

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>20910</b>
Function No. 20000—General Accounting	<b>TOPIC</b>	<b>SUSPENSE / BANK DEPOSIT RECONCILIATION PROCEDURES</b>
Section No. 20900—Reconciliation Procedures	<b>DATE</b>	January 2002

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## Overview

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**Introduction** This topic provides information about the general ledger account within the Commonwealth Accounting and Reporting System (CARS) that functions as a suspense account solely to clear bank reconciliation items.

These bank reconciliation items are identified by the Department of the Treasury during its routine monthly reconciliation of bank accounts.

CARS General Ledger Account, *GLA 565—Bank Reconciling Items*, was established February 1, 1997, to correct bank reconciliation items resulting from deposit transactions of state agencies and institutions.

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**GLA 565  
Suspense  
Account  
Purpose**

The establishment of CARS GLA Account 565—Bank Reconciling Items—serves to resolve bank reconciling items timely by

- High-lighting bank reconciling items so that agencies can resolve individual items more timely, while addressing the underlying causes of the reconciling items, and
  - Allowing state agencies to be accountable for resolving and correcting bank reconciling items resulting from their deposit transactions.
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## Procedures

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**Bank  
Reconciliation  
Process**

The following table illustrates the monthly bank reconciliation process performed by the Department of the Treasury.

<b>Stage</b>	<b>Description</b>
1	Identifies bank reconciling items during the routine reconciliation of bank accounts.
2	Processes deposit certificates (DCs) to post bank reconciling items to the suspense accounts of those agencies generating the reconciling items.

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## Procedures, Continued

### Bank Reconciliation Process (continued)

<b>Stage</b>	<b>Description</b>
3	Prepares one deposit certificate (DC) semi-monthly for each Treasurer of Virginia bank account with reconciling items.  <u>Note</u> If an agency has three reconciling items and each one relates to a separate deposit at the same bank, the three items will be recorded in CARS as three separate lines with the <i>same</i> DC number.
4	Batches the DC under Agency 152—Department of the Treasury.
5	Records the DC in Fund 0100.
6	Routes a spreadsheet to the agency fiscal officer within two days after releasing the DC to CARS; the spreadsheet outlines the nature of the reconciling items and includes supporting documentation.

#### Supporting Documentation & DOT Contact

The Department of the Treasury will route to the agency fiscal officer its reconciling item spreadsheet with supporting documentation. The supporting documentation may consist of copies of

- Bank statements,
- Debit and credit memoranda from the bank, or
- Agency deposit certificate entries to CARS.

The reconciling item spreadsheet will indicate who to call at Treasury if you have questions about the suspense account transaction.

#### Unique Reference Numbers

The deposit certificate (DC) number as described in "Bank Reconciliation Process" above and suffix identifies each bank reconciling item. Supporting documentation sent to agencies regarding the reconciling item references this DC number and suffix.

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## Procedures, Continued

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**Agency Responsibility** It is the responsibility of each agency to clear the suspense account on a monthly basis. Agencies must identify the nature of any balance remaining in the account at fiscal year end; this is similar to other general ledger suspense accounts on CARS.

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**CARS Transaction Coding** The Department of the Treasury will process a deposit certificate (DC) to post bank reconciling items as individual suspense account transactions. This will be done one of two ways:

<b>Debit Account</b>	<b>Credit Account</b>
GLA 101—Cash	GLA 565—Bank Reconciling Items

**Or**

<b>Debit Account</b>	<b>Credit Account</b>
GLA 565—Bank Reconciling Items	GLA 101—Cash

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**ATV Used to Clear GLA 565** Agencies will clear GLA 565—Bank Reconciling Items—by processing an agency transaction voucher (ATV). Agencies cannot clear GLA 565 other than by using an ATV.

Use the following transaction codes:

<b>IF ...</b>	has a ... balance	<b>THEN</b> use ...	to credit ...	and debit ...
GLA 565	Debit	Trans Code 198	GLA 565	GLA 101

Note: The agency must provide the offsetting entry to credit GLA 101 and debit the appropriate GLA.

<b>IF ...</b>	has a ... balance	<b>THEN</b> use ...	to debit ...	and credit ...
GLA 565	Credit	Trans Code 448	GLA 565	GLA 101

Note: The agency must provide the offsetting entry to debit GLA 101 and credit the appropriate GLA.

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## Procedures, Continued

### Suspense Account Examples

The following three processes illustrate examples of GLA 565—Bank Reconciling Items Suspense Account.

#### Example 1

Stage	Who	Description
1	Agency	Makes a bank deposit of miscellaneous revenue collections on April 4, 1998. Uses transaction code 001, debits GLA 101 and credits GLA 961.
2	Treasury	Receives a debit memorandum from the bank. Agency's bank deposit of April 4, 1998, was \$25 less than the deposit certificate (DC) or deposit ticket processed at the bank.
3	Treasury	Processes a DC to post an entry to Agency's Bank Reconciling Item Suspense Account by debiting GLA 565 and crediting GLA 101.
4	Agency	Processes an ATV to clear the suspense account. It uses transaction code 198 to debit GLA 101 and credit GLA 565 and transaction code 340 to debit GLA 961 and credit GLA 101.

#### Example 2

Stage	Who	Description
1	Agency	Makes a bank deposit of miscellaneous revenue on April 3, 1998, of \$36,500. Uses transaction code 001, debits GLA 101 and credits GLA 961.
2	Agency	Keys erroneously the DC to CARS as \$36,050.
3	Treasury	Detects the error during its bank reconciliation process.
4	Treasury	Processes a DC to post an entry to the agency's Bank Reconciling Item Suspense Account by debiting GLA 101 and crediting GLA 565.
5	Agency	Processes an ATV to clear the suspense account. It uses transaction code 448 to debit GLA 565 and credit GLA 101 and transaction code 136 to debit GLA 101 and credit GLA 961.

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## Procedures, Continued

### Example 3

Stage	Who	Description
1	Treasury	Reconciles its bank statements and finds a \$500,000 deposit recorded on its March bank statement. Treasury contacts the bank for deposit information and finds that an agency made the deposit.
2	Treasury	Processes a DC to post an entry to the agency's Bank Reconciling item Suspense Account by debiting GLA 101 and crediting GLA 565.
3	Agency	Processes an ATV to clear the suspense account. It uses transaction code 448 to debit GLA 565 and credit GLA 101. The offsetting line on the ATV will normally be transaction code 136 to debit GLA 101 and credit GLA 961, but another transaction may need to be used to credit the appropriate GLA and debit GLA 101.

## Records Retention

**Time Period** Retain for 5 years or until audited.

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## Contacts

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**Treasury Contact**      Manager, Bank Reconciliation  
Voice: (804) 786-6774  
E-mail: [Debbi.Seitz@trs.virginia.gov](mailto:Debbi.Seitz@trs.virginia.gov)

**DOA Contact**      Director, General Accounting Unit  
Voice: (804) 225-2244  
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## Subject Cross Reference

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**References**      CAPP Topic No. 20205 — Cash Receipts Accounting

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