



Reconciling bank statements

Minnesota Campaign Finance and Public Disclosure Board

A committee's bank balance at the end of a month should match the balance in its records after all outstanding deposits and checks have been accounted for. If the adjusted bank balance does not match the balance in the committee's records, the treasurer must search the committee records to find the reason for the difference.

How do I reconcile my committee's bank balance?

At a minimum, a committee should reconcile the balance on its year-end bank statement to the ending cash balance on its year-end report to the Board. Ideally, a committee should reconcile its bank balance to its own records at the end of every month. Frequent reconciliation is a best practice that will keep your committee's financial records in order. There is a reconciliation form available on the Board's website.

Step 1: Find a monthly bank statement

Find the committee's bank balance at the end of the month. This is the balance that you will reconcile by adding and subtracting the items listed below.

Step 2: Add deposits that have not yet cleared the bank account

Sometimes you will enter contributions into the committee's records but those deposits will not be processed by the bank in time to appear on that month's bank statement. If you have entered a deposit into the committee's records but that contribution does not appear on the bank statement, you must add it to the end-of-the-month bank balance.

Step 3: Subtract expenditures that have not yet been paid or cleared the bank account

Much like deposits, sometimes you will write checks for expenditures that will not be cashed or processed in time to appear on that month's bank statement. In some cases, the recipient may hold on to a check for several months without cashing it. In addition, because expenditures are incurred on the date that the committee becomes obligated to pay the expense, you may have unpaid bills in your records that will not show up on any bank statement. In either case, you must subtract the expenditures that have been incurred but that have not yet cleared the bank account.

Step 4: Compare this adjusted bank balance to your reported cash balance

After adding the deposits that have not cleared and subtracting the expenses that have not cleared, you will have an adjusted bank balance. The adjusted bank balance should match the ending cash balance in the committee's records for the month or year that you are reconciling.

What if my balances do not match?

If your balances don't match, you will need to review the committee's records since the last successful reconciliation to find the reason for the discrepancy. You probably will find that some contributions and/or expenditures were entered incorrectly (or not entered) into the committee's records or that you missed an outstanding deposit or check. After you find the missing or incorrect transactions, you must correct them in the committee's records. If the committee already has reported the incorrect transactions to the Board, the committee must amend its report to show the correct transactions and ending cash balance. If you are reconciling the committee's accounts regularly, however, you should discover any errors before they are reported to the Board.