

**Department of Higher Education and Training
Recommended
Bank Reconciliation Policy for Public CET
Colleges**



Department of Higher Education and Training
Community Education and Training College
Recommended Bank Reconciliation Policy
Annexure 14

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AMENDMENT AND APPROVAL RECORD

Amendment No.	Amendment description	Originator	Approved By	Date

Name of CETC:		
Bank Reconciliation policy		
Department: Finance Responsibility : Accounting Officer		
_____ Prepared and submitted by the Accounting Officer to Council Date: _____	_____ Adopted by Council (Signed by Chairperson obo Council) Date: _____	Implementation Date:

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1. Legislative framework and best practice regulations

Key principles contained in the following legislation and best practices were applied during the development of this policy:

- (a) CET Colleges Act No.16 of 2006, as amended (formerly the ABET Act);
- (b) Public Finance Management Act, 1999 (Act No 1 of 1999, as amended by Act 29 of 1999) (PFMA);
- (c) National Treasury Regulations, March 2005; and
- (d) National Treasury Regulations Gazetted 30 November 2012.

The following College Codes and DHET recommended policies have a bearing on this policy:

- a) Borrowings Policy

2. Purpose

The purpose of this policy is to ensure that:

- 2.1 Monthly Bank Reconciliations are performed correctly and all transactions are complete and accurately recorded in the General Ledger; and
- 2.2 Monthly Bank Reconciliations are reviewed by a senior official.

3. Definitions, acronyms and abbreviations

For the purpose of this policy, unless the context indicates otherwise, the following definitions, acronyms and abbreviations are set out for the terms indicated:

- 3.1 “Accounting Officer” – is the College Principal.
- 3.2 “Act” – is the CET Colleges Act No.16 of 2006, as amended (formerly the ABET Act)
- 3.3 “Assistant Director: Finance” – is a senior Finance post as recommended on a Standard College organogram by DHET, reporting directly to the Deputy Principal: Finance.
- 3.4 “Bank Reconciliation” - is a process performed to explain the difference between the bank balance reflected in the College’s bank statement, as supplied by the bank, and the corresponding amount reflected in the College’s own accounting records at a particular point in time.
- 3.5 “CET”- is Continuing Education and Training.
- 3.6 “College”, “CETC” – is a Community Education and Training College

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- 3.7 “Department”; “DHET” – is the Department of Higher Education and Training.
- 3.8 “DPF” – is the Chief Financial Officer or Deputy Principal: Finance
- 3.9 “Employee” – is any official, employed by the College, or Department, irrespective of grade, full-time or part-time, or basis of remuneration: whether it be monthly, weekly, daily or on an hourly basis.
- 3.10 “Minister” – is the Minister of the Department of Higher Education and Training.

4. Scope

This policy applies to all bank accounts of the College.

5. Policy statement

- 5.1 The DPF of the College must ensure that bank statements are drawn daily for quick content reviews.
- 5.2 This entails obtaining daily bank statements and clearing items, line by line, by comparing items recorded in the respective bank account within the College cash-book.
- 5.3 Procedures must be implemented to investigate and address any unauthorised transactions and/or any long outstanding payments recorded in the cash-book or unidentified deposits or payments reflected on the bank statement. Unauthorised matters should be finalised within 3 months of the month wherein they were first recorded.
- 5.4 The DPF or a duly authorised person, must review and approve all Bank Reconciliations at month end, which must be signed as evidence thereof.

6. Bank Reconciliation procedures

- 6.1 The College must maintain a strict control of its cash assets. The reconciliation of the bank balance, per the bank statement, with the balance on the respective cash-book account at a certain date is one of the main controls.
- 6.2 The cash-book must be recorded from original source documents driving the receipt or payment of funds. The reconciliation of the cash-book to the bank statement must be performed after the cash-book and general ledger is updated when performing the month-end close process.
- 6.3 The following procedures must be followed when performing the Bank Reconciliation:

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STEP	DESCRIPTION	RESPONSIBILITY	TIMING
6.3.1 BANK DEPOSITS, DIRECT TRANSFERS AND ELECTRONIC BANKING			
STEP 1	<p>Establish credits to the College bank account and follow up to ensure that these deposits or credits are accounted for in the books of the College.</p> <p>Identify full details of each credit, promptly, to avoid having to account for these credits in the suspense account.</p>	DPF; Assistant Director: Finance; Revenue Accountant.	Daily
STEP 2	<p>Process the daily transfers or deposits into the College's bank account into the applicable general ledger by:</p> <p>a) processing the credits through the receipting procedures. In such instances, it is desirable to keep these transactions separate to the normal transactions. A daily direct deposit control sheet should be completed as a record of what direct deposits have been processed; or</p> <p>b) processing journals with a supporting control sheet.</p>	DPF; Assistant Director: Finance; Revenue Accountant.	Daily
STEP 3	Record all unidentified credits in a suitable register to facilitate future claims against the amount, and in a suspense account in the	DPF; Assistant Director: Finance; Revenue Accountant.	Daily

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STEP	DESCRIPTION	RESPONSIBILITY	TIMING
	ledger that must be cleared by the end of the following month.		
STEP 4	Balance the unidentified claims register to the suspense account in the general ledger on a monthly basis.	DPF; Assistant Director: Finance; Revenue Accountant.	Monthly
STEP 5	Verify all debits on the College bank account to ensure that these entries are correct and accounted for.	DPF; Assistant Director: Finance; Expenditure Accountant.	Daily
STEP 6	Inspect the bank statements to confirm that the only debits on the account, other than College cheques and authorised electronic funds transfers, are: <ul style="list-style-type: none"> a) bank charges; b) interest on the approved overdraft facilities only; c) electronic transfers such as transfers to salaries accounts; or d) authorised direct debits from, or standing orders to suppliers; e) other authorised electronic payments to suppliers. 	DPF; Assistant Director: Finance; Expenditure Accountant.	Daily
STEP 7	Check the bank charges and interest amounts for reasonableness, and record the transactions for processing to the general ledger.	DPF; Assistant Director: Finance; Expenditure Accountant.	Daily
6.3.2 BANK RECONCILIATION			
STEP 1	Obtain the final monthly bank statements from the bank	Deputy Principal: Finance; Assistant Director: Finance;	Monthly

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STEP	DESCRIPTION	RESPONSIBILITY	TIMING
		Finance Clerk.	
STEP 2	Identify and process all direct debits and credits on the statements, that have not been processed.	Deputy Principal: Finance; Assistant Director: Finance; Revenue or Expenditure Accountant.	Monthly
STEP 3	Assess bank charges for reasonableness and process these charges in the cash book.	Deputy Principal: Finance; Assistant Director: Finance; Expenditure Accountant.	Monthly
STEP 4	<p>Reconcile the cash-book/general ledger account to the bank statement during the first week of every month, by performing the following steps:</p> <p>a) record the bank statement closing balance at the end of the previous month.</p> <p>b) subtract all outstanding cheques and other payments. (recorded in the cashbook/ general ledger account, but not reflected on the bank statement).</p> <p>c) add all outstanding deposits (recorded in cashbook/ general ledger account, but not reflected on the bank statement).</p> <p>d) add all debit orders or other payments, in dispute (on bank</p>	DPF; Assistant Director: Finance; Finance Clerk.	Monthly

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STEP	DESCRIPTION	RESPONSIBILITY	TIMING
	<p>statement, not in cashbook/ general ledger account).</p> <p>e) subtract all deposits, in dispute (on bank statement, not in cashbook/ general ledger account).</p> <p>f) agree the final amended total per the reconciliation to the balance per the appropriate general ledger account as at the end of the previous month.</p> <p>g) create journals to process all correct and authorised reconciling items to the general ledger account before the financial close of the relevant month.</p>		
STEP 5	Print the reconciliation once all the entries have been processed.	Assistant Director: Finance/ Finance Clerk.	Monthly
STEP 6	Forward the balanced reconciliation to the DPF for approval, to be indicated by his /her signature.	DPF; Assistant Director: Finance; Finance Clerk.	Monthly
STEP 7	File the approved reconciliation.	DPF; Assistant Director: Finance; Finance Clerk.	Monthly

7. Adoption of policy

This policy is effective from the date on which it is adopted by the Council.

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8. Availability of Bank Reconciliation policy

A copy of this policy and other relevant documentation should be made available on the College website.

9. Annual review of policy

This policy will be subject to an annual review by College management to ensure its relevance. Colleges should forward any inputs and recommendations to the VCET Branch of DHET for possible consideration during the annual review process.

Any recommended changes agreed to by the VCET Branch of DHET to the Bank Reconciliation policy should be presented to the College Council for adoption.