

## ***SBT BANK RECONCILIATION***

### **What Bank Reconciliation does:**

You need to know what checks and deposits have cleared your bank and if you have incurred any bank-related charges. Bank Reconciliation provides a way to reconcile activity you record in SBT with activity recorded on your bank statement.

When you look at a Bank Reconciliation that has been updated regularly, you see a listing of checks and deposits and three totals. In VisionPoint the totals are at the bottom. In Pro Series they are at the top.

If you choose to include cleared checks, there will be an entry listing of “Balance Forward.” This is the total of all cleared transactions brought forward from the last period close. Closing the period removes all cleared transactions from the Bank Reconciliation, putting the sum as the Balance Forward.

The remainder of the listing is the checks and deposits. To the right of each of these records is a one-letter field indicating its status. Records are marked “cleared” when they appear on your bank statement or “clear the bank.”

The three total fields are titled “Bank,” “Open,” and “Book” “Bank” is the total of deposits and checks that you have marked as cleared. “Open” is the total of all open checks and deposits that have not cleared the bank or appeared on a bank statement. “Book” is the addition of “Bank” and “Open.” and would be the bank balance in your bank book if you were running a manual checkbook

### **Where does Bank Reconciliation get its information and where is it stored?**

When you select “Bank Reconciliation: Reconcile Accounts” from the “Files” menu in VisionPoint or the “Maintain” menu in Pro Series, you see a screen asking which files you want to update from. Options for Current and History Accounts Payable Check files will be present, provided there are records in the files available for updating. If you have Accounts Receivable and it is linked to General Ledger, Then you will also see options to update from the Current and History Accounts Receivable Cash Receipts file. If you have Payroll and it is linked to the General Ledger, then you will see options to update from the Current and History Payroll Check files.

**S O F T W A R E   M A R K E T P L A C E ,   I N C .**  
**1 5 4 7 6   N W   7 7   C T . ,   #   6 1 8**  
**M i a m i   L a k e s ,   F L   3 3 0 1 6**

The current file contains transactions entered since the last time your closed the period in that program. You should always update from the current file unless you are sure there has been no activity since the last time you reconciled the account. The history file contains transactions you entered before the last period close. You need to update from history files only if you have not used this feature to reconcile transactions from a prior period.

Because updating does take time, you should update only if there are transactions in the file that haven't yet been brought over. However, since the program brings a transaction over only once, updating unnecessarily won't affect your account totals.

### **Clearing Out Old History Data.**

If you have not used Bank Reconciliation before, you could have months or even years worth of data waiting to update the Bank Reconciliation file. Still it makes sense to bring the records over from all files now to get your updating current. Also if you ever have need to update from history at some point in the future and you don't do so now, you may find yourself with a lot of unwanted data.

It is best to update just before you close the period because when you close, all records marked "cleared" are deleted from the file. Therefore, the object here is to update all information into the Bank Reconciliation file and then quickly remove that which you no longer need.

To mark these older records cleared, you have two options. Those knowledgeable of Foxpro commands can set a filter on APRECOxx for the records to be cleared and REPLACE ALL cleared WITH "Y". Those less comfortable with these commands can have their consultant do it or use the "Reconcile Accounts" option to manually clear all records that have cleared the bank through the last statement. Close the period and you will have a more manageable file to work with.

### **Setting the Correct Balance.**

Look at the "Bank", "Open", and "Book" figures. If you have entered in SBT all activity that hits your bank account and you correctly cleared all entries through your last statement, then your "Open" figures will be correct. The "Bank" figure, however, will probably be wrong. It should equal the total from your last statement, but will no doubt be too high or too low.

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Determine the difference and enter either a manual deposit or charge using the Bank Reconciliation Menu. In VisionPoint use the “Enter Manual Deposits/Charges” option. In Pro Series use either “Enter Manual Deposits” or “Enter Manual Charges” as appropriate. This will allow you to enter a deposit or charge that will make the “Bank” figure correct. You want to enter a deposit if the figure is too low and a charge if it is too high. The system will prompt you to distribute the entry to General Ledger to which you respond, “N” or “No”. In the Bank Reconciliation, mark the newly created deposit/charge as “cleared” and your bank figure will increase or decrease to the correct amount. Your “Book” figure, which is simply the addition of “Bank” and “Open” will also be correct.

**Entering Manual Deposits and Charges**

Here is where you enter deposits and charges that do not arise from activity in another SBT application, such as bank service charges or payments you received on a loan.

If you are linked to SBT General Ledger, you are asked if you want to distribute the deposit or charge to the General Ledger. If you already recorded the manual deposit or charge with a journal entry in General Ledger, select “No.” If you select “Yes”, you must then enter the account that the offsetting posting is made to. The next time you release to General Ledger, a posting for the deposit or charge is included.

If you enter a deposit or a charge in error, and you are linked to General Ledger, and have already distributed the postings, the best way to correct the error is to enter an offsetting deposit (if you entered an erroneous charge) or charge (if you entered an erroneous deposit), and once again choose to distribute postings.

If you make an error and you are not linked to General Ledger, or if you are linked but have not yet distributed postings, you can simply void the erroneous deposit or charge by marking a “V” in the Cleared field.

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**Reconciling Transactions**

Using the Option Grids you select the transactions to include in your bank reconciliation. When you find the transactions you want to clear or void for the bank reconciliation, enter **Y** in the Cleared field if the item has cleared, or enter **V** to mark it as voided.

Note: Marking an Accounts Payable check as void in the bank reconciliation does not actually void the check. However, when you void a check using the “Void Checks” option on the “Transaction” menu in Accounts Payable, the program automatically marks the check as voided in the bank reconciliation file.

Voiding transactions that originate in other programs requires two separate steps. First, you must reverse the receipt or disbursement in the other program. Secondly, you must mark the transaction as void using the Accounts Payable bank reconciliation option.

You can view the results of your changes by running the Bank Reconciliation Report. When you have verified all transactions, your bank statement total and the Accounts Payable bank balance should be equal.