Setting Up Bank Reconciliation

Reconcile your transactions with bank statements through Bank Statement Processing. Through this program, you manually or automatically match bank statements. Then review the bank statement details. You can also post new transactions to a bank account.

Before you use Bank Statement Processing, set up an electronic interface that imports statements from your bank. You next link the electronic interface to a bank account. Then to make it easier to find records in the bank statements, enter partner cross references.

During this course, you learn how to set up these three items.

Objectives

- **Creating Electronic Interfaces** – Start by either updating or creating electronic interfaces. You link these to plug-in programs that convert data from your bank into a format your system can process.

- **Linking Electronic Interfaces to Bank Accounts** – You next link electronic interfaces to bank accounts. During Bank Statement Processing, these bank accounts import statements from your bank.

- **Adding Cross-References** – Lastly, add cross-references to partner customer, supplier, and bank records. These cross-references make it easier to find transactions you need to review.

Creating Electronic Interfaces

To import bank statements from your bank, create electronic interfaces.

These interfaces connect to plug-in programs that convert data into a format the bank requires and your system recognizes. Your system can then pull the bank statements into your financial records.

You indicate this electronic interface runs for Bank Statement Processing.

Electronic interfaces are also used for electronic funds transfer, or EFT, processing. Banks may use different formats, so you run separate routines for each format.

The system provides generic formats, but you may customize them to match the format your bank requires. That's why they are written as plug-ins.

Launch Electronic Interface Maintenance. From the landing page, select an existing interface that is set up to import bank statements.

The Type indicates this electronic interface handles bank statements. The Program field shows the menu path and file name for the plug-in program. As you see here, this interface imports bank statements.

When you need a new electronic interface to import bank statements, go back to the landing page. Tap the New icon above the grid.

Name your new interface. Then from the Type field, select Bank Statement.

Now tap the Program button and select the directory name and electronic interface you will use for bank statement imports. This interface must match the format used by the bank.

Enter a Description that will help you identify the electronic interface it later.

After you enter this information, tap Save and exit the program.

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Linking Electronic Interfaces to Bank Accounts

The next thing you set up are the required reconciliation parameters on the bank account. Launch Bank Account Maintenance.

From the landing page, select the bank account you will link to the electronic interface.

This bank account's parameters display on various cards, such as GL controls, payment methods, and addresses.

The options you define are on the Bank Reconciliation card. Expand this card. These options automate how you reconcile bank statements.

You first select the Electronic Interface to link to the bank account.

Optionally, select a Transaction Code. Do this when you have a template with a set of codes for use in bank statement lines. Typically, your bank provides this list of codes.

Enter a percentage in the Tolerance field to determine the difference you allow between an un-matched statement line amount and a transactional amount. If a statement line is within this tolerance, the system matches it during either automatic or manual quick matching.

Select the Retrieve unmatched transactions automatically check box. After you import a bank statement, this option automatically displays all potential transactions that can be matched with a selected statement line.

Now select Filter unmatched transactions by statement line type. During Bank Statement Processing, this activates the filter settings for retrieving unmatched transactions. Only unmatched transactions that match the selected type display.

Next, select Auto-match Statement Details. This causes the process to attempt automatically matching statement lines with your existing receipts.

You can also automatically create new matched transactions. Auto create Invoice Cash Receipts, On Account Cash Receipts, Cash Receipts Based on Customer Balance, and other options.

After you finish defining reconciliation options for this bank account, tap Save.

Adding Cross-References

There's one last piece of setup you do. Add cross-references that you then use to match partner names in bank statements with partner IDs registered within your database. A partner can be a customer, supplier, or bank.

For this course, we'll create a customer cross-reference. But you follow similar steps to set this up in suppliers and banks.

During Bank Statement Processing, search on this cross reference to find records more easily. For example, store a customer description on a bank statement so its easy to find the customer using that description.

Launch Customer Maintenance. Select a customer from the landing page.

A customer record holds billing, bank account, and credit information. Let's create a cross-reference for this customer. Scroll down to the Search Cross-References card.

Expand this card and tap the New Search Xref icon.

This adds a line on the Search Cross-References grid.

In the Cross-Reference column, enter an abbreviation for the customer name. Make sure the Active check box is selected.

Tap Save. And that's it, you've created the cross-reference. Now if you import a bank statement that uses this customer's abbreviation, the system will recognize the Customer ID while matching transactions with statement lines.

Recap

And that's how you set up bank reconciliation. Let's review what you learned.

You started by updating or creating electronic interfaces that link plug-in programs. These plug-in programs import bank statement data from your bank.

You then linked these electronic interfaces to bank accounts. During Bank Statement Processing, these bank accounts import the bank statements.

Lastly, you added cross-references to customers, suppliers, and banks. You can then more easily find transactions from these partner records. For more information about bank reconciliation, review more courses and the application help.

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