

## ***Common Audit Finding* | Bank Reconciliations Not Performed Timely**

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Municipal officials should consider monthly bank reconciliations to be one of the most important internal controls. Without a reconciled third party confirmation (the bank statement), you cannot confirm any bank balance in your general ledger or financial statement.

In small towns, the Mayor or Council should review the monthly bank reconciliation and confirm that it supports the general ledger balance amounts. Specifically:

- a. Bank statements should be reconciled with the cash balances presented in the accounting records (general ledger).
- b. Bank reconciliations should be prepared within 30 days after the bank statements are received from the bank.
- c. Municipal officials should ensure that a management level employee periodically reviews bank statements and the related reconciliations to determine that they are accurate, and all activity is authorized and properly recorded.

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This series will review the 10 most common audit findings as reported by the Tennessee State Comptroller's Office. The first part of this series was published in the MTAS E-News June 2019 issue which can be read here: <http://www.mtas.tennessee.edu/newsletters-reports>

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