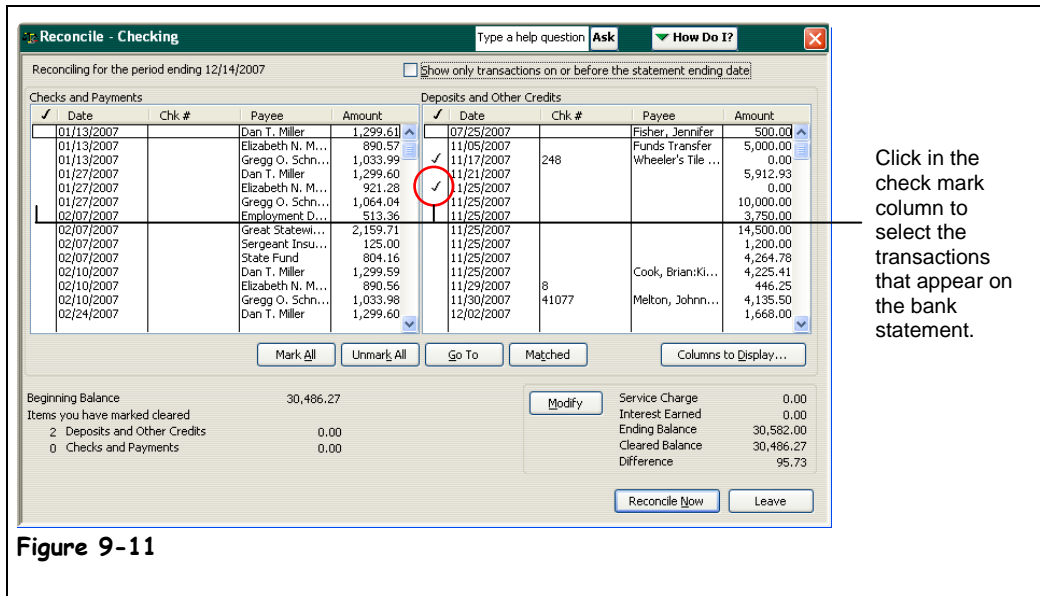


Lesson 9-10: Reconciling a Bank Account

Figure 9-11

Reconciling a bank account in the Reconcile window.



Each month when you get your bank statement, you need to compare your QuickBooks bank account records with the bank's records. When you account for the differences—which are normally due to outstanding checks or deposits that haven't yet been cleared—you are reconciling the account. The process is very similar to reconciling your credit card accounts.

This lesson looks at how to reconcile a non-online bank account. If you have online account access, you handle the reconciliation process differently, and we'll look at that later.

1. Select **Banking** → **Reconcile** from the menu.

The Begin Reconciliation dialog box appears. This is the same dialog box you use to reconcile credit card accounts.

First you need to select the bank account you want to reconcile.

2. Click the **Account** list arrow and select the bank account you want to reconcile.

Once you've selected the account, you need to enter the bank statement date.

3. Click the **Statement Date calendar button** and select the statement date.

Now you can enter the ending balance from the bank statement.

4. Click the **Ending Balance** box and type the ending statement balance.

The Beginning Balance field needs to match the beginning balance on your statement as well.

NOTE: If the beginning balance field doesn't match your statement, you need to fix it:

If this is the first time you've reconciled the bank account in QuickBooks, you may have to open the bank account register and change the beginning balance you entered during the EasyStep interview so that it matches the beginning balance on the bank statement. Once you do this, make sure there's

a check mark in the Cleared column and record the transaction. If you update your beginning balance, be aware that it will change your Opening Bal Equity account. You may want to discuss this adjustment with your accountant.

If this isn't the first time you've reconciled the bank account in QuickBooks, the beginning balance is coming from the ending balance on the last reconciliation. If it doesn't match the statement, you probably changed, voided, or otherwise messed around with a transaction that previously cleared. You can use the Locate Discrepancies button in the Begin Reconciliation dialog box to help you locate the problem, and then you can open the register and put the transaction back the way it was.

- 5. To enter a service charge, click the **Service Charge** box and enter a service charge amount. Then click the **Account** list arrow and select the **Bank Service Charges** expense account.**

Once you've added any standard service charges, you need to account for any interest you've earned.

- 6. To enter interest earned, click the **Interest Earned** box and type an interest amount. Then click the **Account** list arrow and select the **Interest Income** account.**

Now you're ready to move on to reconciling the transactions in your account.

- 7. Click the **Continue** button.**

The Reconcile window appears, as shown in Figure 9-11. Here you can see all the transactions you've posted to the account.

Your goal in this window is to place a check mark next to all the transactions that have cleared the bank—you know a transaction has cleared the bank if it appears on your bank statement.

- 8. Click the check mark column next to each transaction that appears on the bank statement.**

A check mark appears next to each check or deposit that you select.

NOTE: If there are any transactions on the statement that aren't in the Reconcile window, add them into QuickBooks using the respective window—for example, the Write Checks window. Also check out the Undeposited Funds account to make sure there aren't deposits sitting there that need to be moved to the bank account using the Make Deposits feature. Once you've taken care of any missing transactions you can return to the Reconcile window, where the new transactions will appear.

Once you've matched up all the transactions between QuickBooks and the bank statement, the Difference field at the bottom of the window should equal 0. If it doesn't, you need to investigate the difference to figure out why your records don't match the statement, fix the problem, and return to this window. When the Difference equals 0, you're ready to reconcile.

- 9. Click the **Reconcile Now** button.**

If the reconciling Difference wasn't 0, a Reconcile Adjustment dialog box appears, allowing you to return to the reconciliation process until you resolve the difference. You can also direct QuickBooks to make its own adjustment to remove the difference—but only do this as a last resort, and if the difference is very small.

If the difference equals 0, or once you've taken care of the reconciling adjustment, the Select Reconciliation Report dialog box appears.

- 10. Select a reconciliation report type, then click **Display**, **Print**, or **Close**.**

QuickBooks prepares a reconciliation report that gives either a summarized or detailed recounting of your reconciliation process.

Quick Reference

To Reconcile a Bank Account:

1. Select **Banking** → **Reconcile** from the menu.
2. Click the **Account** list arrow and select the bank account you want to reconcile.
3. Click the **Statement Date calendar** button and select the statement date.
4. Click the **Ending Balance** box and type the ending statement balance.
5. Click the **Service Charge** box and type a service charge amount, if necessary, then click the **Account** list arrow and select the **Bank Service Charges** expense account.
6. Click the **Interest Earned** box and type an interest amount, if necessary, then click the **Account** list arrow and select the **Interest Income** account.
7. Click the **Continue** button.
8. Click the check mark column next to each transaction that appears on the bank statement.
9. Click the **Reconcile Now** button.
10. Select a reconciliation report type, then click **Display**, **Print**, or **Close**.