

COMMUNITY LIVING DURHAM NORTH

BANK ACCOUNTS

Policy No. A-12 (Finance)

Effective Date: May 28, 2012

Last Revision/Review:

Rationale

To provide guidance around the opening and maintenance of bank accounts.

Policy Statement:

All bank accounts are to be maintained and reconciled in accordance with generally accepted accounting practices.

CLDN has only two fully operational bank accounts. One is the “Operating Account” used for the majority of our cash receipts and disbursements; i.e. the account that receives Ministry subsidy payments and out of which all program related operating expenses are made. We also have an “Association” account that holds the liquid assets of the Association. Donations, membership purchases and fundraised dollars are deposited to this account.

New “full service” bank accounts must be approved by a resolution of the Board of Directors.

It is acknowledged, however, that a number of bank accounts linked to individual programs are set up for the singular purpose of receiving monthly electronic transfers to fund the grocery purchases of those individual programs. These accounts are typically reduced to near zero by month end and periodic reconciliations serve to eliminate any residual surpluses. When there is a new or defunct program location, senior staff are empowered to add or delete this sort of special purpose bank account.

Approved by: _____ Date: _____
for the Board of Directors

COMMUNITY LIVING DURHAM NORTH

BANK ACCOUNTS

Procedure No: A-12-1

Effective Date: May 28, 2012

Operation of Bank Accounts

Last Revision/Review:

- The Finance Department is responsible for ensuring that bank accounts are maintained and reconciled in compliance with sound financial practices.
- All payments made by CLDN will originate out of one of our two major bank accounts via cheque, debit card or direct electronic transfer.
- We do maintain a small amount of cash at our main business office that is used for necessary minor purchases and to avoid the expense of issuing cheques (see A-15-4). Payments made out of Petty Cash are one example of a two-step payment process. The only other such example is the electronic transfers into location-specific grocery accounts, to be accessed, by the program, with its debit card (see Procedure No. A-14-8 Purchasing Groceries, Toiletries and Cleaning Supplies).
- All funds received by the agency must be deposited into one of our two major bank accounts.
- Back-up must be prepared for each deposit. In the case of cheques made out to CLDN, a copy of the cheque, the cheque stub, or a copy of the receipt we have issued, will be attached to the deposit summary. Where cash is received, a copy of the receipt we have issued will be attached to the deposit slip, and said receipt must detail from whom the cash was received, the exact amount, and the ledger account that has been credited
- Cash and cheques receipted must equal the total amount deposited to the bank account(s).
- The step sequence and the division of labour are as follows:
 - Person I enters cash and cheque received into our A/R module and generates receipts for our payees;
 - Person II prepares the actual deposit (i.e. deposit summary with back-up) and goes to the bank to make the actual deposit.
 - Person I enters the deposit into the G/L.

Procedure No: A-12-2

Bank Reconciliations

Effective Date: May 28, 2012

Last Revision/Review:

- Every bank account is reconciled monthly, no later than the 15th of the following month.
- The reconciliation indicates outstanding cheques, outstanding deposits, unrecorded bank charges, and other reconciled items.

Note: an outstanding cheque is a cheque that has been issued by CLDN but has not yet been recorded by the bank. An outstanding deposit is a one that we have put into our account but which has not yet been recorded by the bank.

- Discrepancies are reported to the bank, in writing, immediately, and followed up appropriately. The Director of Admin Services must also be notified.
- Posting of adjustments to the bank account as a result of the reconciliation process are to be recorded in the month to which the bank statement refers. The Director of Admin, or designate, must sign off on any adjusting journal entries.
- Every reconciliation is reviewed and signed off by the Director of Admin Services.

Approved by: _____
Executive Director

Date: _____