

Two of a community's largest assets are cash and receivables, the information about which is maintained by the collector, treasurer, and accountant/auditor. The collector keeps listings of outstanding receivables due the community; the treasurer is the community's custodian of revenues, tax titles, and tax possessions; and the accountant/auditor is responsible for maintaining the accounting records. To make sure financial records are accurate and no money is missing, these offices must periodically reconcile their cash and receivable records.

Before reconciliations with the accountant/auditor can occur, the collector and treasurer must keep current and accurate records. The collector's receivable control is a record of original entry in which the tax commitment is reduced by collections received (also documented in turnover reports), by abatements and exemptions granted (based on notifications from the assessors) and by tax title transfers. The receivable control is increased by total refunds. The treasurer maintains a cashbook to record the flow of cash into and out of the treasurer-controlled bank accounts. Shortly after the end of each month the collector should internally reconcile all receivable balances with the receivable control, and the treasurer should internally reconcile the cashbook to all bank statements.

The results of these activities should then be forwarded to the accountant/auditor's office to be compared to the general ledger records. If variances are identified between sets of records, the pertinent financial officers should meet to determine the causes (e.g., missing information, input errors, timing differences) with the goal of resolving them. The accountant should report the results of these reconciliations to the community's management and executive body for the purpose of verifying that the reconciliations took place and providing explanations for any variances.

Prompt and frequent reconciliations between these financial offices are essential to maintaining controls and ensuring checks and balances are in place. While each office is responsible for conducting its own independent operation, they share a duty to ensure fiscal accountability. Reconciliations are performed to ensure that information was processed properly and that the financial records in each office are accurate. It is best to prioritize and complete these actions immediately after each month closes rather than putting them off to a later time. The lack of timely cash and receivable reconciliations can delay an audit engagement and may result in a comment in the community's management letter. It also could delay the certification of free cash.