

Step 3 – Reconciling Transactions

Last Modified on 04/19/2022 11:21 am EDT

Warning: Before you begin this step of entering beginning balances, it is essential that you read this guide in its entirety – you must understand the process *before* beginning the process.

Bank statement reconciliation is the process of comparing your *bank* balance (totals shown on the bank records) to your *book* balance (totals shown in your accounting system), then accounting for any discrepancies.

Causes of Discrepancies

Discrepancies between these two balances are typically caused by transit time.

For example, cutting a check updates your accounting system immediately. It deducts the cash and reflects that transaction on the book balance. However your bank balance will not reflect the check until the payee receives it, deposits it, and it clears the account. Likewise for recording a receipt, the deposit record updates the book balance immediately, but funds are not available as cash until you physically take the receipt to the bank and it clears.

We recommend that you try to minimize the number of checks and deposits in transit at your Go-Live Date. Rescheduling invoicing and bill payment around that date can simplify the process.

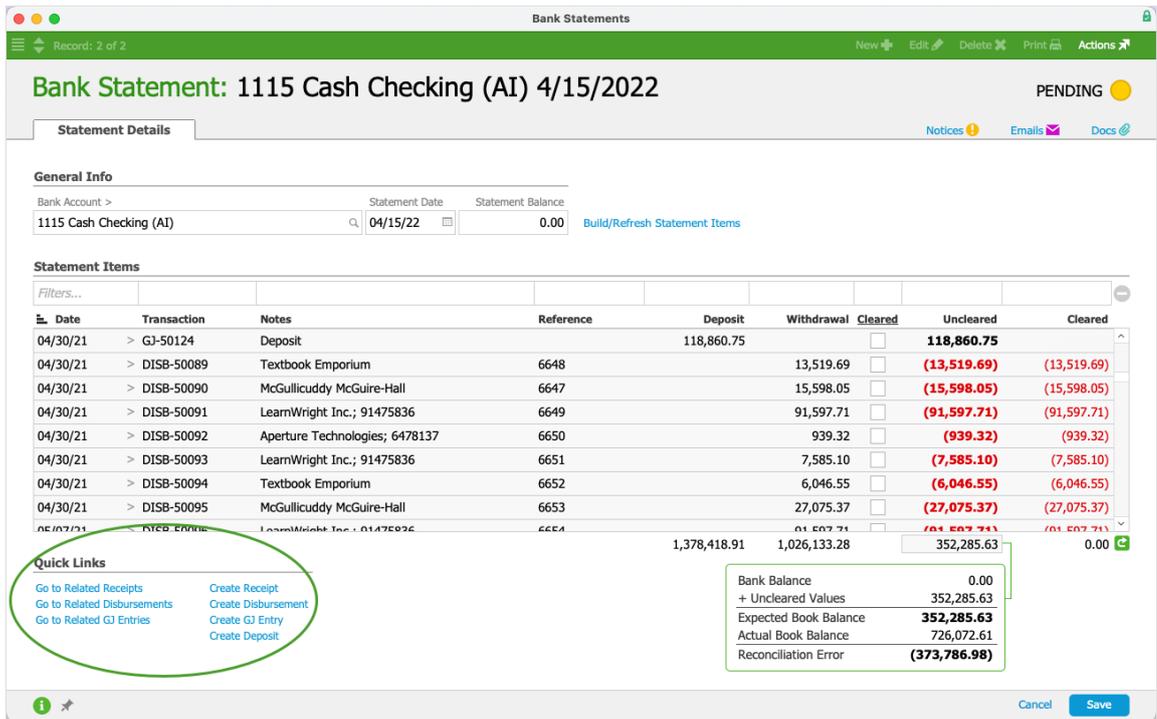
Other causes for discrepancies can include transaction fees, automated bill payments, interest deposits, etc. Generally these transactions are identified during your bank statement reconciliation process, then entered into your accounting system retroactively. This aspect of business operations is a good reason to keep your bank accounts reconciled.

Reconciling Discrepancies Between Transaction Records

Generate a bank statement reconciliation from your previous system. Confirm that the bank statement reconciliation is accurate. The report should list all outstanding checks and deposits.

Next, use the aACE Bank Reconciliation module to [verify you have records for all the outstanding transactions](https://aace5.knowledgeowl.com/help/reconciling-a-bank-account) listed on your bank statement reconciliation.

If your bank statement shows additional entries, you may need to create additional transactions in aACE. The Bank Reconciliation/Statements module provides Quick Links to help you easily create additional records for a reconciliation.



Confirm the Bank Reconciliation

After you create any needed disbursements or receipts, you can finish the reconciliation.

1. Navigate from **Main Menu > Accounting > Bank Reconciliation**, then click **New**.
2. Enter the **Bank Account** and **Statement Date**.
3. Click the link to **Build/Refresh Statement Items**.
4. Verify that the **Uncleared Values** amount matches the corresponding value in your previous system's bank statement reconciliation report. If these two amounts do not match, then you must reconcile the two systems. Otherwise, continue to the next step.

Bank Statements
Record: 2 of 2
New Edit Delete Print Actions

Bank Statement: 1115 Cash Checking (AI) 4/15/2022

PENDING

Statement Details Notices Emails Docs

General Info

Bank Account >	Statement Date	Statement Balance
1115 Cash Checking (AI)	04/15/22	0.00

[Build/Refresh Statement Items](#)

Statement Items

Filters...

Date	Transaction	Notes	Reference	Deposit	Withdrawal	Cleared	Uncleared	Cleared
04/30/21	> GJ-50124	Deposit		118,860.75		<input type="checkbox"/>	118,860.75	
04/30/21	> DISB-50089	Textbook Emporium	6648		13,519.69	<input type="checkbox"/>	(13,519.69)	(13,519.69)
04/30/21	> DISB-50090	McGullicuddy McGuire-Hall	6647		15,598.05	<input type="checkbox"/>	(15,598.05)	(15,598.05)
04/30/21	> DISB-50091	LearnWright Inc.; 91475836	6649		91,597.71	<input type="checkbox"/>	(91,597.71)	(91,597.71)
04/30/21	> DISB-50092	Aperture Technologies; 6478137	6650		939.32	<input type="checkbox"/>	(939.32)	(939.32)
04/30/21	> DISB-50093	LearnWright Inc.; 91475836	6651		7,585.10	<input type="checkbox"/>	(7,585.10)	(7,585.10)
04/30/21	> DISB-50094	Textbook Emporium	6652		6,046.55	<input type="checkbox"/>	(6,046.55)	(6,046.55)
04/30/21	> DISB-50095	McGullicuddy McGuire-Hall	6653		27,075.37	<input type="checkbox"/>	(27,075.37)	(27,075.37)
04/30/21	> DISB-50096	LearnWright Inc.; 91475836	6654		1,378,418.91	<input type="checkbox"/>	1,378,418.91	(1,378,418.91)
					1,026,133.28	<input type="checkbox"/>	352,285.63	0.00

Quick Links

Go to Related Receipts	Create Receipt
Go to Related Disbursements	Create Disbursement
Go to Related GJ Entries	Create GJ Entry
	Create Deposit

Bank Balance	0.00
+ Uncleared Values	352,285.63
Expected Book Balance	352,285.63
Actual Book Balance	726,072.61
Reconciliation Error	(373,786.98)

Cancel Save

Note: Do not worry about the amounts for Bank Balance, Expected Book Balance, or Actual Book Balance. These will not be accurate until after you complete the beginning balance process.