State of Georgia Bank Reconciliation Summary
(includes Payroll Bank Reconciliation Procedures)

Introduction

In order to ensure that the cash balances as shown in the general ledger accounts (101000-103900) properly reflect the cash activity as shown on the bank statements it is imperative that the general ledger cash account balances reconcile to the balance shown on the bank statement. Any reconciling items should be adequately addressed. This process is very similar to reconciling your personal checkbook at home. Theoretically, you are performing the following reconciliation:

	The cash balance shown on the Bank Statement
Plus	Deposits In Transit – Cash deposits that we have been recorded in PeopleSoft but that has not been cleared by the bank.
Minus	Outstanding Payments – Cash disbursements that we have processed in PeopleSoft but that has not been cleared by the bank.
Equals	The Cash Account Balances as shown on the General Ledger Trial Balance

Prior to performing the bank reconciliation process it is imperative that you ensure that all transactions have been completely processed into the system. For example:

- Manual and wire payments have been recorded in PeopleSoft
- Payments have been posted (See the Accounts Payable Procedures, specifically the Payments Not Posted Section and query 0AP043_Payments_Not_Posted).

MANUAL BANK RECONCILIATION

For Each Bank Account, The Following Must Be Performed

1. **Mark Items as Reconciled in PS** – The intent of this step is to mark in PeopleSoft every deposit and disbursement that has cleared the bank (shown on the bank statement) so that a report of items that have not cleared the bank (are unreconciled) can be generated. PeopleSoft's bank account reconciliation functionality gives you the ability to keep your online books synchronized with your bank accounts. Transactions must be manually matched and forced to reconcile. Refer to the detailed procedures for Manual Bank Recon Process for additional information.

2. **Obtain the ending bank statement balance** – Obtain the ending balance as shown on the bank statement. Enter this amount in C1.

3. **Obtain a total of cash activity that has not been cleared by the bank** – Request the Transaction by Account Report (Go -> Process Financial Information -> Perform Reconciliation -> Inquire -> Transaction by Account -> click on Flashlight -> click on Register Button) to obtain a listing (and total) of the unreconciled transactions. Enter valid values for the parameters and the Status of "UNR". Export the report to Excel and sort and total by Deposits and Disbursements. Enter these numbers in cells, C3 and B5, respectively.

4. **Voids/Subsequent (paid in the month being reconciled but voided in any subsequent months)** – When a payment is voided in the PeopleSoft system it automatically is shown as reconciled. This causes a problem if a payment is made in one month (say, July) but is voided in a subsequent month (say, September). If you are reconciling July in say, December, although these payments are valid reconciling items as of July 30, because PeopleSoft automatically "reconciles" a payment when it is voided, these types of voids must be added back as disbursements in transit as of July 30.

Therefore, run the 0AP045 Voids_By_Periods query to identify these voided payments using the following parameters:

Payment Date: From:	Beginning date of month being reconciled
Payment Date: To:	Ending date of month being reconciled
Cancelled Date: From:	First date of the month subsequent to the month being reconciled
Cancelled Date: To:	Current date

Total these amounts and enter them into cell B6.

5. **Disbursements in Transit** – Sum all disbursements in transit (B5 plus B6) and place the amount in C7.

6. **Adjusted Bank Balance** – Calculate the adjusted bank statement balance (C1 plus C3 minus C7) and enter it into C8.

7. **Address service charges and fees** – Record journal vouchers for the service charges and other fees shown on the bank statement. Any service charges and fees will be listed on your paper bank statement—and these must be manually journaled into appropriate cash account (and related expense accounts) in the general ledger.

8. **Obtain General Ledger cash account balance** – Obtain the General Ledger Trial Balance Report (GLXXX044M) for the period you are reconciling. Enter this amount in C9.

9. **Calculate the difference between the adjusted bank statement balance and the general ledger balance** – Calculate the difference between the adjusted bank statement balance (C8) and general ledger balance (C9) and place this amount in C10. This is the amount that your bank statement does not agree with the general ledger bank balances. This amount must researched and all items resolved.

	A	B	C
1	Ending Balance from the Bank Statement		Balance per Bank
2	Unreconciled Transactions:		
3	Add: Deposits in Transit		From Excel Spreadsheet
4	Subtract: Disbursements in Transit:		
5	Disbursements in Transit	From Excel Spreadsheet	
6	Voids/Subsequent	From Query 0AP045	
7	Total: Disbursements in Transit		Sum B5 and B6
8	Adjusted Bank Balance		C1 plus C3 minus C7
9	General Ledger Account Balance		GL Balance
10	Difference		C8 minus C9

Gotcha's

1. When entering voucher accounting information some agencies entered cash accounts instead of expense accounts. This will cause a problem when trying to reconcile bank balances/activity to the GL cash balances. In order to determine whether any vouchers were posted to cash run the 0AP005_VERIFY_EXP query on the cash account. PS uses the description of "PS/AP Cash Payments" for all "regular" cash activity. Examine all vouchers with different descriptions.

Gotcha's (con't)

2. When a prior period payment date is assigned to a manual or wire in the current period the expenditure will be on the Account Register for the prior period. (Example: current period = March, payment date assigned to a wire =1/15/01, the wire will be listed on the January Account Register, but will be included in the March Trial Balance). Therefore, when performing bank reconciliation this can be a possible cause for not balancing. This discrepancy can be identified by comparing an Account Register and data from query AP004 for the prior period.

AUTOMATED BANK RECONCILIATION

For Each Bank Account, The Following Must Be Performed

1. **Mark Items as Reconciled in PS** – The intent of this step is to mark in PeopleSoft every deposit and disbursement that has cleared the bank (shown on the bank statement) so that a report of items that have not cleared the bank (are unreconciled) can be generated. PeopleSoft's bank account reconciliation functionality gives you the ability to keep your online books synchronized with your bank accounts. Transactions can be automatically matched and reconciled, and exceptions must be forced to reconcile. Refer to the detailed procedures for Automatic Bank Recon Process for additional information.

2. **Obtain the ending bank statement balance** – Obtain the ending balance as shown on the bank statement. Enter this amount in C1.

3. **Obtain a total of disbursement activity that has not been cleared by the bank** – Request the Transactions By Account Report (Go -> Process Financial Information -> Perform Reconciliation -> Inquire -> Transaction by Account -> click on Flashlight -> click on Register Button) to obtain a listing (and total) of the unreconciled transactions. Enter valid values for the parameters and the Status of "UNR". Export the report to Excel and sort and total by disbursement types (i.e., system, manual). Enter the amount for disbursements in cell B5.

4. **Obtain a total of all Deposits and Wires in Transit –** PeopleSoft's automated bank recon process does not allow you to reconcile deposits and wires. You will need to keep a manual Excel spreadsheet of these transactions and manually reconcile them each month. Enter the total of Deposits in Transit and Wires in Transit into cells C3 and B6 respectively.

5. **Voids/Subsequent (paid in the month being reconciled but voided in any subsequent months)** – When a payment is voided in the PeopleSoft system it automatically is shown as reconciled. This causes a problem if a payment is made in one month (say, July) but is voided in a subsequent month (say, September). If you are reconciling July in say, December, although these payments are valid reconciling items as of July 30 because PeopleSoft automatically "reconciles" a payment when it is voided these types of voids must be added back as disbursements in transit as of July 30. Therefore, run the 0AP045 Voids_By_Periods query using the following parameters:

Payment Date:	From:	Beginning date of month being reconciled
Payment Date:	To:	Ending date of month being reconciled
Cancelled Date:	From:	First date of the month subsequent to the month being reconciled
Cancelled Date:	To:	Current date

   Total these amounts and enter them into cell B7.

6. **Disbursements in Transit** – Sum all disbursements in transit (B5, B6 and B7) and place the amount in C8.

7. **Adjusted Bank Balance** – Calculate the adjusted bank statement balance (C1 plus C3 minus E8) and enter it into C9.

8. **Address service charges and fees** – Record journal vouchers for the service charges and other fees shown on the bank statement. Any service charges and fees will be listed on your paper bank statement—and these must be manually journaled into appropriate cash account (and related expense accounts) in the general ledger.

9. **Obtain General Ledger cash account balance** – Obtain the General Ledger Trial Balance Report (GLXXX044M) for the period you are reconciling. Enter this amount in C10.

10. **Calculate the difference between the adjusted bank statement balance and the general ledger balance** – Calculate the difference between the adjusted bank statement balance (C9) and general ledger balance (C10) and place this amount in C11. This is the amount that your bank statement does not agree with the general ledger bank balances. This amount must researched and all items resolved.

	A	B	C
1	Ending Balance from the Bank Statement		Balance per Bank
2	Unreconciled Transactions:		
3	Add: Deposits in Transit		From Excel Spreadsheet
4	Subtract: Disbursements in Transit:		
5	Disbursements in Transit	From Excel Spreadsheet	
6	Wires in Transit	From Excel Spreadsheet	
7	Voids/Subsequent	From Query AP045	
8	Total: Disbursements in Transit		Sum B5, B6 and B7
9	Adjusted Bank Balance		C1 plus C3 minus E8
10	General Ledger Account Balance		GL Balance
11	Difference		C9 minus C10

Gotcha's

1. When entering voucher accounting information some agencies entered cash accounts instead of expense accounts. This will cause a problem when trying to reconcile bank activity to the GL balances. In order to determine whether any vouchers were posted to cash run the 0AP005_VERIFY_EXP query on the cash account. PS uses the description of "PS/AP Cash Payments" for all "regular" cash activity. Examine all vouchers with different descriptions.

2. When a prior period payment date is assigned to a manual or wire in the current period the expenditure will be on the Account Register for the prior period. (Example: current period = March, payment date assigned to a wire =1/15/01, the wire will be listed on the January Account Register, but will be included in the March Trial Balance). Therefore, when performing bank reconciliation this can be a possible cause for not balancing. This discrepancy can be identified by comparing an Account Register and data from query AP004 for the prior period.

Payroll/LD Bank Reconciliation

Payroll Bank Reconciliation

This process reconciles paycheck information in PeopleSoft with bank statement information for all companies using the PeopleSoft Check Reconciliation functionality.

Electronic bank statement files will be obtained from all company banks issuing payroll checks showing cashed payroll checks. After all files have been received from all payroll banks the following SQRs to reconcile payroll against those statements will run, approximately the 17th of the month.

1. Check Recon Process (PAY015A) will put cashed checks, reversed checks, and outstanding checks in a temporary Check Reconciliation File on the database. The program also puts cashed manual checks that haven't been entered into the system in an Unprocessed Manual Checks File.

2. Check Recon Report (PAY015B) will produce a report that lists the entries on the Check Reconciliation File. The report has seven sections: Issued Computer Checks, Issued Manual Checks, Checks Reversed, Checks Reconciled from Bank Checks File, Outstanding Checks, Unprocessed Manual Checks and Error Listing.

Issued Computer and Manual Checks

This section lists all checks issued since the last Check Reconciliation was produced up through the date the current Check Reconciliation process is run.

Checks Reversed

This section lists all checks that have been reversed since the last Check Reconciliation was produced up through the date the current Check Reconciliation process is run.

Checks Reconciled from Bank Checks File

This section lists all checks for which an exact match was found between the PeopleSoft checks issued and the bank file.

Outstanding Checks

This section lists all checks that were issued by PeopleSoft that were not matched on the Bank Checks file.

Unprocessed Manual Checks

This section lists checks for which no match was found in PeopleSoft: cashed manual checks that are on the bank file that have not been entered into the system. Once the check is recorded in PeopleSoft, it will be removed from the Unprocessed Manual Checks File and placed in the Check Reconciliation File the next month when Check Reconciliation is run.

Error Listing

This section lists all the checks with the wrong net amount, checks that have already been marked as 'cashed' and checks that have already been marked as 'reversed'. These items will need to be researched to determine if the error originated at the bank or the company.

Possible errors and actions are noted in the table below.

Description	Action
Error in recording the transaction in PeopleSoft	Make appropriate entries to correct the error.
Error occurred at your bank	Contact bank directly.
Manual check not recorded in PeopleSoft	Key in manual check.
Differences in bank charges	Additional bank charges, record a journal for this entry. Bank keyed in wrong amount, call bank and have them back out the entry and re-enter.

The Check Reconciliation Report will be produced and printed for all companies using PeopleSoft check reconciliation. These reports will be retained in InfoPac if there is a need to reprint or view on line. These reports should be used to look for manual checks not processed in PeopleSoft, checks that are outstanding for more than the normal amount of time, and to research employee payroll issues.

Balancing Bank Reconciliation to GL Cash Balance

This reconciliation is performed after Payroll bank reconciliation is complete to balance the GL cash balance to the bank statement balance. The reports necessary to perform this reconciliation are: 1) the GL Trial Balance to get the GL Cash Balance, which is the net of the LD entries, 2) the Bank Statement, 3) Check Reconciliation Report to get the outstanding checks balance, and 4) the Check Register to determine the amount of the newly issued paychecks.

This reconciliation will identify any payroll disbursements not posted to the General Ledger and/or discrepancies between the paycheck amounts and the bank amounts.

GL Cash Balance = Bank Statement Balance – (outstanding checks – newly issued paychecks)

Possible reasons for balancing problems are noted in the table below.

Description	Action
Payroll disbursements not posted to GL	Post to GL.
Manual check not recorded in PeopleSoft	Key in manual check.
Differences in bank charges	Additional bank charges, record a journal for this entry. Bank keyed in wrong amount, call bank and have them back out the entry and re-enter.

BLANK TEMPLATES

MANUAL RECONCILIATION

	A	B	C
1	Ending Balance from the Bank Statement		
2	Unreconciled Transactions:		
3	Add: Deposits in Transit		
4	Subtract: Disbursements in Transit:		
5	Disbursements in Transit		
6	Voids/Subsequent		
7	Total: Disbursements in Transit		
8	Adjusted Bank Balance		
9	General Ledger Account Balance		
10	Difference		

AUTOMATED RECONCILIATION

	A	B	C
1	Ending Balance from the Bank Statement		
2	Unreconciled Transactions:		
3	Add: Deposits in Transit		
4	Subtract: Disbursements in Transit:		
5	Disbursements in Transit		
6	Wires in Transit		
7	Voids/Subsequent		
8	Total: Disbursements in Transit		
9	Adjusted Bank Balance		
10	General Ledger Account Balance		
11	Difference		