

# Balancing company checkbooks

**A bank reconciliation should take about 35 minutes for a small company.**

by Dan Sautner

■ Unless you keep your cash in the "sock" or "mattress" vault, you have to work with a monthly bank statement. The balance on that statement and the amount of money you actually have available are only the same by sheer coincidence.

This article will give you a course of action designed to help get—and keep—your checkbook balance under control.

To prevent errors from causing you any embarrassment, always check your deposit receipts at the teller's window to ensure that the bank gave you proper credit. Double-check that you have recorded the proper amount for each check that you write and record those charges that go

through the bank automatically.

Balance your checkbook immediately after receiving your bank statement. It's not too difficult to do:

- 1) Verify all of your deposits to be sure that your figures and the bank's agree.
  - 2) Verify all of the checks that cleared to confirm that the proper amount was deducted from your account (and that you recorded the correct figure).
  - 3) List all of the checks that have not cleared as of the statement date.
  - 4) List the deposits made after the statement date.
  - 5) Deduct from your checkbook balance all bank charges, including monthly service charges, checkbook printing, overdraft charges, ATM charges and miscellaneous fees.
  - 6) Add into your balance any bank credits, such as reversals of previous charges.
  - 7) To your balance after bank charges and credits, add outstanding checks (#3) and deduct outstanding deposits (#4). This figure should equal the bank's figure at the end of the statement period.
- If your figures disagree with the bank's, don't accuse the bank of making the error.

It's usually not their fault. Ninety-five percent of all errors are made by the customer. And most of the bank's errors should be caught by the customer at an earlier time. It's your responsibility to check your receipts and to balance your checkbook each month.

If, however, the bank has made an error and returned some checks, ask the bank manager to write letters to the payees explaining that it was not your fault. Also, ask them to reverse the overdraft charge(s) as well as credit you with the charges of your payee. Also ask if they can remove this overdraft from your record.

When you approach the bank with an unbalanced checkbook, its personnel will assume that you had balanced your statement the previous month. Generally speaking, a bank reconciliation should take about 35 minutes for a company that writes about 50 checks a month. And if the bank employee cannot find an error, you should feel safe in assuming that the bank's figure is correct.

Sometimes, you have to adjust your check balance and move forward. Errors can always be found. If all else fails, start from the most recent month you reconciled your bank and recreate the balance.

—The author is chairman of Padgett Business Services, which provides accounting and tax services. For more information, call Padgett at (706) 548-1040.

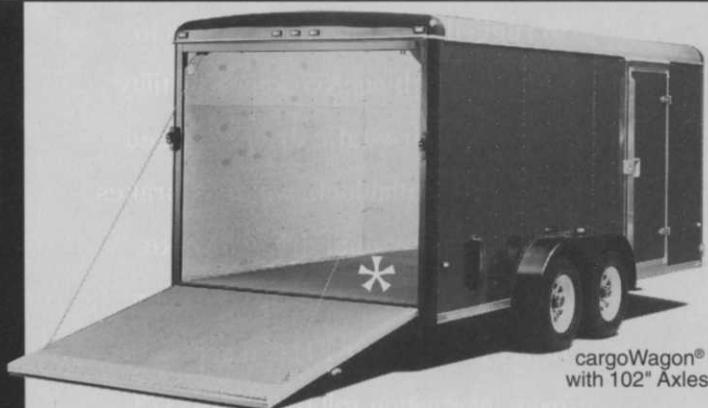
## Corrective measures

■ If you and the bank don't agree, take these steps:

- 1) Use a printing calculator to double-check addition and subtraction.
- 2) Check to be sure that you carried the correct figures from page to page.
- 3) Make sure that the actual amount of each check equals what you recorded in your checkbook. If the amount you disagree with the bank is divisible by nine, you might have committed a transposition error (entering 123 as 312, etc.).
- 4) Go through steps one through seven again. (One common error is missing an outstanding check from two or more months back.)
- 5) Have someone else go over the checkbook for you.
- 6) Go to the bank and ask for their help in finding the error.

—D.S.

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