



Reconciling Bank to Book

Welcome

Please take a moment to locate the Zoom Webinar controls.
Feel free to say hello or ask a question using the Q & A feature.

Welcome – Introducing our Panelists



Mark Crain
Staff Trainer



Carmen Dea
Staff Trainer



What is bank to book reconciliation?

- Comparison of our internal financial documents (reconciling items and general ledger) with external records (bank statement)
- Helps to prevent overspending (insufficient funds or overdraft fees)
- Discover checks that need to be voided and reissued
- **Single easiest way** to catch errors or fraud!

Remember! You cannot use your bank balance to determine how much money is in the bank if there are outstanding items!



How often should I reconcile?

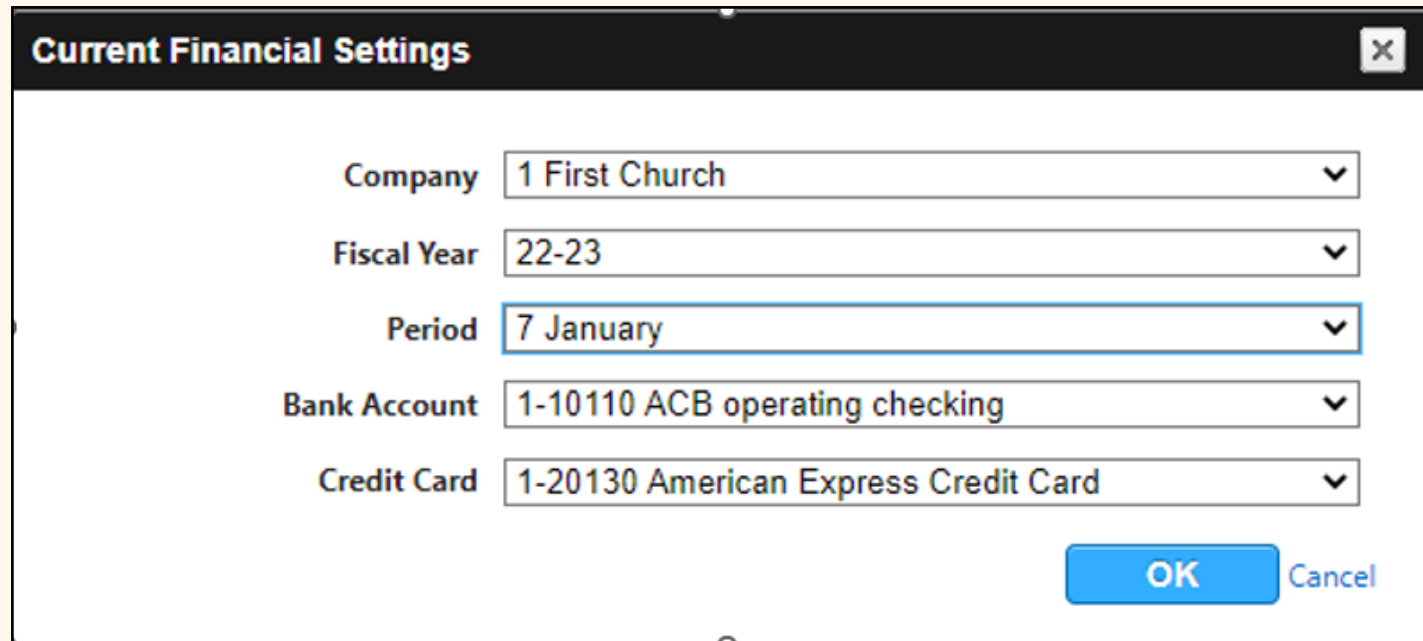
- Monthly, unless quarterly or annual statements
- Before presenting financial documents to finance committee or leadership
- Errors in the bank statement = errors in the income or expense accounts, too
- Changes made after publishing financials should be re-published





Change Financial Settings

- Bank Account Management > Click 'change' in Financial Settings menu
- From menu choose **Company**, **Fiscal Year**, **Period**, and **Bank Account** being reconciled



Current Financial Settings [X]

Company 1 First Church ▼

Fiscal Year 22-23 ▼

Period 7 January ▼

Bank Account 1-10110 ACB operating checking ▼

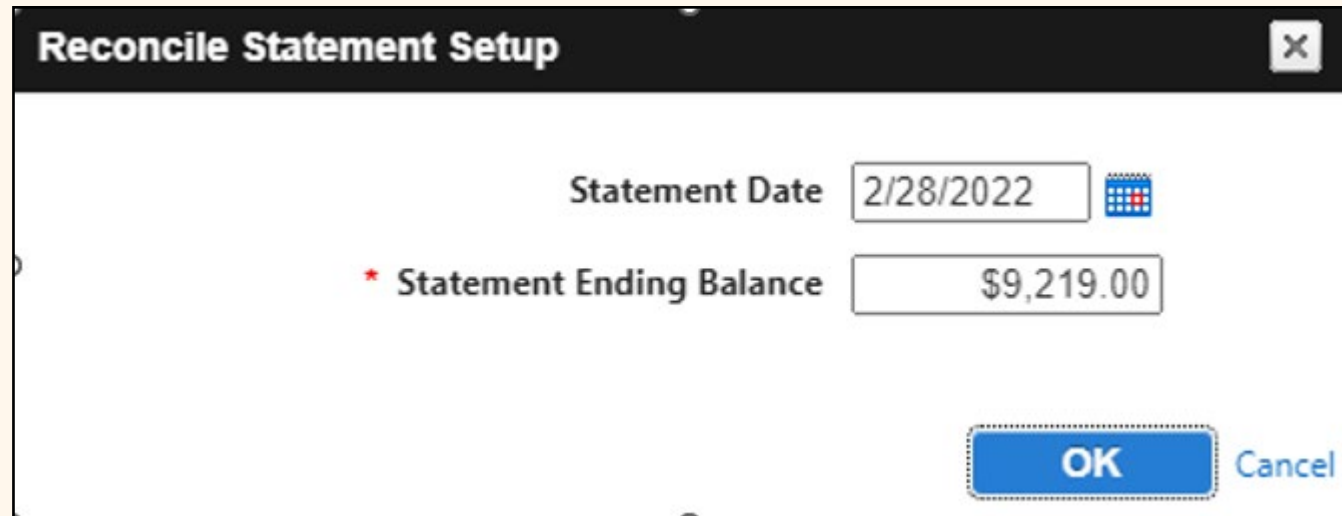
Credit Card 1-20130 American Express Credit Card ▼

OK Cancel




Enter Statement Date and Ending Balance

- Manage > Bank Statements
- Click 'Add New Statement'
- Enter end of month for the Statement Date
- Enter Ending Balance found on the bank statement



Reconcile Statement Setup

Statement Date 

* Statement Ending Balance

OK Cancel




Before beginning, how does this month look?

- Before beginning, the left (bank) and right (book) should be out by same amount
- Likely there is an item missing that's in the general ledger but is missing a reconciling item
 - How does that happen? Unchecking "Send Item to Bank Account Management" on a journal

Reconcile to Bank Statement		Reconcile to General Ledger	
Statement date	2/28/2022	Statement Period	2022 / 2 February
Opening Balance	\$12,324.00	General Ledger Balance	\$9,519.00
Net Activity	\$0.00	Outstanding Items	(\$2,805.00)
Calculated Ending Balance	\$12,324.00	General Ledger Calculated Ending Balance	\$12,324.00
Statement Ending Balance	\$9,219.00	General Ledger Out of Balance By	(\$3,105.00)
Out of Balance By	\$3,105.00	Reconciled Items from after the Statement Period	\$0.00

Tips for clearing items

- Enter the statement's ending date in 'Show transactions through' date field
- Sort Columns to make reconciling easier
- Most common methods are to a) use your mouse and check off items or b) Tab and spacebar

Show transactions through: 

Checks/Voids/Withdrawals/EFTs					Deposits				
<input checked="" type="checkbox"/>	Item #	Amount	Date	Description	<input type="checkbox"/>	Item #	Amount	Date	Description
<input checked="" type="checkbox"/>	353	(\$1,000.00)	1/5/2022	Jake the Builder	<input checked="" type="checkbox"/>	902001	\$500.00	2/13/2022	Contributions deposit
<input checked="" type="checkbox"/>	355	(\$100.00)	1/22/2022	K-Mart (#637)	<input checked="" type="checkbox"/>	902002	\$100.00	2/17/2022	Contributions deposit
<input checked="" type="checkbox"/>	356	(\$60.00)	1/25/2022	Moore, Mr. Clayton (#1570)	<input type="checkbox"/>	902009	\$300.00	2/23/2022	Deposit (#299)
<input checked="" type="checkbox"/>	357	(\$50.00)	1/25/2022	Conrad, Mr. Fred (#71)	<input checked="" type="checkbox"/>	9000001	\$25.00	2/23/2022	Interest
<input checked="" type="checkbox"/>	358	(\$250.00)	2/5/2022	Water - Sewer Co.	<input checked="" type="checkbox"/>	902008	\$555.00	2/27/2022	Deposit (#299)
<input checked="" type="checkbox"/>	359	(\$220.00)	2/5/2022	Addams, Mr. Johnny (#9)					
<input checked="" type="checkbox"/>	360	(\$80.00)	2/5/2022	Acme Paper Supply (#1)					
<input checked="" type="checkbox"/>	361	(\$2,500.00)	2/15/2022	IBM Corporation (#567)					
<input checked="" type="checkbox"/>	802005	(\$25.00)	2/20/2022	Withdrawal (#1508)					



Balancing

- Verify correct **'Statement Year/Period'**
- **Opening, Net Activity, and Statement Ending Balance** should equal the bank statement
- **'Net Activity'** should equal all checks, withdrawals, and deposits from your bank statement
- The **'Out of Balance By'** should be zero on left (bank) and right (book)
- **DONE? NOT SO FAST!!** Review the Outstanding Items Reports for errors!

Reconcile to Bank Statement		Reconcile to General Ledger	
Statement date	2/28/2022	Statement Period	2022 / 2 February
Opening Balance	\$12,324.00	General Ledger Balance	\$9,506.50
Net Activity	(\$3,105.00)	Outstanding Items	\$287.50
Calculated Ending Balance	\$9,219.00	General Ledger Calculated Ending Balance	\$9,219.00
Statement Ending Balance	\$9,219.00	General Ledger Out of Balance By	\$0.00
Out of Balance By	\$0.00	Reconciled Items from after the Statement Period	\$0.00



View Reconciliation Report

	Net Activity	(\$3,105.00)
	Calculated Ending Balance	\$9,219.00
	Statement Ending Balance	\$9,219.00
	Out of Balance By	\$0.00

View Reconciliation Report **Apply and Finish Later** **Finish** Reset or Cancel



Bank Statement Current Summary

- Should agree with Bank Statement

Reconciliation Report	
Statement Date: 2/28/2022	
1-10110 Reconciliation Checking Account	
 Bank Statement Current Summary	
Opening Balance	\$12,324.00
Deposits	\$1,180.00
Checks & Withdrawals	(\$4,285.00)
<hr/>	
Ending Balance	\$9,219.00



Cleared Items Report

- Opening and Ending Balances agree with Statement

Reconciliation Report
Statement Date: 2/28/2022
1-10110 Reconciliation Checking Account

Cleared Items

<u>Item#</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
		Opening Balance	\$12,324.00
353	1/5/2022	Check - Jake the Builder	(\$1,000.00)
355	1/22/2022	Check - K-Mart (#637)	(\$100.00)
356	1/25/2022	Check - Moore, Mr. Clayton (#1570)	(\$60.00)
357	1/25/2022	Check - Conrad, Mr. Fred (#71)	(\$50.00)
358	2/5/2022	Check - Water - Sewer Co.	(\$250.00)
359	2/5/2022	Check - Addams, Mr. Johnny (#9)	(\$220.00)
360	2/5/2022	Check - Acme Paper Supply (#1)	(\$80.00)
902001	2/13/2022	Deposit - Contributions deposit	\$500.00
361	2/15/2022	Check - IBM Corporation (#567)	(\$2,500.00)
902002	2/17/2022	Deposit - Contributions deposit	\$100.00
802005	2/20/2022	Withdrawal - Withdrawal (#1508)	(\$25.00)
9000001	2/23/2022	Deposit - Interest	\$25.00
902008	2/27/2022	Deposit - Deposit (#299)	\$555.00
		Ending Balance	\$9,219.00

Cleared Items



Outstanding Items Report

- Always review this report and look for errors!
 - Any deposits or withdrawals that should have cleared by now?
 - Did you forget to clear your voids?
 - Should you void and reissue old checks?
- Proves Bank and Book Agree! Now you can do the 'reconciling dance' (you know it)

Reconciliation Report			
Statement Date: 2/28/2022			
1-10110 Reconciliation Checking Account			
Outstanding Items			
<u>Item#</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
902009	2/23/2022	Deposit - Deposit (#299)	\$300.00
General Ledger Balance (2022 / 2 February)			\$9,519.00
Total Outstanding Items			\$300.00
General Ledger Calculated Ending Balance			\$9,219.00
Statement Balance			\$9,219.00
General Ledger out of Balance By:			\$0.00

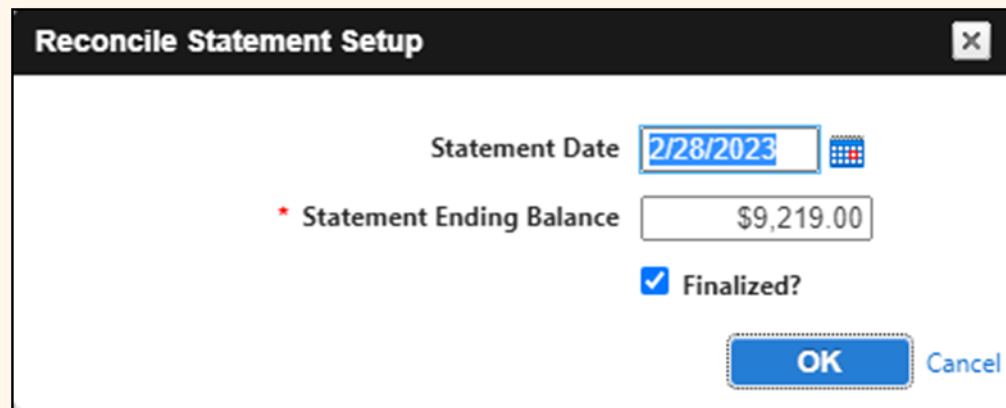
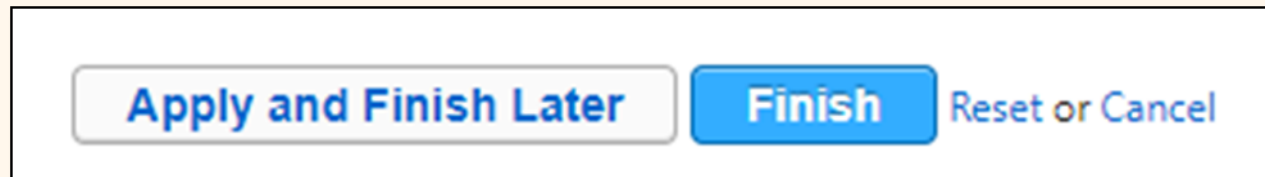


You have arrived at your destination!



Difference between “Apply and Finish later” and “Finish”

- Clicking ‘Apply and Finish Later’ saves your work **ONLY**. This CAN be enough!
 - Under Security Setup > Task Roles > Bank Account Management there is a security right for individuals to be able to “**Un-Finalize**” a statement
- Though not a requirement, most customers do press ‘Finish’ to **finalize**.

A screenshot of a dialog box titled "Reconcile Statement Setup". The dialog box has a white background and a black title bar with a close button (X). It contains the following fields and controls:

- Statement Date: A text input field containing "2/28/2023" and a calendar icon to its right.
- * Statement Ending Balance: A text input field containing "\$9,219.00".
- Finalized?: A checkbox that is checked, with the label "Finalized?" to its right.
- OK: A blue button with white text.
- Cancel: A light blue button with dark blue text.



Reconcile by Item

- Enter check # and amount then click '**Reconcile Item**' to clear
- Must know Item # for deposits and withdrawals

Home > Bank Account Management > Reconcile Bank Statement > Reconciliation

RECONCILIATION NOTES ATTACHMENTS

Item # Amount [Import Electronic Bank Statement](#)



Import Electronic Bank Statement

- When imported, Amount and Item Number or Date must match to be cleared
 - You are most likely to get an Excel export from your bank, [but you will probably need to make changes to the file for it to work.](#)

Home > Bank Account Management > Reconcile Bank Statement > Reconciliation

RECONCILIATION NOTES ATTACHMENTS

Item # Amount

Import Electronic Bank Statement [X]

Valid file extensions are 'qif', 'ofx', 'qfx' and 'xlsx'.

No file chosen



Voiding a Payment (check or withdrawal)

- Accounts Payable > Utilities > Void Checks
- Search by **Vendor** Name and then search by **Payment**
- EFT's will have a check # of '0'

Home > Accounts Payable > Void Checks

Select Checks to Void

* Vendor Acme Paper Supply (#21)

Check #

* Check Date

* Amount

[Add to Grid](#)

Check Search

Check #	Check Date	Amount
504	2/1/2023	\$952.63
503	3/8/2022	\$200.00
500	1/7/2022	\$325.00
393	9/20/2021	\$200.00
0		\$250.00

1 Page 1 of 1, items 1 to 5 of 5.

[Select](#) [Cancel](#)

Home > Accounts Payable > Void Checks

Select Checks to Void

* Vendor Acme Paper Supply (#21)

Check #

* Check Date

* Amount

[Add to Grid](#)



Voiding a Payment (check or withdrawal)

- Click 'Add to Grid' then Void Checks
- Add to Grid as many as needed
- Usually, voids are posted in current period, not the original period

Home > Accounts Payable > Void Checks ? Add To My Tasks

Select Checks to Void

* Vendor (not set)

Check #

* Check Date

* Amount

Add to Grid

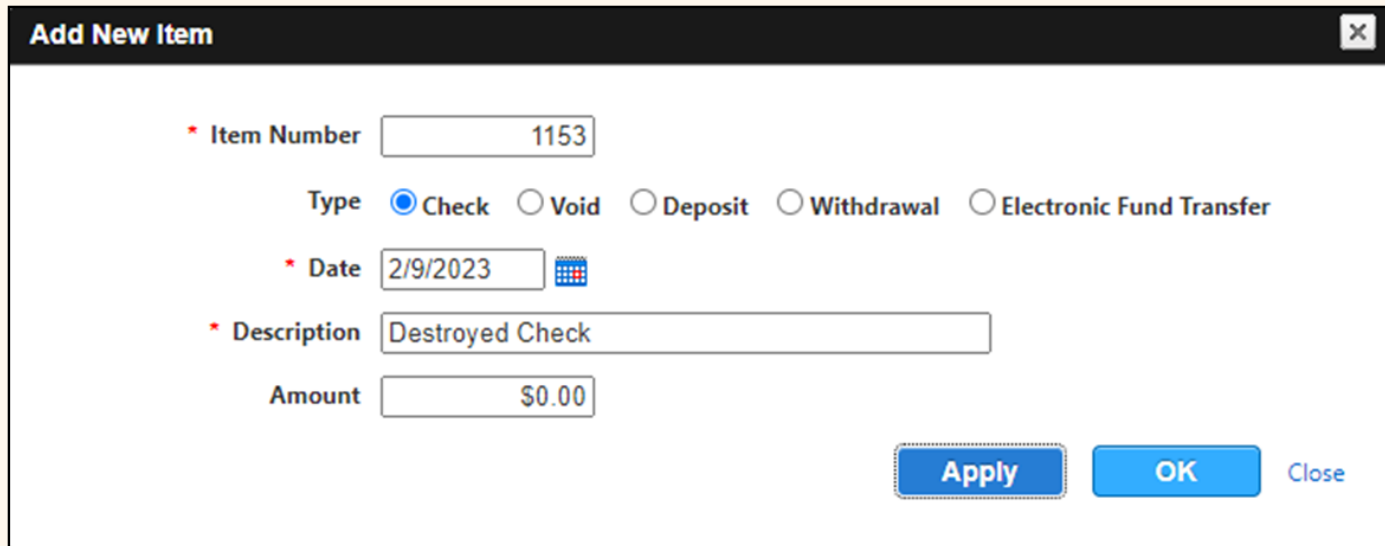
Vendor	Check Number	Check Date	Amount	
<input checked="" type="checkbox"/> Acme Paper Supply	503	3/8/2022	\$200.00	

Void Check Edit Report **Void Checks**



Create Outstanding Item for Destroyed Checks

- Bank Account Management > View > All Items
- Click **Search**
- Click **Add New Item**
- Enter **Check Number**, **Type (check)**, add **Description**, and **Amount (\$0.00)**
- Click **Apply** or **OK**.



Add New Item [X]

* Item Number

Type Check Void Deposit Withdrawal Electronic Fund Transfer

* Date [Calendar Icon]

* Description

Amount





**On behalf of all bookkeepers, everywhere, please do not proceed to the next month's reconciliation unless your bank balances to the book!
Help is provided in this next section!**



What if I'm Out of Balance with the Statement (left side)?


- Opening and Ending amounts agree with Statement?
- Item(s) missing that are on the statement?
- Amount that differs from the statement?
- Checks printed out of order (and don't match statement)?
- Something dated in the future?
- The bank has made an error?
- Fraud! Someone has cleared an unissued check or withdrawal?



Send Entry to Bank Account Management?

- Best Practice – Don't Uncheck unless you're certain!
- When you uncheck, only the General Ledger is updated.
- No reconciling item will appear in Bank Reconciliation. Is that what you intended?


Home > General Ledger > Unposted Journals > Update ▶ ? Add To My Tasks

 Journal Number not assigned

* Date * Period Journal Type * Description

Send Entry to Bank Account Management? Create Reversing Journal in Next Period?

DETAILS ATTACHMENTS NOTE

Add New Lines 

Date	Account	Description	Project	Debit	Credit
<input checked="" type="checkbox"/> 2/7/2023	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
<input checked="" type="checkbox"/> 2/7/2023	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="\$0.00"/>	<input checked="" type="text" value="\$0.00"/>
2 items				\$0.00	\$0.00





Bank Reconciliation Report Filters – Help with Reconciling

- Bank Account Management > Reports > Bank Reconciliation
- Filter by type for total of all debits or credits on bank statement

Home > Bank Account Management > Reports > Bank Reconciliation

Report Preferences

FILTERS OPTIONS

Transaction Date(s)
Begin Date 
End Date 

Types ▼

View

- Select all
- Checks
- Voids
- Deposits
- Withdrawals
- Electronic Fund Transfers

Run Report Clear Preferences Cancel

Statement Date(s)

Begin Date ▼

End Date ▼



Bank Reconciliation Report Options

- Selection your **Report Columns**
- **Sort Order** by Journal, Item, Date, Vendor, etc.

Home > Bank Account Management > Reports > Bank Reconciliation

Report Preferences

FILTERS **OPTIONS**

Report Columns

Available Options: Canceled
Reconciled

Selected Options: Item #
Type
Date
Payee
Amount
GL Journal #

Sort Order

Available Options: Item #
Type
Date
Payee
Amount

Selected Options: GL Journal #

Run Report Clear Preferences Cancel

Close Report

Sample Canceled Items Report sorted by Journal Type and Number

Bank Reconciliation Canceled Items 10110 Reconciliation Checking Account

Item # Type	Date	Payee	Amount	Journal #
358 Check	2/5/2022	Water - Sewer Co.	(\$250.00)	
353 Check	1/5/2022	Jake the Builder	(\$1,000.00)	
355 Check	1/22/2022	K-Mart (#637)	(\$100.00)	CK 1
357 Check	1/25/2022	Conrad, Mr. Fred (#71)	(\$50.00)	CK 1
356 Check	1/25/2022	Moore, Mr. Clayton (#1570)	(\$60.00)	CK 1
802005 Withdrawal	2/20/2022	Withdrawal (#1508)	(\$25.00)	CK 4
360 Check	2/5/2022	Acme Paper Supply (#1)	(\$80.00)	CK 5
359 Check	2/5/2022	Addams, Mr. Johnny (#9)	(\$220.00)	CK 5
361 Check	2/15/2022	IBM Corporation (#567)	(\$2,500.00)	CK 6
Total Items			(\$4,285.00)	


















When I'm out of balance – Option 1 – Less than a year

- If it's been less than a year since both sides balanced properly, you can delete the monthly reconciliation and start over.
- You can delete monthly reconciliations and not hurt the history.
- Deleting just UNCLEARs the cleared items.

Home > Bank Account Management > Reconcile Bank Statement

Add New Statement

		Statement Date	Opening Balance	Ending Balance	Out of Bal
			\$42,712.45	\$42,712.45	
		9/30/2022	\$42,712.45	\$42,712.45	
		8/31/2022	\$43,781.45	\$42,712.45	
		7/31/2022	\$43,781.45	\$43,781.45	
		6/30/2022	\$54,081.45	\$43,781.45	
		5/31/2022	\$59,231.45	\$54,081.45	
		4/30/2022	\$28,800.82	\$59,231.45	



When I'm out of balance – Option 2 – More than a year

Option 2 – PLUG IT

- Clear old items and leave list of outstanding items through a month (ex. December 31, 2022).
- With this method, you MUST have an accurate list of Outstanding Items.
 - You may need to reset the opening balance for the bank statement.
 - Sometimes we also need to add an outstanding item.
 - Only when the left side is zero, check the right side. This is where you will likely create a journal – and uncheck the box – to adjust the General Ledger only.
- You know it's correct when the Outstanding items report is accurate and shows zero!
- **Outstanding Items + Bank Statement Balance = General Ledger Balance**



How to find Outstanding Items

- You need an accurate list of outstanding checks & any withdrawals or deposits at the end of the last month. You can go back anywhere from 6 months to 1 year. It doesn't take long.
- **Example:** if you are beginning your reconciliation from January 1, 2023, you'll need...
 - Bank statements for July 2022 through December 2022.
 - List of all checks, in check number order, issued from July 1, 2022, through December 31, 2022. Excel works best for this. Use Excel's 'Auto Fill' or create list from the Financials.
 - Compare the checks in Excel against the statement. What has not cleared?
 - Review uncleared checks and determine if they are still outstanding, destroyed, other.
 - Don't forget outstanding withdrawals or deposits at the end of the last month (ex. 12/31/22).



Creating a list of checks and voids from the Financials to Excel

- Click on Enable Editing then click on 'Wrap Text' and 'Merge and Center' to remove
- Delete first row and blank columns
- Add 2 more columns for 'Cleared' and 'Comments'
- Format as needed

Home > Bank Account Management > Reports > Bank Reconciliation

Report Preferences

FILTERS OPTIONS

Types 2 Selected

View

Select all

Checks

Voids

Deposits

Withdrawals

Electronic Fund Transfers

Transaction Date(s)

Begin Date 7/1/2022

End Date 12/31/2022

Run Report Clear Preferences Cancel

Home > Bank Account Management > Reports > Bank Reconciliation

Report Preferences

Close Report

Export to the selected format

- Export to the selected format
- Acrobat (PDF) file
- CSV (comma delimited)
- Excel 97-2003
- Excel Worksheet
- PowerPoint Presentation
- Rich Text Format
- TIFF file
- Web Archive
- Word Document
- XPS Document

Bank Rec
7/1/2022
10100 A

Item

Sample Outstanding List

	A	B	C	D	E	F	G
1	Item #	Type	Date	Payee	Amount	Cleared	Comments
2	20386	Check	8/17/2022	Jane Dover	(50.00)		Payroll Check that hasn't cleared. Need to reissue
3	20387	Check	8/17/2022	A-1 Advertising	(690.00)	x	
4	20388	Check	8/17/2022	Acme Copier & Supplies	(294.00)	x	
5	20400	Void	11/19/2022	MBS Inc	575.00	x	
6	20400	Check	11/18/2022	MBS Inc	(575.00)	x	





Still need more help? Involve our trainers!
Contact us at training@shelbyinc.com



Starting over when I'm out of balance – Other Options – We can Help you!

- If it's been too long, or not practical to redo your reconciliations, you have two other options:

Option 3 – REBOOT

Start a new bank account in the Financials by creating a new Asset account and *pretend* it is a new bank account.

Option 4 – REBUILD

Open a new bank account, order new checks.

With both options you need...

- Choose a future month to begin so you stop entries in current bank and begin using new account.
 - Create an accurate outstanding list as previously described.
 - Journal or transfer difference from old asset to new.
 - Re-map Contributions bank account
 - Your trainer will help with the steps needed.
- Someone can always go back and properly reconcile the old bank when time permits.



Where can I watch this webinar again?

**Watch or Register to attend
Webinars**

@ Community.Shelbysystems.com

No Login Required!

Click on a Title to Watch NOW	Presented	
It's That Time for Statements Again	1/22/2022	Slides
Seven Best Practices for Year-End	12/07/2022	Slides
Working to Make Your Organization More Recession Resistant	11/16/2022	Slides
Important Year-End Information - eFiling (W2s and 1099s)	10/12/2022	Slides
Making, Tracking, and Reporting	09/27/2022	Slides



The next Advance Your Knowledge webinar

Connecting and Supporting Volunteers

Wednesday March 22, 2023
2:00 p.m. Central Time Zone

Led by...

Mark Crain
Kelly Mullican

[Sign up today!](#)

