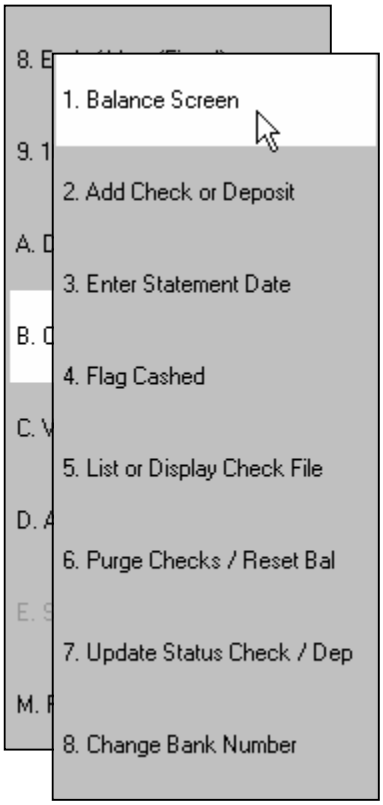
BUDGETARY SYSTEM: CHECK RECONCILIATION



Overview

Check Reconciliation (Check Rec) is an effective way to keep track of checks and deposits within TRIO, much like balancing a personal checkbook. It provides a way to keep track of the money passed through the Budgetary System and to then compare that to the monthly statement sent by the bank(s) that the town uses.

Note that Check Reconciliation is its own entity in the Budgetary System; there are aspects of the software that affect it, but changes within it will not affect anything else. For example, a deposit from a Cash Receipting journal will automatically be brought into Check Reconciliation, but if that deposit is voided in Check Rec, it will not decrease anything but the totals within Check Reconciliation – the General Ledger will stay the same.

Initial Set Up

The first step in getting Check Reconciliation to work is to set up a bank. This is done by going into **9. Budgetary System > M. File Maintenance > 5. Bank Names**. Simply enter in the name of each bank that will be used for Check Rec and press *F12* to save and exit the screen.

Each Bank on the Bank Names screen can have cash accounts associated to it for Check Reconciliation purposes. To associate an account, double-click a bank to bring up the Bank Accounts screen. Enter any cash accounts for the bank on this screen. When posting certain types of journals, the system will look for these accounts to automatically add entries to Check Reconciliation for a bank. Check off the All Suffixes option to include all cash accounts that start with the same Fund and Account for a bank. **NOTE: The *Town Cash/School Cash* accounts that are set up on the Bank Names screen are used as overrides in the A/P and Payroll processes and have no impact on Check Rec.**

Next, Budgetary needs to know how to use the bank(s) that have been set up. To configure this, select **M. File Maintenance** > **1. Customize**. After selecting *General Options*, choose which bank(s) should be used for Accounts Payable, Payroll, and Cash Receipting Check Reconciliation. Leaving the A/P and Payroll settings to None will force the system to prompt for a bank to use during those processes. Once those items are selected, press *F12* to save and continue.

Automatic Entries to Check Reconciliation

Once the above settings have been configured, Payroll and Accounts Payable will automatically add checks to the selected bank(s) whenever those processes are run. Direct Deposit and EFT checks from Payroll will be put into Check Rec as voided checks. Any Check Returns for Payroll or A/P will also void checks in Check Reconciliation.

When posted, Cash Receipting, Cash Disbursement, and General Journals can also affect Check Reconciliation. Cash Receipting journals, both those created by the Cash Receipting program and those made from within Budgetary, will create deposit entries to the selected bank. Cash Disbursement journals will create check entries against the Accounts Payable bank. General Journals containing either Bank Accounts or A/P, Cash Receipting, or Payroll Cash accounts will create Other Debit and Other Credit entries in Check Reconciliation

for the affected banks. If at the time of posting a journal contains an account identified as a cash account, but the system does not know what bank to put the Check Reconciliation entry against, a window will display asking for the bank to use for an account. This selection will automatically associate the account with the selected bank for future journal postings.

Interest Accounts

In addition to adding automatic entries to Check Reconciliation for amounts that affect a cash account, the system can also identify some of those entries as interest entries. This feature is optional and can be activated by going to **M. File Maintenance > 1. Customize** and checking off the *Create Automatic Interest Check Rec Entries* option. If this option is activated, specific Revenue accounts can be marked as being Interest Accounts for a bank. The system then knows that any General Journals posted that affect a Cash Account *and* an Interest Account for a bank should be flagged as Interest in Check Reconciliation. To add Interest Accounts for a bank, go to **9. Budgetary System > M. File Maintenance > 5. Bank Names**, double-click on a bank name and click on the *Interest Accounts* tab.

Note: If this option is selected, multiple cash entries posted from General Journals will be combined to a single Check Reconciliation entry, except for interest amounts.

Check Beginning Balances

Now that the banks are set up, the Check Reconciliation menu can be accessed by selecting **9. Budgetary System > B. Check Reconciliation**.

The *Balance Screen*, option 1, should show totals that match the monthly statement from the bank, plus it gives totals regarding the checking account balance. Three things affect the Balance Screen: the statement date, beginning balance, and any outstanding or issued checks, deposits, and interest entries.

- To change the statement date, choose **3. Enter Statement Date**. This will change the timeframe that TRIO will include outstanding and issued entries for. Outstanding entries are everything on or before the statement date and issued entries include everything *after* the statement date.
- To change the beginning balance, simply click on the *Change Beginning Balance* button on the bottom of the screen, and enter in what it should be. This should only need to be done the first time that Check Reconciliation is used. After that, assuming the statement balances each month, the ending balance for one month will become the beginning balance for the next month.

Add Any Necessary Transactions

Checks, deposits, and interest entries can be added or modified from **2. Add Check or Deposit**. If there are any entries that were not done automatically by the program, they should be added here. As long as Bank Accounts are set up correctly, all transactions should be recorded automatically by the system, so this option should rarely be used.

The Bank column lists the bank number associated with the bank that is being reconciled. There are 7 types of entries that can be entered into Check Reconciliation:

- Accounts Payable – checks written to a vendor
- Payroll – money paid to town employees
- Deposit – money taken in by the town and deposited into the checking account
- Returned Check – a check that came back due to insufficient funds
- Interest – interest paid back by the bank; this must be entered in manually
- Other Credits
- Other Debits

The check number is entered next; **a check number of 0 is used for deposits**. Then enter the amount of the entry.

Budgetary System: Check Reconciliation *CONTINUED*

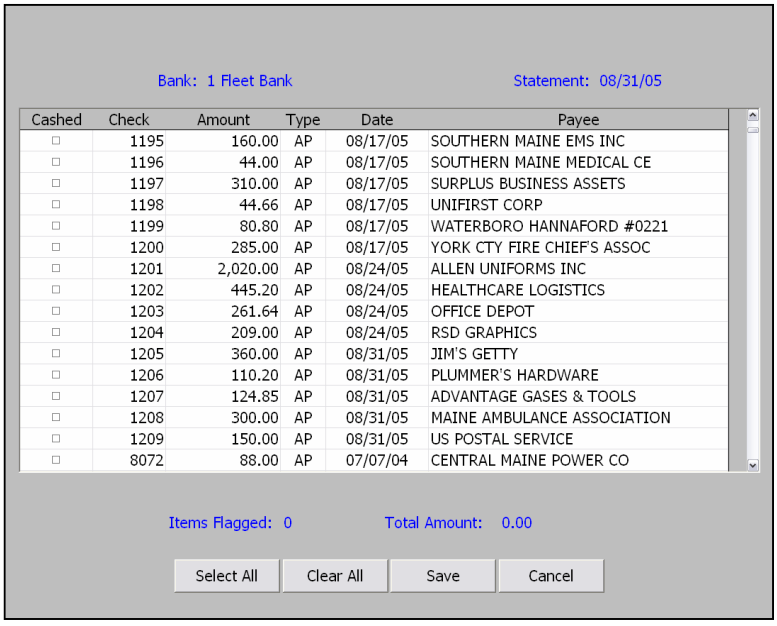
There are 5 status codes available for entries:

- Issued – entries dated after the statement date
- Outstanding – entries dated on or before the statement date
- Cashed/Cleared – entries that have been processed by the bank
- Voided – entries that were issued, and then voided
- Deleted – entries that should not be taken into account in Check Reconciliation

The first date field on this screen is the actual date that the entry was created or last edited in the system – this field **cannot** be edited. The second date field is the effective or payable date of the item. This is the date field that can be entered when adding a new item. Lastly, the Payee should be filled out with the recipient of the check or source of the deposit.

Flag Cashed

The entries processed by the bank between the last statement date and the current statement date will need to be marked as cashed. To do this, go into **4. Flag Cashed** and select the type of entry to flag as cashed, or simply leave *All* selected. After that is done, select *Process* at the bottom of the screen. From here, all Outstanding items will be listed. Based on the items listed on the bank statement, check off items to flag as cashed/cleared. Once that is complete, press the *Save* button on the bottom of the screen.



Cashed	Check	Amount	Type	Date	Payee
☐	1195	160.00	AP	08/17/05	SOUTHERN MAINE EMS INC
☐	1196	44.00	AP	08/17/05	SOUTHERN MAINE MEDICAL CE
☐	1197	310.00	AP	08/17/05	SURPLUS BUSINESS ASSETS
☐	1198	44.66	AP	08/17/05	UNIFIRST CORP
☐	1199	80.80	AP	08/17/05	WATERBORO HANNAFORD #0221
☐	1200	285.00	AP	08/17/05	YORK CTY FIRE CHIEF'S ASSOC
☐	1201	2,020.00	AP	08/24/05	ALLEN UNIFORMS INC
☐	1202	445.20	AP	08/24/05	HEALTHCARE LOGISTICS
☐	1203	261.64	AP	08/24/05	OFFICE DEPOT
☐	1204	209.00	AP	08/24/05	RSD GRAPHICS
☐	1205	360.00	AP	08/31/05	JIM'S GETTY
☐	1206	110.20	AP	08/31/05	PLUMMER'S HARDWARE
☐	1207	124.85	AP	08/31/05	ADVANTAGE GASES & TOOLS
☐	1208	300.00	AP	08/31/05	MAINE AMBULANCE ASSOCIATION
☐	1209	150.00	AP	08/31/05	US POSTAL SERVICE
☐	8072	88.00	AP	07/07/04	CENTRAL MAINE POWER CO

Check the Balance Screen

Now that items have been entered and flagged, the Balance Screen will have updated figures based on what was done. The Balance Screen is viewed from the first option in Check Reconciliation, as noted previously. Assuming the Beginning Balance matches the starting balance on the bank statement, the *Statement Balance* should match the ending balance on the statement. The *Checkbook at Stmt Date* total is the *Statement Balance* plus or minus any Outstanding, unflagged entries. The *Current Checkbook* total is the *Checkbook at Stmt Date* plus or minus any Issued items.

Research Issues with the Balance Screen

If the *Statement Balance* is incorrect, or there is something that should be updated based on what shows on the Balance Screen, entries can be researched through **5. List or Display Check File**. From this menu, there are five options that become available:

1. Balance Screen – This is the same screen as on the main section of Check Reconciliation.
2. Cashed Items Only – A report showing all cashed items regardless of the type
3. Outstanding Items Only – A report showing all outstanding items regardless of the type
4. Miscellaneous (By Section) – Allows you to view items based on the transaction type and status. This screen also allows for a minimum check number and the report to be ordered by check number rather than date.
5. Balancing Report – This report summarizes all the items, giving the totals that are on the balance screen at the end.

Correct Any Necessary Items

Once items have been researched, entries can be added or updated by selecting **2. Add Check or Deposit**, **7. Update Status Check/Dep**, or **A. Update Deposits**. *Add Check or Deposit* works as described in *Adding Any Necessary Transactions*. In *Update Status Check/Dep* it is possible to change the status of an item from one code to another. For example, an item could be changed from *Cashed* to *Outstanding* or from *Issued* to *Deleted*. However, that is the only criteria that can be changed from this screen. If an item has an incorrect amount, date, etc., change the status to *Deleted* and re-add it through *Add Check or Deposit*. To access deposits, enter a check number of 0. Lastly, *Update Deposits* works the same as *Update Status Check/Dep*, except that the date of the deposit can also be edited – this is useful in cases where the system generated deposit has a date different than the actual date that the item was deposited to the bank. Repeat the *Check Balance Screen*, *Research Issues with Balance Screen*, and *Correct Any Necessary Items* steps until the totals on the Balance Screen are correct.

Purge Checks and Reset Balance

This step can either be the first or last step in the process. Once all items have been flagged and the balances for the bank statement reconciled for a month, the next month cannot be processed until the flagged items are purged and the balances are reset. To do this, select option **6. Purge Checks / Reset Balance**. This step takes all items with a status of Cashed (Flagged), Voided, or Deleted and moves them to the Archive file. Archived items can be viewed from **9. View Items From Archive File**. Note that once items are purged, they cannot be recovered – they can only be reentered. This step also will take the *Statement Balance* and make it the Beginning Balance for the new month. These balances should match the balances on the bank statements.

Multiple Banks

If multiple banks are being reconciled, the bank number can be changed by selecting **8. Change Bank Number**. If this is the case, repeat the above steps as necessary.