

PREPARE A BANK RECONCILIATION

OVERVIEW

The Reconcile Bank Statements window is used to prepare periodic bank reconciliations. After a bank reconciliation is done, the checkbook register is updated for adjustments such as service charges, interest earned, unrecorded transactions, and errors. Later, when the adjustments are posted to the general ledger, the cash balance is adjusted. Other general ledger accounts that may be adjusted include interest income and bank service charge expense.

QUICK REFERENCE TABLE

Step	Box or Other Location	Procedure
A	Navigation Pane buttons	Click <i>Financial</i> → <i>Transactions</i> → <i>Reconcile Bank Statement</i> .
B	Checkbook ID	Select the Checkbook ID of the bank account being reconciled.
C	Bank Statement Ending Balance	Type the bank statement ending balance.
D	Bank Statement Ending Date	Type the bank statement ending date.
E	Cutoff Date	Type the cutoff date for the bank reconciliation.
F	Transactions button	Click the Transactions button to access the Select Bank Transactions window.
G	"C" column check boxes*	Click the "C" column check box next to each deposit and check transaction that cleared on the bank statement.
H	Difference*	Review and analyze the contents of the Difference box.
I	Adjustments button*	Click the Adjustments button to access the Reconcile Bank Adjustments window.
J	Show Details button**	Click the Show Details button.
K	Type**	Select the type of adjustment to be posted to the general ledger.
L	Date**	Review the default adjustment date and change if necessary.
M	Account**	Select or type the general ledger account number.
N	Checkbook Amount**	Type the amount of the adjustment.
O	Various**	Repeat steps K through N for each type of adjustment.
P	OK button**	Click the OK button after all adjustments are entered.
Q	Difference box***	Review the contents of the Difference box and resolve any remaining amount.
R	Print button***	Click the Print button to print the bank reconciliation reports.
S	Reconcile button***	Click the Reconcile button.

* Steps G through I are in the Select Bank Transactions window.

** Steps J through P are in the Reconcile Bank Adjustments window.

*** Steps Q through S are back in the Select Bank Transactions window.

Reconcile Bank Statements Window **A** *Financial* → *Transactions* → *Reconcile Bank Statement*

Reconcile Bank Statements ✕

Save Delete Range View Help Add Note

Actions Options View Help

Checkbook ID **B**

Description

Currency ID

Bank Statement Ending Balance **C**

Bank Statement Ending Date **D**

Cutoff Date **E** **F**

⏪ ⏩ ⏴ ⏵

Select Bank Transactions Window

Select Bank Transactions ✕

OK Range View Print Help Add Note

Actions Options View File Help

Checkbook ID Display: Sort:

Type	Number	Date	C	Payment	Deposit
DEP	20001	01/09/2014	<input type="checkbox"/>	\$0.00	\$130,368.25
DEP	20002	01/16/2014	<input type="checkbox"/>	\$0.00	\$228,576.73
DEP	20003	01/23/2014	<input type="checkbox"/>	\$0.00	\$161,252.58
DEP	20004	01/23/2014	<input type="checkbox"/>	\$0.00	\$460,357.76
DEP	20005	01/31/2014	<input type="checkbox"/>	\$0.00	\$17,567.11
DEP	20006	01/31/2014	<input type="checkbox"/>	\$0.00	\$16,956.84
DEP	20007	01/31/2014	<input type="checkbox"/>	\$0.00	\$46,477.47
DEP	20008	01/31/2014	<input type="checkbox"/>	\$0.00	\$100,939.66
CHK	031702	03/17/2017	<input type="checkbox"/>	\$6,927.46	\$0.00
CHK	1000.1	08/01/2013	<input type="checkbox"/>	(\$395.59)	\$0.00
CHK	1000.2	07/25/2013	<input type="checkbox"/>	(\$1,000.00)	\$0.00

Cleared Transactions

	No. of	Total Amount
Payments	0	\$0.00
Deposits	0	\$0.00

Adjusted Bank Balance

Adjusted Book Balance

Difference **H** **Q**

I

S

Reconcile Bank Adjustments Window

Reconcile Bank Adjustments

P

Actions Options View Help

Checkbook ID: UPTOWN TRUST Computer-Uptown Trust
 Cash Account: 000 -1100 -00 Cash - Operating Account

Cleared Difference: \$0.00 Currency ID: Z-US\$

Type	Date	Account	Checkbook Amount	Functional Amount
Interest Income K	04/30/201 L			\$0.00 N
INT000000004				
				Z-US\$

O {

Net Adjustment	\$0.00
Reconcile Difference	(\$191,989.17)
Difference	\$191,989.17

DETAILED INSTRUCTIONS

A. Click *Financial* → *Transactions* → *Reconcile Bank Statement*

- ▶ Click *Financial* → *Transactions* → *Reconcile Bank Statement* to access the *Reconcile Bank Statements* window.

B. Select the **Checkbook ID** of the bank account being reconciled

- ▶ Select the *Checkbook ID* of the bank account being reconciled.

C. Type the bank statement ending balance

- ▶ Type the bank statement ending balance.

D. Type the bank statement ending date

- ▶ Type the bank statement ending date.

E. Type the cutoff date for the bank reconciliation

The cutoff date is used by the software to determine which posted transactions and the ending recorded general ledger cash balance to include in the bank reconciliation process. All posted transactions on or before the selected cutoff date that have not been reconciled or voided will be included in the reconciliation. Most often, the cutoff date is the same as the ending date on the bank statement.

- ▶ Type the cutoff date for the bank reconciliation.

F. Click the **Transactions** button to access the **Select Bank Transactions** window

The *Transactions* button in the bottom-right corner of the window provides access to the second window used during the bank reconciliation process, the *Select Bank Transactions* window.

- ▶ Click the *Transactions* button to open the *Select Bank Transactions* window.

G. Click the **“C”** column box next to each deposit and check transaction that cleared on the bank statement

The *Select Bank Transactions* window displays all posted transactions on or before the cutoff date that have not been reconciled or voided. The check boxes in the “C” column of the scrolling window of posted transactions are used to select which of the transactions cleared on the bank statement. When you first access the window, all boxes in the “C” column are unmarked. When you click a check box to select a transaction clearing on the bank statement, a check mark appears in the check box.

- ▶ Click the “C” column check box next to each transaction that cleared on the bank statement.

To select a range of transactions that cleared on the bank statement, complete the following steps:

- ▶ Click the “C” column check box next to the first transaction in the range.
- ▶ Click *Range (Menu Bar)* → *Begin Range*.
- ▶ Click the “C” column check box next to the last transaction in the range.
- ▶ Click *Range* → *End Range*.
- ▶ Click *Range* → *Mark*. This will mark each transaction in the selected range as cleared.

The above process can also be used to unmark a range of transactions, except click *Unmark* instead of *Mark* in the last step.

H. Review and analyze the contents of the Difference box

After all cleared transactions are marked, there may still be an amount in the Difference box. The difference may result from any of the following three items (or a combination of the three items):

- (1) Items clearing or not clearing the bank were not properly identified. Either the “C” column check box was not marked for an item that cleared the bank, or the “C” column check box was marked for an item that did not clear the bank.
 - (2) There is a bank error. The bank should be notified of the error, but no adjustment is needed to the general ledger.
 - (3) An adjustment needs to be recorded in the general ledger for service charges, interest income, and/or errors in the recording of checks or cash receipts in the general ledger.
- ▶ *If situation (1) exists, return to step G and make the necessary corrections. When the Difference box contains zero, skip to step S.*
 - ▶ *If situation (2) exists, contact the bank and obtain corrected bank statement information. Return to the Reconcile Bank Statements window and enter the corrected bank information. When the Difference box contains zero, skip to step S.*
 - ▶ *If situation (3) exists, go to step I.*

I. Click the Adjustments button to access the Reconcile Bank Adjustments window

If there is a remaining difference to reconcile, you must access the Reconcile Bank Adjustments Window to record service charges, interest income, and other adjustments to the general ledger cash balance.

- ▶ *Click the Adjustments button to access the Reconcile Bank Adjustments window.*

J. Click the Show Details button

- ▶ *Click the Show Details button.*

K. Select the type of adjustment to be posted to the general ledger

The following adjustment types are available: interest income, other income, other expense, and service charge.

- ▶ *Use the Type drop-down list to select the type of adjustment to be posted to the general ledger.*

L. Review the default adjustment date and change if necessary

Microsoft Dynamics GP uses the bank statement ending date as the default date for the adjustment.

- ▶ *Press [Tab] to accept the default date or type the correct date.*

M. Select or type the general ledger account number

Depending upon the type of adjustment selected in step K, the software either debits or credits the cash account being reconciled. The Account box is used to enter the offsetting account number for the adjustment entry. For example, an adjustment for interest income is posted as a credit to an interest income (revenue) account.

- ▶ *Use the Account lookup button to select the general ledger account number to offset the cash portion of the adjustment entry, or type the account number.*

N. Type the amount of the adjustment

- ▶ *Type the amount of the adjustment.*

O. Repeat steps K through N for each type of adjustment

- ▶ *Continue entering information for each type of adjustment.*

P. Click the OK button after all adjustments are entered

- ▶ *When all adjustments have been entered correctly, the amount in the Difference box of the Reconcile Bank Adjustments window is zero. Click the OK button to return to the Select Bank Transactions window.*

Q. Review the contents of the Difference box and resolve any remaining amount

- ▶ *If there is still an amount in the Difference box in the Select Bank Transactions window, return to step H to resolve the difference.*

R. Click the Print button to print the bank reconciliation reports

- ▶ *Click the Print button to print various bank reconciliation reports.*

The two most often used reports are called the Outstanding Transactions Report and the Reconcile Journal.

S. Click the Reconcile button

WARNING

After the Reconcile button is clicked, you cannot return to the bank reconciliation for that month to make corrections. If you need more time to locate and resolve your differences, you can click the OK button, return to the Reconcile Bank Statements window, and click the Save button to save the reconciliation in process. Later, you can return to the Reconcile Bank Statements window to complete the bank reconciliation.

- ▶ *When all differences are accounted for, click the Reconcile button to process the bank reconciliation.*

BANK RECONCILIATION REVIEW

After completing the bank reconciliation, you can determine if the reconciliation has been included in the system by completing the steps that follow. Recall that the bank reconciliation adjustments, such as service charges and interest income, have not yet been posted to the general ledger.

- ▶ *Click Financial → Inquiry → Checkbook Register to open the Checkbook Register Inquiry window.*
- ▶ *Select the Checkbook ID for the reconciled bank account.*
- ▶ *Click the Show Details button. In the scrolling window there is a description field called “Reconciled.” All transactions listed in the scrolling window have either a “Yes” or a “No” in the Reconciled box. A “Yes” indicates a transaction that has been reconciled in the bank reconciliation process, such as a deposit clearing with the bank statement. A “No” indicates a transaction that has not been reconciled, such as an outstanding check.*
- ▶ *Review all transactions in the scrolling window to see if they contain the proper entry (Yes or No) in the Reconciled box.*
- ▶ *Determine that any adjustments recorded during the bank reconciliation process have been recorded in the checkbook register. All adjustments should appear in the scrolling window.*
- ▶ *Close all inquiry windows.*

ERROR CORRECTION AFTER COMPLETING A BANK RECONCILIATION

As discussed earlier, after the Reconcile button is clicked, you cannot return to a completed bank reconciliation to make corrections. If all of the reconciliation is correct, but an incorrect general ledger account was entered for an adjustment in the Reconcile Bank Adjustments window, you can correct this error by recording a general journal entry. See the Prepare a General Journal Entry section of the Reference Material.