

Initial Bank Reconciliation



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

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!

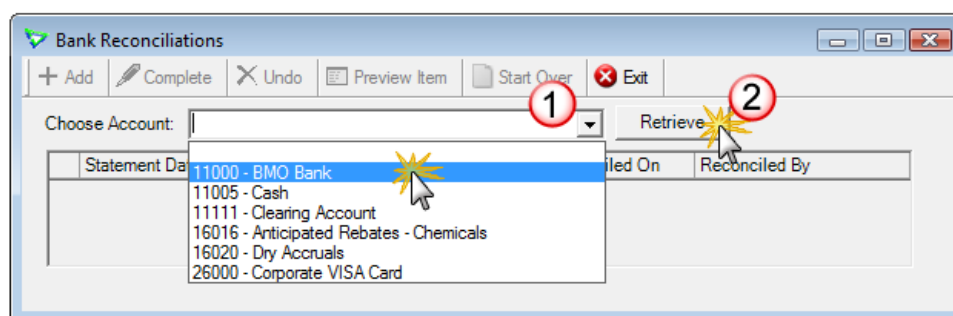
Preparing for the Initial Bank Reconciliation

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

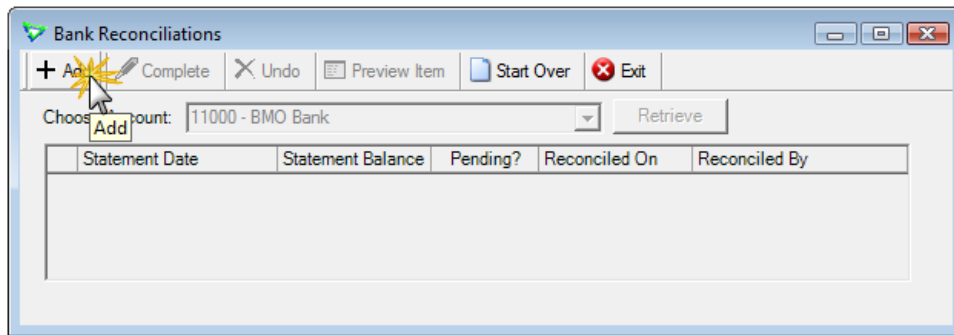
- your first **bank statement** that falls after your setup date (or if you're reconciling more than one month, all your bank statements since the setup date)
- a list of [Outstanding Bank Transactions](#) (transactions on the bank statements that are already included in the setup balance; if you're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

Reconciling the First Bank Statement in *agrē*

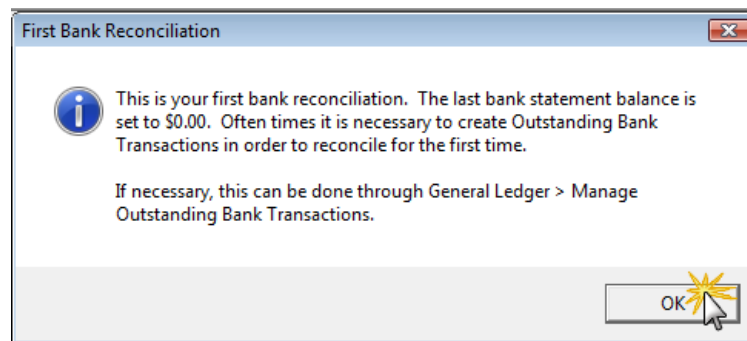
Navigate to **General Ledger > Bank Reconciliation**. Select the account you want to balance and **Retrieve**.



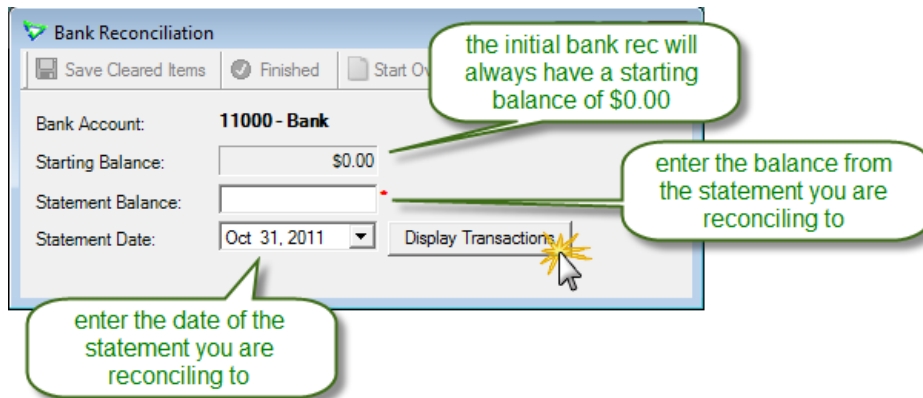
Because this is the first reconciling of the account, the list of previous reconciliations will be blank. **Add** a new reconciliation.



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.

The screenshot shows the 'Bank Reconciliation' window for '11000 - BMO Bank'. The 'Starting Balance' is \$0.00 and the 'Statement Balance' is \$152,850.00. The 'Statement Date' is Oct 31, 2011. A table of transactions is displayed, with the first row 'Aug 31, 2011 Setup Mode' having a credit amount of \$21,980.22 and a checked 'Cleared' box. A green callout points to this row with the text: 'clear the Setup Mode item and all other items that have cleared on the statement(s) that you are reconciling to'. A red callout points to the 'Cleared' column header with the text: 'if the difference is not \$0, you likely have Outstanding Bank Transactions that were part of the setup balance that have not cleared yet'. The 'Difference' field at the bottom right shows \$0.00.

Date	Description	Cheque Number	Debit Amt	Credit Amt	Cleared
Aug 31, 2011	Setup Mode			\$21,980.22	☒
Sep 09, 2011	Prepayment		150,000.00		☐
Sep 30, 2011	Payment to			\$269.74	☐
Sep 30, 2011	Payment to			\$1,050.00	☐
Sep 30, 2011	Payment to			\$35.70	☐
Sep 30, 2011	Payment to BMO			\$89.25	☐

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

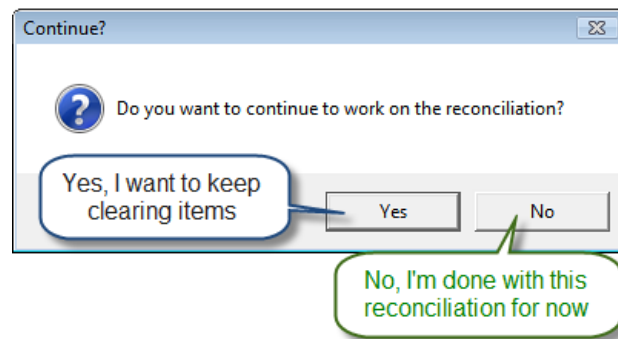
Save Cleared Items

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.

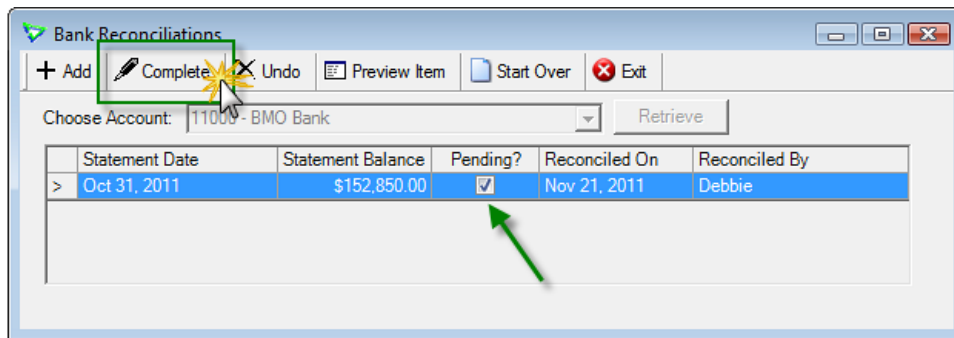
Click **Saved Cleared Items**.

The screenshot shows the 'Bank Reconciliation' window for '11000 - BMO Bank'. The 'Starting Balance' is \$0.00 and the 'Statement Balance' is \$152,850.00. The 'Statement Date' is Oct 31, 2011. A green box highlights the 'Save Cleared Items' button in the top toolbar, with a mouse cursor pointing at it.

Click **Yes** if you want to continue working on this reconciliation.
Click **No** if you're done for now.



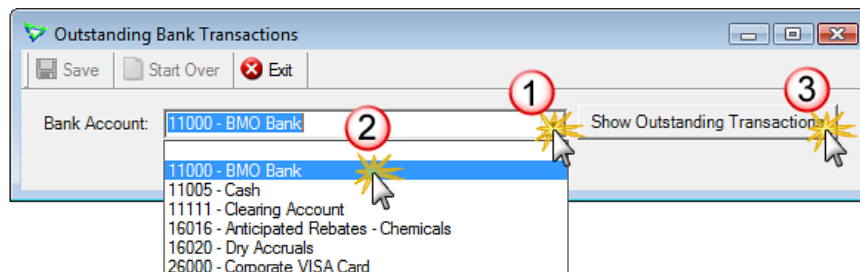
If you're done for now, you can **Complete** the reconciliation at a later time (the items you have already checked as cleared have been saved).



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.

Outstanding Bank Transactions

Bank Account: 11000 - BMO Bank

Entry Description	Entry Date	Debit	Credit
Chq #123 to ABC Insurance	Aug 31, 2011		\$400.00
Chq #124 to BC Feed	Sep 01, 2011		\$500.00
Chq #125 to 12345657 Alberta L	Sep 01, 2011		\$300.00

these are the 3 outstanding items that were part of the setup balance but haven't yet cleared (you will clear these items when they appear on a future statement)

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.

Outstanding Bank Transactions

Bank Account: 11000 - BMO Bank

Entry Description	Entry Date	Debit	Credit
> Chq #123 to ABC Insurance	Aug 31, 2011		\$400.00
> Chq #124 to BC Feed	Sep 01, 2011		\$500.00
> Chq #125 to 12345657 Alberta L	Sep 01, 2011		\$300.00
> Total of all outstanding items	Oct 31, 2011	\$1,200.00	

this item represents the total of the 'reversal' entry for the 3 outstanding cheques that were part of the setup balance but haven't yet cleared (you will clear this item as part of this 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.

Bank Reconciliation window showing the following details:

- Bank Account: BMO Bank (11000)
- Starting Balance: \$0.00
- Statement Balance: \$152,850.00 *
- Statement Date: Oct 31, 2011
- Display Transactions button

Date	Description	Cheque Number	Debit Amt	Credit Amt	Cleared
Sep 29, 2011	Prepayment PMT		\$5,000.00		☐
Oct 02, 2011	Payment PMT		\$3,000.00		☐
Oct 11, 2011	Payment PMT		\$37,496.63		☐
Oct 11, 2011	Prepayment PMT		\$47,000.00		☐
Oct 17, 2011	Payment PMT		\$19,858.53		☐
Oct 31, 2011	Payment PMTE058 (Abraham, James)		\$5,000.00		☐
> Oct 31, 2011	Total of all outstanding items		\$1,200.00		☒

Buttons: Add Journal Entry, View Journal Entry, Select All, Deselect All

Difference: \$0.00

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 screenshot shows the 'Bank Reconciliation' window for '11000 - BMO Bank'. The 'Starting Balance' is \$0.00 and the 'Statement Balance' is \$152,850.00. The 'Statement Date' is Oct 31, 2011. The 'Difference' is \$0.00. A callout bubble points to the 'Finished' button and the 'Difference' field, stating: 'once the Difference is \$0 the reconciliation is complete and can be Finished'.

Date	Description	Cheque Number	Debit Amt	Credit Amt	Cleared
Aug 31, 2011	Setup Mode			\$21,980.22	☒
Sep 09, 2011	Prepayment		\$150,000.00		☐
Sep 30, 2011	Payment to			\$269.74	☐
Sep 30, 2011	Payment to			\$1,050.00	☐
Sep 30, 2011	Payment to			\$35.70	☐
Sep 30, 2011	Payment to			\$89.25	☐

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

The screenshot shows the 'Bank Reconciliations' window. The 'Choose Account' is '11000 - BMO Bank'. The grid shows one reconciliation entry for 'Oct 31, 2011' with a 'Statement Balance' of '\$152,850.00', 'Reconciled On' date of 'Nov 21, 2011', and 'Reconciled By' 'Debbie'.

Statement Date	Statement Balance	Pending?	Reconciled On	Reconciled By
> Oct 31, 2011	\$152,850.00	☐	Nov 21, 2011	Debbie

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

The screenshot shows a 'Bank Reconciliation Complete' dialog box with a question mark icon. The text reads: 'Your bank reconciliation is complete. Would you like to view a reconciliation report?'. The 'Yes' button is highlighted with a mouse cursor.

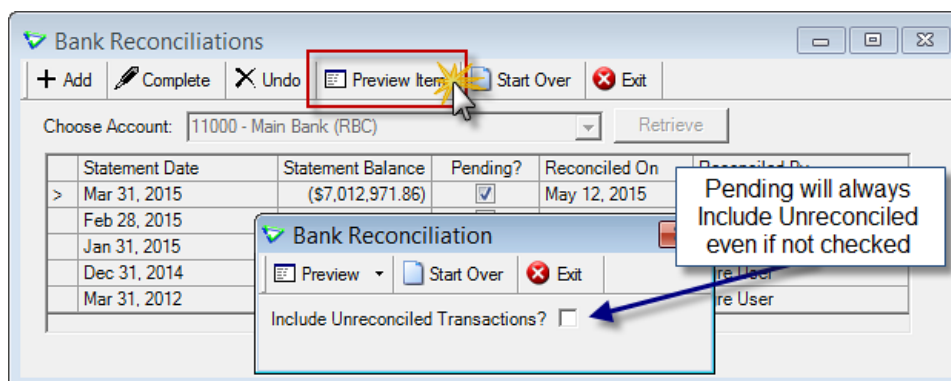
Note You can **Undo** the reconciliation if a mistake has been made.

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.

Tronia Testing Inc.
Bank Reconciliation

Bank Account: Main Bank (RBC) (11000)
Statement Date: Mar 31, 2015
Statement Balance: (\$7,012,971.86)
GL Balance: (\$7,018,971.86)
Total Reconciled: (\$2,328,938.27)

Previous Statement Date: Feb 28, 2015
Previous Statement Balance: (\$4,580,033.59)
Status: Pending

Reconciled Transactions

Posting Date	Description	Cheque No	Debits	Credits	Cleared
Jan 30, 2015	Payment to Parkland Ag Supply			\$50,000.00	☒
Mar 03, 2015	Payment to Parkland Ag Supply (150303-0123)			\$2,033,848.42	☒
Mar 03, 2015	Payment to Xmen (14536)			\$7,199.60	☒
Mar 03, 2015	Payment to Zebra Distributors			\$12,450.00	☒
Mar 03, 2015	Payment to Mitchell's Supply			\$10.00	☒
Mar 03, 2015	Payment to Mitchell's Supply	608		\$530.25	☒
Mar 05, 2015	Purchase Invoice, PI-150305-01 (Parkland Ag Supply)		\$100.00		☒
Mar 10, 2015	Payment to Parkland Ag Supply			\$100,000.00	☒
Mar 12, 2015	Payment to Parkland Ag Supply			\$125,000.00	☒
Reconciled Total:			(\$2,328,938.27)		

Unreconciled Transactions

Posting Date	Description	Cheque No	Debits	Credits	Cleared
Mar 16, 2015	Payment to Parkland Ag Supply			\$110,000.00	☐
Unreconciled Total:			(\$110,000.00)		

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 Oct 31, 2011

Posting Date	Description	Debits	Credits	Pending?
Jan 31, 2009	Payment PMTK010 (Martin, Wayne)	\$2,850.00		☒
Feb 15, 2009	Payment PMTS029 (Loblaw, Bob)	\$750.00		☒
Mar 14, 2009	Payment to Fountain Tire (Chq #: SA00532)		\$506.78	☒
Jul 11, 2010	Payment PMTS028 (Carter, Alexander)	\$2,500.00		☒
Jul 19, 2010	Payment to Zenobah Chemical Supply (Chq #: SA00531)		\$5,149.85	☒
Oct 28, 2010	Prepayment PPE060 (Abraham, James)	\$88,000.00		☐
Nov 30, 2010	Setup Mode	\$1.00		☐
Dec 02, 2010	Payment to Western Ag Supply (Chq #: SA00521)		\$26,012.50	☐