Purpose of this guide

This guide is aimed at staff responsible for the performance of bank reconciliation and the managers who review their work.

It is long and detailed and attempts to bring together in a single, stand-alone document, all current guidance on the subject.

Contents

Introduction ............................................................................................................................................. 2
Internal controls..................................................................................................................................... 3
Bank reconciliation in Atlas ....................................................................................................................... 4
Effective dating ..................................................................................................................................... 4
Voucher vs payment in Atlas ..................................................................................................................... 5
Sources of data for bank to book reconciliation ......................................................................................... 5
Cashbook and bank reconciliation report (“B2B”)...................................................................................... 6
External items ....................................................................................................................................... 10
Methods of reconciliation in Atlas ............................................................................................................ 11
Manual reconciliation ............................................................................................................................... 11
Introduction

A bank reconciliation is a comparison of 2 records of the same amount of cash: one held by us in our Atlas system – the cashbook – and another held by our bankers – the bank statement. The bank reconciliation lists and explains all items that differ between the 2 records. The total of these items equals the difference between the cash balance in the cashbook and that in the bank statement.

There are 2 main objectives to performing a bank reconciliation:

1. Confirm that the amount of cash we think we hold actually exists.
2. Gain assurance that our books and records are correct. As this cash is the sum of all income and expenditures, the process is also essential to ensuring that income and expenditure is complete and correct.

Therefore without performing a bank reconciliation we do not know our stated level of cash exists or that our income and expenditure is correctly recorded. It is for these reasons that bank reconciliation is regarded as one of the single most important internal controls.

The method by which a bank reconciliation is performed is a 2 step process:

1. Agree your opening balance. Always start with a successfully completed reconciliation and move this forward to the required period end date. Never start work with a “difference to be investigated” and try and get this down to zero.

2. Match all items where the records in the cashbook and those in the bank statement agree. List those that do not agree. When done correctly, the cashbook balance adjusted for the reconciling items equals the balance per the bank statement.
The items that so not match can be divided into 2 groups:

1. **Timing differences** – for example, a cheque written in the cashbook at the end of the period under review that does not clear the bank until the following period. Timing differences arise in the course of normal business and are considered a legitimate explanation of a difference between cashbook and bank statement.

2. **Absolute differences** – for example, a payment is entered twice in error in the cashbook and once (correctly) in the bank statement. These items require further action, such as a correcting entry to the cashbook. Ideally such corrections are made in time to re-perform step 1 above so that the bank reconciliation leaves only timing differences.

A bank reconciliation will not solve all accounting issues in a given office. It will merely give an accurate reflection of the quality of financial management in that office, in that is may reveal a large or a small number of accounting errors. Its strength is that any such error become clearly identified and so is the first step to making the necessary corrections.

**Internal controls**

As stated above, the bank reconciliation is one of the most important internal controls. The following rules apply:

Bank reconciliation must be completed at least monthly as at the month end date. Best practice is to perform the exercise weekly.

The member of staff assigned the task must have strong accounting skills, have extensive previous experience of bank reconciliation and a solid understanding of Atlas financials.

To the extent possible, the member of staff reconciling the bank should not also prepare or approve receipts or payments.

Once the bank reconciliation is completed, this should be submitted to a supervising officer for review. Both staff members should sign the bank reconciliation report (B2B) where indicated and this hard copy should be kept for audit inspection.

*Soft copies of the relevant cashbook and reconciling entries should also be kept (reports C and D of the B2B report package in Atlas).* This is essential both for internal control and audit requirements as mentioned above and also for use in the event that the account becomes unreconciled in the future. A backup is an effective tool to for tracing
back to the last successful reconciliation and resolving the problem from that point forward.

**Bank reconciliation in Atlas**

Atlas is a modular system with transactions generated in subsystems that flow up the General Ledger (GL). Subsystems include Accounts Payable (AP), Accounts Receivable (AR), Treasury (TR) and Global Payroll (GP).

Atlas is also divided into 2 main sections: financials and human resources (HR). AP, AR and TR are part of financials and GP is part of HR. As GP is not part of financials, reconciliation of these items differs from the other 3 subsystems and this is discussed in more detail below.

Data posted to the GL is done at a summarized level to reduce the data burden in the GL. This means that transactions with the same chart of accounts (COA) are aggregated and post to GL as 1 entry. This is represented in the diagram below by the solid lines pointing to the GL.

For bank reconciliation, we need data at the detailed level (each cheque, deposit and so on) and so the cashbook and bank reconciliation report take data from the subsystem level. Any reconciliation issues between subsystems and GL are dealt with by Office of Finance, HQ.

A good understanding of Atlas is essential for the successful completion of bank reconciliation. Users that have not done so already should familiarize themselves with the relevant modules through Ondemand, Finance User Guide chapters and prescriptive contents in the Atlas and Finance sections of the intranet.

**Effective dating**

An essential concept to grasp in Atlas bank reconciliation is “effective dating”. Atlas not only assigns a series of dates to transactions (eg, invoice date, accounting date, etc) it also assigns a separate date to reconciliation. This is the date the payment or receipt appears on the bank statement. It is not necessarily the same date the payment or receipt was posted in Atlas, nor is it necessarily today’s date, the default value when performing bank reconciliation in Atlas.

For example, I make a payment in Atlas 25 January. It clears the bank 30 January. I update my bank reconciliation 3 February. I select the item to change its status to reconciled (described in more detail below). The system will suggest today’s date of 3 February. The payment date will appear as 25 January. I must change the reconciliation date to 30 January.
This will allow me to complete the 30 January bank reconciliation and correctly show the payment as reconciled. Choosing the default date of 3 February will mean the reconciliation fails to balance as at 30 January.

**Voucher vs payment in Atlas**

An AP voucher is not a payment. The entry created by an AP voucher is:

- DR expenditure
- CR Accounts Payable (AP)

It is only when we make payment to the vendor that an entry to the cashbook is created and so relevant to the bank reconciliation:

- DR Accounts Payable (AP)
- CR cashbook

An unpaid voucher has no effect on the cashbook or bank reconciliation.

**Sources of data for bank to book reconciliation**
As the above diagram shows, the cashbook and bank reconciliation report (B2B) pick up data from the subsystems of Atlas, as opposed to the General Ledger (GL). The subsystems are Accounts Payable, Accounts Receivable, Treasury and Global Payroll as shown above.

Data is held in detail at the subsystem level showing properties such as cheque and payment reference essential for bank reconciliation. Data posted to the GL is held at an aggregated level, meaning that 2 or more items with the same chart of accounts are combined into a single entry to boost system performance but losing details such as cheque and payment number.

Each week data is posted from subsystems to GL and sometimes there are problems leading to reconciliation issues between GL and subsystems. It is important to appreciate that GL / subsystem reconciliation issues do not impact on bank reconciliation as long as subsystem data is complete and correct.

**Cashbook and bank reconciliation report (“B2B”)**

This Atlas report is accessed by the following navigation: UN Reports > Financial Management Reports > Accounting Management Reports > B2B Reconciliation Simplified (report).
Click 'Add a New Value' tab
Type “BankRec” in ‘Run Control ID’ dialogue box
Click ‘Add’
Fill in ‘Report Request Parameters’
GL Business Unit = UNDP1
External Bank ID = Bank Number (i.e. 111000012)
Bank Account Number = Bank Account Number (i.e. 3751555584)
From Date = Beginning accounting date (i.e. 01/01/2004)
To Date = Ending accounting date (i.e. 31/08/2006)
Click ‘Run’
Select all three reports (UNGL502B, UNGL502C, UNGL502D)
Change Formats
UNGL502B = PDF
UNGL502C = CSV
UNGL502D = CSV
Click ‘OK’
Wait 5 minutes (roughly) and Click ‘Process Monitor’
Click ‘Details’ for UNGL502D
Click ‘View Log/Trace’
Click ‘ungl502d.csv’
Click ‘File, Save as – Give the file a name which includes ‘CO code, Description of file, date, account number (i.e. AFG Cashbook 31-08-2006 Acct 3751555584).
Click ‘Save’

Enter the bank, account and period end dates where indicated. See Ondemand.

The B2B contains 3 reports as follows:

1) Report UNGL502B – 1 page summary showing 2 separate reports:
   a) The cashbook showing the brought forward and carried forward balances and a summary of the subsystem transactions (the payments and receipts) for the period.
   b) A reconciliation of that closing cashbook balance to the closing bank statement balance.

2) Report UNGL502C – list of all relevant transactions divided by source system and reconciliation status. Use this to see the reconciling items.

3) Report UNGL502D – Atlas cashbook showing the brought forward and carried forward balances and all transactions in the period.

Example of Cashbook and Bank Reconciliation report (UNGL502B):
In the successful reconciliation above, note that the cashbook closing balance of 10,496,307.86 from the top half of the report agrees to that calculated in the reconciliation in the bottom half of the report. Hence the “difference to be investigated” (the last line) is zero.

If the difference to be investigated is not zero, the bank reconciliation is not complete.
The following notes describe each line of the report:

The cashbook has 3 columns. The third and last total column is that used to calculate the cashbook balances. The first 2 columns break this total into reconciled (in book and in bank) and unreconciled (in book but not in bank) transactions. The unreconciled transaction amounts are repeated in the reconciliation report as they are part of the explanation for the difference in the cashbook and bank statement balance.

**Cancelled payment activity** – this appears on a separate line to the other payments above due to technical reasons only. We reconcile as at a particular date. For example (say) on 5 June we reconcile as at 31 May. A payment may have been issued 30 May and cancelled 2 June. The cancelled payment activity line ensures the payment only is reported as at 30 June. It will of course show as unreconciled as it does not (and never will) appear in the bank statement. The next month, in the bank reconciliation as at 30 June, the payment and cancellation will sum to zero and may be ignored.

**Global payroll** – these figures come directly from the Global Payroll module in the Human Resources side of Atlas (as apposed to Financials). For this technical reason only global payroll appears on a separate line. For the same reason we are not able on that line to divide the GP payments between reconciled and unreconciled as GP does not contain such a marker. This issue is dealt with in External Items and is explained in detail below.

**Global payroll adjustments** – these are GLJE’s (journals) with a special source type. Unlike all other GLJE’s, these entries are picked up by the B2B report. They are principally raised by HQ / Finance to correct errors such as the use of the wrong currency or bank in Global Payroll.

**External transactions table / fees and interest** – these are transactions posted via External Items using Accounting Templates. This practice was discontinued in 2005. We still need this line and these amounts as they form part of the cashbook balance carried forward. They relate to a past practice of posting fees and interest picked up from bank statements by entering these as external items and then posting to the GL using accounting templates. We now use the simpler and more flexible method of AP manual payments and for interest received, AR direct journals. By definition such items are always reconciled as they originate from the bank statement.

**Bank reconciliation** – this is the second half of the B2B report B. It takes the cashbook shown in the top half of the same B2B report and shows the transactions, in groups that explain the difference between the cashbook balance and that in the bank statement. As you can see, the unreconciled items only that appear in the top cashbook report are repeated in the bank reconciliation below.

**Add / less unreconciled external items** – this appears in the bank reconciliation part of the report only. It is a collection of reconciling entries that do not fir in the other categories listed above.
This usually contains items found in the bank not in the book. It is also where any unpresented payroll cheques / EFT’s are entered.

**External items**

This consists of the following 4 types of entry:

1) Items in bank not book
2) Unpresented payroll cheques / EFT’s
3) Bank fees and interest posted using transaction templates (practice discontinued 2005 – described above).
4) Converted items as at 1.1.04 – see section below.

We normally use external items to note a payment or receipt found in the bank statement and not entered into Atlas. Where this reflects an error by the bank this should be promptly followed up by UNDP and corrected by the bank.

*Particular care should be taken on such items as in the event of a fraud or theft affecting our bank account, this is typically where the theft will show up first. It is therefore essential that such external items are promptly followed up and resolved.*

Items in bank not book entered as external items take natural signs: payments are negative and receipts are positive.

To clear such items where the entry is not a bank error, made the necessary entry in Atlas and for payments run pay cycle / process manual payment. Reconcile both the external item and the new entry in Atlas with the same reconciliation date. The reconciliation date should be the same at the payment date in Atlas.

**Unpresented payroll cheques / EFT’s**

The only reason such items appear in external items is that Global Payroll, from where we take the data, does not have the concept of reconciled / unreconciled. We therefore enter them in external items.

These are items in the book not bank (the opposite of the example above) and so payments are entered with a positive sign.

Once the cheque / EFT clears the bank, reconcile this external item using the bank statement date as the reconciliation date.
Methods of reconciliation in Atlas

**Manual reconciliation** - this sources transactions from all subsystems (AP, AR, TR and External Transactions) enabling you to do matching in one single screen. For these accounts, the bank statements are not held in Atlas. The matching is done to manual bank statement held outside the system.

**Automatic reconciliation** – a centralized process that auto–matches Atlas transactions against the bank statements loaded into Atlas via a Bank of America interface.

**Semi-Manual reconciliation** is a feature helpful in resolving exceptions resulting from Automatic reconciliation.

**Manual reconciliation**

In this scenario the bank statements are not contained within Atlas. Only the cashbook and the lists of reconciling items are in the system.

The first step is to enter the bank statement closing balance to which you wish to reconcile, using the following navigation: Banking>Bank Statements>Enter Bank Balances.


Where the item in the cashbook, as seen in Manual Reconciliation, matches the item as it appears in the bank statement, change the status of the cashbook item to Reconciled (REC) and change the value date to the date that appears in bank statement.

This last point is crucial: the “value date” refers to the date the item clears the bank and becomes reconciled. This is the date that appears on the bank statements: not the transaction date, nor today’s date. Incorrect use of the value / reconciliation date will result in the bank reconciliation failing.
"value date" = the date upon which an item clears the bank as shown in the bank statement.
"trans date" = the date a payment or receipt is posted to the Atlas cashbook.

Example: to reconcile the first transaction shown above, chq 32694 for CLP 1,175,000 which is cleared on the bank statement 15/10/2005:
- Tick the select box next to the item
- Change the Value Date form the default value (today’s) to the date the item clears the bank: 15/10/2005 in this example.
- Press Save.

**Automatic reconciliation**

For ZBA accounts and accounts with the Bank of America (BOA) the matching of item is done automatically. See Ondemand.

Treasury uploads the bank statement information and runs the automated process that matches Atlas payments and deposits with payments and deposits in the bank account. Items are matched using the Atlas reference and amount. Those payments and deposits that are matched are marked as “Reconciled”. Payments and deposits that are not matched are left as “Unreconciled” and are highlighted as exceptions.
The opening and closing bank account balances are also automatically uploaded into Atlas.

The Automatic Bank Reconciliation Process produces three reports
1) The Auto Recon Error Report – This report contains all transactions for which the reference number sent by the bank does not match with a reference number in Atlas.
2) The Auto Recon Exception Report – This report contains all transactions for which reference numbers match but transaction codes or dates do not match.
3) The Account Register – This report lists all reconciled and un-reconciled amounts by account.

Bank statement items are classified as follows:

- ZCR/ZDR – ZBA credit or Debit
- EFT – Electronic Payments
- CHK – Check Payments
- D – Deposits
- M – Miscellaneous
- G - General

When the Automatic Reconciliation process has run the Auto Recon Manager Page will look like this:

The information in the page above states that out of 103 transactions in Bank Statement ID 27, 97 have been reconciled against the transactions in the system. The remaining 6 are tagged as exceptions. The status is “Ready” because of the exceptions encountered. In order to view these exceptions you can click on the link provided. You can get a report on 3 items on this page.
1) **Auto – Recon Errors** - If the reference number sent by the bank does not match any reference numbers in the system, the transaction is considered an Auto - Recon error. The Auto - Recon Errors report lists all Auto - Recon errors.

2) If the reference number sent by the bank matches a reference number in the system, but the transaction codes or dates do not match, the transaction is an **Auto - Recon Exception**. The Auto - Recon Exceptions report lists all reconciliation exceptions.

3) The third report is the **Account Register**, which lists all the reconciled and unreconciled amounts per account.

To run these reports, click on the check box next to the statement and at the bottom of the page choose the report to run and click on OK. (There is a slight delay in the process getting started).

To view the reports go to People Tools>Process Scheduler>Process Monitor. Alternatively, a better way to get the Account Register report is at UN Reports > Treasury > Account Register.

Example – how to resolve payments on the bank side where corresponding system transactions have already been voided
When this scenario occurs, it is likely to be paired (Bank and System) in the exceptions register (the page which will appear when you click on the Exceptions hyperlink). Line 1 above, with reference id 1800002448 is a system transaction, which has been voided when the statement was received. The bank side the amount has not yet been credited back and is still showing as a payment.

Resolving this exception:

Wait for the following days statement when the amount is credited back. After Auto Recon process takes place, this Return item will show up as an exception.

In this case it is not possible to do semi or manual reconciliation as the system side is already in Recon state (when any payment is voided – it becomes reconciled automatically). Therefore when the return is reported, you have to do two things: Navigate to Banking>Bank Statements>Enter Bank Statement. Enter the external Bank ID, Account number and the bank statement, which you just reconciled (27 in this case). Search.

All the transactions that were automatically reconciled have reverted to REC status. The exceptions have become NTF or in the case of the first exception (see below) - VOI
We would need to update this Status and make it REC.

Click on SAVE.

When you navigate back to the Exceptions page, this exception should have disappeared.

When the Return actually gets reported, in the exceptions page force reconcile the transaction. (See force reconcile below).
Click on Reconcile button at the bottom. The following message will show up:

No Statement Activity Type has been Defined for this Type of Transaction (9550,35)

When a statement activity type is defined, you may specify where to send the transaction as well as how to account for it once it is force reconciled. If none has been defined, the transaction will simply be force reconciled and will no longer show up as an exception.

Click on OK button. This warning message comes up because the system knows that we have not attached any accounting to this exception and are attempting to force reconcile. However, as this is a payment return, no template should be attached here.

Click on Save.

Click on OK
The transaction will no longer be an exception.
Example – how to resolve returned checks

Payment returns represent transactions that have been returned by the bank but the cancellation is not reflected in Atlas yet. (Depending on which stage the funds have been returned – it will be tagged as a RETURN or if the funds are returned after a longer period, it could be tagged as a deposit with a unique deposit ID).

Resolving this exception

On dealing with Returns, let’s look at the first exception on the list above, which is an EFT return reported by the bank (Cross check in the system – Manual/Semi-Manual Reconciliation page or in AP Payments review by amount and date).

If the payment is still showing as paid and unreconciled:

- Inform the payments manager regarding the return and have her / him cancel the payment. This will result in this payment disappearing from the system side.
- Force reconcile the exception on the page as below.
Click on Reconcile button at the bottom. The following message will show up:

![Microsoft Internet Explorer]

No Statement Activity Type has been Defined for this Type of Transaction (9550, 35)

When a statement activity type is defined, you may specify where to send the transaction as well as how to account for it once it is force reconciled. If none has been defined, the transaction will simply be force reconciled and will no longer show up as an exception.

Click on OK button. This warning message comes up because the system knows that we have not attached any accounting to this exception and are attempting to force reconcile. However, as this is a payment return, no template should be attached here.

Click on Save.

![Microsoft Internet Explorer]

1 transaction with a net difference amount of -1800 was forced to reconcile (9550, 10)

Click on OK button. The transaction will no longer be an exception.
Example – how to resolve donor receipts in bank not in book

Let's now look at the next transaction, which is a 3000 dollars deposit. On researching, we find that this is a deposit from a donor. Inform the receivables specialist about the receipt and make sure it gets recorded in AR as a regular deposit (make sure the control currency is populated).

Resolving this exception:

The steps to be followed are:

- Record the deposit in AR.
- Go to Semi Manual Reconciliation page and bring up the details for that particular date.
- Click on the check boxes against the deposit appearing on both sides (bank and system).
- Click on Reconcile.
- Click on Save.

Doing this step would update the Exceptions register for that bank statement.

For control purposes, you may record the AR item in the External Transactions table (WITHOUT an accounting template and WITHOUT reconciling), before the item gets recorded in AR. However, the moment the deposit is recorded properly, DELETE OR REVERSE the deposit in the External Transactions table.

Example – how to resolve payments not in Atlas

If there is in the bank statement a transaction – a payment that is not reflected in Atlas due to an oversight (the payment was paid manually outside the system).
Resolving this exception - the steps to be followed are:

- Record the payment in AP as a voucher, making sure you record using the correct payment date (to avoid posting gain/loss on exchange rate).
- Go to Semi Manual Reconciliation page and bring up the details for that particular date.
- Click on the check boxes against the payment appearing on both sides (bank and system).
- Click on Reconcile.
- Click on Save.

Doing this step would update the Exceptions register for that bank statement.

Example – Global Payroll (GP) – payroll cheque / EFT cleared by bank (ie, in bank and in book)

Normally there is little or no delay in payroll cheques and EFT’s clearing the bank (staff need their salary!). The problem in Atlas is due to the separation of the financials and HR modules, the cashbook side of the presented payments do not show up in the reconciliation reports.

Solution: go to semi-manual reconciliation and “force reconcile” these entries (see Semi Manual Reconciliation below). Alternatively, do nothing. The nil effect on the bank reconciliation report is as we would require as in this case we have no reconciling payroll transactions.

Example – Global Payroll (GP) – payroll cheque / EFT in book but not in bank

Enter as an external transaction. Ensure this is done using a positive sign even though it is a payment. This reflects the fact that it is in book not bank (usually external items are in bank not book).

The date should be the date as per the pay cycle / manual payment in Atlas.

Example – how to resolve Mismatched Reference IDs and payment types

This is the most common type of exception. This results when the payment has a different reference number and the bank statement reports a different one due to a variety of factors.
These types of exceptions are best resolved in Semi Manual reconciliation.

Semi Manual Reconciliation
**Semi Manual Reconciliation**

Match the system side of the transaction to the bank side by clicking on the check box provided on both the sides and then click on Reconcile button at the bottom of the page.

Remember: You can only reconcile one pair at a time.

Having investigated exceptions and made correcting entries where necessary, the relevant items can be reconciled using Semi-Manual Reconciliation. See Ondemand.

Alternatively, the items can be “force-reconciled” for bank statement items. This is done by clicking on Reconcile and Save.

**Global Payroll**

After every Global Payroll run, whether monthly or semi-monthly pay, make sure that you go to HRMS and extract the details of the salary payments (cheque number, issue date, amount, GP reference number).

Use the following navigation: Global Payroll>Payment Processing> Review Payments by Cal Group. Enter that month’s Calendar ID, Go to View Net Pay and extract the
information there. Based on the Source Bank ID copy the amounts and references to a spreadsheet.

Enter the Calendar Group ID. For example, choose XXX2004M01 for your country office XXX January Payroll or XXX2004S01 for your country office XXX Semi Monthly January Payroll.

When you get into the pages, you should open all of them to find what you need. You will need only "View Deductions - Individual" to open both sub pages for Payment Amount and Payment Detail.

If you see that the Source Bank ID is different in HRMS than that you actually disbursed from, please inform GPU, Copenhagen and Treasury, and they will change it for you.

Where the differences between Global Payroll and the bank are due to timing differences, see above for guidance. If other mismatches between what is in the bank statement and what is in Atlas, please contact Global Payroll Services, Copenhagen immediately.

If possible, resolve exceptions immediately. Exceptions that cannot be resolved immediately must be recorded in the External Transactions table as “identified differences” between the bank and book. See procedures below.

Review your GP data on the 1st page of the Summary Report and compare the amount paid reflected in there under “Payment amount from Global Payroll”, with the total amount debited in your bank statements for the GP.

Check your source bank set-up. Please contact Kirk Bayabos from GPU Copenhagen (kirk.bayabos@undp.org) if your GP amount paid is missing from the Summary Report or still appears under the different bank account. Prepare a list of differences between the total amount actually paid by your bank during 2004 and the total amount reflected under “Payment amount from the Global Payroll” in the Summary Report. They will be a part of your explanation of the differences.

### Opening balances – converted from legacy system

Up to the end of 2003 UNDP used a cashbook system k known as “WinFOAS”. From these individual cashbook systems, we converted the opening balances into Atlas a sta 1.1.04.

These balances can be down loaded from a WinZip file called “opening cash balances 1 January 2004”. UNDP Intranet > Management Practice - Documents Repository > Financial Resources Management - Prescriptive Content > bank_rec_SIS.

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1 Source Bank ID, though the same bank account number as in Financials may have different Atlas Bank Codes in HR. To check the Bank Account number assigned to your HR Source Bank ID please navigate to HRMS>Setup HRMS>Common Definitions>Banking>Source Bank Accounts
Check your 2003 outstanding items, converted from WinFOAS to Atlas Banking module, External transactions.

All outstanding bank items from WinFOAS have been converted as at 01/01/2004 to the Banking Module in Atlas, External Transactions, including:
- outstanding cheques – from F4.03 WinFOAS report
- outstanding receipts - from F4.02 WinFOAS report
- bank items, not recorded in cashbooks – from F4.04 WinFOAS report

Transaction descriptions for all outstanding items start with the reference to the relevant WinFOAS F4.02, 4.03, 4.04 reports, which allow you to easily recognize whether the amount represents a receipt, cheque or item not yet recorded in cashbook.

Note that you must reconcile all 2003 F4.02 and F4.03 outstanding items manually. You can see all unreconciled items. If the items have been paid or received by the bank, mark them as reconciled and click on Save.

For F404 items once any necessary entries have been made (in Atlas), the corresponding F4.04 items in External Transactions should be reconciled with the date of the recording in Atlas.

**Deals and bank transfers**

Settle all DEALS and BANK TRANSFERS. If you do not settle the deals and bank transfers, they will not appear as system transactions to be reconciled. Navigate to: Cash Management > Settlements > Settlement Inquiry

The status of deals and bank transfers should be ‘delivered’.

If your Deal/Bank Transfer is in “Unselected” Status: select the Deal/Bank Transfer for settlement, approve the settlement and run the pay cycle.

If your Deal/Bank Transfer is in “Pending” Status: approve the settlement and run the pay cycle.

If your Deal/Bank Transfer is in “Selected” Status: run the pay cycle.

If you are doing self-replenishment run the query: OFA_TR_SETTLEMENT_ANALYSIS. Save it to an excel spreadsheet. This will show all the Treasury based settlements. Choose your settlements based on the Settlement Instructions (First three characters are your Operating Unit).

Go to the last column A.PYMNT_SELCT_STATUS - it will give you the status of the deal or bank transfer.
Status = “X”: the Deal/Bank Transfer is “Unselected” or “Pending”. See above for next steps.
Status = “N”: the Deal/Bank Transfer is “Selected”. See above for next steps.
Status = “R”: the Deal/Bank Transfer is “Reset”. This happens if a Deal or a Bank Transfer is excluded from a Pay Cycle. Also, if you see any Deals or Bank Transfers with the Payment Status as MAN instead of CHK or EFT, please rectify them.

In order to rectify Deals/Bank Transfers with “R” or “Reset” status follow the steps below:

- Navigate to Cash Management > Settlements > Settlement Selection. Enter Unit (UNDP1), Bank, Account, Date, Status (Selected). Click on Search.
- Click on the check box against DL/BT000000XXXX.
- Click on the Unselect Payments Button.
- Go to the top of the same page and make the Status as Unselected. Click on search.
- DL/BT000000XXXX will show up.
- Click on select payments after clicking on the check box.
- After selection move on to approve settlement as before.
- After approval your deal is ready to be picked up by the pay cycle manager.

In order to rectify Deals/Bank Transfers with payment method as MAN instead of CHK/EFT follow the steps below:

- Navigate to Cash Management > Settlements > Settlement Selection. Enter Unit (UNDP1), Bank, Account, Date, Status (Selected). Click on Search.
- Click on the check box against DL/BT000000XXXX.
- Click on the Unselect Payments Button.
- Go to the top of the same page and make the Status as Unselected. Click on search.
- DL/BT000000XXXX will show up. Edit the Method from MAN to CHK.
- Click on select payments after clicking on the check box.
- After selection move on to approve settlement as before.
- After approval your deal is ready to be picked up by the pay cycle manager.

All Deals and Bank Transfers should be entered with Maturity date AND Payment date equal to or less than 31st December 2004. All replenishments and transfers for the Financial Year 2004 should be initiated before the end of December.

Make sure that the Cash Flow link in all the Deals recorded is clicked so that the accounting entries are generated automatically.

Remember if your bank is on the BofA electronic interface, do not choose EFT as the payment method for back dated deals/transfers, otherwise they will be paid again.

Now run the pay cycle in order to settle the deals and bank transfers. Manual payment is not possible for the above transactions.
Fix problems with deals (1) Only Treasury can “distribute” to the GL and (2) even though a CO “reconciles” it stays unreconciled until Treasury reconciles it.

**Returned receipts / “bounced cheques”**

If a receipt was banked and booked in 2003 and was then returned by the bank in 2004 (a “bounced cheque”), the procedure is as follows: create a negative deposit in AR using the corresponding Atlas Chartfields that were used to record the receipt in WINFOAS.

If a receipt was banked and booked in the current year and was then returned by the bank in the current year (a “bounced cheque”), the procedure is as follows: record it as a negative deposit (direct journal) in AR using the same Chartfields combination used to record the receipt. Reconcile it with the bank return on the statement in the Manual Reconciliation page.

**Stale dated cheques**

If a cheque was issued in 2003 by the CO, but has since become stale-dated,

Prepare an AR deposit (directly journalled) using the same bank account, currency and amount. (IMPORTANT: remember to input Control Currency in the deposit)

Assign the following accounting entries: Account – 25010, Fund 00001, Your Operating Unit and Department.

Reconcile this entry against the open item recorded in the Manual Reconciliation page. In case you need to re-pay to the same vendor, create an AP voucher charging the Chartfields stated above.

If a cheque was issued in 2004 or later and subsequently becomes stale dated, do the following:

Cancel the payment and (if required) reissue new payment.

When a payment is voided, it reverts to Recon status in Atlas. Please note that there is no corresponding Atlas entry in this case.

Choose “By Accounting Date”
Click on RUN
Server: PSUNX
Check both – the Summary (UNGL502) and the Detail (UNGL502A) reports.
Choose Format (best viewed as a PDF)
Click on OK

---

2 A stale dated cheque is a cheque dated more than 6 months ago, which can therefore no longer be presented to the bank. See the Finance Manual, Chapter 3, 10303, 4.2, iv.
Retrieve the report from the Process Instance details.

You can void or cancel a payment, and even undo a previously cancelled payment in Atlas.

"Void" a payment if only the payment should be reversed, yet the voucher kept open for future payment. If a payment is voided, you can choose to reissue, put on hold or close the liability of the voided payment.

"Undo Cancel" a payment if you have want to reverse a previously "Cancelled" payment and voucher, but you have not posted this cancellation. After undoing the cancellation, you can continue with payment, "Void" or repeat the "Cancel" payment process.

Since the process for "Void" and "Undo Cancel" payment is similar, this topic will use illustrate the process of voiding a payment. Where appropriate, the cancellation action for voiding a payment - reissue, put on hold or close liability, will be highlighted.

In this example, a payment (for several vouchers) has been made previously, but because it was for the wrong amount, this transaction will be voided. Only one of the vouchers associated with this payment will be re-opened and payment reissued.

Steps:
1. Enter search criteria
2. Void or undo cancel payment
3. Re-open, re-issue or hold voucher
4. Review payment status

**Useful hints for the bank reconciliation process**

If the difference to be investigated in the b2b report is not equal to zero, please do the following:

Check your closing bank balance using the following navigation: Banking>Bank statements>Enter bank balances
Review your bank statements and record bank items not in book yet in appropriate Atlas modules. Please note that bank charges are to be recorded now in AP module as MAN cheques.
If the accounting period under review is closed in Atlas, enter all bank items not in book yet, including bank charges and bank interest, in Banking module, namely, in External Transactions, with their natural sign (plus for deposits and minus for payments), with appropriate bank statement date and without attaching any template. Leave these items unreconciled until the date they will be properly recorded in Atlas and then reconcile the External Transactions items and the newly created payments and/or deposits.

If you have differences in AP:
• Review your AP data quality on the dashboard and make sure that you correctly recorded ALL your AP vouchers.
• Please make corrections for ALL vouchers with budget errors, matching exceptions and/or incorrect chartfields.
• If the accounting period under review is closed, enter the payments not in book yet into External Transactions with the bank statement date and leave them unreconciled until the moment they will be properly recorded in Atlas and then reconcile External Transactions items and the newly created AP voucher with the date of recording.
• Prepare a list of AP vouchers with errors. They will be a part of your explanation of the differences to investigate.

If you have differences in AR:

• Review your AR data quality and check whether you generated accounting entries for your direct AR journals and ALL of them have a status “Completed” and “Budget checked”.
• If the accounting period under review is closed, enter the deposits not in book yet into External Transactions with the bank statement date and leave them unreconciled until the moment they will be properly recorded in Atlas and then reconcile External Transactions items and the newly created AR deposits with the date of recording.
• Prepare a list of AR transactions, recoding of which was not complete. They will be a part of your explanation of the differences.

If you have differences in TR:

• Review your TR data quality and check whether ALL your deals and bank transfers are recorded correctly and settled.
• If the accounting period under review is closed, enter the deals and bank transfers not in book yet into External Transactions with the bank statement date and leave them unreconciled until the moment they will be properly recorded in Atlas and then reconcile External Transactions items and the newly created ATR transactions with the date of recording.
• Prepare a list of TR transactions, recoding of which was not complete. They will be a part of your explanation of the differences.

Review the accounting dates of AP, AR and TR transactions

• Prepare a list of transactions with incorrect accounting dates (for example, July 2006 instead of June 2006).
• Since b2b report is to be generated by accounting date, those transactions will not be picked up by the report. Record those items in External Transactions with June dates, since they will be your bank items not recorded in book as at 30 June 2006, with their natural sign and without attaching any templates. Reconcile those items in External Transactions with July dates.
Review your GP payments recorded in External Transactions:

- Did you record them correctly them with minus "-" sign and without attaching any templates and did you reconcile ALL GP items, appeared in the bank statement during the period under review?
- Are they agreed to the HRMS GP payroll report for the period under reconciliation? If you have discrepancies between GP amounts recorded in HRMS and actually paid amounts, you have to enter the difference with appropriate signs and dates into External transactions and make adjustments in GP in the following pay period, if the paid amount is correct. Contact GPU Copenhagen immediately!
- If the recorded amount in the GP is correct, in the next pay period you have to pay less or more to the staff member without any changes in the GP. The difference is to be entered into External Transactions and reconciled when the correct payment will be done.
- If the paid amount is correct, adjust the GP records in the next opened period. The difference is to be entered into External Transactions and reconciled when the adjusting entries will be done in the GP.
- Change the sign for the outstanding GP payments (unpresented cheques) from "-" to "+" in order to reflect them correctly in the b2b report.
- Enter the returned GP payments into External Transactions table with the appropriate date and reconciled them against the new payments done, which also are to be entered into External Transactions. Record the bank charges, applied to the returned GP payments (if any), through AP manual vouchers and use the same COA.

Historical (converted) data

- Check your 2003 outstanding items, converted from WinFOAS to Atlas External transactions and reflected on the 1st page under the section “F404 - in bank not in book”.
- Check you recorded correctly in Atlas ALL your F404 converted items (bank items not in book from 2003).
- Check you recorded correctly your stale dated cheques.
- Check you reconciled ALL outstanding cheques (F403) and receipts (F402) converted.

Guide for managers reviewing bank reconciliation

Your staff have completed the bank reconciliations. The amounts to be investigated are zero. This guideline is to assist managers in what steps to take in reviewing a bank reconciliation in order to obtain the maximum benefit from this key internal control.

If your staff have not yet completed the bank reconciliation, meaning that the difference to be investigated is not zero, we cannot place any reliance on the reconciling items and
this guideline is irrelevant. Use the bank reconciliation manual and work with staff to complete the bank reconciliation.

In your first review of the bank reconciliation, work along side your staff discussing and explaining the issues raised in this guide. Traditionally bank reconciliation has not always been performed to a high standard and the review process was also not as effective as it could have been. In this respect the standards set in this guide may involve a change in culture and so good communication and some staff training may well be needed to get this process off to a good start.

A fully reconciled account is no guarantee that you are free of fraud, theft and other error. It does give a high level of comfort that such items of concern have been identified in the bank reconciliation. To take advantage of this valuable information and take corrective action where necessary, we need a good quality management review of each bank reconciliation, as described below.

For each review, staff should present 3 reports, 1 in hard copy and 2 in soft copy. Print out sections of the soft copy reports if necessary but due to size do not print it all.

B2B report – cashbook and bank reconciliation (UNGL502B) – hard and soft copy
Reconciling items (UNGL502C) – soft copy only
Cashbook detail (UNGL502D) – soft copy only

Keeping soft copies is also a highly effective way of helping us roll back to a reconciled position if we accidentally unreconcile the account and cannot find the error.

The B2B report should have zero to be investigated and be signed by the finance associate responsible.

The manager will also sign the hard copy where indicated. Keep some brief notes of any issues or concerns and refer back to them in the next bank reconciliation review to ensure they have been correctly resolved.

Record keeping – hard copy signed by staff and reviewing manager, soft copy of cashbook and reconciling items report.

Timing – once a week and as at each month end. Staff have 15 days to complete back reconciliation. For example, on 15 October I would expect staff to present the 30 September reconciliation.

Effective dating – unlike our previous systems, Atlas can keep the bank reconciled as at more than 1 point in time. For example, at year end, the dashboard will continue to point to 31.12.06 until mid April 2007. We still expect offices to work on 2007 reconciliations but by ensuring staff use the correct reconciliation date, there is no reason why they cannot keep the 31.12.06 reconciliation to zero. This concept is described in detail in the bank reconciliation complete guide.

Reconciling items can be divided into 2 groups:
Timing differences – a common occurrence and of no concern where the time delay is reasonable (described below).
Errors – you need to take action (described below).

The rest of this guideline refers by way of example to each group of reconciling items shown in the bank reconciliation report reproduced at the end of this section.

Add/(less): unreconciled external items
- Payments not in book and other unreconciled items 25,870.49
- Deposits not in book and other unreconciled items (58,418.33)

Fraud and theft – a fully reconciled bank account can contain fraud and theft. The most likely place is in external item payments.

Ask staff to show you a breakdown of these items. Where the explanation is reasonable, such a delay of a few days in the clearing of a payroll cheque, this is not of concern.

Where there is no ready explanation and/or the item is more than 2 weeks old, this is of concern.

Where you suspect fraud or theft, immediately follow up with the bank and inform the Treasurer Julie Anne Mejia and Chief of Accounts Diane Kepler.

Long overdue items in external items can only be corrected by making an entry into the current accounting period. Even if you have old items from our legacy systems (the F4.04 report in WinFOAS), you must clear these in the current open period. You may need to reopen or create new budgets to do so.

Where you have exhausted all avenues of enquiry you may be forced to seek a write off. If so contact Nick Beresford for further assistance. Do not simply leave the issue. It will not go away unless you take action.

Atlas is far more transparent than the legacy systems and long overdue external items will almost certainly produce unfavorable comment on your office from UN Board of Audit.

You should also be aware that if the staff member performing bank reconciliation wants to produce zero to be investigated without doing the reconciliation work, this is where they can do it. By entering the difference to be investigated into the external items, this will of course produce zero to be investigated.

This is wrong, even if done with the best of intentions. Please make it clear that such practices are professionally and ethically completely unacceptable. If we have not yet reconciled the bank account then Atlas should show this. If any "difference to be investigated" figure has been entered in external items the entry should be immediately deleted.
While we may not know why the payment was made we must always be able to identify each external item and clearly show the bank statement or other source to which it relates.

**Add/(less): unreconciled TR transactions**
- Deals 0.00
- Bank Transfers 0.00

Deals / transfers – as this is bank to bank it should be very rare you have a reconciling item here. If you do, ask why – it could be an error. If it’s more than 3 days old it is almost certainly an error.

**Add: unreconciled AR transactions** - Deposits 20,684.81

It may take up to 3 days for a deposit to clear. If this figure of $20,684.81 is older, you have a problem. You have either a bounced cheque or have booked income that does not exist. Either way, the correction necessary will be to reduce income by the same amount.

**(Less): unreconciled AP transactions**
- Cheques (7,309.01)
- EFT (0.00)
- Manual Payments (0.00)
- Cancelled Payment Activity 0.00

Timing differences on cheques are normal. However, it is unusual for a vendor to take longer than (say) 2 weeks to collect funds.

Where you have cheques older than 1 month, finance staff need to follow up with the vendor – maybe the cheque was lost? In which case we need to cancel, notify the bank, and reissue.

Do not put off with the reply, “but a cheque is valid for 6 months so we don’t need to do anything till then”. This is only partially true. While 6 months is the usual valid period for cheque (3 years in Algeria, for example), any cheque not cleared within a month presents the need for action.

We have an ethical and professional duty to ensure we promptly and fully settle any genuine liability. A long overdue cheque suggests we have failed to do this and so should take follow up action with the vendor.

Alternatively this may represent a bookkeeping error where the payment was double counted or was never in fact made, in which case the entry should be reversed.

The net result is we should never have unpresented cheques more than 1 month old.
EFT’s – as these are electronic from Atlas to the bank there should not usually be timing differences. Staff should avoid artificially creating timing differences on EFT’s by making wire transfers late in the day after the bank is closed.

Manual payments – the same applies to these where they represent cheques. Manual payment require manual rekeying of data and so are highly susceptible to human error. They should be used to make corrections and to enter bank fees and charges but other than that they are best avoided.

Cancelled payments – should be rare. If a cheque is wrongly issued then it is correct to cancel the payment and such transactions will appear here. You may have a lot of such transactions relating to 2004 when we were still learning how to use Atlas but now cancelled cheques should be rare.

My thanks to the finance staff of Kazakhstan for providing the example and dong a great job on bank reconciliation.
Solving long unreconciled accounts
In a number of cases the bank account has not been reconciled successfully since before the introduction of Atlas. This is typically accompanied by large differences to be investigated and the staff requested to resolve the situation are presented with a significant back-log of work. This overview and the detailed instructions that follow are intended to help with such situations.

The suggested process is as follows:

1. **Bank rec in excel outside Atlas – use macros**
2. **Perfect excel bank rec**
3. **Auto upload rec to Atlas**
4. **Posting missing / correcting entries**

Each of these steps is covered in detail below. As an over-view:

- **Bank reconciliation outside of Atlas** – an automatic process that can be performed remotely.

- Take this reconciliation and manually review to improve and create matches the automated process may have missed. This is performed locally using supporting documentation as required.

- **Auto-upload to Atlas** – update Atlas with the excel bank reconciliation giving a fully reconciled account in Atlas and green on the dashboard.

- Using the bank reconciliation just performed, we now know the missing entries and bookkeeping errors with a reasonable level of certainty. From here we can make the necessary corrections in a controlled and timely manner.

- Completion of the bank reconciliation is the over-riding priority. Without this fundamental internal control in operation, an office remains without a first line of defense against fraud, theft and other error. Such offices will also be the subject of serious audit criticism which adversely reflects on UNDP as a whole.

*Do not confuse making correcting entries with bank reconciliation. Bank reconciliation must come first and correcting entries second.*

**Reconciling outside of Atlas - using excel macros**

This alternative approach to bank reconciliation is particularly useful where the bank reconciliation has failed but we do not have a clear picture of which items are causing the problem.
Under this method, we export the Atlas cashbook to a spreadsheet and do the same for the bank statement. We then run an excel macro to automatically match between the two.

Download Cashbook – see Ondemand and section on B2B above.

General Organization of Data

At this point a new file should be created whereby all of the analysis will occur. This new file should be based on the 'Reconciliation Template.xls' file included in this package. This Template has 5 tabs (worksheets) as follows: Reconciliation, Payments, Deposits, Cashbook, Bank Statement. Please note that the instructions below will relate to this template file which you should save as a different name.

1. Open 'Reconciliation Template.xls'
2. Click 'File', 'Save as’ – Give the file a name that includes 'CO code, Description of file, date, account number (i.e. AFG Reconciliation 31-08-2006 Acct 3751555584
3. Click 'Save'
4. Cut and paste data from the "Cashbook" file onto the 'Cashbook' tab of the new file, just created (be sure the information is pasted based on the column headings of the template file all extemporaneous data should be omitted)
5. Cut and paste data from the "Bank Statement file onto the 'Bank Statement' tab of the new file, just created (be sure the information is pasted based on the column headings of the template file all extemporaneous data should be omitted)
6. Close "Bank Statement” and “Cashbook” files without saving (these will serve as source data in case a mistake is made later).

Organizing the Cashbook

1. Select ‘Cashbook’ tab
2. Sum the transaction amounts column to make sure that the total is equal to the B2B simplified report (if a variance exists, investigate and make appropriate adjustment to Cashbook)
3. Delete all offsetting ‘Canceled Payments’ (this can be done by deleting the matching items with the same reference number in the ‘Canceled Payments’ section of the Cashbook)

If there is an opening balance in the cashbook, add WinFoas Data to the Cashbook from the f4.02 and f4.03 spreadsheets (WinFOAS reconciling items).

The final stage in the excel reconciliation is to account for the reconciling items brought forward from the legacy system WinFOAS as at 1.1.04.

Ideally these should be fully reconciled within the first month of 2004. This is usually not the case in offices with bank reconciliation problems.

WinFOAS reconciling items are labeled as follows:

F4.02 = unreconciled receipts
F4.03 = unreconciled payments
F4.04 = in bank not book ("UNR" unreconciled items only)

Include this data in the automated reconciliation process. Leave F4.02 items with a positive. Add a negative sign to F4.03 items. Add both F4.02 and F4.03 to the list of book items to be reconciled by the macro.

For F4.04, in bank not book, these can be either positive or negative (either a missing receipt or a missing payment). Without changing the sign, add these items to the bank statement data to be reconciled.

Including the WinFOAS data in the macro reconciliation process is quicker and easier than treating as a separate process.

Files with a complete listing of all reconciling items for all accounts are found in the document repository as follows: UNDP Intranet > Management Practice - Documents Repository > Financial Resources Management - Prescriptive Content > bank_rec_SIS

- Change the sign of F4.03 data to "-"
- Make sure date and amount are captured
- Use judgment on Reference
- Source is 'F4.02' or 'F4.03'
- Status is 'UNR'
- Note: The opening balance should be deleted and replaced with the data from the f4.02 and f4.03 reports. The goal is to still have the cashbook balance on the spreadsheet = to B2B simplified. The only difference being amounts from the F4.04 report which will be added to the bank statement as described in the 'Organizing Bank Statement' section of this document.
- Sort data by doing the following:
  - Activate Cell "A2" by clicking in the cell
  - On the keyboard, press 'CTRL', 'SHIFT', 'END' simultaneously (Note: all data is now highlighted)
  - On the Menu, Select 'Data', 'Sort'
  - Make sure 'Header Row' is selected (located at the bottom of the dialogue box)
  - Sort by 'Transaction Amount', Then by 'Date', Then by 'Reference' – All Ascending
  - The cashbook is now ready

Organizing the Bank Statement

- Select 'Bank Statement' Tab
- Note: See "Installing Macros" section of this document before completing next step
- Click 'Tools', 'Macro', 'Macros' – Select 'Format Date' in the textbox (this is used for fixing the "Value Date" i.e. 30/06/2006 - 30-Jun-06).
- Click 'Run' The new column "new date" will appear automatically.
- Copy column 'new date' into column 'Value Date' by doing the following:
  - Select first date in column 'new date'
  - On the keyboard, press 'CTRL', 'SHIFT', 'END' simultaneously (Note: all dates in column is now highlighted)
• Click ‘Edit’, ‘Copy’
• Select first date in Column ‘Value Date’
• Press ‘Enter’ on keyboard

Delete Column ‘New Date’
Because all ‘Transaction Amounts’ are Positive (+) numbers, Payments/Debits and Receipts/Credits need to have the appropriate sign (+/-). There are several methods in excel that can be used to determine the correct sign for the ‘Transaction Amounts’, choose the one that works best for you. Keep in mind some general rules:
1) “Check”, “ZBA DR”, “EFT”, “Payment”, “Fee”, “Misc” need a “-” as a rule
2) “Deposit”, “Receipt”, “ZBA CR” need a “+”

Recommended strategy for placing the correct sign (+/-)
• Select cell “A2”
• On the keyboard, press ‘CTRL’, ‘SHIFT’, ‘END’ simultaneously
• Click ‘Data’, ‘Filter’, ‘Auto Filter’
• Click (down arrow) ‘Trans Code’
• Click (any Trans Code)
• Information is now filtered
• In a new column (but same row) input formula (+‘Trans Code’) for General rule 2.
• Input formula (-‘Trans Code’) for General rule 1.
• Repeat steps d-f with different ‘Trans Code’
• Click ‘Data’, ‘Filter’, ‘Auto Filter’ (Filter is now off)
• Select first cell in ‘New’ Column (which the formulas were just input)
• On the keyboard, press ‘CTRL’, ‘SHIFT’, ‘END’ simultaneously
• Click ‘Edit’, ‘Copy’
• Select first cell in ‘Transaction Amount’ Column
• Click, ‘Edit’, ‘Paste Special’, “Values”,
• Click ‘Ok’
• Press ‘ESC’ on keyboard
• Delete ‘New’ Column
• Sum column ‘Transaction Amount’ – If not = 0 then continue otherwise skip to Step 6.
• Run Pivot table (Data>Pivot Table...>next>finished) to help determine where daily balances need to be corrected. This means, where a particular transaction is missing, it needs to be added or has the incorrect sign.
• Click ‘Value Date’ drag to leftmost region of pivot table
• Click ‘Transaction Amount’ drag to data section of pivot table
• Analyze dates that do not Sum to Zero
• When a specific date’s Transaction Amounts do not equal zero there are several possibilities:
  • A Transaction Type ‘Misc’ has been appropriated the incorrect sign (fix: Change sign)
  • The transaction’s replenishment from Master ZBA account appears on following day (fix: this is okay, no action necessary)
  • There is a missing or superfluous transaction(s) (fix: check hardcopy bank statement and adjust excel statement accordingly)
• Remember to fix data on the ‘Bank Statement’ tab and not on the Pivot Table
• Once all of the Transaction Amounts have been fixed proceed to the step 7.
• Add items from WinFoas f4.04 report
  • Make sure date and amount are captured
  • Use judgment on Reference
  • Source is 'f4.04'
  • Status is 'Unr'
  • Include any other data that will help in your analysis
  • Sort data by doing the following:
    • Activate Cell “A2” by clicking in the cell
    • On the keyboard, press ‘CTRL’, ‘SHIFT’, ‘END’ simultaneously (Note: all data is now highlighted)
    • On the Menu, Select ‘Data’, ‘Sort’
    • Make sure ‘Header Row’ is selected (located at the bottom of the dialogue box)
    • Sort by ‘Transaction Amount’, Then by ‘Date’, Then by ‘Reference’ – All Ascending
    • The Bank Statement is now ready

Reconciling between Cashbook and Bank Statement

• On the ‘Bank Statement’ tab, highlight all of the payments (amounts that are negative) using the techniques for highlighting data from above
• Paste items onto ‘Payment’ tab coinciding with appropriate column headings (left side of spreadsheet)
• Repeat steps 1 and 2 but for deposits and ‘Deposits’ tab
• On the ‘Cashbook’ tab, highlight all of the payments (amounts that are negative) using the techniques for highlighting data from above
• Paste items onto ‘Payment’ tab coinciding with appropriate column headings (right side of spreadsheet)
• Repeat steps 4 and 5 but for deposits and ‘Deposits’ tab
• Run ‘Variance’ Macro

Populate 'Reconciliation' tab

Use sums from ‘Payments’ and ‘Deposits’ tabs to populate
Use B2B simplified report to populate cell that is highlighted in Gray
Make sure ‘Difference to be investigated = USD 0.00
Analyze ‘Bank not Book’ and ‘Book not Bank’ items on ‘Payments’ and ‘Deposits’ tabs
(check office documentation and offsetting items)

Installing and Running Excel Macro

What is a Macro?

A Macro is a way to automate tasks that would otherwise be repeated over and over again manually. In excel, a person has the ability to record/write Macros to simplify their spreadsheet activity. Not only does a Macro simplify processes, but also it eliminates human error that comes from executing repeated tasks. For completing Bank Reconciliations outside of Atlas there is a tedious process of matching amounts in the cashbook to amounts on the bank statement. In a perfect world, this process would be done whereby dates, reference numbers, and amounts all matches. However, for
various reasons, we find our best process is done through the matching of Transaction Amounts only. Atlas also has this ability, but because reference numbers and dates are mostly different from bank to cashbook, Atlas would simply continue to generate exception reports for items that are matched. The process below, although imperfect, at least gives a transparent view of what may be the potential reconciling items. It is with this transparency that we find the most value. The Macro enables us to get to this point a lot quicker.

Note: PERSONAL is the name of the worksheet to where macros will be stored

Macro Buttons for a customized toolbar

List of Macros

Where Macros are located
Step by step process

- Completely close down excel
- Open the Word Document 'Variance Macro'
- Select the entire text and then 'copy'
- Open excel
- Go to 'Tools', 'Macro', 'Record New Macro' and make sure Personal Macro Workbook is selected for the option 'store macros in:' then click 'OK'
- On the little box that pops up click 'Stop Recording'
- Go to 'Window', 'Unhide' and click 'OK'
- Go to 'Tools', 'Macro', 'Macros' select Macro1 then click 'Edit'
- Note: A new window will open, necessary for installing the Macro
- Select the entire text and then 'Edit', 'Paste'
- Click the 'Save' Icon on the tool bar
- Go to 'File', then select 'Close and Return to Microsoft Excel'
- Go to 'Window', 'Hide'
• Note: The Macro is now installed.
• To run the macro, Open the file
• Navigate to ‘Payments’ Tab
• Click ‘Tools, ‘Macro’, ‘Macros’
• Select ‘Variance’ then click ‘run’
• Navigate to ‘Deposits’ Tab and repeat steps 16 and 17

If there is a problem with the Macro and it does not automatically stop running, press ‘Ctrl’ AND ‘Pause/Break’ at the same time. This will manually stop the Macro. Contact Sean Hammonds at 1-212-906-6670.
Example of how to arrange the data and in which columns (A to S as indicated below).

This example refers to payments / negative items. The process is repeated for receipts / positive items.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Bank Date</th>
<th>Date</th>
<th>Transaction Amount</th>
<th>Currency</th>
<th>Status</th>
<th>Statement ID</th>
<th>Trans Code</th>
<th>Source</th>
<th>Reference</th>
<th>Date</th>
<th>Transaction Amount</th>
<th>Status</th>
<th>Trans Code</th>
<th>Variance</th>
<th>Book not Bank</th>
<th>Bank not Book</th>
</tr>
</thead>
<tbody>
<tr>
<td>00000000</td>
<td>29/12/200</td>
<td>4</td>
<td>29-Dec-04</td>
<td>(700,000.00) USD</td>
<td>d</td>
<td>8030 Check</td>
<td>TR</td>
<td></td>
<td></td>
<td>9-Dec-04</td>
<td>(700,000.00)</td>
<td>REC</td>
<td>DEALS</td>
<td></td>
<td>Book not Bank</td>
<td>Bank not Book</td>
</tr>
<tr>
<td>00000000</td>
<td>30/03/200</td>
<td>4</td>
<td>30-Mar-04</td>
<td>(620,000.00) USD</td>
<td>d</td>
<td>195 Check</td>
<td>TR</td>
<td></td>
<td></td>
<td>19-Mar-04</td>
<td>(620,000.00)</td>
<td>REC</td>
<td>DEALS</td>
<td></td>
<td>Book not Bank</td>
<td>Bank not Book</td>
</tr>
<tr>
<td>00000000</td>
<td>1/12/2004</td>
<td>1-Dec-04</td>
<td>(600,000.00) USD</td>
<td>d</td>
<td>Reconcile</td>
<td>7316 Check</td>
<td>TR</td>
<td></td>
<td></td>
<td>18-Nov-04</td>
<td>(600,000.00)</td>
<td>REC</td>
<td>DEALS</td>
<td></td>
<td>Book not Bank</td>
<td>Bank not Book</td>
</tr>
<tr>
<td>00000035</td>
<td>11/8/2005</td>
<td>11-Aug-05</td>
<td>(500,000.00) USD</td>
<td>d</td>
<td>Reconcile</td>
<td>13914 Check</td>
<td>TR</td>
<td></td>
<td></td>
<td>26-Jul-05</td>
<td>(500,000.00)</td>
<td>REC</td>
<td>DEALS</td>
<td></td>
<td>Book not Bank</td>
<td>Bank not Book</td>
</tr>
</tbody>
</table>
Again, please refer to the Excel 'Practice Macros' File attached to this note to see an example of how data is organized. Once the Macro runs you can create a reconciliation tab (included in the excel file) and fill in the relevant data. This reconciliation table will ensure that you have correctly captured all items.

Format for excel bank reconciliation summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Statement Balance</td>
<td>52,256.00</td>
</tr>
<tr>
<td>Add/Less: unreconciled TR Transactions</td>
<td></td>
</tr>
<tr>
<td>- Deals</td>
<td></td>
</tr>
<tr>
<td>- Bank Transfers</td>
<td></td>
</tr>
<tr>
<td>Add: unreconciled AR Transactions</td>
<td></td>
</tr>
<tr>
<td>- Deposits</td>
<td>993,253.00</td>
</tr>
<tr>
<td>(Less): unreconciled AP Transactions</td>
<td></td>
</tr>
<tr>
<td>- Payments</td>
<td>(317,285.00)</td>
</tr>
<tr>
<td>Add/(Less): unreconciled external items</td>
<td></td>
</tr>
<tr>
<td>- Payments not in book and other unreconciled items</td>
<td>552,119.00</td>
</tr>
<tr>
<td>- Deposits not in book and other unreconciled items</td>
<td>(1,257,854.00)</td>
</tr>
<tr>
<td>Calculated Cash Book Carried Forward</td>
<td>22,489.00</td>
</tr>
<tr>
<td>Cash Book Carried Forward</td>
<td>22,489.00</td>
</tr>
<tr>
<td>Difference to be investigated</td>
<td>-</td>
</tr>
</tbody>
</table>

**Improving the excel macro bank reconciliation**

The strengths of the excel macro is that it always balances the bank reconciliation and that within a few minutes it correctly matches most entries even in large reconciliation of tens of thousands of transactions.

It has 2 weaknesses. Firstly it matches by amount only. Normally the reconciliation is also matched by reference such as cheque or payment number. This was not done due to the fact that many references are either wrong or missing in several accounts for 2004 in Atlas.

As a result of this, where there are several items with the same value, the macro will simply match on a first-in-first-out basis and so could make an inappropriate match.

A second weakness is that it does not match many-to-one items. For example, payroll may consist of 70 payments in a month, each with a separate entry in the Atlas cashbook. In the bank statement this may appear as one line being (say) "Payroll / April".
The next stage in the bank reconciliation then should be to perfect the automated matching by manually reviewing the work performed by the macro.

Concentrate on instances where the same value amount appears more than once and on many-to-one instances such as payroll. As necessary check the references and supporting documents and make changes to the excel bank reconciliation. Take care to never put the reconciliation out of balance.

Even if you know 2 items are related but do not match by amount exactly, do not reconcile them. For example, I may have 70 payroll payments that total $60,123. The bank statement has 1 figure for that month’s payroll of $60,023. Leave these items unreconciled and we will come back to making the necessary correcting entry (or requesting the bank to make a correcting entry in the rare case of a bank error) as a separate exercise performed after completion of the bank reconciliation.

While performing this exercise, take care not to alter the references in the excel table. This becomes important at the final stage where you can send the file to Office of Finance / HQ and request they automatically update the Atlas bank reconciliation.

**Auto-upload of excel bank reconciliation to Atlas**

We performed bank reconciliation outside Atlas using an excel macro (above). We manually reviewed this to ensure the matches were correct and none were missed. The final stage is to upload this into Atlas.

This can be done by hand by comparing the Excel and Atlas versions and making the necessary correction in Atlas. However, this can be a time consuming process and one that is prone to human error.

Office of Finance has developed a tool to automatically make changes to the reconciliation marker and reconciliation date in Atlas so that the excel reconciliation can be automatically uploaded to Atlas.

Send the excel file to either Nick Beresford, Svetlana Yefimova or Sean Hammonds and they will perform the upload.

Note that for this to be possible, the data must be in the format described above in the excel macro section.

**Making correcting entries Atlas**

This section is intended for use only **after** the bank reconciliation is complete.
Until the bank reconciliation is complete, the necessary corrections cannot be known with any reasonable level of certainty. Therefore offices are advised to complete the bank reconciliation first, and make correcting entries second.

While correcting entries and entering missing items in Atlas is a task of crucial importance, reinstituting the internal control of bank reconciliation is even more important: completing bank reconciliation must remain the first priority.

As a part of the bank reconciliation, entries in bank not book, such as payments made outside Atlas, will have been entered as external transactions in the banking module. It is worth recalling that such eternal items help explain why the bank balance differs from our cash book balance, but does not, by definition, form part of our results, income, expenditure or delivery. For this problem to be solved we need to make entries into Atlas as described below.

**Overview of process**

Complete the bank reconciliation

↓

Project plan – Prince II - chose professionally qualified project manager

↓

Complete spreadsheet showing account codes for all necessary entries

↓

Make entry in Atlas and reconcile

**Prince II**

The key to a successful outcome in this process is good planning and control. Run the project in line with Prince II.

Ensure you have the right level of technical support so that issues that arise are promptly and properly resolved. Offices are advised to arrange conference calls with one of the following Office of Finance staff:
Keeping in contact with OF staff will help avoid getting slowed down in technical or other problems. Discussing issues on the phone is often a quicker way to than email of settling issues and moving forward.

**Project Manager / staff**

If the office has a low capacity in financial ability, and this is part of the reason why the finance and bank reconciliation process failed, it is unlikely that these same staff can effectively lead the complex and demanding task of rectifying the situation.

Therefore ensure you have a professionally qualified and experienced project manager for this task either from another office or a professional accounting firm.

Under the project manager, it is equally essential that all finance and relevant programme staff are involved in the process. Project Managers and other programme staff must support the effort by (for example) providing account codes for missing payments.

By involving finance and programme staff, the exercise will also help raise the operational capacity of the office. The process should focus positively on what we can learn and how to avoid repeating mistakes. A negative focus on blame is unlikely to result in a successful or speedy completion of the exercise.

**Making correcting entries for items not recorded in Atlas**

Having completed the bank reconciliation, we now know with a reasonable level of confidence, which are the correcting entries that need to be made. They fall into the following categories:

- External items – in bank not book.
- Stale dated cheques and payments – usually items over 6 months old in unpresented payments.
- Bounced or erroneous receipts – usually receipts that are older than 1 week.
- Treasury – Unreconciled deals and transfers.

**Unreconciled external items**

Note that reconciled external items do not require further action. By definition, unreconciled external items will be items that appear in the bank statement but not in the cashbook.

Export the unreconciled entries to a spreadsheet. Navigate in Atlas: Banking > Bank rec > External items. Select by account, date range and only unreconciled items.
Agree the total to the line for external items in the main B2B bank reconciliation report. They must agree before proceeding to the next step. If they do not, either the version of the B2B being used is out dated or a mistake was made downloading the external items.

Having ascertained the unreconciled external items, refer to the information on the entry or the bank statement, such as the cheque or EFT payment number. To the extent possible, gather all available supporting documentation.

Where supporting documentation is either insufficient or missing, contact the bank to see if they can provide any further information.

Using supporting documentation, complete the full chart of accounts on the spreadsheet. The Project Managers take prime responsibility in coding these entries.

Stale dated cheques and payments

It is unusual for a supplier to take longer than a few weeks to cash a cheque. For the purposes of this exercise an assumption that all items older than 2 months requires adjustment is reasonable.

Using report C of the B2B, export to excel the list of unpresented cheques and delete any less than 6 months old (as we are assuming we do not need to make correcting entries for these items).

Repeat the process of coding each item as done with the external items.

Bounced or erroneous receipts

Produce an excel list of unpresented receipts more than 1 week old from report C of the B2B report (as we did for payments above).

Using supporting documentation, complete the chart of accounts on the spreadsheet.

The added risk here is that we have amounts still owing to UNDP due to the fact that a debtor bounced a cheque or other receipt. The review the list to ascertain which entries arise due to bookkeeping errors and which due to bounced cheques. Follow up with debtors in the latter case to recover funds.

Treasury – Unreconciled deals and transfers

As these are UNDP bank to UNDP bank movements, the fact that they are unreconciled for longer than a couple of days can only mean a bookkeeping error has occurred either in the books of UNDP or the bank (assuming the bank reconciliation is correct). Either
way, funds did not move between the 2 UNDP banks and the solution is always the same: reverse the entry.

Record these entries on the spreadsheet. They do not require chart of account coding.

These items will be posted separately by reversing the relevant deals and transfers.

**Fraud, theft and write offs**

Where we do not have any record that UNDP authorized a particular payment, we now need to consider the possibility that a fraud or theft has occurred. In the event fraud or theft is suspected, inform the Treasurer and alert the bank, requesting them to take appropriate action including tracing and trying to recover funds.

Any theft should also be reported to the police and reasonable attempts made through the courts to recover funds.

Write offs must be submitted in writing to the Comptroller (under $1,000), the Assistant Administrator / Director of BoM (up to $100,000) or the Administrator (without limit). The submission must cover the full circumstances, the culpability of any member of staff and any relevant disciplinary proceedings, and systems put in place to prevent a reoccurrence (see Financial Regulations and Rules, rule 126). All write off requests, regardless of amount, are submitted via the Director of Finance for review and comment.

**Closed projects and funds**

It is the office’s responsibility where a project or fund has closed to select another active programme budget line. Alternatively, the amount may be charged to a regional programme at the discretion of the regional director.

A further restriction applies to non-core funds in that the alternative funds used must also be non-core. The usual practice is to charge the extra budgetary funds of the office in question.

Write off simply due to the fact a project or fund is closed is not an option (see Regulation 5.09).

Where a Res Rep / head of office is unable to make a decision, the Director of Finance will do so on their behalf. We cannot allow this process to be delayed indefinitely.

**Lost financial records / WinFOAS F4.04 items**

Where documentation is missing, the first step is to consider fraud and theft as described above. Assuming we do not find any reasonable evidence to support a such a case, the item then becomes a matter of missing records only.
In such cases we have no other choice but to seek a write off. The Director of Finance will consider a charge to the office’s extra budgetary funds as part of the process of reviewing the write off request.

Entries related to WinFOAS (F4.04 in bank not book), the cashbook system from 2003 and earlier frequently fall into this category. Make entries where we know the account codes to use and if not follow the guidelines above.

Making the entries into Atlas

Once the spreadsheets are completed for all items and all relevant account codes, they should be combined to form a master spreadsheet. Take care to keep backing copies in case of errors later on.

Agree this spreadsheet to the bank reconciliation: after making all entries the only remaining items should be genuine timing differences and (possibly) bank errors pending correction by the bank.

Where entries clearly relate to each other, you may wish to combine to make 1 line. For example, an unreconciled payment credit could not be reconciled due to a 10 cent bookkeeping error. This relates to an external item for the same payment. Rather than post the full credit and debit entry, you may wish to post only the net 10 cent correcting entry.

By filtering the spreadsheet determine create a list of unique budget lines the relevant amounts. This will only affect items charged to income and expenditure: accounts beginning 5, 6 and 7, and account 16005 NEX advances.

Check Atlas to ensure in each case a sufficient budget exists in all cases and that relevant projects remain open. At this point, and at the Project Manager’s discretion, the coding may be changed in order to charge a current budget line. Remember that as we close Atlas each month, posting back to an previous month or year is not possible.

A further example of a category of items that could be dealt with by netting off are returned payments. For example, an EFT with an incorrect Swift or Iban code could post successfully in Atlas but be rejected by the bank. If the correct code is then supplied to the bank the payment is made. In the bank statement and external item table the rejection and resubmission of the payment could be netted off and ignored. Any bank fee concerning this item would need entry as an AP voucher.

As necessary, create and amend Atlas budgets. If necessary, over-ride budgets and correct at a later stage.

Taking all the entries into account, the net effect is almost certain to be a debit (or charge) to income and expenditure. Therefore raise a single AP voucher and on this voucher add the necessary lines debiting and crediting each account as required, taking care to ensure that the net total of the voucher agrees to the spreadsheet.
In the event the net amount is a credit (to income and expenditure) follow the same steps but using a direct journal in AR.

Use the bank as the vendor, select Manual Payment and process as normal.

Now update the bank reconciliation by reconciling in Manual Reconciliation all the items matched by this manual AP voucher payment. Take care to ensure the reconciliation date you use and the transaction date on the voucher is the same.

Remember that with external items these should be reconciled using the same date used to post the payment (or receipt) containing the correcting items. Do not delete external items.

Keep a complete set of hard and soft copy records with the voucher ready for audit inspection.

Review the data for assets and update the asset register in Atlas where necessary.