

North Central Workforce Development Area

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LOCAL DIRECTIVE

Directive #: <u>16-148</u>	Date: <u>7/1/2016</u>
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TO: SkillSource Staff and Service Providers

FROM: Dave Petersen, Executive Director

SUBJECT: Cash Deposits & Bank Reconciliation

Effective Date: 7/1/2016

BACKGROUND

SkillSource, North Central Workforce Development Area Fiscal Agent, maintains accounts only at banks insured by the Federal Deposit Insurance Corporation (FDIC). SkillSource has funds deposited in nine separate accounts at four different banks. Balances in each bank are reviewed during the year and monies redistributed so as not to exceed the \$250,000 FDIC aggregate limit at any one bank.

The current bank accounts are:

- US Bank main checking –account used to receive WIOA Title I grant/contract funds via Electronic funds Transfer (EFT) and issue payments via check, Automated Clearing House (ACH) and EFT.
- US Bank savings – general fund account used to pay non-federal expenditures and cover cash shortfall in main checking account for federal expenditures. Annual excess of State Education Revenue over related basic education and case management expenses is transferred into this account.
- Banner Bank checking – general fund account to pay mortgage payments on property located at 240 N Mission, Wenatchee and 309 E Fifth Ave, Moses Lake. Monthly depreciation allowance and mortgage interest is transferred into this account from US Bank general checking. Washington State Vendor Payments direct deposits are made into this account for ESD/ DVR lease payments & RSA reimbursements for the Moses Lake One Stop Center along with DSHS contract reimbursements.
- Banner Bank USRDA reserve – a requirement of the USRDA loan mandates that one year of P&I payments must be accumulated over the first ten years of the loan then held in reserve for future building related costs that are approved by USRDA.
- Banner Bank general fund savings – excess general funds are held in a higher interest bearing account.
- Banner Bank debit card account – \$20,000 is held in a separate account and accessed for general operating expenses when the standard purchasing process of using a purchase order

and having the vendor submit an invoice for payment is not available or utilized. Personnel who possess debit cards are Service Delivery Managers, Executive Director, Financial Director, and Accounting Assistant. All except the Accounting Assistant have authority to make purchases. The Accounting Assistant only uses her debit card to execute purchases already approved by management.

- Banner Bank mortgage loan - a mortgage loan on property located at 240 N Mission, Wenatchee WA.
- Wells Fargo general fund savings - general funds are held in a higher interest bearing account.
- Wells Fargo vacation account –account funds the vacation payable liability. Deposits and disbursements are made each month as employees earn and take vacation. Any vacation leave balance is paid out upon termination of employment.
- Washington Trust general fund savings - general funds are held in a higher interest bearing account.

Reconciliation is done each month during the month-end procedures with exception of a couple savings accounts where statements are issued quarterly.

PROCESS

All bank statements are opened by the Executive Director, reviewed, and forwarded to the Financial Director who reconciles the accounts to the general ledger.

US Bank main checking – On the first day of the month the Financial Director logs into online banking and exports all the transactions for the previous month into an excel spreadsheet. Transactions are sorted by check number. The MIP accounting check reconciliation module is used. The EOM bank balance is manually entered then each check, deposit, and electronic withdrawal on the export is checked as cleared in the system. After the bank balance and GL account balance are reconciled, the balance is compared to the manual check register. Any difference is researched for math errors on the manual register or missing transactions in the system. Once all three agree, the reconciliation is saved, printed, and attached to a hard copy of the export and manual check register. It is reviewed by the HR Manager (or designee) after the mailed bank statement is opened and reviewed by the Executive Director. Any interest earned offsets bank fees incurred.

US Bank general fund savings – On the first day of the month the Financial Director logs into online banking and exports all the transactions for the previous month into an excel spreadsheet. Transactions are generally limited to one or two each month. A journal entry is used to record any funds transfers between the checking and savings accounts. A cash receipts entry is recorded for any interest earned. Interest earned on general funds is recorded as general fund income.

Banner Bank general fund checking – On the first day of the month the Financial Director logs into online banking and exports all the transactions for the previous month into an excel spreadsheet. Transactions are generally limited to between 15 & 20 each month. An Excel workbook is maintained by fiscal year. The first tab is the transaction register and then tabs for each months account reconciliation. A cash receipts entry is recorded for any interest earned. Interest earned on general funds is recorded as general fund income.

Banner Bank savings accounts – On the first day of the month the Financial Director logs into online banking and exports all the transactions for the previous month into an excel spreadsheet. Transactions are generally limited interest earned. Any transfers between Banner Bank Accounts are

entered as a Journal Entry. A cash receipts entry is recorded for any interest earned. Interest earned on general funds is recorded as general fund income.

Banner Bank debit card – Approximately every two weeks the Accounting Assistant logs into online banking and exports all the debit card transactions since the last reimbursement. The AA assembles receipts for each of the transactions listed. Each card has a unique 4 digit code that identifies the employee who made the purchase. This aids in finding any missing or incomplete transaction documents. A chronological group of transaction receipts are batched and totaled, and a check for the batch total is processed through accounts payable. A check is generated from US Bank checking then deposited into the Banner Bank Debit Card account, restoring the account to its original balance of \$20,000.

Washington Trust and Wells Fargo savings accounts – The Executive Director opens the periodic statement. Transactions are limited to interest earned. A cash receipts entry is recorded for any interest earned. Interest earned on general funds is recorded as general fund income.

Wells Fargo Vacation account (WFVA)– The Executive Director opens the statement. Financial Director reconciles the statement to the GL balance quarterly. Transactions are limited to one per month plus interest earned.

The Accounting Assistant runs the Staff Leave Liability report each month following payroll. If the liability has a net decrease then a manual check is written from the WFVA account and deposited into the US Bank general checking (USBGC). A journal entry is prepared to record change in salary expense by each staff person's unique distribution code and decrease the vacation liability. The WFVA GL cash account balance is credited thru accounts receivable module when deposited into USBGC.

If the liability increases then a check is generated on USBGC account through accounts payable recording the change in salary expense by each staff person's unique distribution code and deposited into WFVA. Then a journal entry is made to record the increase in the WFVA account and the increase in the vacation liability. A cash receipts entry is recorded for any interest earned. Interest earned on vacation account is used to offset increases in the vacation savings balance.