

C. 11. Transition Your Bank Accounts and Set Your Starting Reconciliation Balance.

What's the purpose of this setup step?

This step will show you how to transition your bank account(s). Each month when you reconcile your bank statement, Control tracks which checks have and have not cleared as well as the cleared balance from your bank statement. During the setup process, you may have entered information that may have already been reconciled. It is necessary to which transactions have already been reconciled in the old system and to ensure the starting bank account balances are correct. The question that most people generally have is how to accommodate payments and receipts in their old accounting system that are not yet reconciled?

The approach used in this step is to create GL journals and enter all the individual payments or deposits as lines in that journal. (They will be offset by a miscellaneous expense which will be reversed in the GL reconciliation stage.) From there, Control has an easy-to-use reconciliation screen that shows all of the non-cleared payments in and out of the bank account.

To complete this task you will need to:

- 1) Record all payments entered as deposited in the bank account (or you won't see them to reconcile). Typically, a separate journal entry will be made for the following types of accounts:
 - a) Payments Made (Payments made to Vendors).
 - Checks written but not yet reconciled.
 - b) Receipts (Payments received from Customers).
 - Cash/Check Deposits made but not yet reconciled.
 - Credit Card Deposits made but not yet reconciled.
- 2) You will need to mark any that were already reconciled so that they are cleared out of the system.
- 3) Adjust the ending balance to match the ending balance of your last bank statement.

Of course all of the GL entries could be put into one journal entry, but Cyrious recommends breaking it into 3 smaller tasks that are easier to manage, as follows:

- A. Create a new Journal Entry and record checks written but not reconciled.
- B. Create a new Journal Entry and record deposits made but not reconciled.
- C. Create a new Journal Entry and record credit card deposits made but not reconciled.
- D. Adjust the Starting Reconciliation.

A. Enter Checks Written But Not Reconciled.

- 1) Create a new Journal Entry and record checks written but not reconciled.
 - a) Note: If you "wrote" any checks against the A/Ps in Control, these checks should not be re-entered (since they are already present).
 - b) In the main menu, click on **Banking** and then **New Journal Entry**.
 - c) Click on the **Date** drop-down in the top right and set it to the transition date.

- d) In the **Description** line, enter a meaningful description such as “Unreconciled Checks Written in Old Accounting System.”
- e) Type any notes you would like to record in the **Journal Notes** section.
- f) Click in the **Account** cell in the first row.
- g) Enter the name of the **GL Bank Account** from which the check was written by typing the name until the account is found or choosing it from the drop-down list.
- h) Tab to the **Credits** column. Enter the amount of the check.
- i) Tab to the **Notes** column and enter the check number, company name, and/or bill number. (For example, Check #1234, Johnson Marine, Ref#4934). Whatever you type here is what you will see in the reconciliation screen.
- j) Hit the down-arrow key or click **Insert New Line** to add a new line.
- k) Repeat for all outstanding checks.
- l) Add an offsetting line so that the journal is balanced. Use a **Miscellaneous Expense Account**. (It doesn't matter which account since you'll reverse these in one of the later steps.) The amount entered should be a debit representing the sum of all of the payments entered in that journal.
- m) Save the Journal Entry by clicking on the **Save** button on the toolbar on the right.

B. Enter Bank Deposits Recorded But Not Reconciled

- 1) Create a new Journal Entry and record deposits made but not reconciled.
 - a) If you have the last Journal Entry up, click on the **New** button on the main toolbar. Otherwise, in the main menu click on **Banking** and then **New Journal Entry**.
 - b) Click on the **Date** drop-down in the top right and set it to the transition date.
 - c) In the **Description** line, enter a meaningful description such as “Unreconciled Deposits Recorded in Old Accounting System.”
 - d) Type any notes you would like to record in the **Journal Notes** section.
 - e) Click in the **Account** cell in the first row.
 - f) Enter the name of the **GL Bank Account** in which the deposit was made by typing the name until the account is found or choosing it from the drop-down list.
 - g) Tab to the **Debits** column. Enter the amount of the deposit.
 - h) Tab to the **Notes** column and enter the date of the deposit. (For example, Cash/Check 6-12-2008). Whatever you type here is what you will see in the reconciliation screen.
 - i) Hit the down-arrow key or click **Insert New Line** to add a new line.
 - j) Repeat for all unreconciled deposits.
 - k) Add an offsetting line so that the journal is balanced. Use a **Miscellaneous Expense Account**. (It doesn't matter which account since you'll reverse these in one of the later steps.) The amount entered should be a credit representing the sum of all of the deposits entered in that journal.

- l) Save the Journal Entry by clicking on the **Save** button on the toolbar on the right.

C. Enter Credit Card Deposits But Not Reconciled.

- 1) Create a new Journal Entry and record credit card deposits made but not reconciled.
 - a) If you have the last Journal Entry up, click on the **New** button on the main toolbar. Otherwise, in the main menu click on **Banking** and then **New Journal Entry**.
 - b) Click on the **Date** drop-down in the top right and set it to the transition date.
 - c) In the **Description** line, enter a meaningful description such as "Unreconciled Credit Card Deposits Recorded in Old Accounting System."
 - d) Type any notes you would like to record in the Journal Notes section.
 - e) Click in the **Account** cell in the first row.
 - f) Enter the name of the **GL Bank Account** in which the deposit was made by typing the name until the account is found or choosing it from the drop-down list.
 - g) Tab to the **Debits** column. Enter the amount of the deposit.
 - h) Tab to the **Notes** column and enter the date of the deposit. (For example, MC/Visa 6- 12-2008). Whatever you type here is what you will see in the reconciliation screen.
 - i) Hit the down-arrow key or click **Insert New Line** to add a new line.
 - j) Repeat for all unreconciled deposits.
 - k) Add an offsetting line so that the journal is balanced. Use a miscellaneous expense account. (it doesn't matter which account since you'll reverse these in one of the later steps.) The amount entered should be a credit representing the sum of all of the deposits entered in that journal.
 - l) Save the Journal Entry by clicking on the **Save** button on the Action Toolbar on the right.

D. Adjust the Starting Reconciliation.

- 1) Record all checks entered as deposited. This will create a deposit entry in the bank account for all the order payments you have entered during the setup process.
 - a) On the main (top) menu, click on **Banking** and then on **Make Deposit**. This will open the deposit screen.
 - b) Select the first undeposited funds account from the drop-down labeled **Undeposited Account**.
 - c) Select the bank account these funds deposit into from the drop-down labeled **Bank Account to Deposit Into**.
 - d) The grid will now populate with all order payments in the selected undeposited funds account that need to be deposited. If there are no payments, skip the next two steps and go on to the next account.
 - e) Click the **Select All** button to select all payments to deposit.

- f) Click on **Record** button to record these payments as deposited into the bank account.
- g) Repeat the above steps for the next undeposited bank account (selected in **step 2** above).
- h) When you have gone through each account, click on the **Done** button to close the screen.

2) Open the *Reconcile Bank Account* screen.

- a) On the main (top) menu, click on **Banking** and then on **Reconcile Bank Statement**.
- b) Select the (Bank) **Account** you wish to reconcile at the top of the screen. Control will load all of the non-reconciled checks and deposits.
- c) Enter the **Statement Date** from your last reconciled statement.
- d) Enter the **Ending Balance** from you last reconciled statement.
- e) In the **Checks Written and Other Vendor Payments** (left) tab, check any bills payment checks that were already reconciled or included in a payment already reconciled. Note that these amounts may not correspond to actual payments as the information you were entering was aimed at adjusting the starting balances and not creating an exact replica of the check history.
- f) In the **Deposits and Other Credits**, the tab on the right, check any deposits that were already reconciled or made up of payments included in deposits already reconciled. Note that these amounts may not correspond to actual deposit amount as the information you were entering was aimed at adjusting the starting balances and not creating an exact replica of the check history.

3) Adjust the ending balance to match the ending balance of your last bank statement.

- a) Control tallies the debits and credits and adds (or subtracts) that from your starting balance. This is then compared to the ending balance. The difference is shown as you checked each deposit or bill payment.
- b) Control will not let you post reconciliation where the difference is not zero.
- c) Manually enter a **Beginning Balance** that results in a difference of \$0.00 and tab out of the field.
- d) You will notice that the **Overridden** checkbox indicates this was not the previous starting balance.
- e) Post the reconciliation by clicking on the **Post** button on the toolbar on the right.

Great job! Now you're ready for the next transition task.