the form to certify the accuracy of the information provided.

5. Availability of Forms

The Departmental Checking Account Reconciliation (Form DC-2) should be reproduced as required.

University of Hawaii
Departmental Checking Account Reconciliation
For the Month of _____, _____
MONTH YEAR

FMIS Bank: _____ **UH Campus/Department:** _____

Custodian: _____

A. CUMULATIVE EXCEPTION LISTING (Refer to VHMR001)

Check No.	Bank Amount	UH FMIS Amount	Difference	Explanation/Action taken to resolve situation
-----------	-------------	----------------	------------	---

B. RECONCILIATION OF OUTSTANDING CHECKS

Total Outstanding per VHMR094C _____

Add(Deduct): Reconciling Items-exception items listed as outstanding, other

Check No.	Check Date	Explanation
-----------	------------	-------------

Adjusted Total Outstanding Checks _____

C. RECONCILIATION OF CHECKS CASHED

Total Checks cashed (reconciled) per VHMR094C _____

Add: Unreconciled items per VHMR001-Current Month/OTHER
(Complete Item A-Cumulative Exception Listing)

Deduct: Manually reconciled check(s)/OTHER _____

Adjusted Total Checks Cashd _____

Less: Total Checks Cashd per Bank Statement _____

Difference _____

D. Supporting documents to attach:

- a. Copy of Bank Statement
- b. Copy of Bank Debit or Credit Memo issued to correct bank encoding errors.

I certify that all Departmental Checking account documents and transactions have been appropriately reviewed and verified and all duties and responsibilities as reflected in Administrative Procedure Manual instructions A8.844 to A8.848 are being properly administered.

Prepared by: _____
Reconciler (Print Name and Sign) Date

Reviewed by: _____
Fiscal Officer (Print Name and Sign) Date

VHMR001
FY 2000 CC UH

UNIVERSITY OF HAWAII - CONSOLIDATED, UH ONLY
Check Reconciliation as of 12/30/1999
Monthly Exception Listing by Bank

01/05/00 13:59
PAGE: 1

BANK: 00352

FO: 00067

CHECK NUMBER	BANK AMOUNT	UH FHIS AMOUNT	DIFFERENCE	CC	MESSAGE
X00060	100.00	19.95	80.05	MA	RF7237 / Check amounts are inconsistent
	100.00	19.95	80.05		

VHMR001
FY 2000 CC UH

UNIVERSITY OF HAWAII - CONSOLIDATED, UH ONLY
Check Reconciliation as of 12/30/1999
Cumulative Exception Listing by Bank

01/05/00 13:59
PAGE: 1

BANK: 00352

FO: 00067

CHECK NUMBER	BANK AMOUNT	UH FHIS AMOUNT	DIFFERENCE	CC	MESSAGE
X00060	100.00	19.95	80.05	MA	RF7237 / Check amounts are inconsistent
	100.00	19.95	80.05		

Departmental Check Reconciliation - Exception Listing Corrective Action

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
VHMR001-Exception Listing FMIS Check Record Not Found	Bank encoding error on check number	Verify correct check number	Reconcile correct check number on screen 114	Complete explanation/ action taken on Form DC-2
	Manual check processed by bank but manual check not recorded in FMIS	Verify check was properly issued	Record check in FMIS Reconcile check on screen 114.	Complete explanation/ action taken on Form DC-2
	Mechanical check processed by bank with correct check number but check recorded in FMIS with incorrect check number	Verify correct check number	Void incorrect check number on screen 480. Re-enter prepaid voucher with correct check number. Reconcile correct check number on screen 114.	Complete explanation/ action taken on Form DC-2 Complete FMIS-625DC, obtain necessary approvals.
	Manual check processed by bank with correct check number but check recorded in FMIS with incorrect check number.	Verify correct check number	<u>Contact Disbursing-</u> Special processing required. Void incorrect check number on screen 480. Re-enter prepaid voucher with correct check number. Reconcile correct check number on screen 114.	Complete explanation/ action taken on Form DC-2 Complete FMIS-625DC, obtain necessary approvals.
Check amount inconsistent	Bank encoding error on check amount	Send letter to bank with copy of canceled check to request debit or credit memo adjustment		Complete explanation/ action taken on Form DC-2 Attach copy of debit/ credit memo received to DC-2 to be submitted to GALC.
	Bank encoding error on check number, check with same number but different amount is still outstanding.	Verify correct check number and amount	Reconcile correct check number on screen 114	Complete explanation/ action taken on Form DC-2

A8.847 Attachment 3 P 10 of 17

Departmental Check Reconciliation - Exception Listing Corrective Action

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
VHMR001-Exception Listing Check amount inconsistent	Manual check recorded in FMIS with incorrect amount	Verify correct check amount	Contact Disbursing-Special processing required. Void prepaid voucher check on screen 480. Re-enter prepaid voucher with pseudo check number in the correct amount then manually reconcile check on screen 114.	Complete explanation/action taken on Form DC-2 Complete FMIS-625DC, obtain necessary approvals.
	Cross campus check processed	Verify correct check amount	Reconcile check for each campus on screen 114.	Complete explanation/action taken on Form DC-2
Check has previously been voided	Check reported lost, stop payment placed, check cashed at bank prior to stop payment. Check voided on Screen 480, replacement check processed and cashed by correct vendor.	Verify lost check was cashed by correct vendor and stop payment was placed after check was cashed.		Prepare general journal voucher to reverse void of check, submit to GALC for review and input. Complete explanation/action taken on Form DC-2 Attach copy of journal voucher to DC-2 to be submitted to GALC. Obtain refund from vendor for duplicate payment and deposit refund check/cash into account charged for disbursement as a REX.
	Bank encoding error on check number, check number processed by bank is same as a previously voided check.	Verify correct check number	Reconcile correct check number on screen 114	Complete explanation/action taken on Form DC-2

Departmental Check Reconciliation - Exception Listing Corrective Action

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
VHMR001-Exception Listing Check has previously been reconciled	Bank encoding error on check number, check with same number as encoding error and same amount was previously reconciled.	Verify correct check number and amount	Reconcile correct check number on screen 114	Complete explanation/ action taken on Form DC-2
	Bank processed the same check twice	Send letter to bank with copy of canceled check to request debit or credit memo adjustment		Complete explanation/ action taken on Form DC-2 Attach copy of debit/ credit memo received to DC-2 to be submitted to GALC.

VHCRO39
FY 2000 CC UH

UNIVERSITY OF HAWAII - CONSOLIDATED, UH ONLY
Departmental Checks - 12/01/99 - 12/30/99
Check Sequence

12/29/99 04:41
PAGE: 13

FMIS BANK: 00296 (LEEWARD COMMUNITY COLLEGE)

Check Nbr	Voucher Number	Batch Ref	CG	Account Number	Invoice Number and Descript.	Doc Number	Inv Date	Due Date	TC	Chk Type	Disc Amount	Net Amount	Date Paid
X01158	0030162	060L67	LE	3-26450-0034	SPR'00 PUB REF	SRL0007		12/27/99	143	D	0.00	2.50	12/27/99
* Check X01158 Total *											0.00	2.50	
P0600007600 STEPHANIE JEDELE													
X01159	0030163	060L67	LE	3-26450-0034	SPR'00 PUB REF	SRL0007		12/27/99	143	D	0.00	2.50	12/27/99
* Check X01159 Total *											0.00	2.50	
P0600007610 MARILYN LOPEZ													
X01160	0030164	060L67	LE	3-26450-0034	SPR'00 PUB REF	SRL0007		12/27/99	143	D	0.00	2.50	12/27/99
* Check X01160 Total *											0.00	2.50	
P0600007620 ACADIA ROBISON													
X01161	0030165	060L67	LE	3-26450-0034	SPR'00 PUB REF	SRL0007		12/27/99	143	D	0.00	2.50	12/27/99
* Check X01161 Total *											0.00	2.50	
P0600007630 LASHUNDA SILVA													
X01162	0030166	060L67	LE	3-26450-0034	SPR'00 PUB REF	SRL0007		12/27/99	143	D	0.00	2.50	12/27/99
* Check X01162 Total *											0.00	2.50	
* Grand Total Bank 00296 *												11,195.02	

BANK: 00296 (LEEWARD COMMUNITY COLLEGE)

FO: 00060

Rec	Vd	Check	Payee	Check	Check	Cashed	Cancelled	Outstanding	Outstanding	CC
Fg	Fg	No		Date	Amount	Amount	Amount	State	UHGA	
Y		X01138	JEFF*KLAWITER	12/20/1999	100.00	100.00	.00	.00	.00	.00 LE
		X01139	NANCY C*MCNAMEE	12/20/1999	75.00	.00	.00	.00	.00	75.00 LE
		X01140	STEPHANIE PALOMBO	12/20/1999	74.91	.00	.00	.00	.00	74.91 LE
Y		X01142	BAKER & TAYLOR INC	12/20/1999	109.81	109.81	.00	.00	.00	.00 LE
		X01143	GALE GROUP	12/20/1999	149.11	.00	.00	.00	.00	149.11 LE
Y		X01144	UNIV OF HAWAII PRESS	12/20/1999	38.35	38.35	.00	.00	.00	.00 LE
		X01145	LEAG FOR INNOVTN IN COMMU	12/20/1999	15.00	.00	.00	.00	.00	15.00 LE
Y		X01146	CAROL S*NOLAND	12/20/1999	59.30	59.30	.00	.00	.00	.00 LE
Y		X01147	ANDREW*ROSSI	12/20/1999	20.00	20.00	.00	.00	.00	.00 LE
		X01148	LISA*HAYASHI	12/21/1999	5.41	.00	.00	.00	.00	5.41 LE
Y		X01149	BAKER & TAYLOR INC	12/21/1999	5.40	5.40	.00	.00	.00	.00 LE
		X01150	DISABILITY RESOURCES, INC	12/21/1999	15.00	.00	.00	.00	.00	15.00 LE
		X01151	INTL SCH CONFECTIONERY AR	12/21/1999	139.25	.00	.00	.00	.00	139.25 LE
Y		X01152	KAUAI WORLDWIDE COMMUNICA	12/21/1999	50.00	50.00	.00	.00	.00	.00 LE
Y		X01153	TERRY ANN*RICHTER	12/21/1999	6.24	6.24	.00	.00	.00	.00 LE
Y		X01154	JASON KAOPUA	12/21/1999	51.60	51.60	.00	.00	.00	.00 LE
		X01155	MICHELLE*AGRISOLA	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01156	TULASI*GABBARD	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01157	DALE*GARAZA	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01158	JEANNE*IWASHITA	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01159	STEPHANIE*JEDELE	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01160	MARILYN*LOPEZ	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01161	ACADIA*ROBISON	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
		X01162	LASHUNDA*SILVA	12/27/1999	2.50	.00	.00	.00	.00	2.50 LE
12/1999 Month Totals:					11,195.02	8,517.18	30.00	.00	.00	2,647.84
00296 Bank Total:					16,113.00	11,897.91	30.00	.00	.00	4,185.09
Total Outstanding:										4,185.09

VHMR094E
FY 2000 CC LE

UNIVERSITY OF HAWAII - CC, LEEWARD
Voided Checks by Bank for Current Month
As OF 12/30/1999

12/29/99 04:32
PAGE: 2

BANK: 00296 (LEEWARD COMMUNITY COLLEGE)

Bank Number	Check Number	Void Date	Vendor	Paid Date	Check Amount	Voucher Number	Account Number	PO Number	Invoice Date	Net Amount
00296	X01062	12/07/1999	V0000373780	12/06/1999	30.00	CRAIG T*YAMAMOTO 0028997	2-23900-0031	R575667		30.00
00296	Bank Total:				30.00					

UNIVERSITY OF HAWAI'I

November 30, 1999

Vendor Name
 Address-1
 City, HI 968xx

Dear Sir:

Our records indicate that the following check is still outstanding:

<u>Check No.</u>	<u>Check Date</u>	<u>Check Amount</u>	<u>Invoice/Description</u>
X00123	05/29/99	112.00	W98030

Please take one of the following actions:

1. If you have the original check in your possession, please return it with this notice. The check will be updated and returned to you.
2. If you do not have the check, please check one of the boxes below, print your name, sign, date and return this notice.

- I have lost the check and request a replacement check.
- I have no recollection of ever receiving the check and request a replacement check.
- I have received full payment and no additional payment is required.

 Print Name and Sign

 Date

If you have a change of address, please indicate your new address below:

If you have any questions, please call me at 956-1234. Thank you for your assistance in this matter.

Sincerely,

Jxxxx Dxxxxx
 Custodian

[STREET ADDRESS] • [CITY/STATE] • [ZIP/POSTAL CODE]
 PHONE: [PHONE NUMBER] • FAX: [FAX NUMBER]