What A Reviewer Should Actually Look For When Performing Bank Reconciliations

It's common knowledge that **all bank accounts should be reconciled on a timely basis**. It also makes perfect sense for someone other than the person responsible for writing checks to be in charge of doing the reconciliations. However, a proper reconciliation is more than that. It also includes critical steps that look for check fraud and identify unauthorized disbursements. A well-meaning employee might not understand that there is more to a reconciliation than just comparing the check register to the bank statement every month.

Consider the following steps to your monthly bank reconciliation process:

- Review check endorsements for irregularities. Compare the check payee on the face of the document to what is recorded in the register.
- Turn the check over and confirm that the endorsement agrees with what is written on the face of the check. Never assume just because a check cleared the bank that it was properly endorsed.
- Look for any unusual attributes or characteristics in the endorsement, such as a second endorsement by a third party.
- Consider the nature of the endorsement and be sure it seems reasonable. For example, it would be questionable for a non-local check to be deposited into a local bank account.
- Review the list of checks voided during the month, if any, to determine that they did not subsequently clear the bank.
- Investigate any checks written for large, even amounts or checks written for an amount just below the organization's threshold for approval by senior management.

By spending some additional time during the reconciliation process, an organization has a greater chance of preventing and detecting fraud.

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