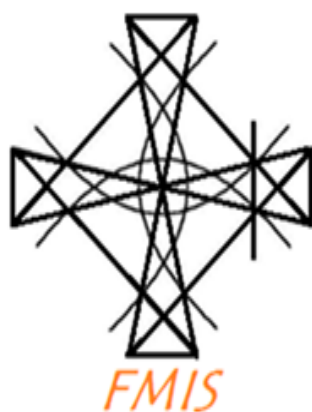
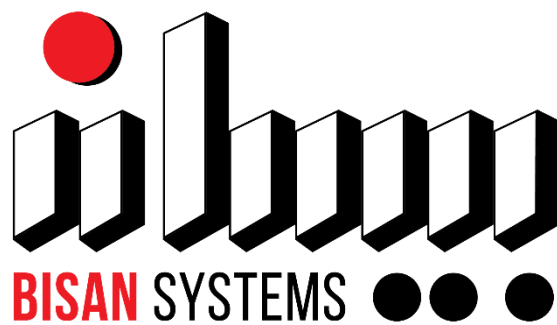




\$ Jimwe Tiljok im Mol \$

Public Financial Management – Ministry of Finance

7.1 Bank Reconciliation

VERSION 1.0 OCTOBER 2022

Table of Contents

1. Objectives	1
2. Scope	1
3. Workflow/Process Flowchart	1
4. Detailed Process Procedures	2
4.1 Checks/Payment Orders Processed by Accounting Department	2
4.2 Check/Payment Order Printing in Bisan	2
4.3 Finalizing the Payment Voucher and Issuing Payment	5
5. Accounting Entries in BISAN	7
6. Next Steps in Process	7

1. .Objective

The objective of this module is to explain the bank **reconciliation procedures** to be taken by the Bank Reconciliation Unit of the GRMI to ensure that the FMIS system (Bisan) is providing accurate and timely financial information. These procedures are **key fundamental controls** performed in all accounting systems to enhance integrity and review for possible errors in the operation of FMIS or bank posting errors. It is also integral to uncovering unauthorized activity. As with all systems, user errors occur and these procedures are methods to locate and correct user errors and incomplete transactions on a timely basis.

Bank reconciliation is an integral part of the overall expenditure/revenue management process. It is specific to the GRMI's financial accounting/financial management policies and procedures.

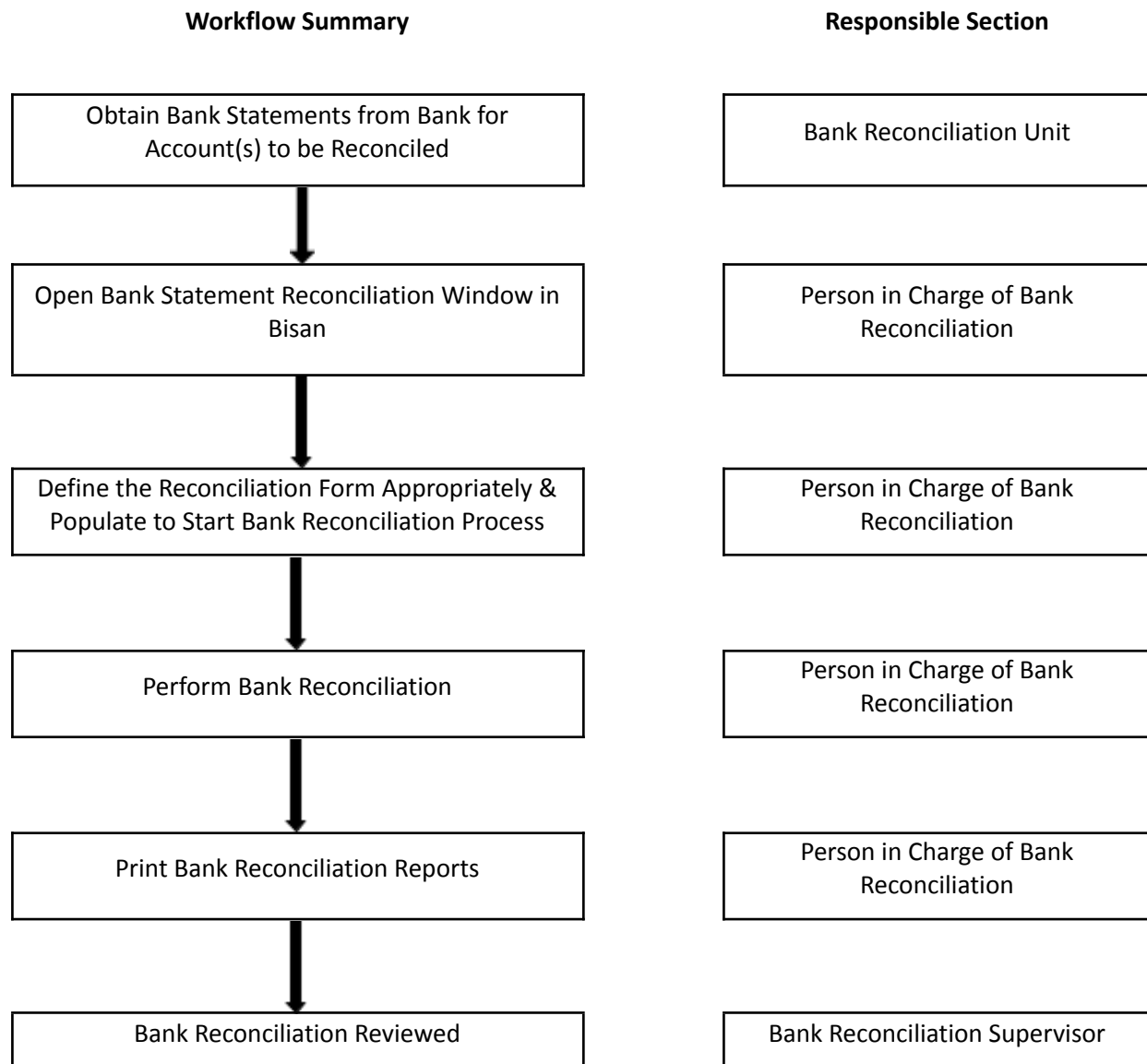
As with all other modules in this policy and procedures manual, it starts with a schematic overview of the process then discusses each step in detail, kjjjjopjjjjpjpnon on the screens and approvals required at each step

2. Scope

This procedure is of interest to:

- Accounting Department
- Bank Reconciliation Unit

3. Workflow/Process Flowchart



4. Detailed Process Procedures

4.1 Purpose and Overview of Bank Reconciliations

Bank Reconciliation is an integral component of Treasury Management. It involves the process of matching bank transactions as reported in the Bank Statement with transactions in the related General Ledger Bank Account. Regular Bank Reconciliation identifies unpresented cheques/EFT orders, deposits and adjustments which have not been recorded by either the bank or in the General Ledger Bank Accounts. Bisan provides a comprehensive Bank Reconciliation function that assists to effectively manage and control cash balances.

Bank account reconciliation is an absolute necessity in any business, including government. This procedure will discover such transactions/errors as:

- ☐ **Debit** and **Credit** advices that have been processed by a bank that have not been recorded in the general ledger (Bisan system) or recorded incorrectly
- ☐ **Checks/payment transfers** that have been issued by GRMI, however, have been cashed or not cashed by the Vendor. This also includes cheques/EFT orders or transfers that have been cleared by the bank for the wrong amounts
- ☐ **Revenue Deposits** that were made that have not been recorded or recorded incorrectly in the general ledger
- ☐ **Fraudulent** withdrawals from the bank account
- ☐ **Any other activity** not listed above that has not been captured within the FMIS system

The **overall goal** of the bank reconciliation is to compare the cash balance/transactions as listed in the bank statement with the cash balance/transactions shown in the General Ledger at a certain point of time and **EXPLAIN** the difference between the two balances, thus recognizing all pertinent charges/receipts in the cash book. A simple sample format to explain the goal of the reconciliation can be shown as follows:

Cash balance per bank statement 1,000			
Less:			
Cheques/bank transfers written in Bisan & not recorded in bank statement	-200		
Deposits recorded in bank statement & not recorded in Bisan	-400		
Credit advices processed by bank & not recorded in Bisan	<u>-100</u>	-700	
Add:			
Deposits recorded in Bisan & not recorded in bank statement	300		
Debit advices processed by bank & not recorded in Bisan	100		
Unknown withdrawals from bank & not recorded in Bisan	<u>200</u>	<u>600</u>	<u>-100</u>
Equals: Cash balance per General Ledger (Bisan) <u>900</u>			

4.2 Frequency of Performing Bank Reconciliations

Of paramount importance for the bank reconciliation unit is to reconcile the accounts monthly, at minimum. Ideally, all accounts should be reconciled **daily** so that errors are detected immediately, and corrective action taken on a timely basis. This also reduces the workload and does not leave the process to the end of the month when other monthly activities are competing for time and the task looks too daunting.

4.3 Performing the Bank Reconciliation in Bisan

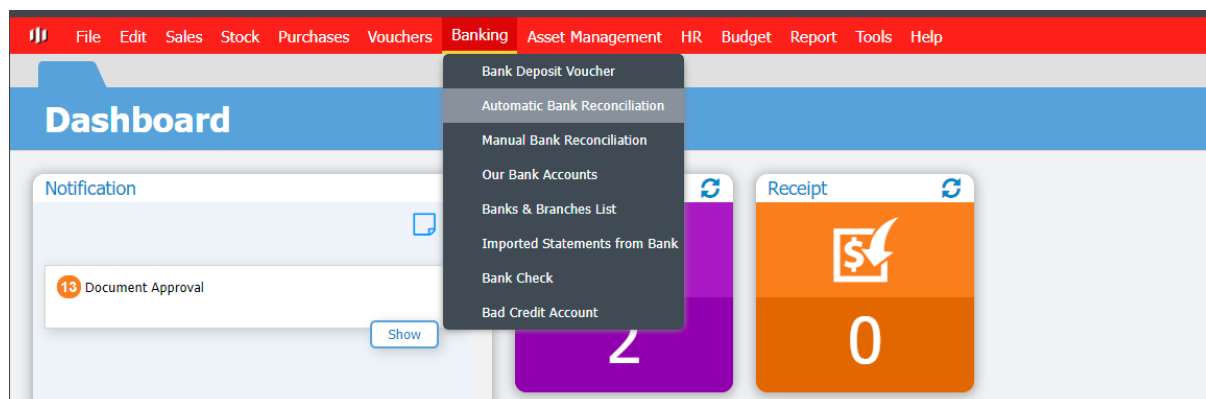
This section assumes that staff are aware of all the specific bank accounts. Therefore, to start the reconciliation process, the following steps are performed:

Step 1: Export the bank statements for all accounts that you are responsible for reconciling for the particular period you need to reconcile (daily, weekly or monthly). These statements are exported from the online bank account.

Note

To configure and map the exported bank statement with columns in Bisan refer to section 4.4

Step 2: Navigate in Bisan to the Reconciliation screen as follows:



After clicking on Banking > Automatic Bank Reconciliation, the following Bank Statement Reconciliation window will appear that requires selecting and defining some fields to start the reconciliation process:

Step 3: Defining Section 1 of the Bank Statement Reconciliation form to begin the reconciliation process starts with selecting the bank account to be reconciled:

NOTE:

Always remember that this form is being used to reconcile the bank statement and you are defining the bank statement parameters.

Field Name	Discussion
Up-to-Date	This is to be defined as the period for which the bank statement covers and should be the ending date of the bank statement. For example, if you are reconciling based on a monthly statement, then you would merely enter the end of month date as shown in the dating protocol above. The above example indicates that the bank will be reconciled for the period ended 07/31/2022. Another important understanding for dating the reconciliation properly is that the system will take the closing bank statement balance from the last reconciliation and use this as the opening bank statement balance. For example, if the bank reconciliation is performed on a monthly basis, in the above screenshot example, the period dating of 07/2022 tells the system to use the last bank reconciliation performed on 06/2022, or 30 June 2022.

Field Name	Discussion
Bank Account	This is the particular physical bank account that you want to reconcile and for which you have the physical bank statement. To choose the bank, press F2 while in this field and a table of banks will appear from which you choose your particular bank account --- search and highlight the bank and press enter.
Lock Bank	When reconciling, after defining all the fields in Section 1 (see Step 3) be sure to “lock” the bank account so changes cannot occur while reconciling or after the account has been reconciled. When you click on Lock Bank, you will be asked for the date to lock the account.

Step 4: Import Bank File

NOTE:

This Action will allow user to import the bank statement file into Bisan and then undertake reconciliation between the Bank Records and the Bank Ledger

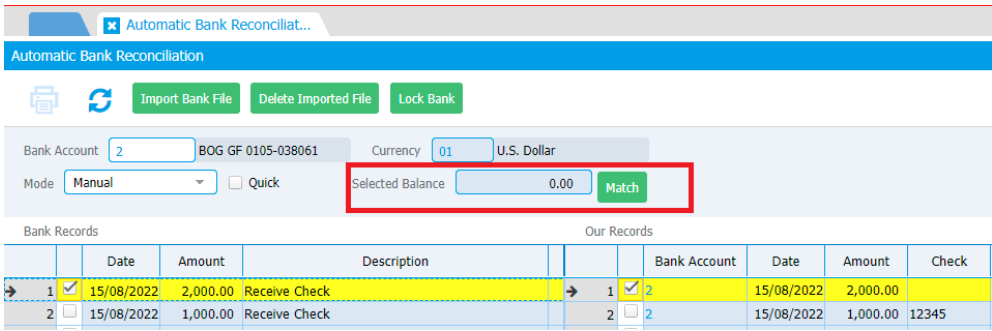
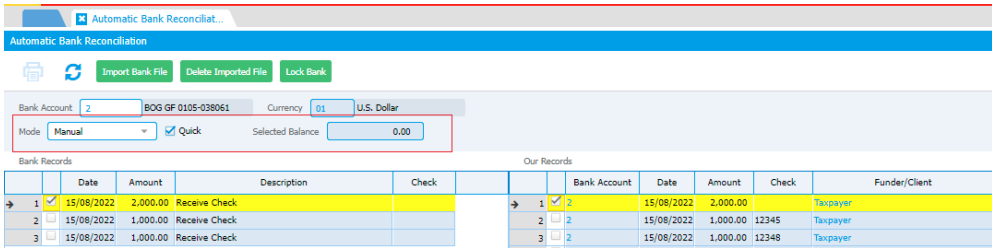
Step 5: Understanding Section 2 of the Bank Statement Reconciliation form in order to begin the reconciliation process:

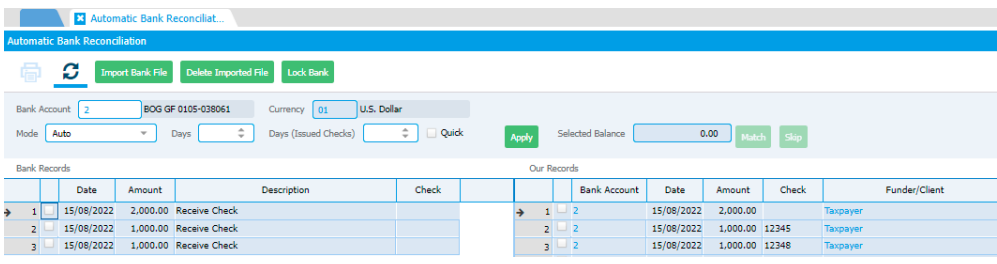
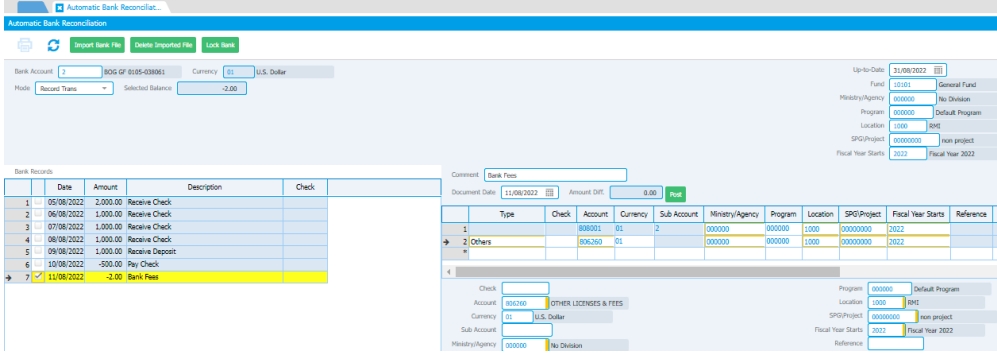
Our Records								
		Bank Account	Date	Amount	Check	Funder/Client	Voucher	Bank
1	☐	2	15/08/2022	2,000.00		Taxpayer	21/00000002 RV	
2	☐	2	15/08/2022	1,000.00	12345	Taxpayer	21/00000001 DEPOSIT	01
3	☐	2	15/08/2022	1,000.00	12348	Taxpayer	21/00000001 DEPOSIT	01
4	☐	2	15/08/2022	-500.00	2	Supplier	21/00000029 PV	
5	☐	2	16/08/2022	1,000.00	12346	Taxpayer	21/00000001 DEPOSIT	01
6	☐	2	17/08/2022	1,000.00	12347	Taxpayer	21/00000001 DEPOSIT	01

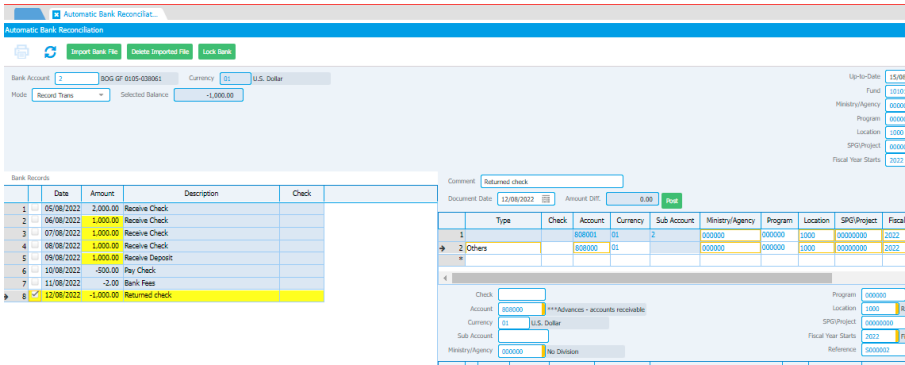
Bank Records					
		Date	Amount	Description	Check
1	☐	15/08/2022	2,000.00	Receive Check	
2	☐	15/08/2022	1,000.00	Receive Check	
3	☐	15/08/2022	1,000.00	Receive Check	

Field Name	Discussion
Bank Records	The bank records were imported to the reconciliation located on the left side of Bank Reconciliation
Our Records	The Bank Ledger (cashbook related to the chosen bank account to be reconciled) transactions located to the rights side of Bank Reconciliation

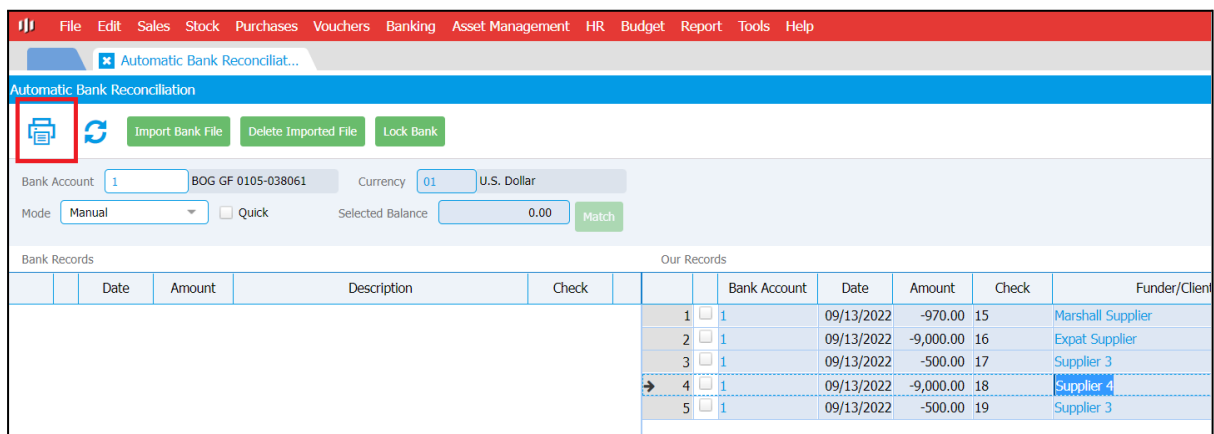
Step 6: Understanding Section 4 of the Bank Statement Reconciliation Process

Field Name	Discussion
Mode	There are several modes that you may choose from to execute the bank reconciliations as follows:
Manual	When selecting the manual mode, you will be able to reconcile the transactions between both windows manually in two different ways: Manual without Enabling Quick: Once the user selects a transaction from one of the windows the system will highlight possible matching transactions found in the other window. By clicking on the Match button the system will reconcile these transactions and remove them from the form. Note that the Match button will remain disabled until the selected transactions have equal amounts and the selected balance become zero.  Manual with Quick: This option will eliminate the need to click on the Match Button since once equal transactions are selected, the system will automatically reconcile these transactions and remove them from the form. 
Auto	When selecting the auto mode, you will be able to reconcile the transactions between both windows automatically in two different ways: Auto without enabling Quick: To resume the reconciliation, you need to click on Apply button and two equal transactions, one from each window, will appear highlighted in yellow. Once you click on the Match button, both transactions will be reconciled and will disappear and the system will choose the next equal transactions for reconciliation. You may also define the number of days in the Days field to allow for certain number of differences in the days

Field Name	Discussion
	that the transactions are posted in the system and is found in the bank statement.  Auto with Quick: This option works as the above option but once you click on Apply and the equal transactions are found, the system will automatically match them and remove from the form, without any prompt. You will immediately be left with unmatched transactions that require further investigation.
Record Trans	The system allows the user to enter new transactions that are found in the bank statement but are not found in the system, such as additional bank charges, management fee charges and returned checks as follows: Bank Charges: should the bank statement show a bank charge that has not been entered through a voucher in the system, a new journal voucher may be added through the reconciliation process as follows: 1- Choose record transactions from the Mode field 2- Select the transaction shown in the bank for the bank charges. Choose Bank charges from the menu under Type column (right-hand window) and the system will display the corresponding accounts in the ledger that was defined in the bank's file for bank charges transactions. The amount of the charge found in the bank's statement will appear in Debit Field and the bank's account will appear in the credit field. To Complete the transaction, click on the Post button and a new voucher will be posted in the system  Returned checks: Should a returned check appear in the bank statement and not in the system transactions, you may record it through the bank reconciliation form as follows: 1- Choose Record Transactions from the Mode Field 2- Select the transaction shown in the bank for the returned check 3- Choose Returned check from the menu under Type 4- Choose the reference for the check that corresponds to the check in the bank statement 5- Click on Post to post the transactions in the system

Field Name	Discussion
	 The screenshot shows the 'Automatic Bank Reconciliation' window. It includes fields for Bank Account (2), BOG GF 0105-038061, Currency (01) U.S. Dollar, and Mode (Record Trans). A table of Bank Records is displayed with columns: Date, Amount, Description, and Check. The records show transactions from 05/08/2022 to 12/08/2022. A reconciliation table on the right shows a list of transactions with columns: Type, Check, Account, Currency, Sub Account, Ministry/Agency, Program, Location, SPG/Project, and Fiscal. The table shows a list of transactions with a 'Returned check' comment.
Handled	The system will show all the transactions that have been matched, whether it was settled manually or automatically. All matched transactions will be highlighted, and any settled records in both the bank records and our records may be unsettled by clicking on them for future reconciliation
Lock Bank	This option will allow the user to lock the bank for a manually specified date that will disable any user from entering any transaction on or before the said date. The default date for this operation is today's date.

Step 7: To document the unreconciled items between the loaded bank statement and the GL transactions recorded in Bisan, click the print icon.



The screenshot shows the 'Automatic Bank Reconciliation' window. The 'Print' icon (a printer symbol) is highlighted with a red box. The window includes fields for Bank Account (1), BOG GF 0105-038061, Currency (01) U.S. Dollar, and Mode (Manual). A table of Bank Records is displayed with columns: Date, Amount, Description, and Check. The records show transactions from 09/13/2022 to 09/13/2022. A table of Our Records is also displayed with columns: Bank Account, Date, Amount, Check, and Funder/Client. The table shows a list of transactions with a 'Supplier 4' comment.

And the following report will be displayed with all the outstanding transactions.

Statement of Bank Reconciliation				
Bank Account 1:BOG GF 0105-038061			Up-to-Date 09/17/2022	
Currency 01:U.S. Dollar				
Bank Records				
	Date	Check Number	Funder/Client	Amount
Balance as of	09/17/2022			-27,674.00
Add				
Total Add				0.00
Subtract				
	09/13/2022	15	Marshall Supplier	970.00
	09/13/2022	16	Expat Supplier	9,000.00
	09/13/2022	17	Supplier 3	500.00
	09/13/2022	18	Supplier 4	9,000.00
	09/13/2022	19	Supplier 3	500.00
Total Subtract				19,970.00
Reconciled Balance				-47,644.00
Our Records				
	Date	Description		Amount
Balance as of	09/17/2022			-47,644.00
Add				
Total Add				0.00
Subtract				
Total Subtract				0.00
Reconciled Balance				-47,644.00

4.4 Configuring and Mapping the Exported Bank Statement to upload

To define the Bank Account and Statement File Format (Mapping with the Bank Account)

This form (see screenshot below) represents the different formats used by each bank in the file received from them. You would need to specify the format for all of your bank accounts defined in the system, as well as any new bank accounts that you add in the future in order to allow the system to read the bank statement supplied from the bank to perform an automatic bank reconciliation.

Each bank statement file format consists of a detailed table which you can access by clicking the F2 function key with your cursor placed on the field, or clicking twice on the field with your mouse to open a new screen with predefined fields and column indexes that could be changed or added to complete all fields that appear in the bank's statement format as follows:

Bank Statement File Format : 01 - Statement File Format

Code

☒ Enabled
 ☒ Used

Name

English

Statement File Format

Statement File Format

Statement File Format

español

العربية

Standard Delimiter

TAB

Other Delimiter

File Encoding

UTF-8

IBAN Row

↑
↓

IBAN Column

↑
↓

First Data Line

1
↑
↓

☐ Latest Data First

Fields

	Field	Column Index	Format
1	Post Date	1	
2	Debit	2	
3	Credit / Amount	3	
4	Balance	4	
5	Description	5	
6	Check Number	6	
*			

The fields that are predefined are as follows:

- 1- **Code:** This is an automatically defined number from the system or it may be entered manually
- 2- **Name:** A description of file format in all defined languages in the system, or the user has the option to enter the name only in the default language
- 3- **Delimiter:** If the file imported from the bank is a text file, you need to define the delimiter used to separate the columns. If the file imported is in excel format, then you don't need to define this field. A drop-down list of all options in the system including Tab, Comma, Space, Semi colon, other appear to choose from.
- 4- **Other Delimiter:** This field is enabled only if you choose other for the first Delimiter above and then you would need to define the kind of delimiter used to separate the columns in the text file.
- 5- **IBAN Row:** the number of the row where the IBAN is shown in the bank's statement
- 6- **IBAN Column:** the number of the column where the IBAN is shown in the Bank's statement
- 7- **First Data Line:** The number of the row where the first transaction is shown in the Bank's Statement.
- 8- **Latest Data First:** By Placing a check mark in the box next to this field, the system will order the transactions by due date, starting with the latest data and descending to the oldest.
- 9- **Fields:** This section contains a list of the fields that are used as a guide for reading the bank's statement, where each field refers to the number of the column that it appears in. All the Fields shown in the bank's imported statement must be defined in the separate row in this section.

- Post Date:** Is the date that the transactions are posted in the bank, you need to define the column where it is shown and the date format.
- Check Number:** Define the column where the check number appears in the bank statement's file.
- Debit Amount:** Should the bank statement file contain two columns one for debit and one for credit, you would need to define the column where the credit is shown.
- Credit Amount:** Should the bank statement file contain only one column for both Debit and Credit, you will need to define the column where the credit is shown. Should the bank statement file contain only one column for both debit and credit which are differentiated by a + or – sign or by () for the negative amount, then you need to define that column in this field.
- Description:** Most electronic bank statement files contain a column with a description of the transactions, where many times the check number is shown within this description. Bisan has the ability to read the check number from this field and presenting it in a separate column.
- Balance:** You need to define the column number where the balance appears in the bank statement file.

Bank Charge Account: Define the account for the bank charges by selecting one from the account's file.

Table for defining the adjusting transactions: The bank accounts file has a table for the setup of the adjusting transactions vouchers as shown below:

Our Bank Accounts : 3 - BOG GF 0105-038060

General Reconciliation Auto Trans.

Type - English	Type - español	Check	Account	Currency	Sub Account	Reference	Fund	Ministry/Agency	Program	Branch	Project	Auto Match Operation	Auto Match Value	Accumulate
1 Bank Charges	Bank Charges	☐	807714											
2 Returned Check	Cheque Devuelto	☒	808007											

Type-English: Text area to enter the description in English

Type-Spanish: Text area to enter the description in Spanish (no need to complete for RMI)

Check: Add a check mark in the box if you are defining a transaction that involves a bank check

Account: Enter the account number for the defined transaction, for example if you are defining the transaction for a returned check, you would need to add the returned check account number or the AP/AR account number, and for bank charges, you would enter the bank charges account number.

Currency: Select the currency used for that account file. Note that for returned check transactions, this field is disabled.

Sub Account: Select the sub account for bank account

Reference: You may define the reference for accounts that require a reference

Fund: If you have defined the Fund for account transaction

Ministry/Agency: If you have defined the Ministry/Agency for account transaction

Program: If you have defined the Program for account transaction

Location: If you have defined the Location for account transaction

SPG/Project: If you have defined the SPG/Project for account transaction

Auto Match Operation: You may enter a keyword such as charges to be used for automatic bank reconciliation transaction matching, the system will then look for the keyword in the description to match same value and same date transactions that contain that keyword.

Accumulate: If you entered a keyword in the auto match operation above, then this field becomes enabled and you may choose from monthly or daily to order the periodic matching to be conducted daily or at the end of each month.