## Bank Reconciliation

You can match your physical bank statement with the system's cash book transactions. This lets you easily find transactions that are on the bank statement but which you have not entered into the system, and vice versa.

The use of the bank reconciliation function is optional. You can start and stop using it at any time - it does not affect balances in any way.

> To access this function
> - Select the Process...Bank Reconciliation menu option.
> - You can also use the System Navigator to navigate to this function.

For an overview of the bank reconciliation process, click here.

You can perform reconciliation-related processes in two other places:

- You can reconcile items as you enter them in the Cash Books function. This is useful when you come across an entry on the bank statement that you have not entered into the system. You can enter the transaction in the cash book and mark it as reconciled at the same time.
- You can reconcile or unreconcile a group of transactions based on a date range in the Reconcile / Unreconcile Cash Book function. You use this if you want to start reconciling some time after you start using the system. You can mark all transactions up to a date you specify as reconciled. You can also unreconcile transactions in a period range, in case you wish to redo the reconciliation.

This function runs as an Assistant.

This topic contains the following sections:

- Loading the Reconciliation
- Importing the Bank Statement
- Understanding the Display
- How to Reconcile
- The Status Bar
- Viewing and Printing the Reconciliations

## Loading the Reconciliation

The first page of the Assistant lets you load the reconciliation data:

**Bank Reconciliation Assistant**

The Bank Reconciliation Assistant will guide you through the process of reconciling Bank Accounts.

Please select a Bank Account, Period, Date and Bank Statement Balance to start the process.

| | |
|---|---|
| Cash Book | 01 - 8400/000 National Bank |
| Period | 13 - 01/03/18 - 31/03/18 March This Year |
| Up to Which Date | 31/03/18 |
| Statement Balance | 0.00 |

Options...

**To load the bank reconciliation**

1. In the Cash Book field, select the bank account you are reconciling. Each cash book has its own reconciliation.
2. Your bank statement shows transactions up to a certain date. You need to load transactions up to the same date. Select the year, period, and the latest transaction date. If you select a different date, the difference value between the two balances becomes meaningless.
3. In the Statement Balance field, enter the closing balance from the statement. The system remembers the last bank statement balance you entered, in case you are continuing an earlier reconciliation session. The system tracks the statement balance against the bank balance in the cash book. If there is a difference between the actual bank balance and the system's balance, it displays on the status bar at the bottom right of the screen. Once you complete the reconciliation, this difference should be zero, and displays as "In Balance".

4. You can click the Options button to run two reports, the View Reconciliation report and the Cash Book Details report. You can also run these reports later.
5. Click the Next button to load the transactions. Note that the reconciliation function is unusual in that it includes transactions in any open cash book batches for the user. The idea is that you can perform the reconciliation prior to updating the batch, so that you can correct any errors.
6. The system performs the reconciliation process in memory, which limits number of unique lines to 4000. If you have more lines than this, the system displays MEM in the status bar. You have the following choices:
   ● You can reconcile as many items as you can, ignoring items that you cannot match, since these may not have read into memory yet. Once you reconcile a number of items, load the reconciliation again. This will include more of the unreconciled items. Repeat this procedure as many times as you need to.
   ● If you are starting to reconcile some time after you start using the system, use the Reconcile / Unreconcile function to reconcile items globally up until a recent period.

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## Importing the Bank Statement

If you have the ability to download a bank statement from your bank into an ASCII file, you can import the file into the bank reconciliation. The system will then automatically reconcile as many transactions as possible, and issue error messages for items that it cannot reconcile.

The system imports a file BANKN.DAT, where N is the cash book number (1-30). This file must be in the company directory.

This is a fixed-length file that has 55 characters per record. The layout of this file is as follows:

| Position | Field | Type | Format |
|----------|-------|------|--------|
| 1-6 | Date | Character | DDMMYY |
| 7-18 | Amount | Character | 9.2, Negative=CR, Positive=DR, right-aligned |
| 19 | Space | Character | 1 |
| 20-55 | Description | Character | 36 characters |

If your bank creates their file in a different format, you should check with your distributor whether they have a conversion utility for the bank's format into this one. Your distributor may be able to create a conversion utility for you.

If the distributor does not have a conversion, you can import the bank's file into a spreadsheet and export it in the above format. If you do so:

■ Make sure that the character for the 1000 (thousand) separator is the same as the one you setup in the Formats tab of the Company Parameters function.
■ If the computer regional settings use a comma as a decimal separator, the file you are importing must also use commas as a decimal separator.
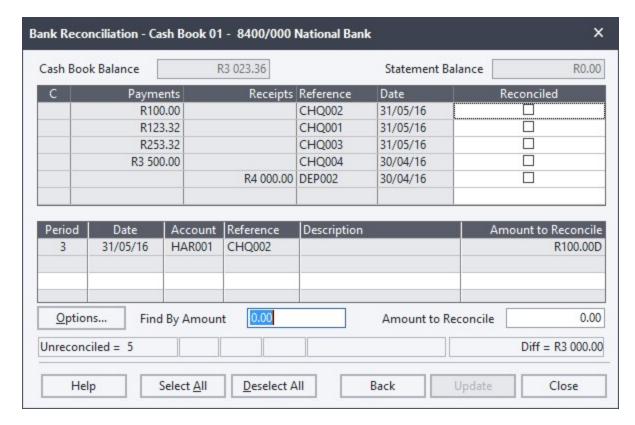
**To import the bank statement**

1. Load the cash book as described above.
2. Click the Options button and choose the Import option.
3. Click the Start button to begin the import. The system looks for the file as outlined above.
4. As the system imports, it shows any errors in the table.
5. Once the import completes, and if there are errors, click the Print button to make a printout of the errors. This prints a list of items the system could not reconcile. The reasons for this can be:
   ● The imported line contains an amount that is not outstanding on the bank reconciliation.
   ● The number of lines that have the same amount in the import file and the reconciliation is not the same. The system does not know which line(s) to reconcile. You can manually reconcile the lines in these cases.
6. Click the Close button to return to the bank reconciliation screen. The system shows reconciled items as being reconciled. If you do not display reconciled items, only the unreconciled items display.

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## Understanding the Display

Once the loading completes, the system displays the reconciliation lines in the table.

| Bank Reconciliation - Cash Book 01 - 8400/000 National Bank | | | | | ✕ |

| Cash Book Balance | | R3 023.36 | | Statement Balance | R0.00 |

| C | Payments | Receipts | Reference | Date | Reconciled |
|---|---|---|---|---|---|
| | R100.00 | | CHQ002 | 31/05/16 | ☐ |
| | R123.32 | | CHQ001 | 31/05/16 | ☐ |
| | R253.32 | | CHQ003 | 31/05/16 | ☐ |
| | R3 500.00 | | CHQ004 | 30/04/16 | ☐ |
| | | R4 000.00 | DEP002 | 30/04/16 | ☐ |

| Period | Date | Account | Reference | Description | Amount to Reconcile |
|---|---|---|---|---|---|
| 3 | 31/05/16 | HAR001 | CHQ002 | | R100.00D |

| Options... | Find By Amount | 0.00 | Amount to Reconcile | 0.00 |

| Unreconciled = 5 | | | | | Diff = R3 000.00 |

| Help | Select All | Deselect All | Back | Update | Close |

You can customise the appearance of the table as follows:

- You can sort the lines by reference, amount, or date. To do this, click the Options button, choose the Search Sequence option, and then choose how to sort. You can change this sequence at any time.
- The table does not display all the transaction details. If you wish to see these details, click the Options button, choose the Display option, and then choose Show Details. Select the same option again to hide the details. Another use of this feature is that the system combines all transactions that have the same reference into a single line. If there is more than one transaction that makes up a line, an icon appears in the C column for that line. If you view details, you can see each transaction that shares the same reference.
- Once you start reconciling items the system can continue to show these items, or it can hide reconciled items. You hide and display reconciled items by clicking the Options button, choosing the Display option, and then choosing Hide Reconciled. Note that this only applies to items you reconcile in the current session. Items you reconciled in the past never display.

> **Note** If any values show in red, it indicates that the entry is the reverse of the expected sign. This happens if you enter a negative value into a cash book line. It could also happen if there are payments and receipts with the same reference.

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## How to Reconcile

You have two methods of reconciling transactions:

- Use the check method to check each item in the table as being reconciled.
- Use the entry method to enter information to find a transaction, and then optionally enter its amount.

The overview discusses the merits of each of these methods.

In addition, you can click the Select All button to reconcile all loaded items, or you can click the Deselect All button to unreconcile all loaded items.

**To reconcile by the check method**

1. Sort the table into the most convenient order.
2. Click the Reconciled field in a line to check and reconcile it. If you set the system to hide reconciled items, the line vanishes. If you show reconciled items, the line remains with a check mark. You can click the field again to unreconcile it. Instead of using the mouse, you can press <Spacebar> to reconcile and unreconcile. You can use standard navigation keys to scroll though the list.

**To reconcile by the entry method**

1. You use the Find By field and the Amount to Reconcile field.
2. In the Find By field, you enter the reference, amount, or date of the transaction you are looking for. The system uses

3.   the sequence in which you sort the table as the field you search. Enter the reference, amount, or date in this field.
3.   If the system cannot find a record with the value you enter, it issues an error message. The system does not search any items you have already reconciled. If the system finds the item, it highlights it in the table.
4.   You can set the system to conclude the reconciliation in two ways:
- The system can ask you to enter the transaction amount in the Amount to Reconcile field, after which you press <Enter> to reconcile.
- The system can display the transaction amount in the Amount to Reconcile field, and you press <Enter> to reconcile.
- You set which of these methods to use by clicking the Options button, choosing the Display option, and then choosing Display Amount. Note that if you choose not to display amounts, the system also hides the amounts in the reconciliation table.
5.   Note that at any stage you can still use the Check method and reconcile items by checking their Reconciled field.

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## The Status Bar

The status bar at the bottom of the reconciliation window shows important information. From left to right, the fields are:

| Field | What it Means |
|---|---|
| Unreconciled | This shows how many unreconciled lines you have. |
| DUP | When you select a line or enter a value in the Find By Amount field, the system checks whether that value is unique in the sequence you are using. If it is not unique, the system displays DUP, for duplicate in this field. For example, if you enter a value of 1250, and multiple references have that value, you have a duplicate situation. You must then use the Reconciled column to reconcile the correct item. |
| MIX | The system combines transactions with the same reference regardless of their source. If the source of the transactions on a line is different, then MIX displays when you select the line. Transactions are from different sources if:<br>■ The transactions are a mixture of payments and receipts.<br>■ The transactions come from a mixture of batch files and the updated transaction file.<br>In both these cases there is almost certainly an error caused by overlapping references. |
| MEM | If you have too many items to reconcile at once, MEM displays. You can reconcile as many items as you can and then reload the reconciliation. In this case, ignore situations where transactions are on the bank statement and the system does not find them, because they may still be in the system. |
| Currency | This shows the cash book's currency. You reconcile in the currency of the cash book, not your home currency. |
| Difference | This displays the difference between the bank statement balance you enter and the system's theoretical bank balance. Once you complete the reconciliation, this value should be zero. If this value is not zero, it is due to one of the following reasons:<br>■ There are items on the bank statement you have not yet entered into the system, such as bank charges, direct debits, and interest.<br>■ There are items in the cash book which have not yet appeared on the bank statement – check your period and date.<br>■ There are items you reconciled incorrectly - you reconciled them when you should not have, or vice versa. |

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## Viewing and Printing the Reconciliation

The View Reconciliation report shows you the status of the reconciliation. To access the report, click the Options button and choose the View Reconciliation option. Then choose where to display the report.

The report shows you the following:

- The closing bank statement balance you entered.
- Less outstanding bank payments.
- Plus outstanding bank receipts.
- The system's equivalent bank account balance.
- The difference, if any, between these balances.

Any difference can come from factors such as the following:

- There are items on the bank statement you have not yet entered into the system, such as bank charges, direct debits, and interest.
- There are items in the cash book which have not yet appeared on the bank statement – check your period and date.
- There are items you reconciled incorrectly - you reconciled them when you should not have, or vice versa.

General Ledger Processing