

Bank Receipts and Reconciliation	
Reference: FP07	Effective date: 1 June 2012
Page no: 1 of 2	Approved: 12 Sept 2022
Last revised 26 Aug 2022	Revision date: Aug 2024



Introduction

Receipts into the organisation's bank accounts need to be controlled and recorded. Bank reconciliations are performed to ensure that the transactions on the bank account are accurately reflected in the accounting system.

General Information

The organisation holds bank accounts with financial institutions regulated by the Financial Conduct Authority and protected by the Financial Services Compensation Scheme.

Bank statements are accessed on-line with paper statements sent periodically. Reconciliation of the accounts with the cash book is undertaken at least once every two weeks using automatic bank feeds to the accounting system. Unusual or unexpected transactions appearing in the bank statement should be dealt with immediately. PayPal is accessed through an online interface.

Receipts procedures

Bank receipts come from two main sources, customer receipts and other receipts such as VAT refunds and bank interest.

Funds will either be received via direct credit to the bank account, cheques or cash. In all cases, the source of the receipt must be identified and tied back to supporting documentation (such as a remittance advice). Cash and cheques are banked once per week. All receipts must be recorded and analysed in the Cash Book.

Customer receipts

All customer receipts must be allocated against sales invoices that have been issued. The following details must be recorded: customer account reference; date of receipt; reference number; and amount received. The balance should then be allocated against the invoices outstanding for that customer. If an amount is received from a customer that cannot be allocated to outstanding invoices, the customer should be contacted to provide further information.

Other receipts

For other receipts, the following details must be recorded: date of receipt; reference number; nominal code, project and department to which the receipt should be credited; the fund that the receipt should be allocated to (if no specific fund to the 'General Fund'); description of the receipt; and amount of the receipt (showing the breakdown between the net amount and the VAT if applicable)

Reconciliation Procedures

Transactions from the bank statement are entered into the cashbook. The cashbook should have a 'nil' difference once this balances to the bank statement at the date of reconciling. Differences should be corrected before posting bank payments and receipts onto the accounting system.

Funds are transferred in the accounts from the current account to deposit account as they appear on the bank statement. The final balance at the month-end for deposit account in the accounting system should equal the deposit bank statement figure.

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A copy of the cashbook and bank statements highlighting the balanced bank reconciliation should be checked by the Finance Advisor for the management accounts.

The Finance Assistant normally produces the report, reconciles the cashbook to the bank statement and checks the reconciliation at the time that management accounts are produced.