

BANK RECONCILIATION

BANK RECONCILIATION INSTRUCTIONS

Immediately after receiving each month's bank statement, a bank reconciliation should be prepared. The sooner the statement is reconciled after receipt, the easier the reconciliation will be to perform. A bank statement reconciliation assures locals that the transactions and balances entered into the books are correct, and that the bank has not made any errors in processing the local's transactions.

The steps in preparing a bank reconciliation are as follows:

1. Bank Reconciliation Date

- A. Determine a "Bank Reconciliation Date". Select one of the following dates and prepare only one bank reconciliation per month.**
 - i. The last date shown on the bank statement. Using this as the reconciliation date, the bank statement will be reconciled to the book balance as of the statement date. Selecting this date minimizes the number of outstanding checks and deposits in transit listed for reconciliation.**
 - ii. The date the bank statement is received. Using this as the reconciliation date, the bank statement should be reconciled to the current book balance. Selecting this date ensures a correct current book balance.**

- 4. Other Charges/Credits (Bank Fees and Interest Earned)**
 - A. Review all other charges and credits on the bank statement. Any improper charges should be brought to the bank's attention with a request that the items be reversed.**
 - B. All accurate fees and earnings need to be added to or subtracted from the book and incorporated into the balance so all statements reconcile.**

- 5. Balances**
 - A. Compute the adjusted bank balance using the "Bank Reconciliation Form."**
 - B. Compute the adjusted book balance using the "Bank Reconciliation Form."**
 - C. Compare the two balances. They should be equal. Evaluate and resolve any discrepancy.**
 - D. Enter required book adjustments as the next entry in the cashbook and checkbook.**

HOW TO RECONCILE YOUR CHECKBOOK

		DEPOSITS	NOT CREDITED
1. Compare the enclosed check copies with the entries in your checkbook.		DATE	AMOUNT
2. Mark off in your checkbook register each of the checks paid by the bank. Deduct from your checkbook balance any charges (automatic debits, transfers, service charges, etc.). Add any interest earned to your checkbook balance.		_____	_____
		_____	_____
		_____	_____
		_____	_____
		Total Deposits	\$ _____
		Not Credited	
		(enter in Box 6)	
3. List in "Items Outstanding" column all checks that have been issued but not yet paid by the bank.			
4. List any deposits made but not shown on the bank statement in the "Deposits Not Credited" column.		ITEMS	OUTSTANDING
		CHECK #/DATE	AMOUNT
5. Enter the ending balance from the front of this statement	\$ _____	_____	_____
6. ADD total amount of "Deposits Not Credited" on this statement	\$ _____	_____	_____
7. SUBTOTAL (Add lines 5 & 6 above)	\$ _____	_____	_____
8. SUBTRACT total amount of "Items Outstanding"	\$ _____	_____	_____
9. BALANCE (subtract line 8 from line 7). This figure should agree with the balance in your checkbook.	\$ _____	Total Items Outstanding	\$ _____
		(enter in Box 8)	

If Your Account Does Not Balance:

- Have you entered all automatic transfer transactions in your register?
- Have you correctly entered the amount of each check/withdrawal in your register?
- Have you deducted all appropriate service charges in your register?
- Are the amounts of your deposits entered in your register the same as this statement?
- Have you checked all additions and subtractions in your register?