

How to Troubleshoot Bank Reconciliation

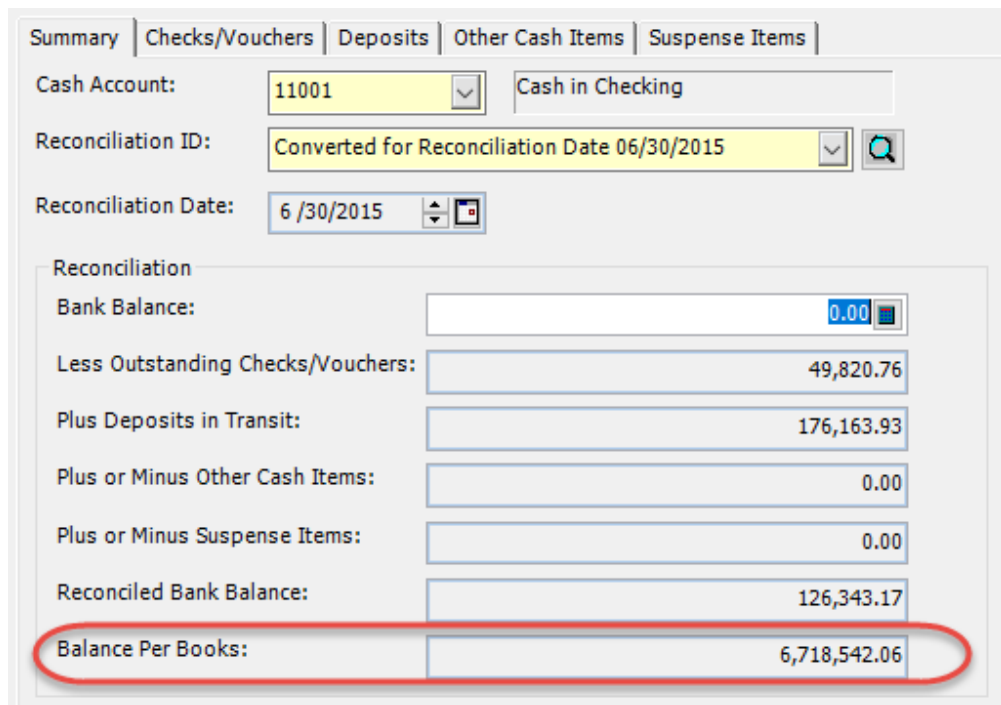
ANSWER:

You can watch our instructional video on Troubleshooting Bank Reconciliation by clicking [here](https://vimeo.com/264695719) (https://vimeo.com/264695719)

This document outlines steps to assist you in troubleshooting your Bank Reconciliation. MIP Fund Accounting (MIP) Customer support can assist you in setting up reports and answering questions on the troubleshooting process, but actually finding the source of the differences or documents is beyond the scope of support. If you have completed all of these troubleshooting steps and still have not been able to determine the source of the differences you should contact your business partner or contract with our professional services group for additional assistance.

The first step in troubleshooting is to confirm that the Balance per books and the Expanded General Ledger match.

The balance per books can be found at the bottom of the Reconcile Cash Accounts Screen.



The screenshot shows the 'Reconcile Cash Accounts' screen with the following fields and values:

Summary Checks/Vouchers Deposits Other Cash Items Suspense Items	
Cash Account:	11001 Cash in Checking
Reconciliation ID:	Converted for Reconciliation Date 06/30/2015
Reconciliation Date:	6/30/2015
Reconciliation	
Bank Balance:	0.00
Less Outstanding Checks/Vouchers:	49,820.76
Plus Deposits in Transit:	176,163.93
Plus or Minus Other Cash Items:	0.00
Plus or Minus Suspense Items:	0.00
Reconciled Bank Balance:	126,343.17
Balance Per Books:	6,718,542.06

To run the Expanded GL go to Reports>General Ledger Analysis>Expanded General Ledger.

Create a new report.

- Your Account Balances Begin Date should be the first day of your first open fiscal year.
- Your Current Reporting Year Begins Date should be the first day of your current fiscal Year.
- Your Current Transaction Dates should be the month you are trying to reconcile.

On the Setup Tab the report should be set up something like this

Selected Columns	Sort	Show Total	Width	Show Repeats	Wrap	Co
Document Number	Asc	<input type="checkbox"/>	1.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Docum
Document Date	Asc	<input type="checkbox"/>	0.70	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Docum
Session ID	None	<input type="checkbox"/>	0.70	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Sessio
Transaction Source	None	<input type="checkbox"/>	0.50	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Trans
Deposit Number	None	<input type="checkbox"/>	0.70	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Depos
Document Amount	None	<input type="checkbox"/>	0.70	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Docum
Effective Date	None	<input type="checkbox"/>	0.70	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Effecti
Debit	None	<input type="checkbox"/>	0.70	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Debit
Credit	None	<input type="checkbox"/>	0.70	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Credit

- On the Filter Tab you will want to filter to the GL account you are reconciling
- On the Options tab you may want to check the Summarize Amounts box to shorten the report.

Miscellaneous

Summarize Amounts

Suppress Lines with All Zeros

Subtotal Detail by Calendar Month

If the balance per books and expanded general ledger do not match you may have a data problem. You should run your data integrity checks. If any fail contact Sage Customer Support. If your data integrity checks all pass then the chances are you have a transaction posted into a prior fiscal year (usually a voided check). See KB 1666 (<http://kb.abila.com/article/how-find-transactions-posted-closed-fiscal-year-and-update-them-adjust-next-open-fiscal-year>) for how to find transactions posted into a prior fiscal year.

If this amount of the Expanded GL report ties to the balance per books then the problem is one of the following

- Activity in MIP that is not on the bank statement
- Timing differences due to the effective date and document date being in different periods.
- Suspense Items
- Items have been cleared that should not have OR Items have not been cleared that should have
- Activity on the bank statement that is not in MIP

The issue could be any of the above, it's hard to say which one to check first. But here are some things to look for to get you going.

Check to see if a previous period that was in balance is still in balance. If it is also out of balance, then there is likely activity in a previous period that is changing balances. This would be activity that is in MIP but not on the bank statement. This could also happen if a suspense item was deleted.

If the previous balances are still reconciled but the current period will not reconcile the most common cause is timing differences due to effective and document date being in different periods. If you have ruled that out, then the next most common cause is activity in MIP that doesn't exist on the bank statement. This is followed by items that are not properly cleared. Finally, items on the bank statement that are not in MIP.

Issue 1 – Activity in MIP that is not on the bank statement

This is the most common cause of bank rec problems. What usually happens is that some type of correction that affects cash is made in MIP and never recorded on the bank statement. This might be something as simple as reversing and re-entering a transaction to change coding. Another example might be a check that is voided in a prior period. When this is done, it affects all reconciliations from the document/effective date of the correction forward.

The best indicator that this has happened is if a reconciliation that was previously in balance is now out of balance. If this happens go back month by month to previous reconciliations and see if they are out of balance. Eventually you should get to a reconciliation that is still in balance. At that point start looking at all the transactions after that date.

If you cannot easily spot the problem the most methodical way to resolve this is to go back and un-reconcile back to the point where it is in balance. This is done by pulling up the reconciliation ID and hitting the delete key. This un-clears everything that was cleared in that reconciliation. After you get to the point where it does reconcile redo the reconciliations moving forward. If you are careful you will spot a document that exists in MIP that does not exist on the bank statement.

One common area of confusion is if you re-use the same document number multiple times. You might void and re-issue or reverse and re-enter a document to make a correction. When you do every instance of the document should show up in bank rec. Any positives and negatives should net to zero. Many times, this detail is missed and one of the instances is cleared in the confusion and the remaining instance is outstanding throwing bank rec off.

Issue 2 – Timing Differences

If your previous reconciliations are ok but the current reconciliation will not balance, even though all the items on your bank statement are in bank rec the most common cause is an issue with the dates. In MIP, the document date is in the current month but the effective date is in a future month. This means that the amount shows up in bank rec to clear, but is not included in the balance per books. If you suspect this is the case, there is a report to run that can help detect this.

Go to Reports>Transaction Reports>Posted General Ledger Reports

Set the report up like this:

Selected Columns	Sort
Document Date	Asc
Effective Date	Asc
Document Number	Asc
Transaction Source	Asc
Session ID	Asc
Document Amount	None

On the filter tab, filter for the effective date to be greater than your reconciliation date and for the GL code equal to the cash account.

This will very likely produce a large report. But if your setup is correct and you are sorting by document date you will find the items with the earlier document date at the beginning of the report.

Document Date	Effective Date	Document Number	Transaction Source	Session ID
8/11/2017	9/11/2017	Future	JV	jvfuture
9/2/2017	9/2/2017	2013065	APC	APC1308002

In this example our reconciliation date was 8/31/17 and we discovered a document in August with an effective date in September.

This problem can also work in reverse. The document date is in a future period and the effective date is in the current period. This result in an item being missing from the bank rec whose value is included in the balance per books. This is more obvious because in a careful reconciliation you will see the item on the bank statement but it is not available to reconcile.

You can confirm this by running the same report but filtering on the document number in MIP and the cash account. This will show you the document along with the document and effective dates.

Issue 3 – Suspense Items

Suspense items exist in the system to account for timing differences in your reconciliation. For example, you have a charge or fee that is disputed it will show up on the bank statement but not in MIP. Suspense items can also be used for a variety of purposes.

The problem with suspense items is that once you are done with them you delete them. When this is done, it removes the suspense item from all previous reconciliations that used it. As a result, a reconciliation that was previously in balance will now be out of balance. There is no record of the suspense item existing or having been deleted.

One exception to this is if you use the locking process. This will lock the suspense item to a reconciliation ID. While you won't see it in any future IDs (and you need to re-enter it if it is still outstanding) it will still show up when you pull the locked ID.

If you have been through the process of deleting and re-reconciling accounts and they are still out of balance, there is a chance that a suspense item could be the issue. Also, if you have suspense items that represented activity that was later entered this could cause issues as well. You must determine if the suspense item was present and if it should still be present. Historical printouts of previous reconciliations can help with this if you have them.

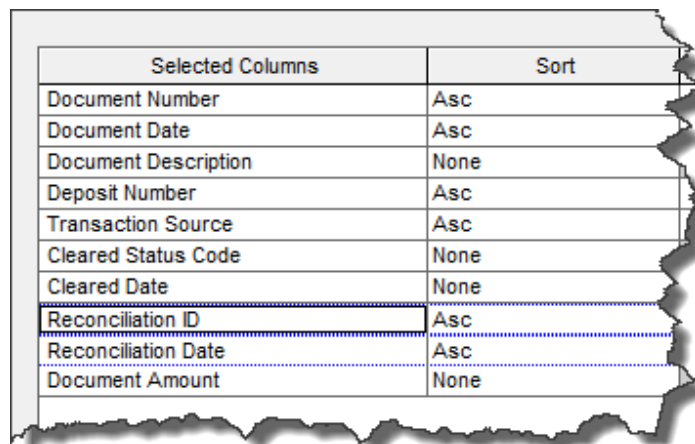
Issue 4 – Items that should have been cleared that have not OR have not been cleared that should have

This is basically a mistake in clearing items. It most commonly comes from a transaction that was duplicated or corrected. Thus, it exists multiple times in bank rec, sometimes with different dates. Each instance of the item needs to be cleared for it to reconcile. The item might have a positive and negative that net to zero, but if you fail to clear the negative and only clear the positive you will be out of balance.

The best report to find the status of cleared items is the Combined Reconciliation Report.

Go to Reports>Bank Reconciliation>Combined Reconciliation Report

Set the report up like this:



Selected Columns	Sort
Document Number	Asc
Document Date	Asc
Document Description	None
Deposit Number	Asc
Transaction Source	Asc
Cleared Status Code	None
Cleared Date	None
Reconciliation ID	Asc
Reconciliation Date	Asc
Document Amount	None

On the filter tab filter on the cash account at the very least. If you have a suspicion about a document, you can filter on that as well. If you don't know the document number filter on a date range.

This report will show you all the documents and their status. You may discover some documents do not have the correct cleared status you expect.

If you can't find the problem with this report you might try going back further in time. Unclearing and re-clearing is also warranted.

ISSUE 5 – Activity on the bank statement that is not in MIP.

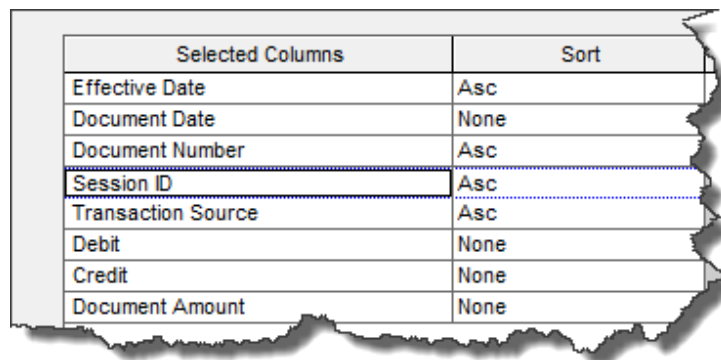
This simply means you have some type of activity on the bank statement that has not been recorded in MIP. Examples might be a service charge for the bank, a NSF fee or deposited check that bounced. Ideally these should be recorded as activity in the general ledger when you become aware of them. This will put them on the books do that it will balance with the bank statement. If you can't put them on the books for some reason you can use a suspense item, just be aware that when it is deleted bank rec will be out till the activity is in the GL.

What to do if it is none of the above

If you have been through the steps above and you still are out of balance, then you have missed something. Troubleshooting bank rec can be very tedious and it is extremely easy to miss something, especially if you are not familiar with the software. It is outside the scope of customer support to go back re-do reconciliations or walk you through them. If the balance per books matches the general ledger, then there is not a data or program issue. It is a data entry or reconciliation error.

Pay close attention to Issue 1 – Items in MIP that are not on the bank statement. This is the #1 cause of reconciliation issues. Most of the time there is a correction of sort that might be done in a prior period. The person doing the bank rec thinks they have already cleared the item when they see the correction pop up again and they clear it because they thought it was just something they missed. This results in an item that changes the balance on the GL from what is on the bank statement being in the system and getting cleared (not showing as outstanding).

To find items like this some users find it useful to compare the bank statement to a GL report since the document dates. Go to Reports>General Ledger Analysis>Expanded General Ledger and set up a report like this.



Selected Columns	Sort
Effective Date	Asc
Document Date	None
Document Number	Asc
Session ID	Asc
Transaction Source	Asc
Debit	None
Credit	None
Document Amount	None

The dates will be the periods in question and filter on the cash account GL code.

While this is more time consuming, this will show you all activity that makes up the balance per books. This might allow you to see activity that was hidden by bank rec because it was in the wrong cleared status or had a different document date than expected.

ADDITIONAL INFORMATION:

Please see our other helpful articles related to Bank Reconciliation.

Document Date vs Effective Date and the Effect on Bank Reconciliation - [KB 21661](http://kb.abila.com/article/document-vs-effective-date-and-effect-bank-reconciliation)
(<http://kb.abila.com/article/document-vs-effective-date-and-effect-bank-reconciliation>)

What is the difference between Session, Document and Effective Dates? - [KB 20366](http://kb.abila.com/article/what-difference-between-session-document-and-effective-date)
(<http://kb.abila.com/article/what-difference-between-session-document-and-effective-date>)

Why are multiple deposits summed into one total in Bank Rec? - [KB 10126](http://kb.abila.com/article/why-are-multiple-deposits-summed-one-total-bank-rec-module)
(<http://kb.abila.com/article/why-are-multiple-deposits-summed-one-total-bank-rec-module>)

Understanding Suspense Items in Bank Rec - [KB 12151](#)

(<http://kb.abila.com/article/understanding-suspense-items-bank-rec>)

Using Suspense items to account for Date Differences in Bank Rec - [KB 10131](#)

(<http://kb.abila.com/article/using-suspense-items-account-date-differences-bank-rec>)

Required Tags:

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