

# Introduction

This article explains how the Sage Evolution Bank Reconciliation utility works in order to ensure you're satisfied with your company's bank accounts' transactional content and balances, as compared against the actual bank account statement's balance.

This Utility allows you to compare and analyse your GL bank accounts in either the local or foreign currency values, to ensure the transactional integrity of your bank accounts' history.

## Details

### Purpose

The Bank Reconciliation utility allows you to match the entries as processed in your cashbook, per individual bank account, with the physically received bank statement, for the same General Ledger (GL) bank account.

Generally this assists in verifying the correctness of these transactions.

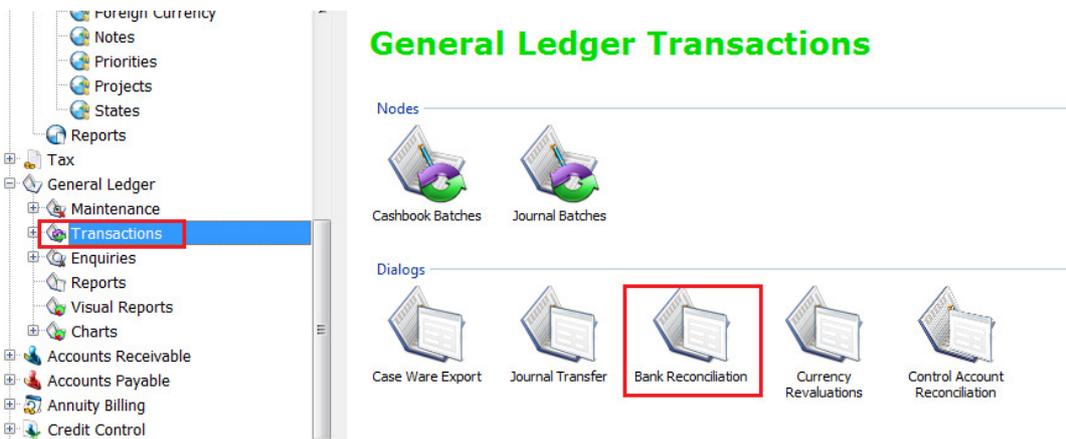
Note that any changes made and saved on the Bank Reconciliation screen does not affect any posted debit/credit values of the relevant GL bank account, neither are any additional debit/credit transactions posted by the Bank Recon.

Performing routinely bank reconciliations should however be part of any accounting office's monthly routines to ensure the accuracy of the company's bank accounts' transactions, as compared to, and relative to your bank statement.

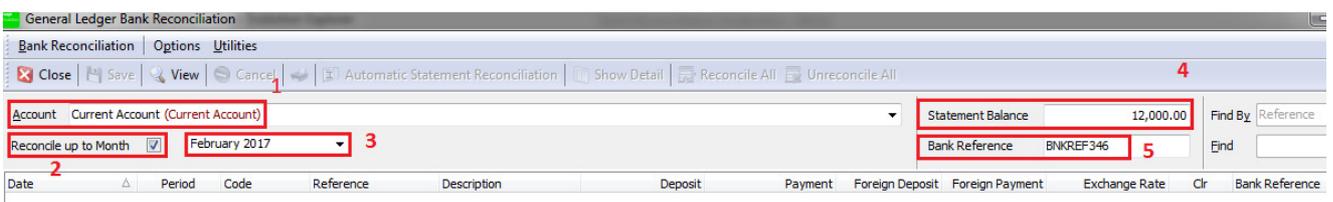
### Accessing and basic navigation of the Bank Reconciliation screen

The following steps explain the basic navigation of the Bank Reconciliation screen.

1. From the Evolution System Tree, go to **General Ledger | Transactions | Bank Reconciliation**.



2. Entering/select the main fields' values/filters.

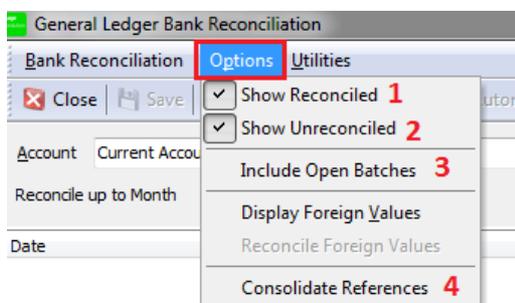


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3. From the above screen, notice the explanations of the above fields

FIELD	EXPLANATION
1. Account:	Select the specific GL bank account that you want to reconcile
2. Reconcile up to Month:	Select the option if you want to view and reconcile all previous periods (months) up and to the selected month in 3 below, in the results pane. Unselect the option if you only want to view and reconcile specific period selected in 3. below
3. Reconciled Period	Select the specific period that needs to be reconciled.
4. Statement Balance	Enter the specific closing balance as received on the official bank statement received (for the same period as selected in 3. above).
5. Bank Reference	Enter the specific bank statement reference as stated on the bank statement

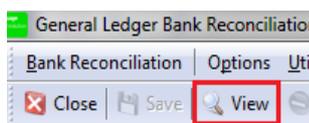
4. Configuring the **Options** menu.



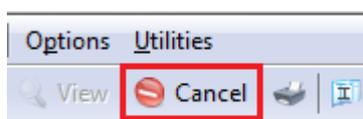
5. From the above screen, notice the explanations of the above fields.

FIELD	EXPLANATION
1. Show Reconciled	Click this option if you want to view the already reconciled transactions in the results pane
2. Show Unreconciled	Click this option if you want to view the currently unreconciled transactions in the results pane
3. Include Open Batches	Click this option if you also want to view the (unprocessed) bank account transactions which are currently residing on unprocessed
4. Consolidate Reference	Click this option to reconcile multiple transactional lines that shares the same period, transaction line Reference number. More details how this feature work explained below.

6. After the above screen filters have been configured, the user should then click on the View button to display the relevant transactions in the results pane.



7. If at any time you want to reset or change any filter options after the **View** button has been clicked, simply click on the **Cancel** button.



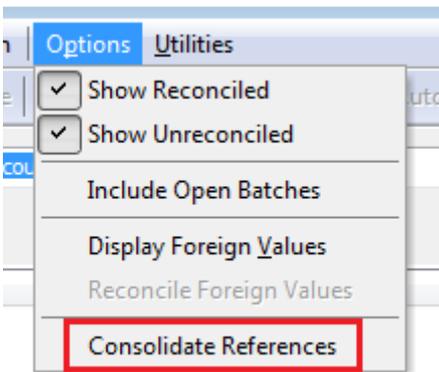
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### Understanding the Consolidate Reference option

1. Notice the result pane's values below on the Bank Reconciliation screen, after the **View** button at the top has been clicked, and the other header field filters configured, as can be seen below.

Date	Period	Code	Reference	Description	Deposit	Payment	Cr	Bank Reference
01/12/2016	57	CASH	REF001	DIRECT DEPOSIT XYR	8,500.00			
01/12/2016	57	CASH	REF002	DIRECT DEPOSIT AAA	47,800.00			
17/01/2017	58	CASH	REF005	DIRECT DEPOSIT 12477	10,000.00			
19/01/2017	58	CASH	REF006	ABC MARKETING		5,000.00		
19/01/2017	58	CASH	REF004	AAA CONSULT		1,000.00		
01/02/2017	59	CASH	REF006	CATERERS		2,500.00		
02/02/2017	59	CASH	REF006	OMINI ACCOUNTS		3,000.00		

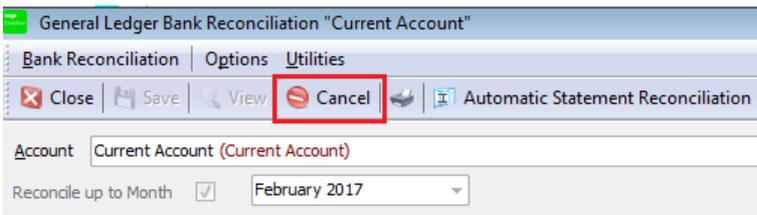
2. Also note: before the **View** has been clicked, the **Options menu | Consolidate** reference option was not selected.



3. Also notice the same **Reference** number is shared by the following two transactions in the February 2017 period:

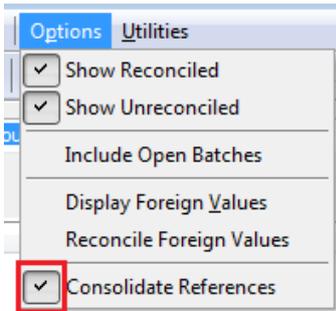
Date	Period	Code	Reference	Description
01/12/2016	57	CASH	REF001	DIRECT DEPOSIT XYR
01/12/2016	57	CASH	REF002	DIRECT DEPOSIT AAA
17/01/2017	58	CASH	REF005	DIRECT DEPOSIT 12477
19/01/2017	58	CASH	REF006	ABC MARKETING
19/01/2017	58	CASH	REF004	AAA CONSULT
01/02/2017	59	CASH	REF006	CATERERS
02/02/2017	59	CASH	REF006	OMINI ACCOUNTS

4. At this point, first click on the **Cancel** button on the top of the screen to remove the current result pane values



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- On the **Options** menu, now click the **Consolidate Reference** option. If you then return to the Options menu you'll notice the **Consolidate Reference** options is selected as can be seen below. Don't click again on it!



- Click again on the **View** button.
- Now notice there are less transactions displayed in the results pane.

This is because the two transactions in period February 2017, that shares transaction Reference number **REF006**, have been consolidated into one line and their totals consolidated into one amount = **R5500** (R2500 + R3000).

Date	Period	Code	Reference	Description	Deposit	Payment	Clr	Bank Referen
01/12/2016	57	CASH	REF001	DIRECT DEPOSIT XYR	8,500.00		<input type="checkbox"/>	
01/12/2016	57	CASH	REF002	DIRECT DEPOSIT AAA	47,800.00		<input type="checkbox"/>	
17/01/2017	58	CASH	REF005	DIRECT DEPOSIT 12477	10,000.00		<input type="checkbox"/>	
19/01/2017	58	CASH	REF004	AAA CONSULT		1,000.00	<input type="checkbox"/>	
19/01/2017	58	CASH	REF006	ABC MARKETING		5,000.00	<input type="checkbox"/>	
01/02/2017	59	CASH	REF006	CATERERS		5,500.00	<input type="checkbox"/>	

- Also notice that only transactions in the **same period** that shares the **same Reference number** are consolidated.

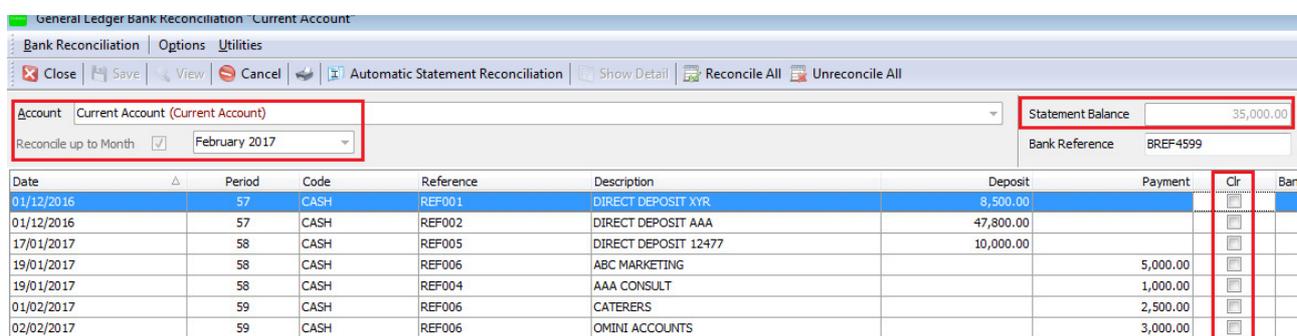
That explains why the one transaction above of **01/2017**, also with reference number REF006, is not also included in the consolidated transaction line.

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## Reconciliation using a case study

To further explain how the rest of the Bank Reconciliation utility works, let's make use of the following case study:

1. In our case the **Statement Balance**, in accordance with the physical bank statement received from the bank at the end of Feb 2017, has been entered as **R35 000**. Also, in our case the **Consolidate Reference** option is not selected.
2. When the **View** button is clicked, notice the results below.



3. Also, at the bottom of the screen, notice the following values:

Balances		
Description	Deposits	Payments
Computer Bank Balance	54800.00 <sup>1</sup>	
Total Unreconciled	66300.00 <sup>2</sup>	11500.00 <sup>2</sup>
Reconciled Bank Balance	89800.00 <sup>3</sup>	
Difference	35000.00 <sup>4</sup>	

From the above screen, notice the explanations of the above:

FIELD	EXPLANATION
1. Computer Bank Balance	This is the Evolution company's balance of the bank account as at the end of the above selected period value (Feb 2017 in our case). This value will also agree with the GL enquiries and GL Account transaction report as viewed for the same period as the bank recon screen.  Note that nothing the user changes on the Bank Reconciliation screen, except for changing the Reconciliation period, should have any effect on this value. This is also regardless which transactions are reconciled or not.
2. Total Unreconciled values for both the Deposits and Payments.	In our case, no transactions have been reconciled – notice the empty reconciled options.

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	<table border="1"> <thead> <tr> <th>Deposit</th> <th>Payment</th> <th>Clr</th> </tr> </thead> <tbody> <tr> <td>8,500.00</td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>47,800.00</td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>10,000.00</td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>5,000.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>1,000.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>2,500.00</td> <td><input type="checkbox"/></td> </tr> <tr> <td></td> <td>3,000.00</td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Deposit	Payment	Clr	8,500.00		<input type="checkbox"/>	47,800.00		<input type="checkbox"/>	10,000.00		<input type="checkbox"/>		5,000.00	<input type="checkbox"/>		1,000.00	<input type="checkbox"/>		2,500.00	<input type="checkbox"/>		3,000.00	<input type="checkbox"/>
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	3,000.00	<input type="checkbox"/>																							
<p>3. Reconciled Bank Balance</p>	<p>This value is calculated by the following formula:</p> <p>(Total <b>Unreconciled Deposits</b> value less Total <b>Unreconciled Payment</b> value) + the entered <b>Statement Balance</b> on the top right of the screen.</p> <p>In our case this is  <math>(R66\ 300 - R11\ 500) + R35\ 000 = R89\ 800</math></p> <table border="1"> <thead> <tr> <th colspan="3">Balances</th> </tr> <tr> <th>Description</th> <th>Deposits</th> <th>Payments</th> </tr> </thead> <tbody> <tr> <td>Computer Bank Balance</td> <td>54800.00 <b>1</b></td> <td></td> </tr> <tr> <td>Total Unreconciled</td> <td>66300.00 <b>2</b></td> <td>11500.00 <b>2</b></td> </tr> <tr> <td>Reconciled Bank Balance</td> <td>89800.00 <b>3</b></td> <td></td> </tr> <tr> <td>Difference</td> <td>35000.00 <b>4</b></td> <td></td> </tr> </tbody> </table> <p>Also notice that in this case the Reconciled Bank Balance value resides under the <b>Deposits</b> column, indicating it has a positive debit value. If the above value calculated a credit (negative) value, then it would have resided under the <b>Payments</b> column.</p> <p>Regardless if your bank recon finally balances or not, the Reconciled Bank Balance amount should always equal the entered <b>Statement Balance</b> value, if all transactions have been reconciled.</p>	Balances			Description	Deposits	Payments	Computer Bank Balance	54800.00 <b>1</b>		Total Unreconciled	66300.00 <b>2</b>	11500.00 <b>2</b>	Reconciled Bank Balance	89800.00 <b>3</b>		Difference	35000.00 <b>4</b>							
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<p>4. Difference</p>	<p>The <b>Difference</b> value is calculated by the following formula:</p> <p><b>Reconciled Bank Balance</b> less <b>Computer Bank Balance</b></p> <p>In our case: <math>R89\ 800 - R54\ 800 = R35\ 000</math></p> <p>Notice that if the Reconciled Bank Balance resides under the <b>Payments</b> column, the formula should be: <math>-(\text{Reconciled Bank Balance}) - \text{Computer Bank Balance}</math></p>																								

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4. Reconciliation of all transactions

As all the transactions processed in the company agrees with those found on the physical bank statement, we'll select the **Clr** option for all transactions so that the results pane now appear as follow:

	Statement Balance	<input type="text" value="35,000.00"/>	Find By	Reference
	Bank Reference	<input type="text" value="BREF4599"/>	Find	<input type="text"/>
Deposit	Payment	Clr	Bank Reference	
8,500.00		<input checked="" type="checkbox"/>	BREF4599	
47,800.00		<input checked="" type="checkbox"/>	BREF4599	
10,000.00		<input checked="" type="checkbox"/>	BREF4599	
	5,000.00	<input checked="" type="checkbox"/>	BREF4599	
	1,000.00	<input checked="" type="checkbox"/>	BREF4599	
	2,500.00	<input checked="" type="checkbox"/>	BREF4599	
	3,000.00	<input checked="" type="checkbox"/>	BREF4599	

From the above, notice the **Bank Reference** column values that are automatically populated from the above entered header Bank Reference value.

Also notice you can either use the keyboard's spacebar or left click in the **Clr** option box to individually tick the various transactions as they are individually reconciled.

5. Analysing the consolidated reconciliation totals:

Balances		
Description	Deposits	Payments
Computer Bank Balance	54800.00	
Total Unreconciled		
Reconciled Bank Balance	35000.00	
Difference		19800.00

As the reconciliation option box for each transaction in step 4 is clicked, so the totals at the bottom left of the results pane differ, according to the formulae discussed above.

Let's further qualify this case study with the following fact:

**There were no additional transactions found on the physical bank statement that were not processed in the Evolution company.**

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**By analyzing the above recon totals, the following can be deducted:**

- The Computer Bank Balance is **R54 800** but the bank statement claims we should have a balance of only R35 000
- The above **Difference** value (under the Payments column) of **R19 800** is equal to:  $R54\ 800 - R35\ 000$
- This means according to the recon, our Evolution company has a net **debit** movement (all debits less all credits) of **R19 800** as **not also reflecting** in the bank statement.

Balances		
Description	Deposits	Payments
Computer Bank Balance	54800.00	
Total Unreconciled		
Reconciled Bank Balance	35000.00	
Difference		19800.00

The above **Difference** value may be due to possible transactions that the company are already aware of and processed as such, but that may not yet also reflect as such on the bank statement.

The onus therefore always rests on the responsible cashbook manager (financial officer) to be satisfied with any differences, if they exist. Else, he should process journals to reverse any incorrect entries.

- Finally, a successful bank recon can only be regarded as such if there is a blank (zero) **Difference** amount **AFTER** all individual transactions have been reconciled.

Balances		
Description	Deposits	Payments
Computer Bank Balance	54800.00	
Total Unreconciled		
Reconciled Bank Balance	54800.00	
Difference		

**Note:** While you work on the reconciliation, the changes you make **do not** save automatically. If you wish to discard any changes you have made, click the Cancel button.

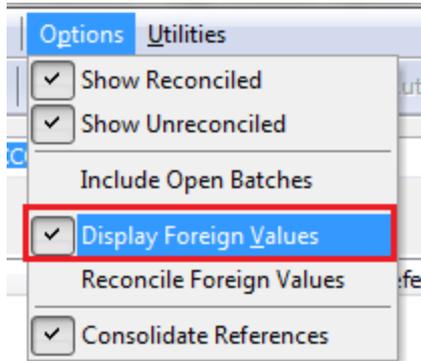
To save the changes you make, click the **Save** button at the top of the screen.



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## Foreign Currency Features

### Display Foreign Values



With this option selected, the Foreign Deposit and Foreign Payment columns are included in the results pane grid. These columns are especially relevant to typical foreign GL bank accounts and processed as such.

△	Description	Deposit	Payment	Foreign Deposit	Foreign Payment	Exchange Rate
		R50,000.00		\$4,000.00		12.50
		R5,200.00		\$500.00		20.00

### Reconcile Foreign Values



When this option is selected, the reconciliation will be performed on the foreign currency values (as opposed to local currency if the option is unselected).

Notice the Bank Recon screen's totals below now display in the relevant foreign currency.

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Description	Deposits	Payments
Computer Bank Balance	\$4500.00	
Total Unreconciled	\$7000.00	\$2500.00
Reconciled Bank Balance	\$6000.00	
Difference	\$1500.00	

Also, the actual value entered on the **Statement Balance** field (on the top right of the screen) should be in the relevant foreign currency value, in this case.

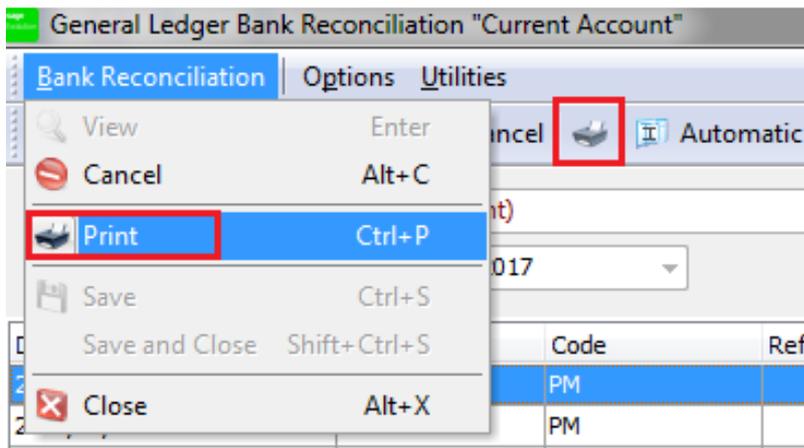
Statement Balance	1,500.00	Find By	Reference
Bank Reference		Find	

### Printing the Bank Reconciliation Report.

After the reconciliation is completed, it's recommended to print the **Bank Reconciliation Report** as proof of having a reconciled GL bank account.

To print this report do the following:

1. Click on the **Bank Reconciliation | Print** button, or the Print icon



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2. Notice the various options on the report that should be correctly configured



Please note that the report printout doesn't reflect any unsaved work you have done.

You should therefore save your work and view the reconciled bank account again, before printing the report.

## General Ledger Bank Reconciliation (Consolidated References) 720-SALVATION

Balance per Cashbook for Account : Current Account  
Up to Period : February 2017

Bank Reconciliation

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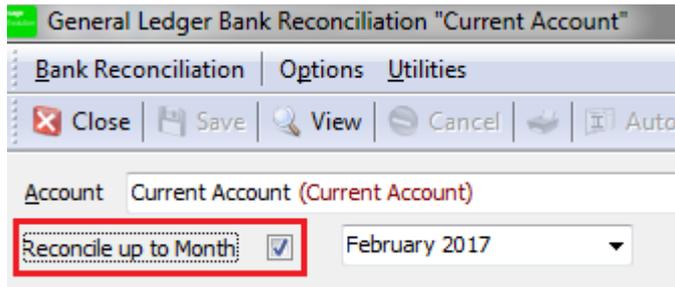
<u>Date</u>	<u>Reference</u>	<u>Description</u>	<u>Amount</u>	<u>Balance</u>
<b>Balance per Bank Statement</b>				<b>(1,866,015.49)</b>
<b>Reconciled Bank Balance</b>				<b>(1,866,015.49)</b>
<b>Computer Calculated Bank Balance</b>				<b>(1,866,015.49)</b>
<b>Difference</b>				<b>0.00</b>

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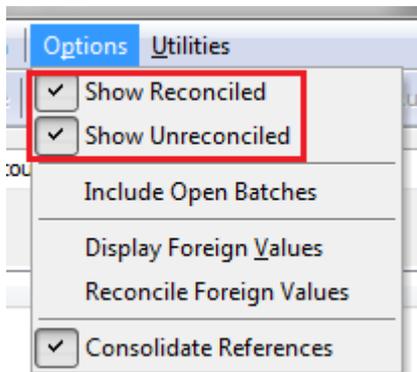
Frequently Asked Questions:

1. Transactions from previous periods do not show.

On the Bank Reconciliation screen make sure you selected the **Reconcile up to Month** option to ensure all relevant transactions are displayed.



2. I cannot see the transactions that have already been reconciled, or that have not been reconciled.
  - On the Bank Reconciliation screen, select **Options** at the top of the screen. Make sure the Show Reconciled and Show Unreconciled options are both selected



- Click on the **View** button again and all transactions for the selected period should display.