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# Bank Reconciliation Training & Tips

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## ***First Time Users***

If you are a new user to Datatech software, there are three ways of handling outstanding checks from your previous software:

- 1) Enter any outstanding checks from your prior software as of your “G/L Starting Date” in Datatech. If you started Datatech on 01/01/2017, you can enter all your 12/31/2016 outstanding checks. This way, your reconciliation will be complete for January.
- 2) Enter only outstanding checks that are still outstanding after your first month on Datatech software. Using the example of starting up on 01/01/2017, you would take your January bank statements and clear the checks from 2016 in your prior software. This will give you a list of only the transactions that are still outstanding from 2016. As long as everything else is smooth during your reconciliation, you should balance.

This method requires less data entry and minimizes outstanding checks entered, but if there are other issues with the reconciliation it will be harder to trouble shoot because you won't have all of the cleared checks to audit.

- 3) Manually account for the outstanding checks. When you receive your January bank statements, you will use your old software to clear the checks. Print or keep a copy of this list.

Then, when you reconcile your bank statement in Datatech, as long as everything else balances, the difference on the report should match the list of outstanding for your prior software.

## ***Adjusting the Starting Bank Balance/Updating the Checkbook Balance***

Your starting bank and g/l balances are entered on General Ledger > Transactions > Starting Balances. If you entered preliminary balances you can come back to this window and edit the balance(s).

If you make any changes to the Bank Balance, before beginning your reconciliation, go to the Checkbook and update the bank balance. This can be done from the right click menu > Bank Account > Update Bank Balance or clicking on the heading “Balance”.

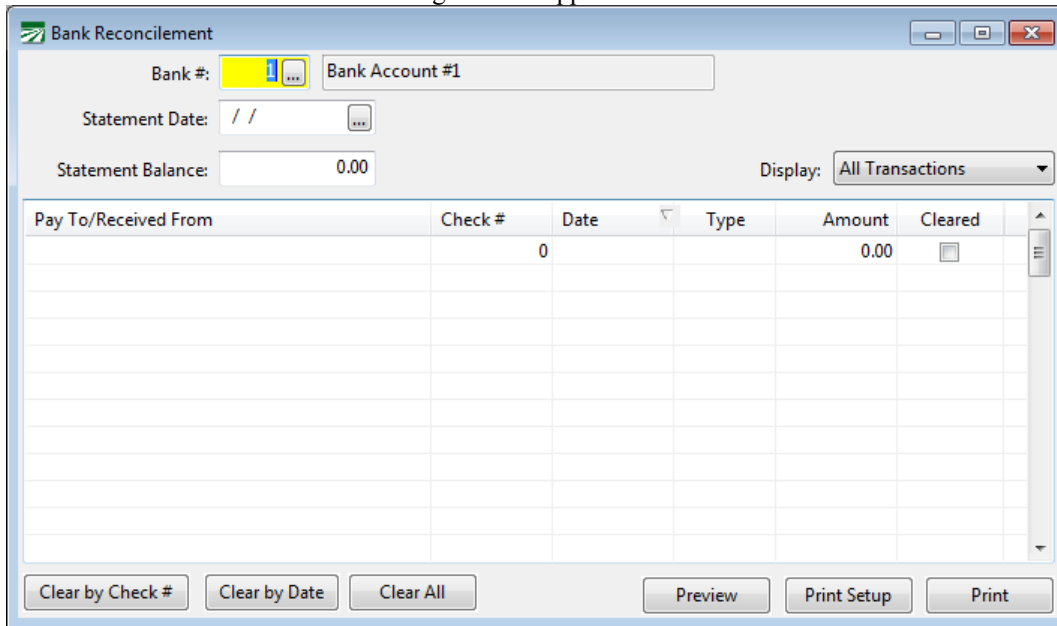
This balance must be the reconciled balance. If you have not previously reconciled your bank balance, it may take a few months to get a correct starting balance. This is because you may have checks clear from your prior year/starting gl date for several months.

To calculate your starting balance:

Bank Statement Balance from last month before Datatech Starting Date	\$\$\$\$\$
Subtract Checks/Charges that Clear from Prior Period	- \$\$\$\$\$
Add Deposits that Clear from Prior Period	+ \$\$\$\$\$
Reconciled Bank Balance	= \$\$\$\$\$

## Completing your Bank Reconciliation

When you select the Bank Reconciliation option on the Payables menu, the following window appears:



The screenshot shows a 'Bank Reconciliation' window with the following fields and controls:

- Bank #:** A dropdown menu showing '1'.
- Bank Account #1:** A text field.
- Statement Date:** A date field showing ' / /'.
- Statement Balance:** A text field showing '0.00'.
- Display:** A dropdown menu showing 'All Transactions'.
- Table:** A table with columns: Pay To/Received From, Check #, Date, Type, Amount, and Cleared. The first row shows a transaction with Check # '0', Amount '0.00', and a checked 'Cleared' box.
- Buttons:** 'Clear by Check #', 'Clear by Date', 'Clear All', 'Preview', 'Print Setup', and 'Print'.

### Bank #

Select the bank account you want to reconcile. Press [F4] or click on the lookup button to get a selection list.

### Statement Date

Enter the statement date here. The grid will display transactions only up to this date.

### Statement Balance

Enter the ending bank balance on your statement.

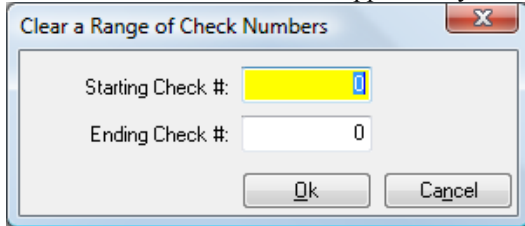
### Display

Use this to select the types of transactions you want to see. This is very useful if your statement lists transactions in different categories (e.g. Deposits, Checks, Electronic Transactions, etc). You can choose to display all transactions, deposits, miscellaneous transactions, vendor checks, payroll checks, or transfers.

Once you enter the statement date, transactions will be listed in the grid. The rightmost column has a checkbox to indicate whether or not a transaction has cleared. To mark a transaction as cleared, check the box in the right column. You can also clear using the spacebar on your keyboard. When you use the spacebar the program will automatically move the cursor box down to the next transaction.

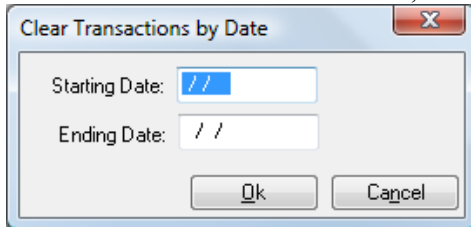
## Clearing Transactions by Check #

You can clear a block of checks by clicking on the Clear by Check # button at the bottom left of the window. When you click on this button, a window will appear for you to enter the starting and ending check #'s:

A dialog box titled "Clear a Range of Check Numbers" with a close button (X) in the top right corner. It contains two input fields: "Starting Check #:" with a yellow highlight and the number "0", and "Ending Check #:" with the number "0". At the bottom are "Ok" and "Cancel" buttons.

## Clearing Transactions by Date

You can clear a block of transactions within a date range by clicking on the Clear by Date button at the bottom left of the window. When you click on this button, a window will appear for you to enter the starting and ending dates::

A dialog box titled "Clear Transactions by Date" with a close button (X) in the top right corner. It contains two input fields: "Starting Date:" with the text "//" and "Ending Date:" with the text "/ /". At the bottom are "Ok" and "Cancel" buttons.

If your bank statement lists checks in check number order, and marks checks that are out of sequence with an asterisk, then you should be able to easily tell what the starting and ending check numbers are to clear.

## Clearing All Displayed Transactions

The Clear All button will mark all transactions currently displayed as cleared. For instance, you might display deposits only and then click on this button to clear all deposits.

## Bank Reconciliation Report

When you have finished clearing transactions, click on the Preview or Print buttons.

The Bank Reconciliation Report shows the ending balance from your bank statement, the outstanding transactions, the reconciled bank balance, your book balance, and the difference between the reconciled bank balance and your book balance.

The difference should be zero if you have done everything perfectly. We have compiled hints to help you reconcile your bank statement when that doesn't happen. Take a look at our Bank Reconciliation Tips if you are having trouble reconciling.

We recommend keeping a printed copy of your bank reconciliation report each month.

## Special Options

You can click on the bank reconciliation grid with the right mouse button to activate a popup menu with several other options.

### ***Finding a Check #***

On the popup menu, select the Find option, then select Check #. The keyboard shortcut for this is [Ctrl]+[H]. Enter the check number you want to jump to and press [Enter] or click on the Ok button. If the check number is not found, the program will let you know, otherwise the check will be highlighted.

### ***Finding an Amount***

On the popup menu, select the Find option, then select Amount. The keyboard shortcut for this is [Ctrl]+[H]. Enter the amount you want to find, select the direction to look (relative to the currently highlighted line) and press [Enter]. The program will tell you if no transaction are found for that amount, otherwise it will highlight the transaction.

## Display

The Display menu provides options to filter the Display in the same manner as the Display option in the header.

The other two Display options are 1) Transactions from Prior Statements. We recommend un-checking this option, so once you've cleared checks on a statement they no longer are displayed. 2) Transactions After Statement Date. This option is usually un-checked. However, you may need to select it if a check cleared that was after the statement date. (This may happen if you handed out checks before their printed check date).

## Export

You can select whether to Export Cleared or Outstanding Checks. These may be helpful if you have a third party auditing your reconciliation or managing your accounting.

## Importing Cleared Transactions

There is an option to import a file containing a list of transactions that have cleared. You may be able to download a file from your bank through their online banking features. The file must be a comma separated value text file, and the first line of the file should be a header with specific names for each column that tell the program what data appears in each column.

The columns names understood by the program include (names must match the spelling/case exactly:

“Date” / “DATE” – Transaction Date

“Customer Reference” / “Check #” / “Serial Number” / “CHECK NO.” – Check Number

“Amount” / “AMOUNT” – Amount in dollars

“Cleared Date” / “Posted Date” – Date posted to your bank account

The file must contain at a minimum a check number and amount field for it to match up the transaction listed in the file with the transactions posted to the bank account.

If the program is unable to match any transactions in the import file with existing transactions, a report will be generated listing the transactions that couldn't be matched up. You will need to determine if these transactions are missing and need to be entered.

## **Cleared Date/Cleared Transactions Report**

The Clear Date is recorded on each transaction as each one is checked off. The Date recorded in the Statement Date that is displayed when you clear the transaction. This enables the program to print a report listing all transactions that you cleared for a particular statement.

This also allows you to go back to previous months if needed and review the bank reconciliation. Any checks that have a clear date after the statement date will still appear outstanding.

You may run into a problem if you accidentally marked the check as cleared on the wrong statement date. For example a recent support call for bank reconciliation help resulted in us determining the user accidentally enter 12/31/2107 initially on the bank reconciliation window instead of 2016. They realized and corrected the date, but after they had marked some transactions as cleared. When they went to complete their reconciliation they didn't balance because those checks were considered still outstanding on 01/31/2107. To correct the problem, the checks needed to be un-checked (clearing the date cleared) and re-checking with the correct date.

### ***Cleared Transactions Report***

This report can be printed instead of or in addition to the Bank Reconciliation Report. It will group transactions together by type, and provide totals for each type of transaction. If you are having trouble reconciling your bank statement, this report may be helpful because you can print it out and compare the transactions listed on it to your bank statement.

From the popup menu, you can select this report and either print it or preview it.

## **What to do if you Don't Balance**

- 1) Check the Cleared Transactions report.

The Cleared Transaction totals must match to your bank statement. Check the Deposits, Checks and other Transactions and make sure they match exactly. If one of those totals is off, go through each transaction to double check:

- I. That everything cleared on the bank statement is on the Cleared Transaction Report. If something is on the Bank Statement that you missed clearing, clear it. Or, a transactions may not have been entered at all and you may need to go to the CheckBook to record the checks
- II. That there isn't something that is on the Cleared Transaction report that isn't on the Bank Statement (if so go back and un-check the Clear status)

- III. Everything cleared for the correct amount. Sometimes the bank clears a transaction for an incorrect total.
- 2) Re-calculate your Bank Balance

Follow the steps at the beginning of this material to update your checkbook balance.
- 3) Go back to the previous month and verify your reconciled bank balance is still correct.
  - I. If you are a new user, it may be that the Starting Balance needs to be adjusted.
  - II. If you have previously been using Datatech reconciliation it may be possible that a check had been deleted & re-entered, which would clear the previous clear date.

## **Preventing Changes to Prior Months**

In the last example reconciliations can be off if prior checks have been editing and/or deleted. We recommend “closing” the payables module after reconciliation is complete to prevent these issues.

To use this option go to General Ledger > Utilities > Close Accounting modules. Enter the Statement Date reconciled. This will prevent users from editing or deleting transactions prior to that date.

An additional step would be to set user permissions so that can’t get into this window and remove this date. (With the exception of Admin users). See the Help on Security for more information.

## **Adjusted Old Un-cleared Payroll Checks**

It is common for companies with large payroll and high turnover to have payroll checks that don’t clear.

In California there are laws regarding the maintaining of these funds and turning over funds to the unclaimed property department.

In order to clear these transactions from your outstanding checks lists you may want to do the following:

- I. Create a new Liability account for Unclaimed Checks.
- II. Enter a Journal Entry to Credit the Liability account for the net check and Debit your bank account for the same amount.
- III. Repeat for each check.
- IV. On your next reconciliation, Clear both the old outstanding check and the journal entry that offsets the check.