

SOP ACCOUNT RECONCILIATION

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SOP: ACCOUNT RECONCILIATION

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AIM

To reconcile journal entries recorded in the same amount.

Note: Standard Operating Procedures should be used as guidelines for customers (and their consultants) to develop their own operating procedures. As you will note, the following procedures are very specific and customers are strongly advised not to use them without.

WORKING ASSUMPTION

The reconciliation method defined in the system is by invoice (see setups).

SETUPS

DEFINING THE RECONCILIATION METHOD

1. Enter the Financial Constants form and move to the AutoRecon constant.
2. Make sure the constant is set to 2 (by Invoice).

SETTING UP RECONCILIATION ADJUSTMENTS

1. Move to the MaxReconVar constant in the Financial Constants form. Specify the maximum variance allowed between the amount paid for and the invoice balance that still constitutes full reconciliation of the invoice and payments. Such variance will be automatically transferred to a default reconciliation adjustments account.
2. Enter the Default Accounts form and move to the reconciliation Adjustments line. In the Account No. Column, specify the GL account to which reconciliation variances will be transferred. The account description is filled in automatically.

DEFINING AUTOMATIC ACCOUNT RECONCILIATION

1. Enter the Reconciliation Code form and define an appropriate code for your company:
 - a. Record a Reconciliation Code.
 - b. Provide an easily recognisable Code Description.
2. Enter the itemised code sub level form and construct the reconciliation method in the following manner.
 - a. In the reconciliation method column, select the method to be used for reconciliations.
 - b. Specify the range in days for which to perform the reconciliations.
 - c. In the Num Chars to Compare column, specify the number of characters in the entry reference number to compare (e.g. the value "4" indicates that the first four characters from the left will be compared).

- d. Specify the Maximum Number of Items to compare. It is not recommended to specify more than two items in the case of automatic reconciliations performed solely by sum.

PROCEDURE

STAGE ONE: CLEARING THE RECONCILIATION WORKSHEET

1. Enter the reconciliation worksheet form and retrieve all records with a number greater than 0 in the reconciliation Num. Column.
2. Check all of the pending reconciliation to determine which to approve and which to cancel.
3. To cancel a pending reconciliation:
 - a. Run the Cancel Pending Reconcil'ns program, designating the desired range reconciliation numbers in the screen or Change the reconciliation number in the Reconciliation Worksheet to 0.

STAGE TWO: AUTOMATIC RECONCILIATION

1. Run the Prepare for Reconciliation program.
2. Run the Automatic Reconciliation program, selecting the appropriate reconciliation code.

STAGE THREE: DEALING WITH RECONCILIATIONS CREATED BY THE PROGRAM

1. Enter the Reconciliation Worksheet form and retrieve all records with a number greater than 0 in the Reconciliation Num. column.
2. Check all of the pending reconciliation created by the program to determine which of them are correct, or run the Pending Reconciliation report.
3. To cancel erroneous pending reconciliation:
 - a. Change the reconciliation number in the Reconciliation Worksheet to 0.
 - b. Note: this method is appropriate for a small number of cancellations.
 - c. Run the Cancel Pending Reconcil'ns program.
4. Approve all correct reconciliation by running the Finalise Reconciliations program.
5. If the Reconciliation Worksheet includes records that were not reconciled automatically, they should be reconciled manually.

STAGE FOUR: MANUAL RECONCILIATION

1. Enter the Entries for Reconciliation sub-level form. The form displays lines that are potentially reconcilable with the line in the upper-level form.

2. Identify the appropriate line and record a number in the Reconciliation Num. column. Use a number that has not yet been utilized in the worksheet.

STAGE FIVE: RECONCILING LINES WHILE CREATING AN ADJUSTMENT ENTRY

1. Enter the Reconciliation Worksheet Form.
2. If you have not yet assigned numbers to the matching entries, do so now.
3. Make sure your cursor is on one of the entries for which a variance exists between it and its matching entry.
4. Enter the Adjustment Entry Definitions sub-level form.
5. Select the Account Number of the adjustments account.
6. Specify the Transaction Date.
7. The Reference Date and/or Due Date appear automatically. Revise as needed.
8. You can also record:
 - a. A journal entry code (In the Transactions column of the References tab)
 - b. The relevant Cash Flow Code
 - c. A brief remark (in the Details column)
 - d. The relevant budget item (In the Budget tab)
 - e. A profit or cost centre (in the Profit/Cost Centre Tab).
9. Return to the upper-level form.

STAGE SIX: FINALISING THE RECONCILIATIONS

1. Run the Finalise Reconciliation program.

STAGE SEVEN: RUNNING REPORTS

Run the following reports:

1. Unreconciled Entries: the report displays any entries that have not been properly reconciled. That is, it provides a birds-eye view of the Unreconciled Transactions sub-level form (for a particular account). The report cannot be limited to a specific date range.
2. Open Transactions as of date: the report displays unreconciled entries as of a designated date.
3. Final Reconciliation by Date: The report displays final reconciliations for selected accounts within a designated date range.
4. Final Reconciliation by Number: The report displays final reconciliations for selected accounts within a designated range of reconciliation numbers.

RESULTS

You can run up-to-date aging reports. Only unreconciled transactions will be displayed there.

You can easily view the state of a given account in its sub-level forms. The Reconciled Transactions form displays all reconciled entries, including their reconciliation number. In the Unreconciled Transactions form, you can change the Due Date of the entry, if necessary.