How To
GL Reconciliation

DOCUMENT SUMMARY SHEET

Document Type:	How To
Document Title:	GL Reconciliation Module
Document Summary:	This is the Adaxa HowTo Template which is used for the creation of HowTo documents. Proposals, white papers, reports, etc. will use the Adaxa Report Template
File Name:	
Created on:	30 August 2010
Created by:	Steven Sackett
Last Modified on:	11 April 2012
Last Modified by:	

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1.1   Functional Overview

Adempiere uses a series of clearing accounts in the processing of documents. Examples of these clearing accounts are:

- Bank-in-Transit

- Payment Selection / Unallocated Customer Receipts

- Goods Received but not invoiced

- Goods invoiced but not received

- AP and AR control accounts.

The characteristic of these accounts is that a debit will be created in the suspense account and at a later date/time a matching credit will be created clearing the balance back to zero. In some case the credit is created and followed by a debit.

The balance of the account at any time will consist of those transactions for which the offsetting transaction had not been posted at the selected date, or both are posted and there was a mismatch in the values.

In clearing accounts with many transactions it can be quite complex to determine which transactions form the balance of the account.

This module is designed to simplify these reconciliation tasks.

2 Adempiere Account Reconciliation

2.1 The Account Reconciliation Function

The Account Reconciliation functionality is designed to assist in reconciling suspense/clearing type General Ledger accounts and reporting on the records that make up the balance of a clearing account at a particular point in time.

Three items are added to the Adempiere menu under Performance Analysis → Accounting Facts:

- Process: Account Reconciliation (Auto)
- Report: Unreconciled Accounting Facts
- Form: Account Reconciliation (Manual)
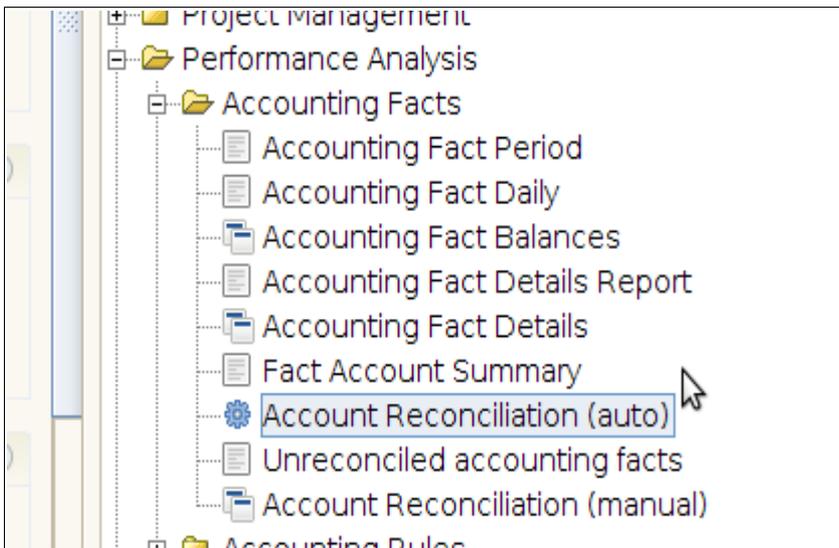
2.1.1 Overview

The *Account Reconciliation (Auto)* process works by tagging each accounting fact with a "Match code" that identifies a related set of transactions.

The *Unreconciled Accounting Facts* report is then able to report on any transactions in a selected account where the sum of all the transactions with the same Match Code is not equal to zero.

The *Account Reconciliation (manual)* form allows the user to view unreconciled facts and manually match them to clear them from the report.

To automatically match transactions based on predefined rules run the Account Reconciliation (auto) process. It requires two parameters:

- the account to be reconciled, and

- the rule for generating a match code.
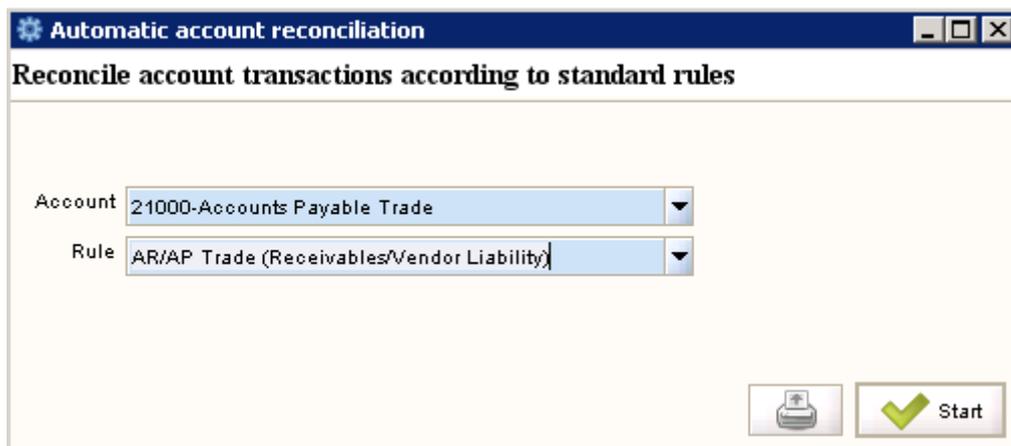
The following Rules are currently implemented:

1. AR/AP Trade (Receivables/Vendor Liability): matches invoice against payment allocation based on the Invoice ID.

2. Bank In Transit: matches payment against bank statement based on Payment ID

3. Not Invoiced Receipts: matches invoice against "Match Invoice" against material receipt based on the material receipt line ID. [works also if the GRBNI invoice and the GIBNR are recorded in the same general ledger account].

4. Payment Clearing (unallocated receipt/payment selection): matches payment against payment allocation based on the Payment ID. [it does not consider payments processed as a Cash Journal]

   The user needs to select a "Rule" that is appropriate to the account for which Automatic Reconciliation is required.

   Note that the "Rule" could be set and stored against the Account Element to avoid selection each time the report is run but we have not done this at this stage.

3.1 The Match Code

The generated match codes look similar to "Auto C_Payment:1011771".

Additional Rules:

Additional Rules can be defined in System configuration without requiring code changes.

The Rule is a SQL statement. The SQL 'Rule' for matching AR/AP Trade (Receivables/Vendor Liability) is as follows:

```
 (CASE WHEN fa.AD_Table_ID =  318 /* C_Invoice */

THEN (SELECT (CASE WHEN i.DocStatus IN ('VO','RE') AND i.Reversal_ID > 0

                THEN 'Auto C_Invoice Reversed:' || least(i.C_Invoice_ID, i.Reversal_ID)

                 WHEN i.DocStatus = 'VO'

                 THEN 'Auto C_Invoice Voided:' || i.C_Invoice_ID

                 ELSE 'Auto C_Invoice:' || fa.Record_ID END)

        FROM C_Invoice i

        WHERE i.C_Invoice_ID=fa.Record_ID)

 WHEN fa.AD_Table_ID = 735 /* C_AllocationHdr */

 THEN (SELECT 'Auto C_Invoice:' || al.C_Invoice_ID FROM C_AllocationLine al

 WHERE al.C_AllocationHdr_ID = fa.Record_ID

 AND al.C_AllocationLine_ID = fa.Line_ID ) END)
```

4.1   The Unreconciled Accounting Facts report

The *Unreconciled Accounting Facts* report accepts two parameters:

- the account to report on, and
- a date range to report on.
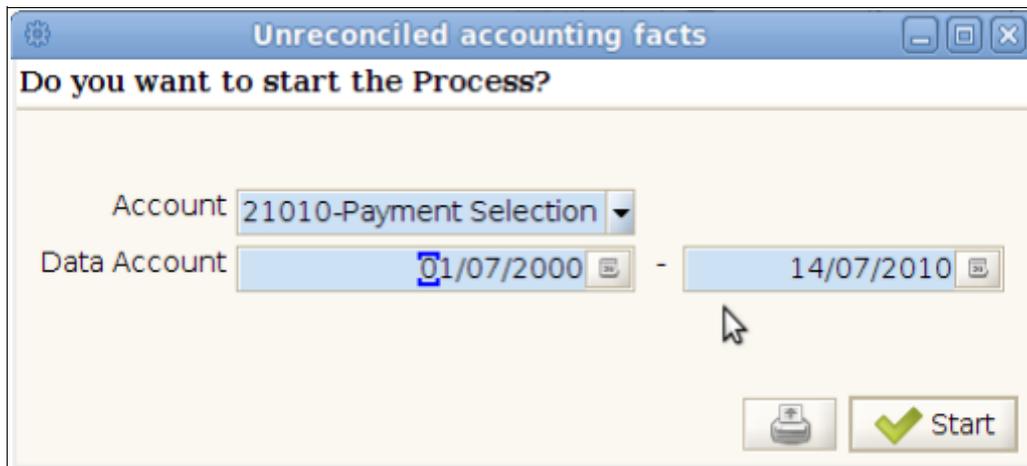
The report returns a list of all accounting facts for which the sum of all transactions within the date range with the same Match code is not equal to zero. The sum of unreconciled accounting facts will therefore equal the account balance as at the end date of the range providing the start date of the range covers all prior transactions. See example below:

Parameter:

Account = 21000-Accounts Payable Trade
Data Account >< 01/08/2000 - 30/06/2010

Business Partner	Acct Date	Accounted	Table	Description	Match Code
ustralia Pty Ltd	11/06/2010	-1,185.42	C_Invoice	12096088	Auto C_Invoice:1169990
....ustralia Pty Ltd	24/06/2010	-2,213.72	C_Invoice	12102541	Auto C_Invoice:1178537
Australia Pty Ltd Σ		-3,399.14			
_____	10/06/2010	-893.37	C_Invoice	816341	Auto C_Invoice:1169998
	25/06/2010	-457.59	C_Invoice	818597	Auto C_Invoice:1179550
_____	30/06/2010	-190.00	C_Invoice	818441	Auto C_Invoice:1179548
		-1,540.96			
I JSTRALIA PTY	01/06/2010	-225.00	C_Invoice	I123393	Auto C_Invoice:1150953
I JSTRALIA PTY	01/06/2010	-95.76	C_Invoice	I122899	Auto C_Invoice:1141713
I JSTRALIA PTY	02/06/2010	-3,220.60	C_Invoice	I125637	Auto C_Invoice:1166843
I JSTRALIA PTY	04/06/2010	-4,652.30	C_Invoice	I125812	Auto C_Invoice:1169996
I JSTRALIA PTY	08/06/2010	-785.70	C_Invoice	I126173	Auto C_Invoice:1169997
I JSTRALIA PTY	09/06/2010	-712.86	C_Invoice	I126329	Auto C_Invoice:1169994
I JSTRALIA PTY	15/06/2010	-95.76	C_Invoice	I126924	Auto C_Invoice:1169986
I JSTRALIA PTY	15/06/2010	-803.76	C_Invoice	I126932	Auto C_Invoice:1170216
I JSTRALIA PTY	16/06/2010	-657.64	C_Invoice	I127176	Auto C_Invoice:1170212
I JSTRALIA PTY	16/06/2010	-287.28	C_Invoice	I127123	Auto C_Invoice:1170220
I JSTRALIA PTY	18/06/2010	-45.00	C_Invoice	I127555	Auto C_Invoice:1170053
I JSTRALIA PTY	24/06/2010	-45.00	C_Invoice	I128194	Auto C_Invoice:1175957
AUSTRALIA PTY		-11,626.66			
TECH	16/06/2010	-11,788.30	C_Invoice	I175830	Auto C_Invoice:1177181
TECH		-11,788.30			
JRES LTD	07/06/2010	-7,124.17	C_Invoice	978568 RI	Auto C_Invoice:1167408

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Business Partner	Acct Date	Accounted	Table	Description	Match Code
EDICAL	23/06/2010	-1,690.00	C_Invoice	411521	Auto C_Invoice:1178529
..EDICAL	24/06/2010	-98.35	C_Invoice	411732	Auto C_Invoice:1174880
1EDICAL	24/06/2010	-2,796.48	C_Invoice	411799	Auto C_Invoice:1178530
EDICAL	25/06/2010	-896.00	C_Invoice	411916	Auto C_Invoice:1179551
EDICAL	27/06/2010	-122.00	C_Invoice	407168	Auto C_Invoice:1157519
EDICAL	28/06/2010	-3,938.00	C_Invoice	412248	Auto C_Invoice:1179624
EDICAL	29/06/2010	-126.00	C_Invoice	412321	Auto C_Invoice:1178515
MEDICAL Σ		-62,118.85			
.EE PTY LTD	17/06/2010	-1,831.50	C_Invoice	393205	Auto C_Invoice:1179553
EE PTY LTD Σ		-1,831.50			
Family Service	01/06/2010	-130.00	C_Invoice	I03595	Auto C_Invoice:1177147
Family Service		-130.00			
	31/10/2009	163.97	GL_Journal	1027 #50 (Delayed	
	30/11/2009	-261.84	GL_Journal	1130 #150 (Roll forward	
	01/03/2010	261.84	GL_Journal	1134 #150 (Reversal of	
	30/06/2010	-163.97	GL_Journal	1326 #60 (Recode	
Σ		0.00			
Sum Σ		5,489.85			

5.1 Manual Accounts Reconciliation

It may be that two transactions clearly offset one another even though the system is not able to delect a link. Examples may be things which have been created or adjusted by by *General Ledger Journal* entries. The entries may be linked manually (and thus cleared from reports) by the following process.

The *Account Reconciliation (Manual)* form allows unreconciled and unlinked accounting facts to be manually matched to each other. Using the filters at the top of the screen the user can locate unreconciled transactions for a selected account, optionally restricting by Organisation, Business Partner, Product or Account Date range.

Note that facts are considered to be reconciled if the sum of all facts with the same Match code equals zero. This means that unlike the *Unreconciled Accounting Fact* report, filtering by date range will only affect which facts are displayed, not whether they are considered reconciled or not.

The "Reconciled" checkbox allows the user to display already reconciled facts instead of the unreconciled ones.

After selecting an account and entering any filters, clicking the Refresh button causes the facts to be loaded.

The user is then able to manually check off facts that are related to each other. At the bottom of the screen the current sum of selected facts is displayed in the "Difference" field. If this difference is zero, the facts can be tagged as reconciled by clicking the "Process" button. A matchcode is automatically generated of the form "Manual: User Name timestamp" (e.g. "Manual: John Smith 2010-01-01 12:00:00.000").

The "Accounting Fact" zoom button can be used to zoom to the Accounting Fact detail window for the currently highlighted row for inspection. The user can zoom to the document from the Accounting Fact Window.

Columns can be sorted, reordered and hidden as per normal Adempiere functionality.

5.2   Correcting Errors

If the "Reconciled" checkbox is active, the match codes of any selected facts can be cleared by clicking the "Reset" button. This allows facts to be unmatched if required.

6 Adaxa's Offices and Contacts

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For all other information please contact the Adaxa office nearest to you.

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