



# Bank Reconciliation Out of Balance

## Support Note

For MYOB BusinessBasics, MYOB FirstEdge, MYOB Accounting V15, MYOB Accounting Plus V15, MYOB Premier V9, MYOB AccountEdge V5 and MYOB Premier Enterprise V3.

The MYOB bank reconciliation function makes it quick and easy to reconcile your chequebook. Because it's an integrated feature of your MYOB program, you will rarely experience problems reconciling your accounts. However, any problems that are encountered can usually be resolved with a minimum of inconvenience.

### Solution Summary

Check your previous reconciliation is still valid by using the **Last Reconciled Date** as the **Bank Statement Date** and previous statement balance as the new **Statement Balance** in the **Reconcile Accounts** window.

Run the **Bank Register** report sorted by ID and displaying the reconciled date field to identify deleted or re-entered transactions.

## What happens when I reconcile my accounts in MYOB?

Each transaction in MYOB has several hidden fields and one of these is the Reconciled Date field. In the **Reconcile Accounts** window, when a transaction is selected as cleared and the **Reconcile** button pressed, MYOB inserts the date from **Bank Statement Date** field into the transaction's Reconciled Date field.

MYOB uses the date in the **Reconciled Date** field to indicate several things within the system, including:

- Preventing reconciled transactions from appearing in the Reconcile Accounts window.
- Purging (deleting) data when starting a new financial year.
- The **Banking – Reconciliation** and **Bank Register** reports that can be customised to include the Reconciled Date.

## Can a reconciliation be reversed or deleted?

Because a reconciliation is a simple recognition of transactions and their Reconciled Dates, strictly speaking a reconciliation can't be reversed or deleted as such. For more information refer to support note 0447 *'Delete' Reconciliation*.

If you have a back up your data file from immediately prior to performing your reconciliation, you may restore that back up to bring you back to that prior point. It is good practice to take a back up prior to performing a reconciliation.

Alternatively, deleting and re-entering all the transactions involved in that reconciliation will cause them to reappear in the **Reconcile Accounts** window.

## Why doesn't my chequebook reconcile with my bank statement?

There are a number of reasons that can cause this, and by following a simple set of steps you will be able to quickly identify the problem.



## Step 1: Check that the last reconciled bank statement still reconciles

This step will determine if the out of balance is due to a mistake in this current reconciliation, or if a previously reconciled transaction has been deleted. If a previously reconciled transaction has been deleted, it will affect the previous reconciliations as well as the current one.

To check if the last bank statement still reconciles, open the **Reconcile Accounts** window and enter the date of the current bank statement in the **Bank Statement Date** field. With no transactions selected is the **Calculated Statement Balance** the same as the opening balance of the current bank statement? You can de select all transactions by clicking the check/uncheck all toggle button.

**Please note:** The opening balance of the current bank statement should be the same as the closing balance of the bank statement to which the account was last reconciled. With no transactions selected as cleared, MYOB will not reflect any of the activity on this current bank statement. Therefore, the **Calculated Statement Balance** should be the same as the opening balance of the current bank statement.

The window below shows that with no transactions selected as cleared, the **Calculated Statement Balance** equals the opening balance of the current bank statement (**New Statement Balance** - bank statement not shown).

| Mark All Cleared Transactions       |    |            | Deposits                  | Withdrawals |
|-------------------------------------|----|------------|---------------------------|-------------|
| <input checked="" type="checkbox"/> | 59 | 23/05/2005 | Clearwater Pty Ltd        | \$100.00    |
| <input checked="" type="checkbox"/> | 60 | 23/05/2005 | Huston & Huston Packaging | \$680.00    |
| <input checked="" type="checkbox"/> | 61 | 23/05/2005 | Metropolitan Electricity  | \$562.30    |
| <input checked="" type="checkbox"/> | 62 | 23/05/2005 | WLJ Real Estate           | \$654.90    |

**Yes, the Calculated Statement Balance is the same as the current bank statement's opening balance.**

This indicates the last reconciled bank statement still reconciles. Therefore, the out of balance will be related to this current reconciliation and will be due to:

- 1 A transaction not listed on the bank statement has been selected as cleared in MYOB. Or, a transaction that is listed on the bank statement hasn't been selected as cleared in MYOB.
- 2 A difference in the value of a cleared transaction in MYOB and the bank statement. For example: A transaction has been entered (and selected as Cleared) in MYOB as \$10.26, but on the bank statement the same transaction is shown as \$10.62.

This can be confirmed by comparing the **Total Cleared** amounts at the bottom of the Reconcile Accounts window with the corresponding totals on the bank statement.

To overcome this, with no transactions selected (click the  button). Select the presented transactions as cleared, and at the same time continually monitor and compare the running balance on the bank statement with the **Calculated Statement Balance**. They should remain the same when marking off

presented transactions as cleared. While doing this, it is important that you work from the bank statement; work sequentially from the first transaction to the last. Click the **Date** button to have the transactions displayed in date order.

## Step 2 : Finding the out of balance if the last reconciled bank statement no longer reconciles

This **usually** indicates a reconciled transaction(s) has been deleted.

Compare the window below with the window on the previous page. The **Calculated Statement Balance** no longer equals the current bank statement opening balance of \$524,983.15.

### Briefly note:

- The current bank statement opening balance has been entered in the **New Statement Balance** field (\$524,983.15).
- The **Out of Balance** amount of \$1242.30.
- Cheque #58 now appears in the list waiting to be reconciled.

| Mark                                | Date       | Description               | Deposits | Withdrawals |
|-------------------------------------|------------|---------------------------|----------|-------------|
| <input checked="" type="checkbox"/> |            |                           |          |             |
| ⇐ 58                                | 13/04/2005 | Huston & Huston Packaging |          | \$680.00    |
| ⇐ 59                                | 23/05/2005 | Clearwater Pty Ltd        |          | \$100.00    |
| ⇐ 60                                | 23/05/2005 | Huston & Huston Packaging |          | \$680.00    |
| ⇐ 61                                | 23/05/2005 | Metropolitan Electricity  |          | \$562.30    |
| ⇐ 62                                | 23/05/2005 | WLJ Real Estate           |          | \$654.90    |

MYOB's **Calculated Statement Balance** represents the total value of ALL deposit and withdrawal transactions that have a date (prior to the Bank Statement Date) in their Reconciled Date field. If a previously reconciled transaction has been deleted, then the **Calculated Statement Balance** will no longer equal the amount it was last reconciled to.

In the above example, one, or a combination of reconciled transactions totalling \$1242.30 have been deleted.

The quickest way to find a missing reconciled transaction is to use the **Bank Register** report. To use this report:

1. Go to **Reports**, select **Index to Reports**, then click the **Banking** tab and highlight the **Bank Register** report.
2. Click **Customise** and click the **Accounts** field drop down arrow and select the account being reconciled.
3. Click the **Report Fields** tab and mark the **Reconciled Date** field in the **Available Fields** by clicking to the left of it.
4. Click the **Finishing** tab then click the **Sort by** drop down list and select the **ID#** option.

- Click the **Advanced Filters** tab and enter a date range spanning the beginning of the **Current Financial Year** to the current date. The **Current Financial Year** can be determined by going to **Setup** then **Company Information**.

For example: If the Current Financial Year is 2005, enter 1/7/04 in the **From** date field.

- Click **Display**.

The report will list the transactions by their **ID#**, allowing you to scroll down and look for missing transaction numbers. For Example: Cheque number 56 is listed after cheque number 54, therefore it could be assumed cheque number 55 is missing.

Check any missing transactions with your bank statements to see if they have been presented to the bank. If they have been presented, then it can be assumed that the transactions were entered in MYOB, reconciled and subsequently deleted.

Also, while scrolling down through the report, take note of any transactions that don't have a Reconciled Date, but were most likely reconciled. For example, a cheque dated 13/4/2005 appears on the report but it doesn't have a Reconciled Date. The age of this cheque suggests it should have been reconciled. Again, check your bank statements to determine if the transaction has been presented to the bank. If it has, then it indicates the transaction was entered into MYOB, reconciled, deleted and has since been re-entered.

The window below shows an excerpt from the Bank Register report which has been customised to include the **Reconciled Date**. Note the following:

- Cheque # 55 is missing, which indicates it may have been deleted.
- Cheque # 58 is listed without a **Reconciled Date**. As cheques 54, 56 and 57 have been reconciled, it is possible that this cheque was previously reconciled, deleted and has since been re-entered.

### Bank Register 01/07/2004 To 31/07/2005

| ID#      | ^Src^ | Date ^     | Memo/Payee                    | ^ Deposit    | ^ Withdrawal ^ | Balance      | ^Reconciled I^ |
|----------|-------|------------|-------------------------------|--------------|----------------|--------------|----------------|
| 1-1115   |       |            | <b>General Cheque Account</b> |              |                |              |                |
| 54       | CD    | 15/03/2005 |                               |              | \$5.00         | -\$5.00      | 30/04/2005     |
| 56       | CD    | 23/04/2005 | W LJ Real Estate              |              | \$654.90       | -\$659.90    | 30/04/2005     |
| 57       | CD    | 23/04/2005 | Clearwater Pty Ltd            |              | \$100.00       | -\$759.90    | 30/04/2005     |
| 58       | CD    | 13/04/2005 | Huston & Huston Packaging     |              | \$680.00       | -\$1,439.90  |                |
| 59       | CD    | 23/05/2005 | Clearwater Pty Ltd            |              | \$100.00       | -\$1,539.90  |                |
| 60       | CD    | 23/05/2005 | Huston & Huston Packaging     |              | \$680.00       | -\$2,219.90  |                |
| 61       | CD    | 23/05/2005 | Metropolitan Electricity      |              | \$562.30       | -\$2,782.20  |                |
| 62       | CD    | 23/05/2005 | W LJ Real Estate              |              | \$654.90       | -\$3,437.10  |                |
| CR000041 | CR    | 20/03/2005 |                               | \$526,980.35 |                | \$523,543.25 | 31/03/2005     |
| CR000042 | CR    | 15/03/2005 | Reversal of Late fees         | \$5.00       |                | \$523,548.25 | 30/04/2005     |
|          |       |            |                               | \$526,985.35 | \$3,437.10     |              |                |

Both these transactions should be checked with your bank statements. Also, if the Reconciliation report is printed after reconciling your accounts, customise the Banking - Reconciliation Report for the Reconciled Date (as per the above Bank Register report), and compare it with the Reconciliation Report that was printed when the account was originally reconciled.

The window on the next page shows an excerpt of the original Reconciliation Report, printed at the time the bank account was reconciled.

## Reconciliation Report

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| ID#                      | Date       | Memo/Payee                | Deposit                | Withdrawal |
|--------------------------|------------|---------------------------|------------------------|------------|
| Cheque Account:          |            | 1-1115                    | General Cheque Account |            |
| Date of Bank Statement:  |            | 30/04/2005                |                        |            |
| Last Reconciled:         |            | 31/03/2005                |                        |            |
| Last Reconciled Balance: |            | \$526,980.35              |                        |            |
| <b>Cleared Cheques</b>   |            |                           |                        |            |
| 54                       | 15/03/2005 | Huston & Huston Packaging |                        | \$5.00     |
| 55                       | 20/04/2005 | Metropolitan Electricity  |                        | \$562.30   |
| 56                       | 23/04/2005 | WLJ Real Estate           |                        | \$654.90   |
| 57                       | 23/04/2005 | Clearwater Pty Ltd        |                        | \$100.00   |
| 58                       | 13/04/2005 | Huston & Huston Packaging |                        | \$680.00   |
| Total:                   |            |                           | \$0.00                 | \$2,002.20 |

Compare the original report with the one below, which has just been printed/displayed (note the report **Date of Bank Statement** dates are the same). It can be seen that cheque numbers 55 and 58 appear as reconciled on the original report, but on the report below printed from the index to reports at a later date, they are both missing.

### Note

When printing from the index to reports, if one bank account is selected in the customise screen, you have the option of selecting previous reconciliation dates for the **Bank Reconciliation** report.

## Reconciliation Report

Page 1

| ID#                       | Date       | Memo/Payee                | Deposit                | Withdrawal |
|---------------------------|------------|---------------------------|------------------------|------------|
| Cheque Account:           |            | 1-1115                    | General Cheque Account |            |
| Date of Bank Statement:   |            | 30/04/2005                |                        |            |
| <b>Reconciled Cheques</b> |            |                           |                        |            |
| 54                        | 15/03/2005 | Huston & Huston Packaging |                        | \$5.00     |
| 56                        | 23/04/2005 | WLJ Real Estate           |                        | \$654.90   |
| 57                        | 23/04/2005 | Clearwater Pty Ltd        |                        | \$100.00   |
| Total:                    |            |                           | \$0.00                 | \$759.90   |

It can be concluded that:

- Cheque # 58 was reconciled, deleted and has since been re-entered (it appears on the Bank Register report).
- Cheque # 55 was reconciled and has since been deleted, but it hasn't been re-entered (it doesn't appear on the Bank Register report).

### Step 3: Re-enter and reconcile the deleted transactions

Once the missing reconciled transaction has been identified, it will need to be re-entered into MYOB and then reconciled (reconcile the transactions at the date they were originally reconciled). After re-entering and reconciling the transaction, check the **Calculated Statement Balance** again.

The below window shows that cheque number 55 has been re-entered. Notice that with cheque numbers 55 and 58 both selected as cleared:

- The **Calculated Statement Balance** now equals the opening balance of the current bank statement.
- The **Total Cleared** amount is \$1242.30 – compare this with the **Out of Balance** example on page 3.
- The Bank Statement date is the same as the date the transactions were originally reconciled.

| Mark All Cleared Transactions       |    | Deposits                             | Withdrawals |
|-------------------------------------|----|--------------------------------------|-------------|
| <input checked="" type="checkbox"/> | 55 | 20/04/2005 Metropolitan Electricity  | \$562.30    |
| <input checked="" type="checkbox"/> | 58 | 13/04/2005 Huston & Huston Packaging | \$680.00    |

After reconciling these transactions, you will find that the Reconciliation Report will now be as it was when the transactions were originally reconciled; providing an accurate audit trail.

### What else will cause my cheque account not to balance with the bank statement?

Listed here are other potential causes for an out of balance:

- The previous bank statement was 'forced' to reconcile. This basically means the account was reconciled to the wrong amount; the **Calculated Statement Balance** of the last reconciliation was not the same as the bank statement's closing balance. The user then proceeded to enter the displayed **Calculated Statement Balance** amount in the **New Statement Balance** field and then press the **Reconcile** button.

This can be checked by using the **Banking - Reconciliation Report**. Display the report filtered for the date of the **last** reconciliation (this date can be obtained from the Reconcile Accounts window). Check the **Expected Balance on Statement** to see if it is the same as the amount displayed at the **MYOB Balance On (date)** (in the report), which should be the same if no previously reconciled transactions have been deleted. However, if both these amounts are different to the closing balance on the last reconciled bank statement, then the reconciliation was forced.

Any corrective action will depend on why the last reconciliation was incorrectly reconciled. An option may be to enter an adjusting general journal.

You would date the journal as at the first day of the current financial year. For example, 1/7/2004. Every journal must have a debit and a credit and therefore will affect two accounts. Obviously, one account will be the Bank account. The question becomes what account should the other side of the transaction be posted to.

There are several options:

- You can post the transaction to a 8-XXXX 'Other Income' or 9-XXXX 'Other Expense' account. This way they are grouped differently on your profit and loss. (Not available for BusinessBasics or FirstEdge).
- You can create a 'Suspense account' and post the transaction to it.

**You must consult with your accountant or accounting professional prior to performing any such adjustment. The transaction may affect a BAS from a previous period. It will also affect other reports including your profit and loss.**

If you are unable to consult with your accounting professional at the time, the use of a suspense account may be the best option. This way, the amount can be journalled out of the suspense account at a later time. In any case, it is important to enter a meaningful explanation in the memo field of the journal so that the purpose of the transaction can be understood down the track.

- Once entered, open the Reconcile Accounts window, select the Bank account and enter the same date as displayed in the **Last Reconciled Date** field in the **Bank Statement Date** field. Select the adjustment transaction as Cleared and then check that the **Calculated Statement Balance** is the same as the opening balance of the current bank statement. If it is, click on **Reconcile** to reconcile the transaction.
- With the Reconcile Accounts window open, check the **Last Reconciled Date**. Is this date the same as the closing date of the bank statement that was last reconciled. It maybe possible that someone has entered the Reconcile Accounts window and accidentally reconciled a transaction.
- The bank account's **Opening Balance** may have been changed. To check the account's **Opening Balance**, go to **Setup** select **Balances** and click **Account Opening Balances**.

If you suspect it has been changed, restore an early backup of your data file and compare the account's **Opening Balance** in the restored data file with the same **Opening Balance** in your current working data file.

- Ensure your bank statements are being reconciled sequentially.
- Check that the bank statement calculations are correct.

## Related Support Notes

0445 Reconciled Transactions

0446 The Get Statement Function

0447 'Delete' Reconciliation

0455 Using the Bank Register