

Steps for Reconciling Bank Statement in VRM

Overview: Reconciling VRM with your Bank Statement should be and is for the most part an easy process. However some banks statements are easier to read than others! The goal is to make the job as easy as possible by clearing out all of the obvious transactions first. The steps below are organized in order of the degree of difficulty in clearing items. Get the easy work out of the way first.

A. Clear Items on the Reconciliation Screen - for each item on your bank statement clear it on the VRM Reconciliation Screen

- a. Open reconciliation screen in Accounting > Reconciliation
 - i. Make sure **date on the screen displays the month to be reconciled**
 - ii. Select "Get Items"
- b. **Clear ACH (Direct) Deposits first:**
 - i. Run a check register report by Payment Type = Direct Deposit for each date an ACH debit displays on bank statement
 - ii. Verify that total on bottom of the Check register matches amount that was debited from bank account
 - iii. Clear matching direct deposits on reconciliation screen. The DD numbers will be on your check register report for the date/debit you are clearing
- c. **Clear checks**
 - i. Clear checks by number first
 - ii. Verify that total for cleared checks on the reconciliation screen matches the total for cleared checks on the bank statement (Not all bank statements provide this information separate from other debits.)
 - iii. If totals don't match, go through item by item to verify that the amount cleared by the bank matches the amount on the check in VRM
 - iv. If check items by number or amount don't match, **contact VRM support**
- d. **Clear Deposits**
 - i. Clear Cash and Check Deposits first – the deposits in VRM should match bank deposits to the penny – if not **contact VRM** for help making a deposit adjustment
 - ii. Clear AMEX Credit Card Deposits next.
 - a. Clear AMEX credit card deposits before MC/Visa/Discover. It helps to get these out of the way before you work on the MC/Visa/Discover deposits.
 - b. If your AMEX deposits on the bank statement have been debited by the discount fee, you will need to use your AMEX statement to match up the deposits on the reconciliation screen in VRM. (AMEX bank deposits are usually 4 days delayed from the deposit date in VRM)
 - c. If your AMEX account is set up to take debits from your operating account and you are unable to reconcile an AMEX refund, check your operating account.
 - d. If your AMEX deposits have been debited by the discount (3.2-3.5%), you will need to create and pay a receivable to account for the total discount in VRM. See Step 5 below for directions on how to create a receivable.
 - iii. To reconcile credit card refunds in VRM that have been debited from your operating account, pay your operating account back for the debit by transferring the debit amount from your rental

account to your operating account. Clear the refund transaction in VRM in the same month that you transfer the refund amount to the operating account.

- iv. Clear MC/Visa/Discover transactions. Credit Card Refunds may take longer or they may come out of your operating account
- v. If a refund HAS come out of your operating account instead of your escrow (rental) account, transfer the funds over to repay your operating account and then clear the refund in VRM. The refund is cleared in VRM only when you have transferred the funds out of the escrow account and over to your operating account. No other documentation in VRM is required in addition to clearing the refund.

B. Account for Debits and Credits on bank statement that are not in VRM. Typical debits and credits seen on bank statements include chargeback fees, interest, analysis fees, etc.

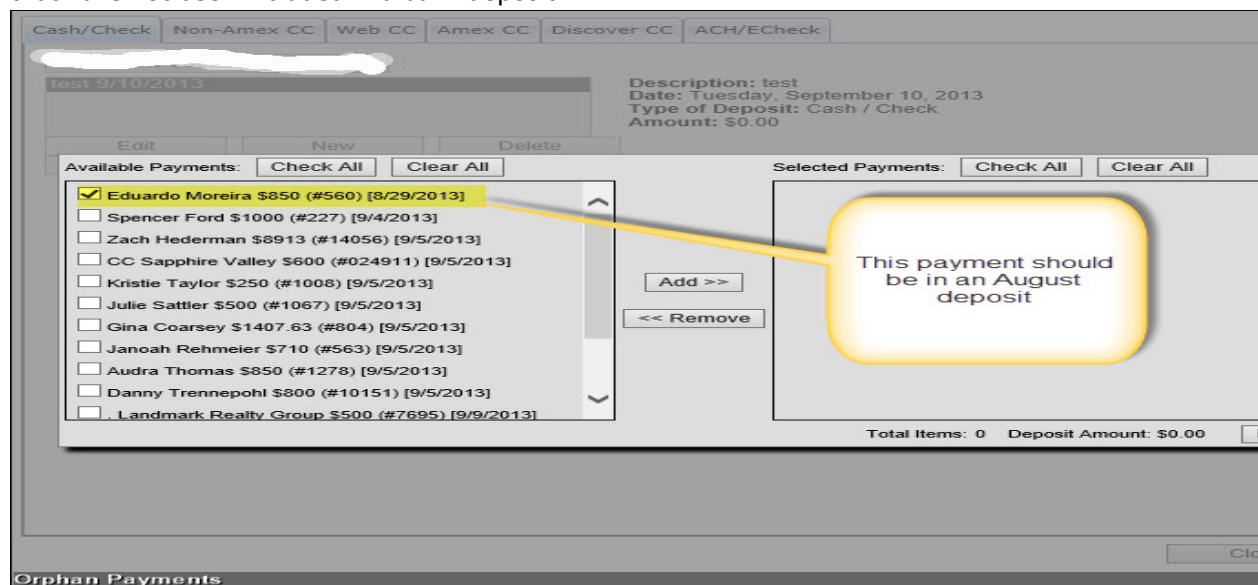
- a. These are entered into VRM through Accounting > Accounts Receivable and the procedure is a two step process. First you create the receivable and second you pay the receivable.
 - i. We generally recommend that you **use the management commissions account** of an hourly property called "Bank Adjustments" to account for all bank debits and credits to your rental account in VRM. To create an hourly "Bank Adjustments" property see this article here.
 - ii. **Step One - Create the Receivable** (A positive receivable for credits, a negative receivable for Debits).
 - 1. Go to Accounting> Accounts Receivable
 - 2. On the Unpaid tab, create the receivable
 - a. Highlight the property type (Hourly)> select New>
 - b. Select the property (Bank Adjustments) > select the Account to Credit: Management Commissions (all interest and bank service charges should be posted to the same account, and it should be expensed at the end of each month). If the Management Commissions account is used, the account will zero itself out when the "Expense Ledger Balance" function is used at the end of each month.
 - c. The Date Added & Date Due needs to be the date it was processed through the bank
 - d. Enter the amount (positive amount for interest earned/a negative amount for bank service fees
 - e. Enter a description
 - f. Finally click Save.
 - iii. **Step Two - Pay the Receivable** (A positive receivable for credits, a negative receivable for Debits).
 - 1. Highlight the receivable you just created and select "Pay Receivable"
 - 2. Payment Type: Cash> Prepay Amount: the amount that the receivable is for (positive amount for interest earned/a negative amount for bank service fees)
 - 3. Sale Date: same date as the receivable (date it was processed through the bank)
 - 4. Finally, select "Make Payment"
- b. **Create the Deposit for the Receivable** paid in Step iii. above.
 - i. In Accounting > Deposits> New > Description: Interest Earned for (the month that is being worked on)> Date: the same date it was processed through the bank> finally Save.
 - ii. Then highlight the deposit you just created and select "Manage Payments" > the payment will appear on the left side under "Available Payments" check the box for the payment and select "Add" , this will move the payment from the left side to the right side under "Selected Payments" > finally, select "Save".
- c. This will create a deposit in the bank reconciliation screen for you to match you bank statement and clear.

C. Run the Reconciliation Report

- a. In Accounting Reports Highlight the “Bank Reconciliation” report and select “View Report”
- b. Enter the Beginning and Ending Balances from the Bank Statement
- c. Set the ending date to the last day of the month being reconciled.
- d. Review the Summary on the last page
- e. The top set of numbers should have a \$0.00 difference
- f. The middle set of numbers should have a \$0.00 difference
- g. The bottom set of numbers should all be equal

D. Troubleshoot Discrepancies on the Summary Page of the Bank Reconciliation Report

- a. **If the top set of numbers do not have a \$0.00 difference, there is a discrepancy between the value of the items cleared in VRM and the value of the items cleared on the bank statement.** Repeat the reconciliation procedure above until the cleared items on the reconciliation report matches the Bank Statement to the penny. Most common causes for not reconciling with the bank are:
 - i. A credit or debit was cleared in VRM that was not on the bank statement
 - ii. A cleared check was handwritten for a different amount than what was entered into VRM.
 - iii. There is a mismatch between the check number and amount on the bank statement and in VRM. This commonly happens when the check number in the check queue doesn't match the check in the printer. The bank will use the bar coded check number.
 - iv. Bank fees, returned checks, ACH returns or interest was not entered into VRM through Accounts Receivable.
 - v. Credit card deposits don't match VRM credit card deposits
- b. **If the bottom set of numbers are not equal, the difference in the middle set of numbers will not be zero.** Correct the bottom set of numbers first. Once they are all equal, the middle difference will usually be zero. Possible causes for the Adjusted ending balance, Trial Balance and Journal Balance to not be equal are:
 - i. If the Adjusted ending balance doesn't match the (Trust Account) Journal Balance the most likely cause is a payment made in one month is either not in a deposit at all, or in a deposit dated for the following month. All payments for the month being reconciled must be in a deposit dated the same month as the month the payment was posted to the general ledger. To find this, first check the deposit screen to see if there are any orphan payments for the reconciliation month that have not been included in a bank deposit .



- ii. If all payments have been included in a bank deposit, run the deposit worksheet (Accounting > Reports) for the month following the month being reconciled and look for a payment posted to the general ledger during the month being reconciled which is included in a deposit for the

following month. Change the deposit date to the payment date and enter the actual deposit date in the deposit description. This should correct the discrepancy in the reconciliation report.

The screenshot shows a software interface with a tabbed menu at the top: Cash/Check, Non-Amex CC, Web CC, Amex CC, Discover CC, and ACH/ECheck. Below the tabs is a dropdown menu showing 'Landmark Vacation Rentals'. A record is displayed with the following details:

Cash/Checks dep 9/3 8/31/2013	Description: Cash/Checks dep 9/3 Date: Saturday, August 31, 2013 Type of Deposit: Cash / Check Amount: \$850.00
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Below the record are buttons for 'Edit', 'New', and 'Delete', and a 'Manage Payments' button. A yellow callout box points to the date '8/31/2013' in the record title, containing the text: 'Because the payment was made in August the deposit date must be 8/31/2013 but the actual deposit date (Sept 3) is included in the description.'

At the bottom of the interface, there is a section labeled 'deposit dates'.

- iii. The bottom set of numbers should now be equal. If not, and the difference in the middle set of numbers is still not zero, the chances are good that a transaction reconciled in an earlier month has either been un-cleared or undone completely. To find the item:
 1. Go back and re-run the bank reconciliation report for the preceding month. If the difference in the middle set of numbers is out by the same amount as the current month, you have confirmed that a transaction has been un-cleared or undone. Now you have to find the first month that the difference occurs. This will be the month that must be corrected.
 2. Keep re-running the bank reconciliation reports one earlier month at a time until you find the first month where the middle set of numbers is out.
 3. Compare the original bank reconciliation report with the current report to determine what has changed. Contact support for assistance in restoring the original transaction.

D. Save a Copy of your Reconciliation Report

Once your Bank Reconciliation is completed, consider your month closed. (Meaning, NO changes should be made to any reservations or accounts that would affect the general ledger balances). An electronic copy of the Bank Reconciliation Report should be retained along with other month end summaries (See Misc., NCREC Reports) on an external hard drive which is kept in a safe place.