



Changes to the Bank Reconciliation Function

August 2005

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Changes to the Bank Reconciliation Function in Sage Pro ERP 7.3

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Introduction

Bank Reconciliation is an Accounts Payable (AP) function that consolidates AP checks, Payroll (PR) checks and Accounts Receivable (AR) cash receipts, for each checking account. It stores this information in one table, APRECO, and bank reconciliation is updated from any or all of these modules including current and historical data.



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Purpose

The purpose of this document is to demonstrate and explain many of the new features introduced to the Bank Reconciliation function in Sage Pro ERP 7.3 (formerly known as ACCPAC Pro Series 7.3). This paper also covers other known issues and processes which have been a part of Bank Reconciliation from previous versions. A Frequently Asked Questions section has also been included to answer and clarify many common questions users have regarding Bank Reconciliation.

Scope

The content of this paper supplements the documented information regarding Bank Reconciliation. This paper will cover topics that affect Sage Pro 7.3 as well as future versions. Comparisons to previous versions are made when applicable. For more information regarding Bank Reconciliation and Accounts Payable, please refer to the Sage Pro 7.3 documentation included on the installation CD.

Bank Reconciliation in Sage Pro 7.3

Many enhancements have been made to Bank Reconciliation for Sage Pro 7.3. The following section details these new enhancements, workflow changes and clarifies various other procedures for the new Bank Reconciliation.

New Features in Bank Reconciliation

- The screen layout has been considerably improved with a new tabbed format. This allows the transactions and consolidated amounts to be viewed by type or together in the **General** tab. A **Notes** tab has also been added where comments and other remarks regarding bank reconciliation may be entered. See the image below for the new layout of the General tab in Bank Reconciliation.

General	Checks	Manual Charges/Deposits	Cash Receipts	Bank Transfers	Notes
Beg Balance	3,950,711.65	Open	0.00	Book	3,927,465.69
Checks	8	Total	-23,245.96		
Manual Charges/Deposits	0	Total	0.00		
A/R Cash Receipts	0	Total	0.00		
Bank Transfers	0	Total	0.00		

X	Check #	Date	Vendor	Cleared	Amount
<input checked="" type="checkbox"/>	263	03/23/04	ABC1 ABC Supply Center	Y	-10.00
<input checked="" type="checkbox"/>	264	03/23/04	ABC1 ABC Supply Center	Y	-9.00
<input checked="" type="checkbox"/>	265	03/23/04	ABC1 ABC Supply Center	Y	-10.00
<input checked="" type="checkbox"/>	266	03/23/04	ABC1 ABC Supply Center	Y	-3,359.86
<input checked="" type="checkbox"/>	267	04/23/04	ACC1 Ashland Copy Center	Y	-1,875.00
<input checked="" type="checkbox"/>	268	04/23/04	ACC1 Ashland Copy Center	Y	-300.00
<input checked="" type="checkbox"/>	269	03/23/04	ACP1 American Chemical Products	Y	-4,348.10
<input checked="" type="checkbox"/>	270	03/23/04	CMA1 Computers Marin Incorporate	Y	-13,334.00

Figure 1 - Bank Reconciliation, General Tab

- Deposits and charges may be directly added from the header in the Bank Reconciliation screen. This was previously only available through the main menu.
- Bank transfers may be administered through the Enter Bank Transfers function located under the **Maintain** menu.
- Bank reconciliation history files may be purged via the Purge Reconciliation function located under the **Maintain** menu.
- Bank reconciliation history files are saved in Sage Pro 7.3. They are not automatically when the period is closed, as in

previous versions. They are maintained for 24 months or until they are manually purged.

- Bank statements (.ofx formatted files) may be uploaded to Sage Pro and used to reconcile transactions in AP, AR and PR.

Company 99 in Sage Pro, comes with a sample bank statement (bankstatement.ofx). This file is found in the External folder inside of the Sage Pro directory installation.

The Bank Reconciliation Process

The following section clarifies the basic features and functions of the Bank Reconciliation process. This is a high-level overview; for more detailed steps and instructions please refer to Sage Pro 7.3 documentation.

Balances used during the Reconciliation Process

There are six different types of balances used in bank reconciliation:

- ***Beg** – Sum total of all previously cleared transactions (previous **End Balance**).
- **Open** – Sum total of all uncleared transactions.
- **Book** – Sum total of all cleared and open transactions (**Bank + Open**).
- ****End Balance** – This is the bank statement balance that is entered by the user.
- ****Diff** – This amount is the difference between the **End Balance** and **Beg Balance**.
- ****Cleared** – Sum total of all cleared transactions during the current reconciliation.

*Known as Bank in ACCPAC Pro Series 7.2

**New to Sage Pro 7.3

Basic Steps to Reconcile Bank Accounts:

From the Bank reconciliation Option Grid, select the appropriate parameters for bank reconciliation:

- **GL Checking Account** to be reconciled.
- **Sort By** and **Sort Order** field values.
- Include already reconciled transactions.
- **Check No. Range** and **Check Date Range** values.
- Which modules are to be reconciled.

- Whether to include history files.
- Whether to upload a bank statement into Sage Pro and use it to reconcile transactions.

The general clearing process is as follows:

- The ending balance must be manually entered into the **End Balance** field. This value should be obtained from the latest bank statement.
- The program then calculates the value of all the open transactions (the difference between the **Beg Balance** and the **End Balance** fields) and populates the **Diff** field. The transactions that are displayed at the bottom of the main screen.
- If a particular transaction is to be cleared, the checkbox next to the item must be selected or a “Y” entered into the **Cleared** field. To void a transaction, a “V” must be entered into the **Cleared** field.
- When all transactions have been cleared, the bank reconciliation may be saved and finalized. At this point, the **Diff** amount should be zero. If not, there is an option to enter an adjustment amount via a manual charge or deposit. This is not a requirement, however it is highly recommended that the **Diff** amount be equal to zero when finalizing.

Tables and Key Fields Updated During Bank Reconciliation

Module	Tables	Key Field	Flag (when APRECO updated)
AP	APCHCK, APYCHK	APSTAT	Y
AR	ARCASH, ARYCSH	APCODE	Y
PR	PRCHCK, PRYCHK	BANKREC	T
PR	PRHDDT, PRYHHD	BANKREC	T
PR	PRCHCK, PRHCHK	PRCHKSTAT	Y



Integration

Bank reconciliation is not an automatic feature. The modules that are to be reconciled must be manually selected and each transaction is cleared individually. Once copied to APRECO, the key field in each table is updated to keep it from updating again.

Important Features in Bank Reconciliation

This section highlights some useful and important features in Bank Reconciliation. Some of this functionality has changed and improved in Sage Pro 7.3; this is illustrated below.

Manual Charges and Deposits

This feature allows manual charges and deposits to be entered during bank reconciliation. The amounts entered do not come from a cash receipt or check and usually refer to undocumented bank charges, interest, corrections, etc.



Important

Bank charges, corrections, and other transactions affecting the bank statement, are usually the cause of any remaining Diff amount after bank reconciliation. Since these amounts affect bank balances but do not come from a cash receipt or a check, they are not recorded in Sage Pro. The bank accounts must be manually updated to reflect the true account balances.

After a charge or deposit has been entered, Sage Pro will ask whether to post these transactions to GL. If Yes, then the balancing account must be supplied. Sage Pro will create a distribution into the APDIST table (APGLLK table for VisionPoint) to be released to GL as well as update the bank reconciliation for that checking account. If a GL posting is not to be created, Sage Pro will only update the bank reconciliation with the entry. In ACCPAC Pro Series 6.0 Build 2101 a new option was added to update the cash balance on the Business Status report (BSR), with the manual charge or deposit.

Bank Reconciliation Report

The Bank Reconciliation report displays the bank reconciliation in report format. However, there is one major difference between the report and bank reconciliation. In normal bank reconciliation, the book, open and beginning balances do not change based on the date filter. If a specific date range is entered on the Bank reconciliation Option Grid, the balances will display the entire total and will not adjust to the filtered transactions. In the report, the balances will be adjusted to reflect the date filter and only the selected transactions will be included in the totals.



Best Practice

Printing this report for all checking accounts and all records before each period's close is an excellent way to retain history and confirm bank reconciliation.

Closing the Accounts Payable Period

In prior versions of Sage Pro, all cleared transactions were added together into a balance forward amount when the period was closed. These transactions were not saved and were removed from the table (APRECO). As a result, there was no detailed audit trail kept for past bank reconciliations. Sage Pro 7.3 now has the ability to save detailed history records. They are maintained for a maximum of 24 months or until they are manually purged.

Frequently Asked Questions

1. **Why are some modules unavailable or not shown on the Bank Reconciliation module selection screen?**

This may occur for a number of reasons. If the module is not installed, for that particular company, it will not be available for selection in the dialog box. This may also occur if the module is not linked to GL. In the case of Payroll, it must be linked to AP in PR setup for it to be available for selection. Lastly if there are no new reconcilable transactions for the module and checking account, it will be unavailable and unavailable for selection.

2. **What is the best way to begin using bank reconciliation and ensure that it is correct and up-to-date?**

From the **Maintain** menu, click **Reconcile Accounts** and select the appropriate parameters and modules that are to be updated, including history files. This will bring all transactions into the bank reconciliation as open transactions. Enter in the ending balance based on the latest bank statement. Clear all transactions except for those that have not yet been cleared on the bank statement. Once this has been completed, check if the amount in the **Diff** field has a balance of zero. If not, enter a manual charge or deposit for the difference.



Warning

*Do not post this manual charge or deposit to GL. This is only a correction to bank reconciliation and should not be posted to GL. Posting should only occur if the GL balance needs to be updated and a journal entry has not been created. **Update Cash Account Balance** should be selected if the BSR value needs to reflect this change.*

The manual charges and deposits must also be cleared during the reconciliation process so that they update the account balance. The account and bank reconciliation should now have correct and up-to-date balances.

3. **The bank reconciliation does not agree with the bank statement. Where can the history be tracked to investigate where the mistakes were made?**

In Sage Pro 7.3, the bank reconciliation history is saved for two years by default. These records will remain in the database until they are manually purged. If they have not been purged recently, these records are available and may be examined to see where mistakes were made. Copies of bank statements should also always be saved so that they may be compared with these records. Versions of Sage Pro prior to 7.3 did not save history records after a period close. The records were

only available for investigation if the period has not been closed, otherwise they would have been deleted.



Important

If a transaction is mistakenly cleared and purged, a manual charge or deposit (without posting to GL when prompted) should be used to correct it.

4. Why does the bank reconciliation not agree with the GL balance for the checking account?

Ideally, the balance amount in the **Book** field should agree with the current balance in GL for that checking account. However, there are some conditions to this:

- All of the modules should have been released and posted to GL.
- All of the transactions should have been reconciled.
- If there are journal entries in GL to the checking account, they will not be reflected in bank reconciliation. A manual charge or deposit must be made to reflect these journal entries.



Important

*Beginning with ACCPAC Pro Series 7.0, the checking account balance feature was used to maintain cash balances automatically with transactions. This can be seen in the BSR or by entering the **Maintain** menu and selecting **Check Accounts**. The information is held in the APACCT table for each checking account.*

5. Why do the cleared transactions not display in bank reconciliation?

When Reconcile Accounts is first opened, an options screen appears where the certain parameters for bank reconciliation may be set. The **Incl Reconciled** field must be set to “Yes” if cleared transactions are to be included.

6. When a check is voided in AP, does it update the bank reconciliation?

Yes. The status of the transaction record will automatically change to “V” (for voided) in bank reconciliation.



Integration

Voiding a transaction in bank reconciliation does not void the transaction in the module from where it came. The transaction must be voided in the originating module through regular transaction voiding procedures.

7. When a negative cash receipt is entered in AR, why does Sage Pro ask to update bank reconciliation? What does this mean?

Negative cash receipts may be refunds that may or may not result in a refund check being created in AP. If a check is created in AP, the bank reconciliation should not be updated via AR. The check will be recorded to bank reconciliation from AP and a duplicate record from AR is unnecessary. If an AP check is not issued, then the bank reconciliation should be updated from AR with the negative cash receipt. This is to ensure that the transaction will be recorded and reconciled only once.

8. How are cash transfers between checking accounts handled in Sage Pro?

This may be done through the Enter Bank Transfers screen which can be accessed from the **Maintain** menu.

9. How are AR cash receipts transferred to bank reconciliation?

The receipts for each day will be totaled and entered as a single charge or deposit line. This is done to reflect the usual daily deposits with the bank and how they appear on the statement. For details of each day's totals, the Cash Receipts report in AR may be used.

10. Why is the Bank Reconciliation Report now showing all transactions that have ever been cleared?

In Sage Pro 7.3, the cleared transactions are not automatically purged when a period is closed. In previous versions, these transactions were added together into a balance forward amount and cleared from the database when a period was closed. In the current version, these transactions are saved until they are manually purged. Therefore, if the **Include Only** field is set to "All records" while running the Bank Reconciliation Report, the report will display all cleared transactions up to that point. In versions prior to Sage Pro 7.3, these same parameters would display a report with only recently cleared transactions (those since the last period close) and transactions still needing to be cleared. To obtain these same results in Sage Pro 7.3, a specific date range must be entered to display only those transactions that are pertinent to that report and reconciliation. There is also the option to purge the cleared transactions; however, this should be only done in accordance to the needs and requirements of the company.



Important

Entering a date range into the Bank Reconciliation Report will affect the balances as previously discussed. For this report to run as it did in previous versions, with the full balances, the bank reconciliation transactions will need to be purged so that they are totaled into a balance forward amount and deleted from the database. However, this should only be done in accordance with company policies regarding audit trails and history record keeping.

11. Why does the AP Transactions document contradict the previous answer?

On page 249, of the Accounts Payable Transactions Doc on Disk for Pro 7.3 (ap_trans.pdf), it states that “The Bank Reconciliation does not have a history file, and when you close the period, all transactions that have been marked as ‘Cleared’ or ‘Voided’ are summed. That total is added to the Balance Forward total, and the cleared and voided detail is deleted. You will not be able to find any detail information about these transactions unless you have printed the Bank Reconciliation report to include all records and dates since the last time you closed the period.” This is incorrectly documented and has been noted for correction in future product. The situation described above only applies to prior versions of Sage Pro. As discussed previously, in Sage Pro 7.3 the reconciled transactions are saved until they are manually purged. Simply closing the period will have no effect on these transactions.

12. What is the purpose of finalizing bank reconciliation? What is the difference between saving and finalizing bank reconciliation?

Finalizing bank reconciliation involves final reconciliation of cleared transactions. While clearing or voiding transactions, bank reconciliation is systematically updating the balances in the **Diff**, **Open** and **Cleared** fields. Upon saving, there is an option to finalize or save bank reconciliation. Saving would mean that the transactions have been cleared but not reconciled and the bank reconciliation is still open and available for edits. This will not update the amount in the **Beg Balance** field. Finalizing the bank reconciliation would mean that all the marked transactions have been cleared on the bank statement and reconciled in Sage Pro. The amount in the **Beg Balance** field will be updated to include the newly cleared and reconciled transactions and the amount in the **Diff** field should ideally be zero. If the balance in the **Diff** field is not to zero when finalizing, there is the option to enter a manual charge or deposit for an adjustment. See image below:

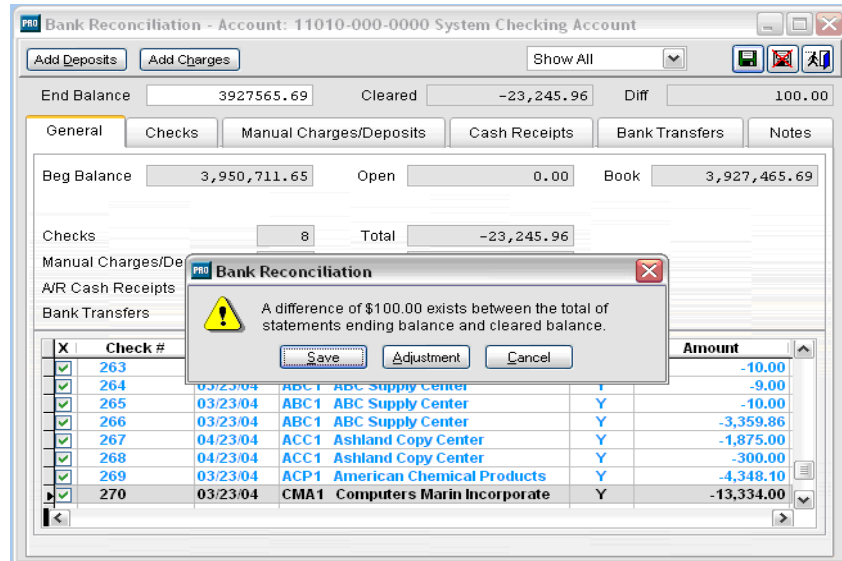


Figure 2 - Finalizing Bank Reconciliation

Clicking **Adjustment** opens the Enter Manual Deposits or the Enter Manual Charges screen (depending on whether the adjustment is a positive or negative one – if the difference is negative, a charge is added and if the difference is positive, a deposit is added). Bank Reconciliation may be finalized with a non-zero difference, however it is not recommended. In previous versions of Sage Pro, this finalize option was not available because an ending balance could not be entered.

13. A transaction that has not been cleared on my bank statement was accidentally reconciled in bank reconciliation. Is this reversible?

Transactions that have not been cleared on the bank statement should not be reconciled. However if a transaction has been mistakenly reconciled, it may be reversed. When selecting the parameters for bank reconciliation, the **Incl Reconciled** field must be set to “Yes.” In the main screen, all the reconciled and unreconciled transactions will be listed. The transaction that needs to be reversed should be selected. This will change the **Cleared** field from “R” (reconciled) to “Y” (cleared) and will also affect the following amounts:

- The **Beg Balance** amount will either increase or decrease, based on transaction type.
- The **Cleared** amount will increase. This is because the transaction has been changed from “R” to “Y.”

The cleared transaction may then be reversed by deselecting the checkbox. This process will affect the following amounts:

- The **Diff** amount will increase.

- The **Cleared** amount will decrease.
- The **Open** amount will increase.

The Bank Reconciliation screen must be exited and re-entered to now clear and finalize again. This time the **Incl Reconciled** field should be set to “No.” This is due to the fact that the reconciliation cannot be finalized if there are previously cleared transactions alongside newly reconciled ones.

14. When saving a bank reconciliation, after clearing transactions, it does not ask to finalize it.

This happens when **Incl Reconciled** is set to “Yes” in the bank reconciliation Option Grid. As mentioned in the previous question, this is due to the fact that the reconciliation cannot be finalized if there are previously cleared transactions showing on the screen.

15. What is Balance Forward?

Originally in ACCPAC Pro Series 7.2, balance forward was considered a cleared transaction. When the AP period was closed, all of the cleared transactions (since the last period close) were summed and the transactions were deleted. In Sage Pro 7.3, the **Balance Forward** amount is created by summing all of the cleared transactions and the **Beg Balance**. This is done when the bank reconciliation has been finalized and the transactions are purged. The transactions are not deleted at AP period close.

16. Why do cleared transactions and the balance forward amount not appear in the Bank Reconciliation screen?

The cleared transactions do not show because the **Incl Reconciled** is set to “No.” Changing this to “Yes” will allow those transactions to appear. The balance forward amount is created when the bank reconciliation is purged. If neither of these two processes are completed, only open transactions will appear and no balance forward amount will be created.



Important

*The **Balance Forward** value is considered a cleared transaction.*

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