

Bank Statement Reconciliation Part 2

In the previous bank reconciliation class, we explored the sources of the transactions that pass-off entries to the Bank reconciliation viewer as well as how to set up your system to activate this AP function.

In this class we will explore the features of the viewer and how it can be used to help you reconcile your internal records against your bank statement.

Let's start by accessing the Bank Reconciliation viewer from the Daily Procedures AP sub-menu.

If you have used this module for a while then you will see numerous transactions displaying in the grid.

However, if you are new to bank reconciliation and you just turned this feature on, then the grid will not contain any transactions until you have posted your first batch of AP or Payroll checks.

Topics

- Field Definitions
- Bank Reconciliation Functions

Field Definitions

Let's begin our exploration of the viewer by defining the different fields.

At the very top of the screen you have the possibility to either display all transactions by blanking out the From – Thru fields, or if you only want to see items for a specific time period, then specify the beginning and ending date in these fields.

If you click on the Bank Codes hyperlink, you will be able to see all the available bank codes representing each of your checking accounts.

We recommend that for bank reconciliation purposes, it is best to reconcile one account at a time; therefore checkbox the bank code with which you want to start the reconciliation process.

Once done with this one, you can move on to the next account to complete its reconciliation.

Under the stores hyperlink, it is ok to select ALL if you do not have store specific bank accounts.

Under the Last Statement field, you should indicate the last statement balance.

If you have used bank reconciliation before, this field is populated by the system carrying the dollar amount of the statement from the previous time.

In the New Statement, indicate the statement balance of the current statement.

Therefore, the difference between the new and the last statement balance will indicate the amount we need to reconcile during this reconciliation run.

The grid columns are more or less self-explanatory.

Let's touch on a few that will help us make the reconciliation process more efficient.

The Check Number will be quite important when reconciling either AP or Payroll checks, as well as the payee field.

Whenever you see a Cash Out transaction that indicates money has left your account in the form of a check or cash withdrawal, for instance.

Cash In transactions, on the other hand indicate an increase in your cash balance caused by a cash deposit or interest earned for example.

Transaction Type will show you the source of the entry – whether it was an automatic entry from AP or Payroll, a manually passed-off entry from GL, or a manually created entry in the Bank Reconciliation application itself.

Now that we have covered most of the important fields in the viewer, lets take a look at its functionality.

Bank Reconciliation Functions

By default, the Bank Reconciliation viewer displays all transactions.

However, business processes in general focus at doing one thing at a time.

Therefore, it is important that you only see information pertaining to the task at hand, and not be inundated with unnecessary details.

The Look Up function allows you to do just that.

You can select to see unreconciled, reconciled, or voided transactions separately.

As mentioned in the Bank Reconciliation Part 1 class, the Bank Reconciliation module gives you the ability to create manual entries for transactions that are not processed via the AP and Payroll modules.

Such transactions could be the daily deposit, cash over short, interest earned, finance charges, bank fees, and such.

However, creating these transactions in Bank Rec isolates them to this file only and you must post these transactions in the GL to accurately reflect your cash position.

As a result, if you use the Eagle for Windows GL module, it is best to first record these entries in GL and then manually pass them off to the Bank Reconciliation module.

This method will save you time and guarantee higher data accuracy as well as better record keeping.

However, if you do not use the GL module, you can use the built in Add function to manually create the above mentioned transactions.

To do so, click ADD.

Select the store under which the transaction must be recorded as well as the bank code and transaction type.

The transaction type will determine whether the entry will debit or credit your cash account.

Specify the transaction date and amount.

If it is a voided check you are entering then specify its amount under Void Amount.

Specify the check number in the check field.

Normally, voided transactions will come over from AP, so it should not be necessary to have to manually create such entries.

Indicate the employee number if it makes business sense for these transactions.

Under User, enter the user who is entering the record so that you can keep track of who is making and changing records in this viewer, especially if more than one person is responsible for its maintenance.

If the entry represents a payment to someone that has not been processed through AP, then enter that entities name in the Payee field.

Any references connected to this entry must be entered in the Notes field.

Specify a vendor if applicable and under the status field select pending if the transaction is on the statement currently being reconciled.

Click OK to Add the transaction.

If you need to modify an already existing transaction, highlight it and click on the Change button.

The prompt window contains the same fields as the ADD Bank reconciliation transaction prompt window.

Modify the necessary fields and make sure to specify the User who changed the information and click OK.

If you wish to copy a transaction from an already existing one, highlight the existing one and click on the Misc button.

Select Option 2 – Copy Bank Reconciliation Transaction.

The original transaction will come up.

Change any of the fields as necessary and click OK.

A new transaction will be added to the viewer.

Use this function if you need to enter recurring entries to save time.

Once in a while, especially if you enter transactions manually to the Bank Reconciliation viewer, you may need to delete a transaction that was entered erroneously or was duplicated by mistake.

To do this, checkbox the transaction you wish to delete, and click the Delete button.

Click Yes on the “Are you sure you want to delete” prompt.

You will receive a confirmation indicating the successful deletion of the record.

Here we have come to the end of Bank Reconciliation Part 2.

By now you should feel familiar with the viewer, its fields, and its main functions.

In the final class concerning Bank Reconciliation, we will go over the process of how to reconcile your bank statement against your transactions.

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