





Bank Reconciliation Best Practices

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Bank Account Practices

- State Minimum Requirements
- Balancing Accounts
- Reading the Statement
- Warning Signs



Real Estate Dept. Requirements

You need to know and comply with your States laws

- Monthly Balancing?
- Report Retention
- Copies of Checks?
- Three – Way – Reconciliation?

Balancing accounts

- Balance all accounts every month
- Balance EARLY – 1st week
- Review software balancing report and actual bank statement each time.

Balancing accounts

Reviewing Software report:

- Audit uncleared checks – look for those over 90 days

Do you need to Void? Reissue? Bank Error?
Unclaimed Funds?

Balancing accounts

Reviewing Software report:

- Audit uncleared deposits – look for those over 10 days

99% of all deposit should clear bank in 1 or 2 days
– what is causing the delay?

Balancing accounts

Reviewing Software report:

- Audit other Transactions – look at manual adjustments.
- Look for any that won't clear

Bank Adjustments, Journal Entries, Etc.

Reviewing the Bank Statement

- Review the actual Bank Statement every month – not a copy.
- If your company receives a digital copy or downloads it, be cc'd on the email or know how to log on and print a duplicate copy.

Reviewing the Bank Statement

- Beginning and Ending Balances

Verify that they match your software reconciliation report. Changes to these balances could be a sign of improper accounting practices

Reviewing the Bank Statement

Bank Deposits:

- Review dates and amounts on statement – should reflect your market and company policies

Reviewing the Bank Statement

Electronic Deposits

- Review dates and amounts – how many days before funds hit your account? Do the dates from your Bank Statement match your software?

Reviewing the Bank Statement

Electronic Withdrawals

- Review who is wiring money out of the Trust account.
- Set restrictions with your Bank (approved list, review options, etc.)
- ACH – set alerts

Reviewing the Bank Statement

Other withdrawals

- Cash, Certified checks, Check by phone, Etc.
- Review Bank fees (and interest)
- Set restrictions and alerts up with your Bank

Reviewing the Bank Statement

Checks

- Review dates and amounts
- Look for checks cashed for the wrong amount
- Look for blocks of missing check numbers or duplicate numbers

Reviewing the Bank Statement

Checks

- Review High dollar amount checks
- Look at copy of cashed check
- Set restrictions & alerts with Bank – 2 signatures, verification phone call over certain amount, etc.

Reviewing the Bank Statement

Checks

- Review cleared checks
- Best practice – review checks when printed and when cashed
- Do not use rubber stamp or digital signatures
- Use blank check stock

Reviewing the Bank Statement

Daily Balance

- Calculate what minimum balance (Owner + Tenant + Mgmt. Funds) should be and review statement to verify that it does not drop below

Reviewing the Bank Statement

Operating Accounts

- Same review as Trust accounts
- Use budget or historical data to track ending balance / profit.
- Review income and expenses – watch trends

Reviewing the Bank Statement

Other Accounts

- Escrow, Security Deposits, CDs, Savings, etc.
- Review monthly

Warning signs

- Uncleared Deposits – getting larger
- Uncashed Checks – over 90 days
- Daily Ending Balance dropping
- Multiple manual adjustments
- Multiple bank errors
- Accounts not reconciled or in balance

Question & Answer Session
