How To – Manual Bank Reconciliation

DOCUMENT SUMMARY SHEET

Document Type:	**How To**
Document Title:	**Non Vendor Payments**
Document Summary:	
File Name:	**HowTo-Manual Bank Reconciliation 2013.odt**
Created on:	**Tuesday, 12 March 2013**
Created by:	**S Sackett**
Last Modified on:	**Tuesday, 12 March 2013**
Last Modified by:	**S Sackett**

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1 Purpose of this Document

The purpose of this document is to explain the process of manual bank reconciliation in the ADempiere ERP system.

By manual bank reconciliation we mean where the Payments have already been entered into the system by

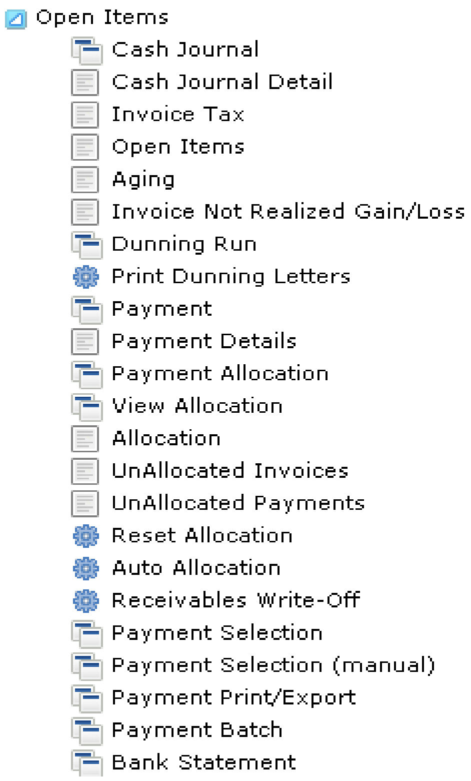
- manual posting
- Payment Selection for paying vendors in bulk
- importing from a CSV or similar downloaded from your bank.

It is also possible to create payments by code by creating your on bank statement import class. This case is not considered in this document.

2 Manual Bank Reconciliation Process

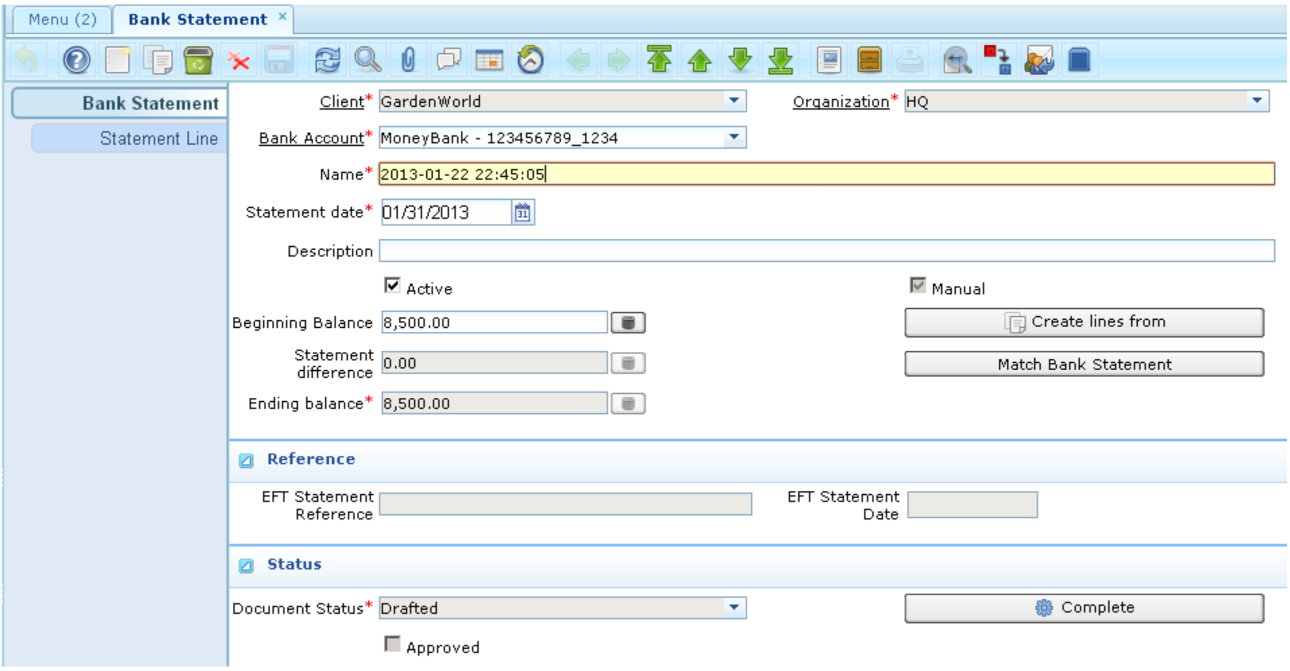
2.1 The Menu

Open the Bank Statement window from the Open Items menu:


Open Items
Cash Journal
Cash Journal Detail
Invoice Tax
Open Items
Aging
Invoice Not Realized Gain/Loss
Dunning Run
Print Dunning Letters
Payment
Payment Details
Payment Allocation
View Allocation
Allocation
UnAllocated Invoices
UnAllocated Payments
Reset Allocation
Auto Allocation
Receivables Write-Off
Payment Selection
Payment Selection (manual)
Payment Print/Export
Payment Batch
Bank Statement

2.2 The Bank Statement Window

The Bank Statement window will create a new record if that option is selected in preferences. If a new record is not presented then click “new record”. If you wish to work on an existing bank statement then select that record.



Client* GardenWorld

Organization* HQ

Bank Account* MoneyBank - 123456789_1234

Name* 2013-01-22 22:45:05

Statement date* 01/31/2013

Description

☑ Active

☑ Manual

Beginning Balance 8,500.00

Statement difference 0.00

Ending balance* 8,500.00

EFT Statement Reference

EFT Statement Date

Document Status* Drafted

☐ Approved

Note that a date and name will have been defaulted in by the system. The values can be changed by the user if required.

If you are in 'catch-up' mode after go-live then we suggest that you create multiple bank statement records in Adempiere and reconcile the account one week at a time (depending on your volumes). The reason for this is that it is less error prone to do it in small pieces and also, and mainly, because the number of items that will be displayed as waiting reconciliation will be a lot smaller.

Having set the date and either accepted the defaulted name or changed it you should then confirm that the balance displayed as the Beginning Balance is the same as on the bank statement you are reconciling to (or the electronic equivalent if that is what you are using).

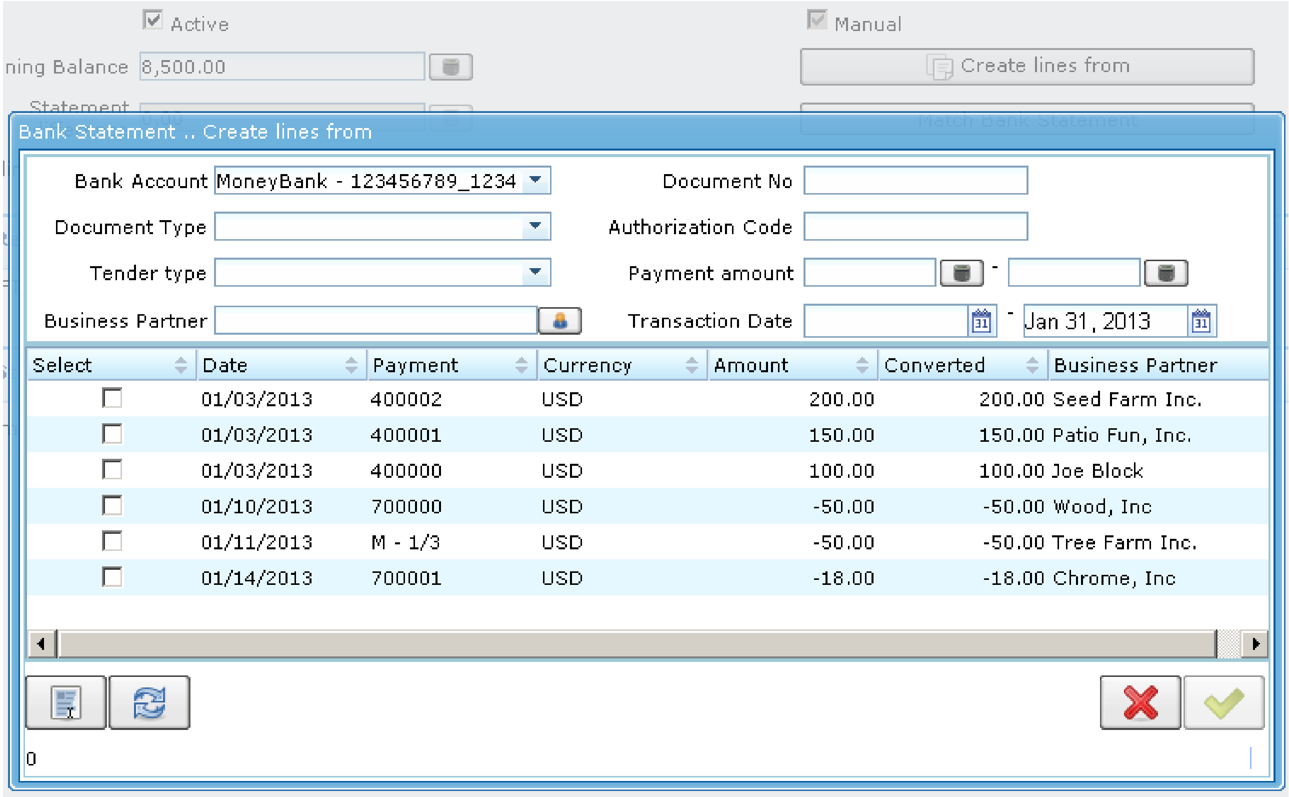
If it is not the same the track down and correct the earlier error.

In the example above the date of 31 Jan 2013 has been selected (the date format is because the demonstration system is a USA based system).

2.3 The 'Create Lines' Form

Cick the “Create Lines From” button and the following form will be displayed. You can see that the ending transaction date field has inherited the statement date from the Bank Statement header record. The data in the form is all unreconciled transactions with a Payment date on or before the Statement Date. If you wish to filter on date to see a lesser number of records then change the date and click the refresh icon ↻

This will display all the transactions that are waiting to be reconciled to the bank statement.



Bank Statement .. Create lines from

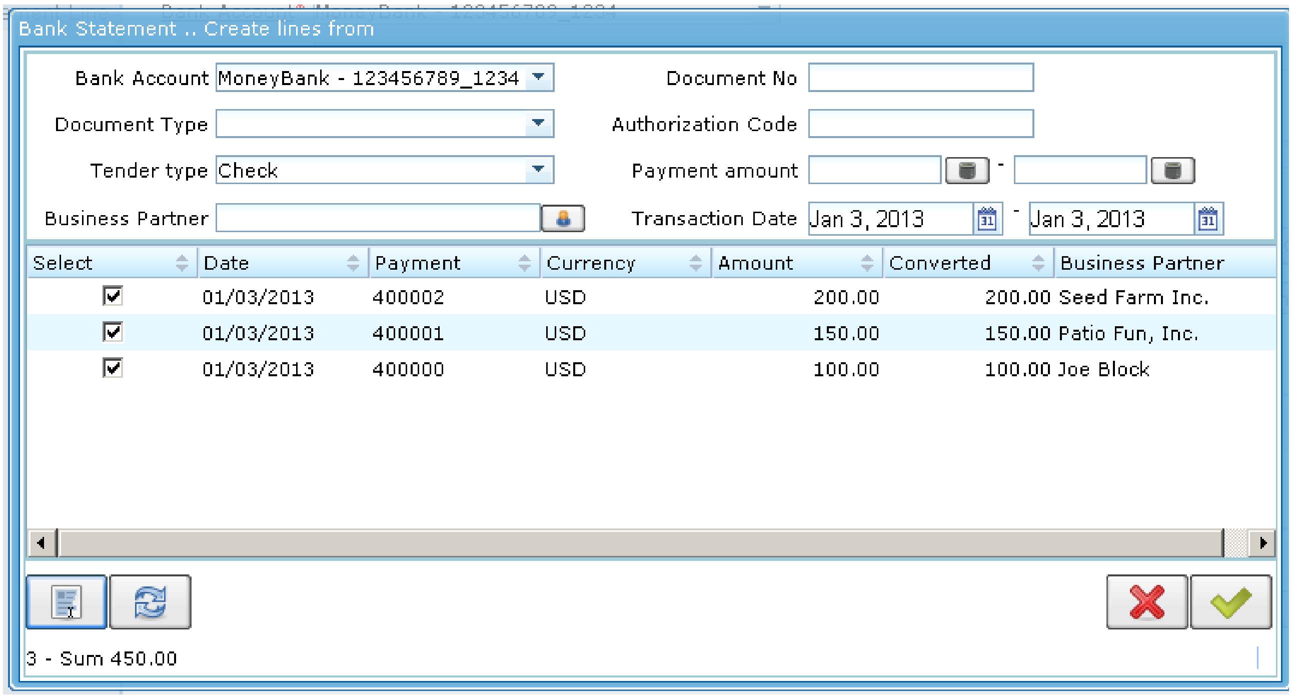
Bank Account	MoneyBank - 123456789_1234	Document No	
Document Type		Authorization Code	
Tender type		Payment amount	-
Business Partner		Transaction Date	- Jan 31, 2013

Select	Date	Payment	Currency	Amount	Converted	Business Partner
☐	01/03/2013	400002	USD	200.00	200.00	Seed Farm Inc.
☐	01/03/2013	400001	USD	150.00	150.00	Patio Fun, Inc.
☐	01/03/2013	400000	USD	100.00	100.00	Joe Block
☐	01/10/2013	700000	USD	-50.00	-50.00	Wood, Inc
☐	01/11/2013	M - 1/3	USD	-50.00	-50.00	Tree Farm Inc.
☐	01/14/2013	700001	USD	-18.00	-18.00	Chrome, Inc

0

2.4 Selecting Transactions for a Day's Deposit

To select a group of transactions that may represent the deposits of 'cheques' on a particular date select the Tender Type of cash and the date of the deposit. Then click the refresh button to filter to just those records. Clicking the “Select All” button will tick all the items and display the total at the bottom left of the form. If the balance agrees with the total in the bank statement then click the green tick button ✓. This will 'reconcile those items.



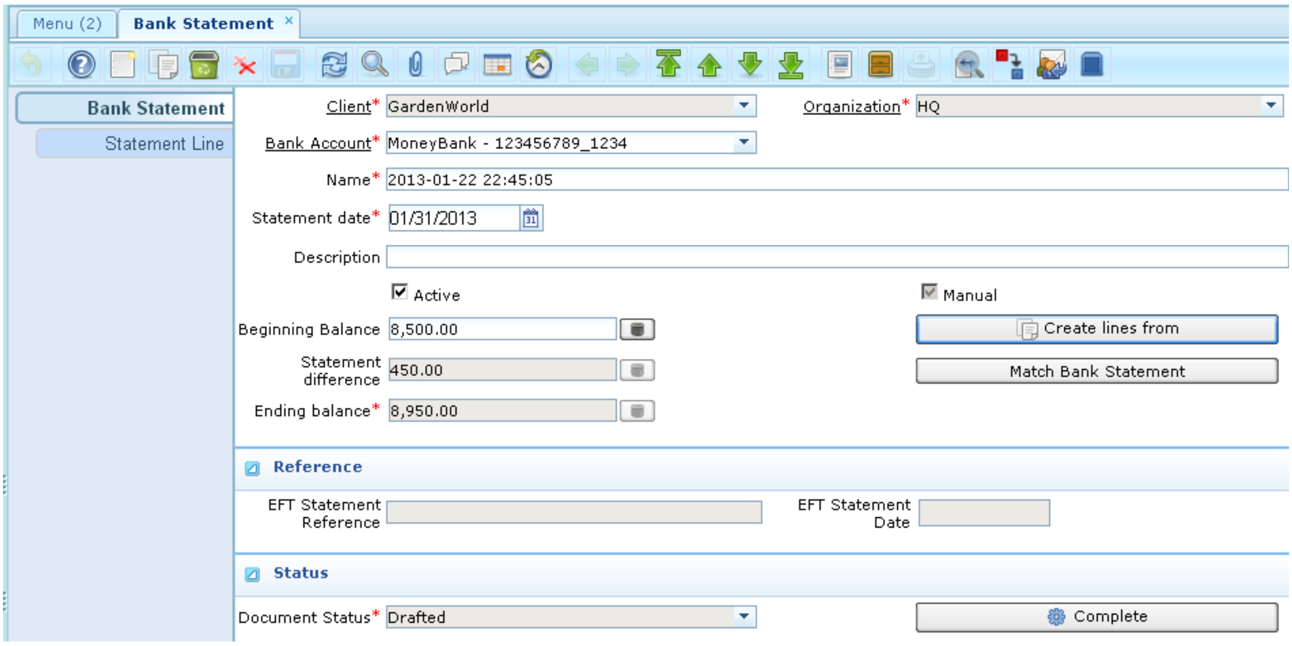
Bank Statement .. Create lines from

Bank Account	MoneyBank - 123456789_1234	Document No	
Document Type		Authorization Code	
Tender type	Check	Payment amount	-
Business Partner		Transaction Date	Jan 3, 2013 - Jan 3, 2013

Select	Date	Payment	Currency	Amount	Converted	Business Partner
☑	01/03/2013	400002	USD	200.00	200.00	Seed Farm Inc.
☑	01/03/2013	400001	USD	150.00	150.00	Patio Fun, Inc.
☑	01/03/2013	400000	USD	100.00	100.00	Joe Block

3 - Sum 450.00

You will then be returned to the Bank Statement header window:



Menu (2)
Bank Statement
Bank Statement
Statement Line
Create lines from
Match Bank Statement
Complete

Client*	GardenWorld	Organization*	HQ
Bank Account*	MoneyBank - 123456789_1234		
Name*	2013-01-22 22:45:05		
Statement date*	01/31/2013		
Description			
	☑ Active		☑ Manual
Beginning Balance	8,500.00		
Statement difference	450.00		
Ending balance*	8,950.00		

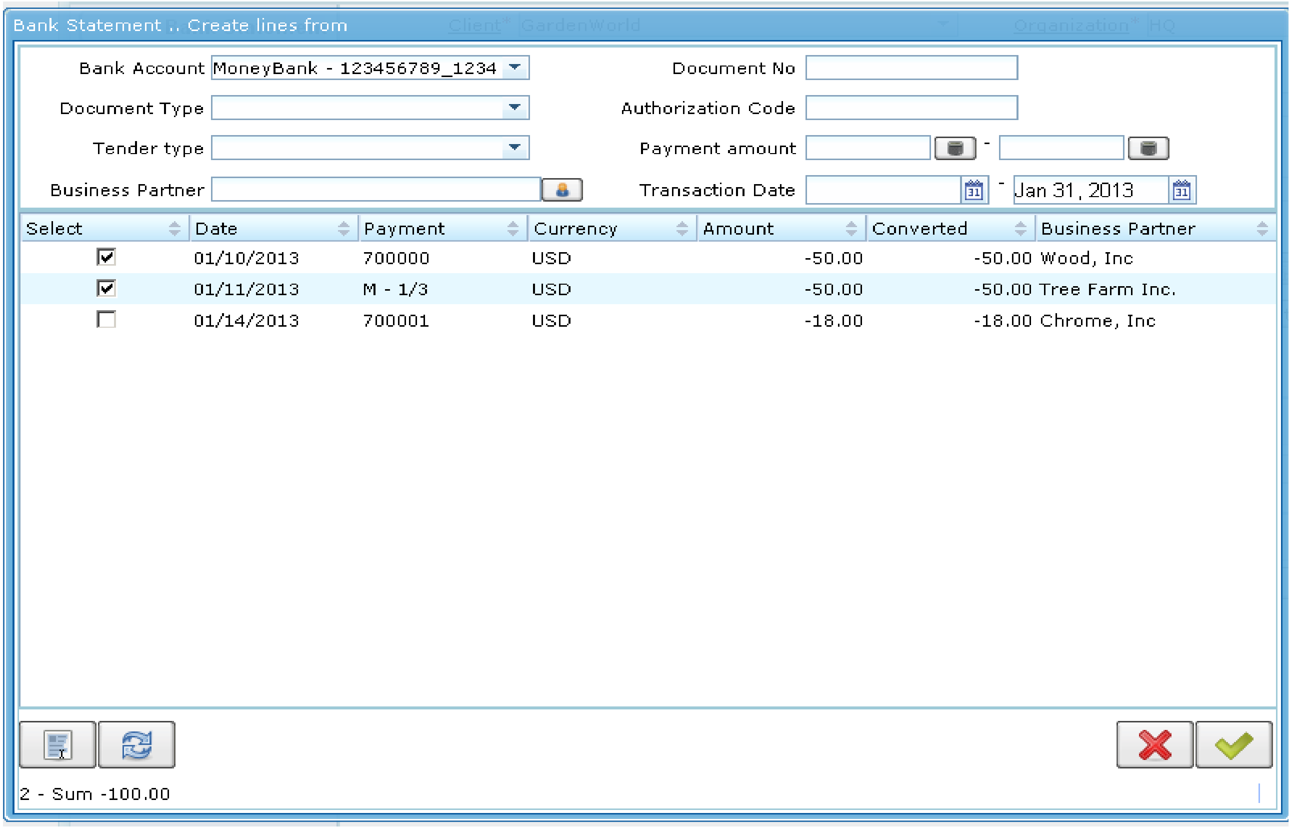
Reference

EFT Statement Reference		EFT Statement Date	

Status

Document Status*	Drafted

Click “Create Lines From” again to display the transactions remaining to be reconciled. Select the remaining items appearing on the bank statement and click the green tick.



Bank Statement .. Create lines from

Bank Account MoneyBank - 123456789_1234

Document Type

Tender type

Business Partner

Document No

Authorization Code

Payment amount -

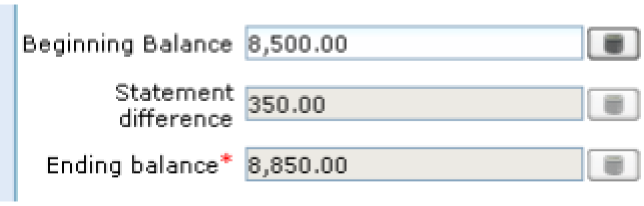
Transaction Date - Jan 31, 2013

Select	Date	Payment	Currency	Amount	Converted	Business Partner
☑	01/10/2013	700000	USD	-50.00	-50.00	Wood, Inc
☑	01/11/2013	M - 1/3	USD	-50.00	-50.00	Tree Farm Inc.
☐	01/14/2013	700001	USD	-18.00	-18.00	Chrome, Inc

2 - Sum -100.00

Th

The Bank Statement Header record will now display the “Ending Balance” which must agree with the ending balance on the bank statement you are dealing with. If it does not then find and correct the error.



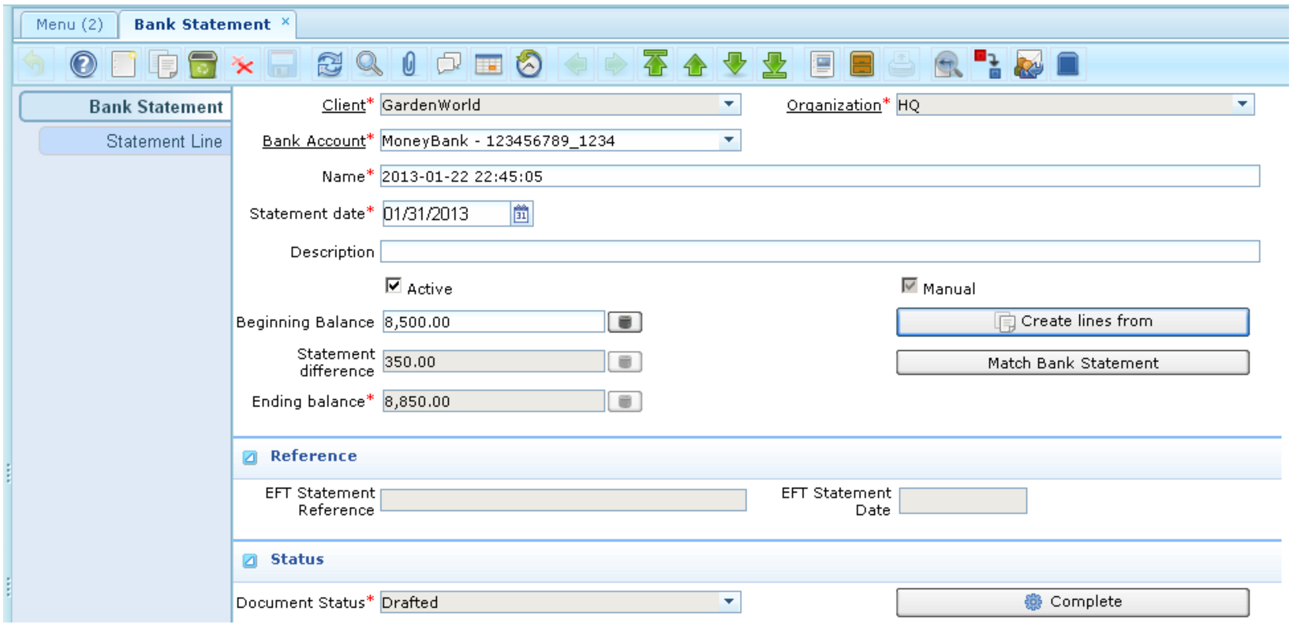
Beginning Balance 8,500.00

Statement difference 350.00

Ending balance* 8,850.00

2.5 Completing the Bank Statement

When the 'Ending Balance' agrees with the Statement balance from the Bank you should click the “Complete” button on the Bank Statement header tab. This will complete and post this Bank Statement document.

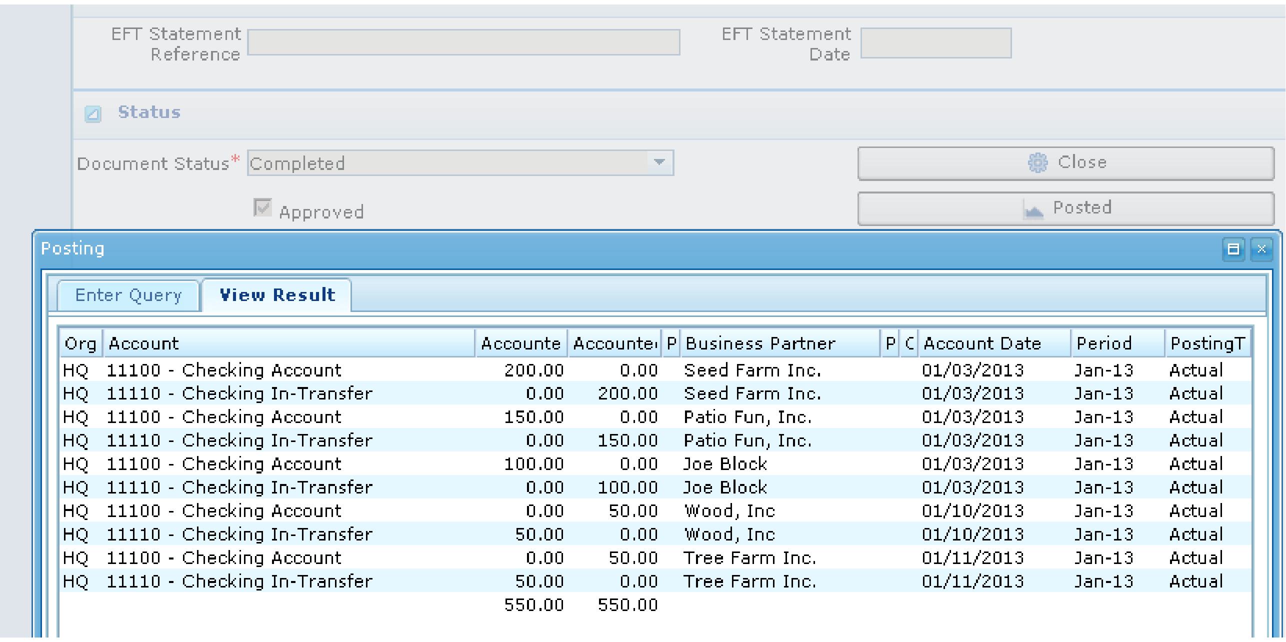


Menu (2)
Bank Statement
Bank Statement
Statement Line
Create lines from
Match Bank Statement
Reference
Status
Complete

Client*	GardenWorld	Organization*	HQ
Bank Account*	MoneyBank - 123456789_1234		
Name*	2013-01-22 22:45:05		
Statement date*	01/31/2013		
Description			
☑ Active		☑ Manual	
Beginning Balance	8,500.00		
Statement difference	350.00		
Ending balance*	8,850.00		
EFT Statement Reference		EFT Statement Date	
Document Status*	Drafted		

2.6 The Accounting Consequences

Clicking on the "**Posted**" button will show what transactions have been added to your general ledger.



EFT Statement Reference

EFT Statement Date

Document Status* Completed

☑ Approved

Org	Account	Accounte	Accounte	P	Business Partner	P	C	Account Date	Period	PostingT
HQ	11100 - Checking Account	200.00	0.00		Seed Farm Inc.			01/03/2013	Jan-13	Actual
HQ	11110 - Checking In-Transfer	0.00	200.00		Seed Farm Inc.			01/03/2013	Jan-13	Actual
HQ	11100 - Checking Account	150.00	0.00		Patio Fun, Inc.			01/03/2013	Jan-13	Actual
HQ	11110 - Checking In-Transfer	0.00	150.00		Patio Fun, Inc.			01/03/2013	Jan-13	Actual
HQ	11100 - Checking Account	100.00	0.00		Joe Block			01/03/2013	Jan-13	Actual
HQ	11110 - Checking In-Transfer	0.00	100.00		Joe Block			01/03/2013	Jan-13	Actual
HQ	11100 - Checking Account	0.00	50.00		Wood, Inc			01/10/2013	Jan-13	Actual
HQ	11110 - Checking In-Transfer	50.00	0.00		Wood, Inc			01/10/2013	Jan-13	Actual
HQ	11100 - Checking Account	0.00	50.00		Tree Farm Inc.			01/11/2013	Jan-13	Actual
HQ	11110 - Checking In-Transfer	50.00	0.00		Tree Farm Inc.			01/11/2013	Jan-13	Actual
		550.00	550.00							

2.6.1 Suppressing Bank-in-Transit Postings

Note that there is an option on the Accounting Schema window that allows you to suppress the transactions in the Bank-in-Transit account as follows:

In the Bank > Bank Account > Accounting window:

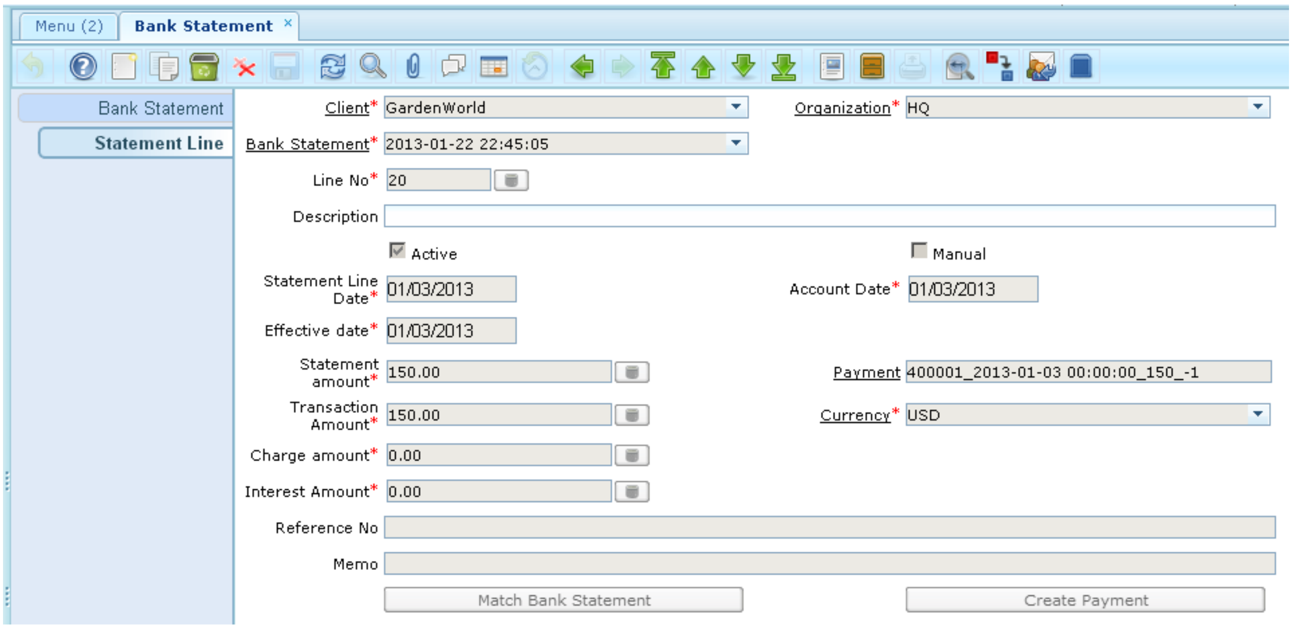
- Set the GL account for the Bank as (say) 12345
- Set the GL account for the Bank-in-Transit account also as 12345

Set the "Post if Clearing Equal" flag on the Account Schem top tab to "N".

As is indicated by the name of the flag, if the two accounts have the same code then the system will not generate postings where the effect would simply be Dr account 12345 / CR account 12345 with the same accounted value.

2.7 The Bank Statement Line Tab

When you select a record in the lines form and click the green tick a record is added to the Bank Statement Lines tab as shown below.



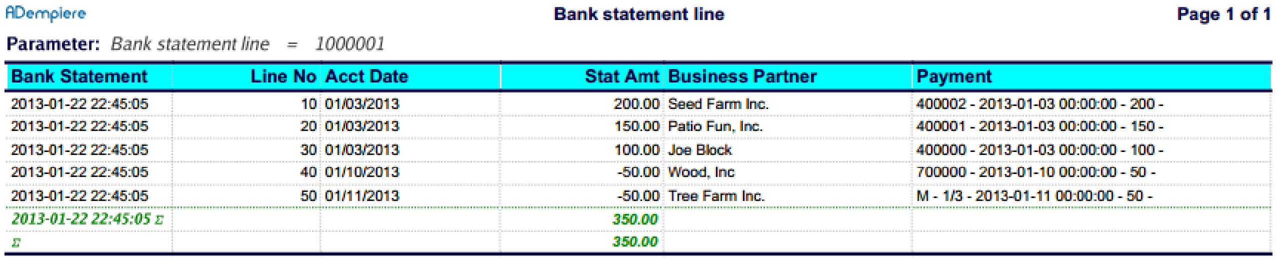
Client*	GardenWorld	Organization*	HQ
Bank Statement*	2013-01-22 22:45:05		
Line No*	20		
Description			
☑ Active		☐ Manual	
Statement Line Date*	01/03/2013	Account Date*	01/03/2013
Effective date*	01/03/2013		
Statement amount*	150.00	Payment	400001_2013-01-03 00:00:00_150_-1
Transaction Amount*	150.00	Currency*	USD
Charge amount*	0.00		
Interest Amount*	0.00		
Reference No			
Memo			

These record contains the details of all the payments reconciled in this Bank Statement.

Clicking on the Report button in the toolbar will cause a report to be created of all items reconciled in this Bank Statement. There is no need to print a copy and save it as it can always be reprinted however is often useful to print it or export it to a spreadsheet when checking for an error.

The report will display whatever columns have been selected in the Print Format.

Here is an example:



ADempiere **Bank statement line** **Page 1 of 1**

Parameter: *Bank statement line = 1000001*

Bank Statement	Line No	Acct Date	Stat Amt	Business Partner	Payment
2013-01-22 22:45:05	10	01/03/2013	200.00	Seed Farm Inc.	400002 - 2013-01-03 00:00:00 - 200 -
2013-01-22 22:45:05	20	01/03/2013	150.00	Patio Fun, Inc.	400001 - 2013-01-03 00:00:00 - 150 -
2013-01-22 22:45:05	30	01/03/2013	100.00	Joe Block	400000 - 2013-01-03 00:00:00 - 100 -
2013-01-22 22:45:05	40	01/10/2013	-50.00	Wood, Inc	700000 - 2013-01-10 00:00:00 - 50 -
2013-01-22 22:45:05	50	01/11/2013	-50.00	Tree Farm Inc.	M - 1/3 - 2013-01-11 00:00:00 - 50 -
2013-01-22 22:45:05 Σ			*350.00*		
Σ			*350.00*		

2.8 Other Matters to Note

2.8.1 Manually inserted bank statement lines

As can be seen in the screenshot of the Bank Statement Line it is possible to modify values in the the actual bank statement line record and indeed to click "new record" and insert additional lines. Adaxa does not recommend this approach and suggests that all items that appear on the bank statement be created as payments in the Payments window and then be selected using the Create Lines form. Because we recommend against manually adding lines we have not detailed how to use this functionality.

2.8.2 Payment Currency Different to the Bank Account Currency.

Assume we have a Bank Account in USD and we make a Euro payment. If the payment is entered in the Payments window as EUR100 it will be converted for accounting purposes to (say) USD150. This can be seen by clicking on the Posted button on the Payment.

When the bank statement is checked it may be that the debit on the bank statement is (say) USD175. In order to properly reflect this extra bank fee or exchange difference the user must change the amount in the "Statement Amount" field on the Bank Statement Line to USD175. This will cause the Charge field to be activated. The user must select a Charge like Bank Fees or Realised Exchange Loss and enter the USD25 in order to properly reconcile the transaction.

[note: you may see slightly different functionality in some versions. For eaxmple when you enter the EUR Payment in the USD bank account the system may ask you for the USD amount is it is known and it will then manage the above process automatically]

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