

# INITIAL BANK RECONCILIATION

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The first bank reconciliation after conversion to agrē may require additional steps that subsequent reconciliations will not need.

**Tip**

We recommend waiting until you receive the first bank statement after conversion before starting to reconcile.

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## Bank Reconciliation Overview

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### What is a Bank Reconciliation?

Let's imagine that in July you create a spreadsheet that tracks all the times you use your bank account (debit card receipts, cheque deposits, internet payments, every transaction that goes through the bank). You start doing that on July 1.

The first line on your spreadsheet is your bank balance as of July 1, and then you record all your spending and receipts and so on as they happen.

In early August, you get a bank statement listing the transactions that went through your account for the month of July. You want to match it up with your spreadsheet and compare it to what you think should have went through your account. This is a **bank reconciliation**. The **first** time you do this the **initial bank reconciliation**.

In a *perfect* world, your bank statement and your spreadsheet would match exactly, line for line. In the real world, that almost never happens.

## Differences in Initial Starting Balance

If the starting balance on your spreadsheet is different from the starting balance on your bank statement, that's a problem. You'll need to find out why they are different before you can proceed with your reconciliation. Unfortunately there is likely no information in your spreadsheet that will tell you why.

However, there may be information on your **bank statements** to provide you with some clues. On the bank statements you'll see that the closing balance from June matches your starting balance for July (banks are very strict about this). You read through the June transactions.... and the July ones ... and you figure out that a cheque you wrote in June actually didn't clear until July. That explains why it shows up on your July bank statement, but that was 'bank activity' from back in June so it isn't on your July spreadsheet. Nor should it be; it's not July activity.

### Outstanding Bank Transactions

That cheque is an **outstanding bank transaction**: activity from before you started keeping track in your spreadsheet that is showing up on the bank statement. You'll need to setup a list of "transactions that happened before I started keeping track in my spreadsheet that I might still see on a bank statement". So you make an entry up at the top of your spreadsheet for that cheque, and that accounts for the difference in starting balances. In *agrē*, you would make an **Outstanding Bank Transaction** for that amount; this is the equivalent of "inserting a line above the starting point in my spreadsheet".

## Differences in Ending Balance

You do a line by line match-up between your spreadsheet and your bank statement and you find that everything on your spreadsheet is also on your bank statement except for one item. On the last day of the month you wrote a **cheque that hasn't been cashed yet**. No problem. You highlight it in pink on your spreadsheet so you remember that it hasn't cleared yet but it will be coming out later. In *agrē*, you would leave this transaction as unreconciled (not checked).

You also see one thing on your bank statement that isn't on your spreadsheet. There is a **bank service charge** that you need to record as an expense so you add that to the bottom of your spreadsheet. In *agrē*, you'd make a journal entry.

Now the TOTAL of your spreadsheet lines for July (including the service charge entry you just made, but not including the cheque that hasn't cleared yet) PLUS "the things from before I started my spreadsheet" matches your bank statement. You have reconciled!

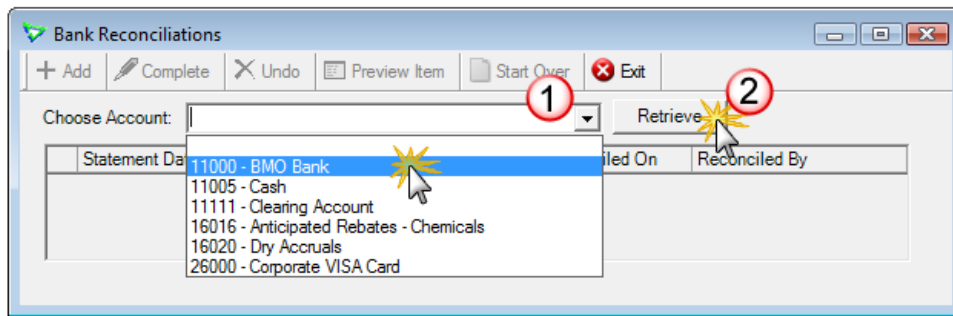
# Preparing for the Initial Bank Reconciliation

To reconcile your bank account for the first time, you'll need to gather the following information:

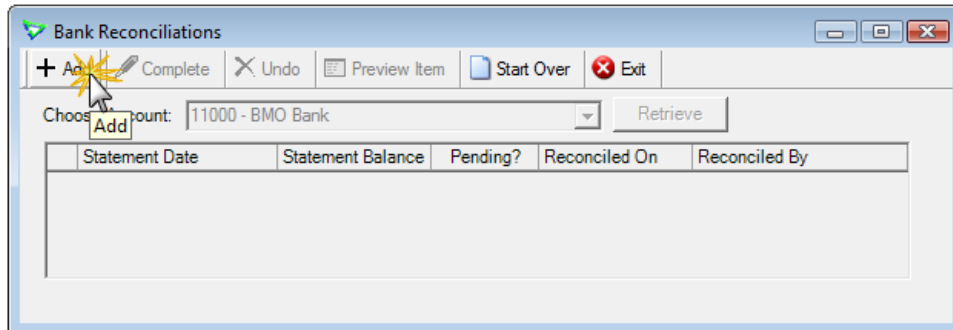
- your first **bank statement** that falls after your setup date (or if you're reconciling more than one month, all your bank statements since the setup date)
- a list of **Outstanding Bank Transactions** (transactions on the bank statements that are already included in the setup balance; if you're not sure what this is, we'll get to it in a few minutes)

# Reconciling the First Bank Statement in agrē

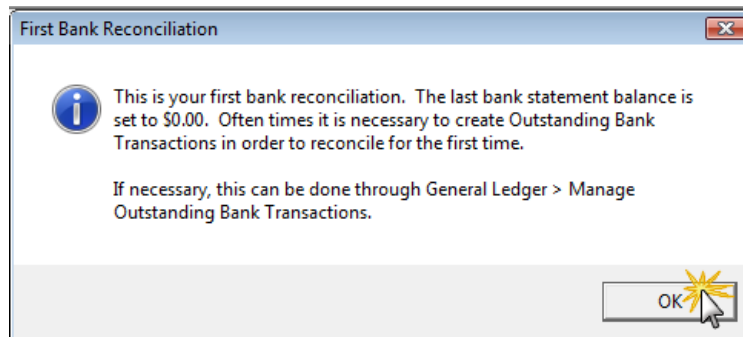
Navigate to **General Ledger > Bank Reconciliation**. Select the account you want to balance and **Retrieve**.



Because this is the first reconciling of the account, the list of previous reconciliations will be blank. **Add** a new reconciliation.



Click **OK** to acknowledge that this is the initial reconciliation and that you may need to add one or more **Outstanding Bank Transactions** (don't worry; we're getting to those).

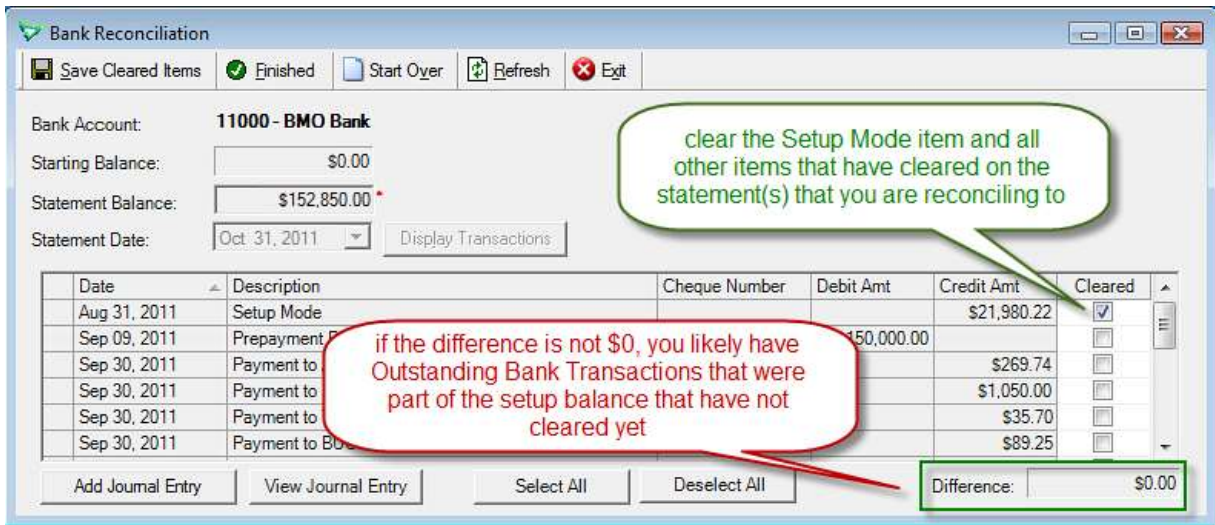


To start the reconciliation, look at the first statement you want to reconcile. Enter the **Ending Balance** and the **Statement Date** and click **Display Transactions**.



**Note** It may seem odd that the **Starting Balance** of your initial reconciliation is \$0, but there will be a Setup item to reconcile that is the same dollar value as the bank account balance recorded in your old system on your “as of” date.

Clear the entry for **Setup Mode**, and for all other items that appear on your bank statements.

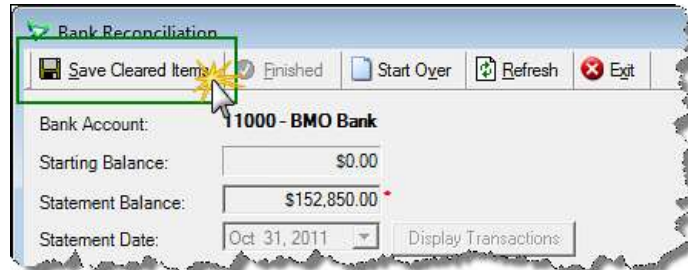


**Tip:** The default sort order is by date, but you can click on any column header to sort the grid by a different field.

## Save Cleared Items

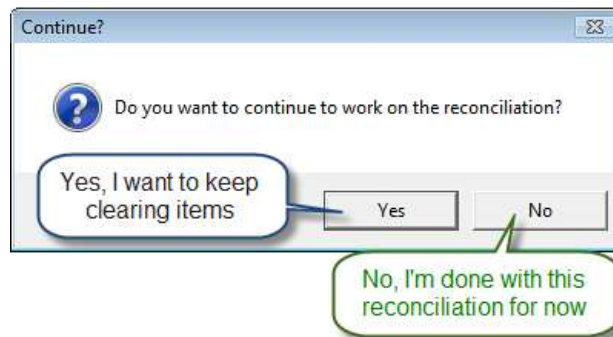
**Note** You don't have to finish the entire reconciliation right now, or if you're clearing a lot of items you can "save as you go" so you don't lose your changes.

Click **Saved Cleared Items**.

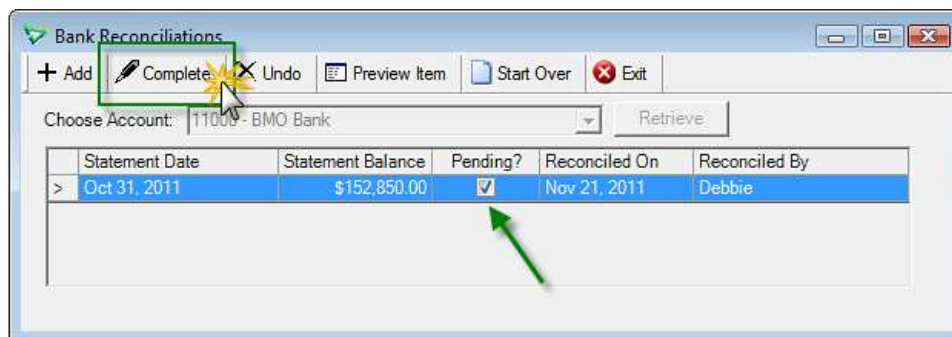


Click **Yes** if you want to continue working on this reconciliation.

Click **No** if you're done for now.



If you're done for now, you can **Complete** the reconciliation at a later time (the items you have already checked as cleared have been saved).

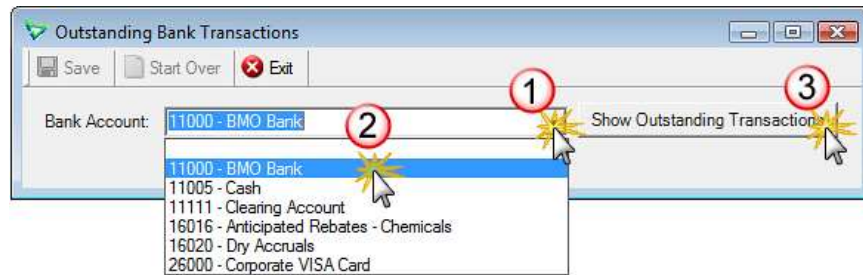


## Entering Outstanding Bank Transactions

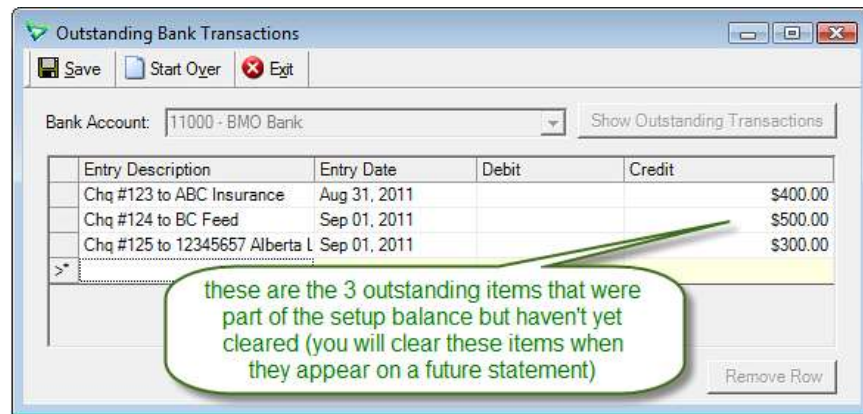
If the statement doesn't balance at this point (i.e. the **Difference** is not \$0) you will need to enter those outstanding transactions that were part of the setup balance but haven't yet cleared. These are things like cheques you wrote to suppliers that haven't been cashed - there's a mismatch because the money has come out the bank account 'on the books' but hadn't been withdrawn in real life.

Navigate to **General Ledger > Manage > Outstanding Bank Transactions**.

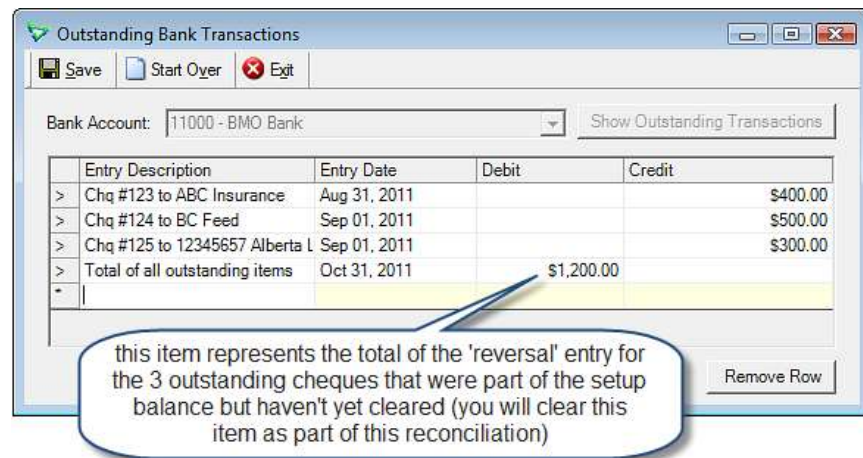
Select the bank account from the list of reconcilable accounts and click **Show Outstanding Transactions**.



Enter all the outstanding transactions that will show up on a future bank statement. These items will be flagged as “cleared” sometime in the future. Enter these as single entries.



Enter a final item that represents the offsetting total of the above items. For example, you had 3 cheques for \$300, \$400, and \$500 that have not cleared on this statement but were part of your setup balance. Since you're going to clear the entire setup balance as part of the initial reconciliation, you need to retain the portion of it that hasn't actually cleared yet. In this case, those items added up to a *credit* balance of \$1200 so you'll enter a summary item representing a “reversal” of that portion of the cleared setup balance - a *debit* of \$1200. This item will be flagged as ‘cleared’ on this bank reconciliation.



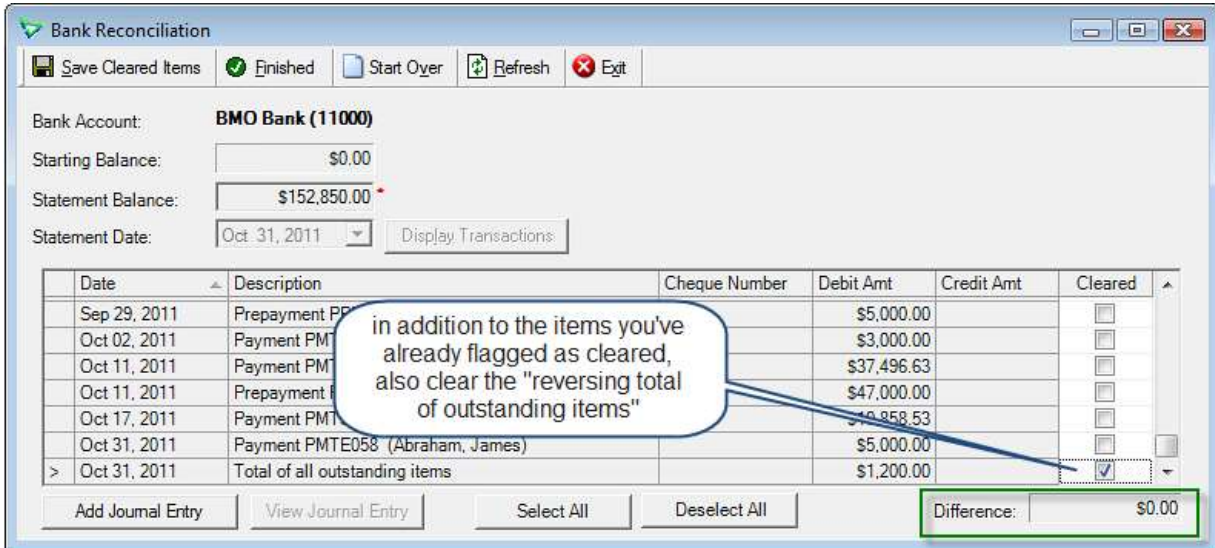
**Note:** Items added through this form **do not post to the GL**.

## Completing the Reconciliation

Once you've entered the Outstanding Items, and the reversal item, you're able to go back and complete the bank reconciliation.

**Tip** If you left the bank reconciliation window open while entering the outstanding items, click **Refresh** and the entries you just made will appear in the grid.

Clear the 'reversing total' entry.



The screenshot shows the 'Bank Reconciliation' window for BMO Bank (11000). The starting balance is \$0.00 and the statement balance is \$152,850.00. The statement date is Oct 31, 2011. The 'Difference' field is highlighted in green and shows \$0.00. A callout box points to the 'Total of all outstanding items' row, which is checked in the 'Cleared' column.

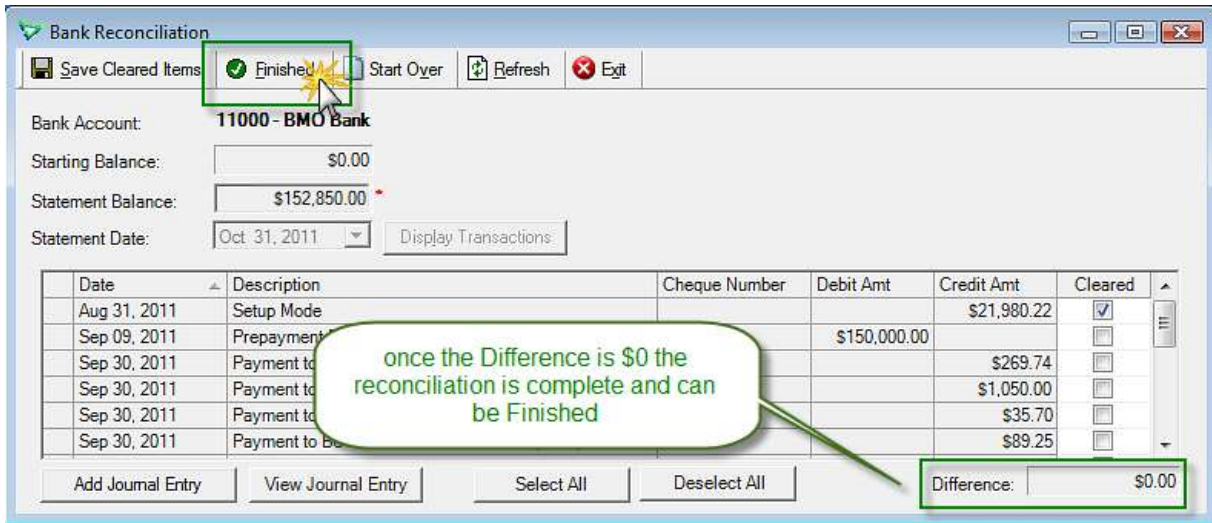
Date	Description	Cheque Number	Debit Amt	Credit Amt	Cleared
Sep 29, 2011	Prepayment PM		\$5,000.00		<input type="checkbox"/>
Oct 02, 2011	Payment PM		\$3,000.00		<input type="checkbox"/>
Oct 11, 2011	Payment PM		\$37,496.63		<input type="checkbox"/>
Oct 11, 2011	Prepayment PM		\$47,000.00		<input type="checkbox"/>
Oct 17, 2011	Payment PM		\$19,858.53		<input type="checkbox"/>
Oct 31, 2011	Payment PMTE058 (Abraham, James)		\$5,000.00		<input type="checkbox"/>
> Oct 31, 2011	Total of all outstanding items		\$1,200.00		<input checked="" type="checkbox"/>

If the Difference is still not \$0, go through the bank statement again as there are other outstanding cheques or deposits or other items not yet accounted for. You can **Save Cleared Items** so you don't lose the work you've done so far.

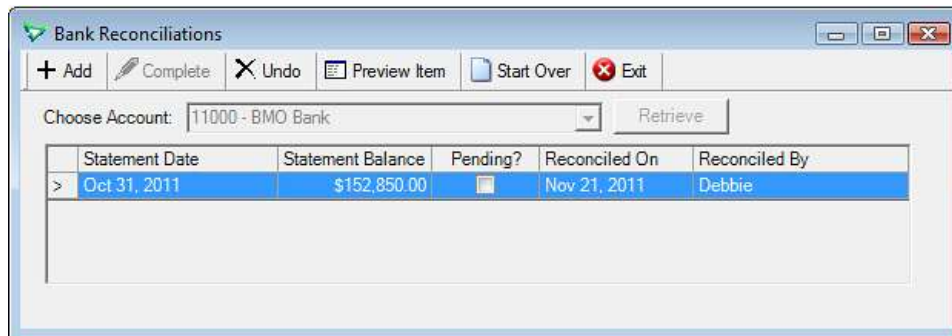
**Tip** You may need to **Add Journal Entry** for a bank service charge that appears on the statement, but hasn't been entered into agrē yet.

## Finishing the Reconciliation

When the **Difference** is \$0.00, the account has been reconciled. Click **Finished**.



The Bank Reconciliation window will close, and a new entry will appear in the **Bank Reconciliations** grid.



If you would like to view the **Bank Reconciliation report** (the list of items cleared on this reconciliation), click **Yes**.



**Note** You can **Undo** the reconciliation if a mistake has been made.

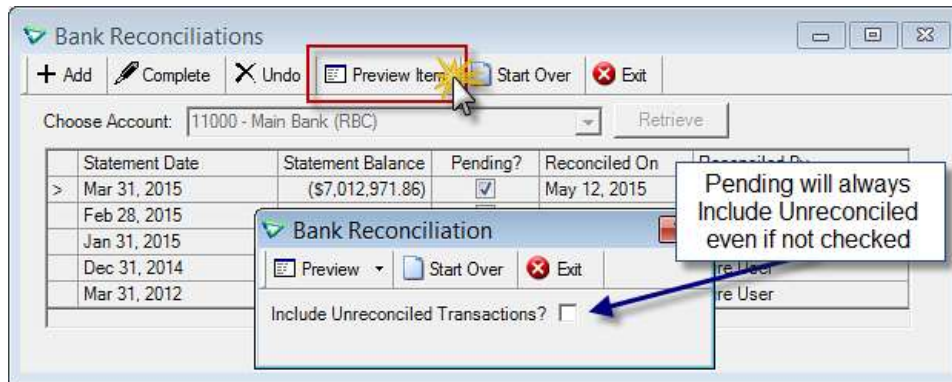


# Reconciliation Reports

There are two reports relevant to bank reconciliations.

## Bank Reconciliation report

This is a list of the items that were cleared and optionally uncleared on *this* reconciliation. The report can be run at any time by selecting the reconciliation and clicking **Preview Item**.



General Ledger > Bank Reconciliation

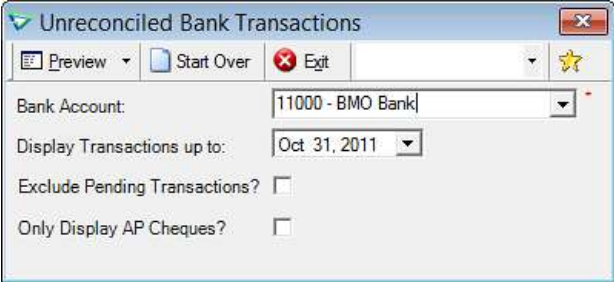
### If there is a Pending reconciliation

If you have a reconciliation in progress, you'll see a list of the outstanding transactions and an indication of which have been cleared and uncleared as part of the pending reconciliation.

Bank Account:		Main Bank (RBC) (11000)		Previous Statement Date:		Feb 28, 2015	
Statement Date:		Mar 31, 2015		Previous Statement Balance:		(\$4,580,033.59)	
Statement Balance:		(\$7,012,971.86)		Status:		Pending	
GL Balance:		(\$7,018,971.86)					
Total Reconciled:		(\$2,328,938.27)					
<b>Reconciled Transactions</b>							
Posting Date	Description	Cheque No	Debits	Credits	Cleared		
Jan 30, 2015	Payment to Parkland Ag Supply			\$50,000.00	<input checked="" type="checkbox"/>		
Mar 03, 2015	Payment to Parkland Ag Supply (150303-0123)			\$2,033,848.42	<input checked="" type="checkbox"/>		
Mar 03, 2015	Payment to Xmen (14536)			\$7,199.60	<input checked="" type="checkbox"/>		
Mar 03, 2015	Payment to Zebra Distributors			\$12,450.00	<input checked="" type="checkbox"/>		
Mar 03, 2015	Payment to Mitchell's Supply			\$10.00	<input checked="" type="checkbox"/>		
Mar 03, 2015	Payment to Mitchell's Supply	608		\$530.25	<input checked="" type="checkbox"/>		
Mar 05, 2015	Purchase Invoice, PI-150305-01 (Parkland Ag Supply)		\$100.00		<input checked="" type="checkbox"/>		
Mar 10, 2015	Payment to Parkland Ag Supply			\$100,000.00	<input checked="" type="checkbox"/>		
Mar 12, 2015	Payment to Parkland Ag Supply			\$125,000.00	<input checked="" type="checkbox"/>		
<b>Reconciled Total:</b>			<b>(\$2,328,938.27)</b>				
<b>Unreconciled Transactions</b>							
Posting Date	Description	Cheque No	Debits	Credits	Cleared		
Mar 16, 2015	Payment to Parkland Ag Supply			\$110,000.00	<input type="checkbox"/>		
<b>Unreconciled Total:</b>			<b>(\$110,000.00)</b>				

# Unreconciled Bank Transactions

This is a list of all items that are still flagged as outstanding (not checked as cleared on any bank reconciliation).



General Ledger > Reports > Unreconciled Bank Transactions

## If there is a Pending reconciliation

If you have a reconciliation in progress, you'll see a list of the outstanding transactions and an indication of which have been cleared as part of the pending reconciliation. Pending items can be hidden by checking **Exclude Pending Transactions**.

Unreconciled Bank Transactions				
Last Reconciled Date:				
Last Bank Statement Date:				
For Account 11000 - BMO Bank				
Last Reconciled Balance \$0.00				
Up To and Including <b>Oct 31, 2011</b>				
Posting Date	Description	Debits	Credits	Pending?
Jan 31, 2009	Payment PMTK010 (Martin, Wayne)	\$2,850.00		<input checked="" type="checkbox"/>
Feb 15, 2009	Payment PMTS029 (Loblaw, Bob)	\$750.00		<input checked="" type="checkbox"/>
Mar 14, 2009	Payment to Fountain Tire (Chq #: SA00532)		\$506.78	<input checked="" type="checkbox"/>
Jul 11, 2010	Payment PMTS028 (Carter, Alexander)	\$2,500.00		<input checked="" type="checkbox"/>
Jul 19, 2010	Payment to Zenobah Chemical Supply (Chq #: SA00531)		\$5,149.85	<input checked="" type="checkbox"/>
Oct 28, 2010	Prepayment PPE060 (Abraham, James)	\$88,000.00		<input type="checkbox"/>
Nov 30, 2010	Setup Mode	\$1.00		<input type="checkbox"/>
Dec 02, 2010	Payment to Western Ag Supply (Chq #: SA00521)		\$26,012.50	<input type="checkbox"/>