RECONCILING A WARD ACCOUNT THAT HAS NOT BEEN RECONCILED FOR MORE THAN TWO MONTHS

So you're a new assistant ward clerk over finances. The accounts do not reconcile, and it looks like they haven't been reconciled for some time. Where do you start?

Some new clerks experience frustration with the reconciliation process, especially if the unit's checking account does not currently reconcile to zero. This article is designed to help newly-called clerks find a starting point from which they can get the reconciliation back in order.

Important Rule to Follow

As you follow these instructions, be sure to complete each step before moving to the next. Be precise. Even the smallest out-of-balance amount can cause problems months later. It's essential that the month you are working on is completely reconciled to zero before moving to the next month.

Section 1
Find the Last Month That Reconciled to Zero

To find your starting point, locate within MLS the last month where the reconciliation was completed, all categories had NO unreconciled differences, and no TEMPORARY ITEMS were used.

To find the last month that reconciled to zero in MLS:

1. On the main screen of MLS, from the FINANCES menu, click MORE.
2. On the FINANCES screen, from the REPORTS/RECONCILE menu, click RECONCILE.
3. On the MONTH FOR RECONCILIATION pop-up window, select the latest month and year of the report you believe may be reconciled to zero.
4. On the left side of the reconciliation screen, click REPORT.
5. On the reconciliation REPORT, view the UNRECONCILED DIFFERENCES line.
    a. All columns on the line should read $0.00
    b. If the columns don't ALL read $0.00, go back one month and repeat steps 4 and 5.
    c. Once you find a month with ALL UNRECONCILED DIFFERENCES at $0.00 and no TEMPORARY ITEM entries, then the next month will be your starting month. (For example, if in March 2008 the UNRECONCILED DIFFERENCES columns are all $0.00 and there are no TEMPORARY ITEMS, your starting point is the reconciliation for April 2008.)

Section 2
Review the Reconciliation

Now that you have your starting month, begin the reconciliation as though you were doing it for the first time.

1. On the BALANCES screen, confirm that the balances match the ENDING BALANCE on the CHURCH UNIT FINANCIAL STATEMENT.
2. On the OTHER ITEMS screen, check any existing entries to be sure they fall within the OTHER ITEMS guidelines as stated below (please check the EXPENSES tab as well for recorded charges). Check to see if the Ward Missionary, Distribution Center and any other charges appearing on that month's financial statement have been entered. If not, enter them using the guidelines as stated below.

OTHER ITEMS GUIDELINES

- OTHER ITEMS are for credits to the unit account appearing on the statement. An OTHER ITEM can also be used to enter charges appearing on your statement that you didn't write a check for in MLS (such as Ward Missionary payments, Distribution Center charges). In these cases be sure to enter a negative (-) amount to show the expense. Never enter an OTHER ITEM for an item meant to be a TEMPORARY ITEM.
- EXPENSE, NOT-A-CHECK is the preferred method for recording expenses appearing on your statement that you didn't write a check for in MLS (such as Ward Missionary payments, Distribution Center charges). Select ENTER EXPENSES and check the NOT A CHECK box. When entering an EXPENSE, NOT-A-CHECK, use the date and reference number from the Church Unit Financial Statement.

3. On the RECONCILE screen, click the DEPOSITS tab and compare the deposits in MLS to the deposits on the finance statement. Check off the deposits that appear on the statement. Deposits that appear in MLS, but do not yet show on the statement should be unchecked.
4. On the RECONCILE screen, click the EXPENSES tab and compare this to the OUTSTANDING CHECKS section of the financial statement. Be sure that any outstanding checks are unchecked on the EXPENSES tab.
5. On the RECONCILE screen, click the TRANSFERS tab. A brief review of this tab should be sufficient. Be sure to check off the following items on the TRANSFERS tab:
    a. Category adjustments to a donation batch may create an extra transfer that should be cleared. Note: Don't check off the adjustment if the donation batch has not cleared on the CHURCH UNIT FINANCIAL STATEMENT.
    b. Items that have a reference starting with the letter T (i.e. T20090401100). These are transfers created in MLS.
    c. Any voided checks.
    d. OTHER ITEM entries.
6. On the TEMPORARY ITEMS screen, be sure that any item listed falls within the guidelines as stated below. Enter a TEMPORARY ITEM for any deposit errors or returned checks that appear on your statement, or for a deposit category or check category adjustment that has been entered in MLS but hasn’t been adjusted on that month's statement. Check off any TEMPORARY ITEM that should not be there, or any that now show adjusted on the CHURCH UNIT FINANCIAL STATEMENT. Click SAVE.

TEMPORARY ITEMS GUIDELINES

- Never use a random TEMPORARY ITEM to force your reconciliation to zero. TEMPORARY ITEMS are only used for categories that carry a balance on the CHURCH UNIT FINANCIAL STATEMENT. When entering a TEMPORARY ITEM only use the parent category (such as Ward Missionary or Other), don't use sub-categories. Only enter a TEMPORARY ITEM when there is a specific line item on your CHURCH UNIT FINANCIAL STATEMENT justifying the item. Enter a TEMPORARY ITEM for a deposit/check category adjustment made in MLS that is not yet adjusted on the statement.
- TEMPORARY ITEMS should be entered for deposit errors, returned checks, deposit category adjustments, and check category adjustments. All require that headquarters make an adjustment to the unit banking account. Never enter these adjustments as OTHER ITEMS. TEMPORARY ITEMS have a specific reference number that should be used when the entry is made. These adjustments enable the reconciliation balance to be zero.

7. On the REPORT screen, view the UNRECONCILED DIFFERENCES line. If all columns show $0.00, move to the next month and repeat steps 1-7. If you still show an unreconciled difference, move to Section 3.

<u>Section 3</u>
<u>Look for Unreconciled Differences in DEPOSITS</u>

If you still have unreconciled differences, look for DEPOSIT category adjustments.

1. On the RECONCILE screen, click the DEPOSITS tab.
2. On the DATE column, click the date of the last deposit that cleared during that month.
3. The DONATION REVIEW screen appears, showing details of this batch. Look for any adjustments made to the batch. Adjustments have a triple asterisk (***) to the left of the donor name.
   a. If there are no adjustments to the batch, click CLOSE at the bottom of the review screen.
   b. Under DEPOSITS, click the next batch date in the list to view the batch details and search for adjustments.
4. If you find an adjustment marked with the triple asterisk, view the detail of the columns in that row to determine how the donation funds were adjusted.
   a. Any adjustment made to the OTHER or WARD MISSIONARY accounts may require a TEMPORARY ITEM.

<u>Section 4</u>
<u>Look for Unreconciled Differences in EXPENSES</u>

If you still have unreconciled differences, review the expenses for that month.

1. On the RECONCILE screen, click EXPENSES.
2. The CATEGORY column lists the category charged for each check. Any expense marked with the word MULTIPLE indicates that more than one category was involved with this expense. It could be that the expense was charged to multiple sub-categories. Also, it could indicate that an adjustment was made between different categories for that expense.
3. Click MULTIPLE to see the detail of the adjustment.
4. Any adjustment made to or from the OTHER or WARD MISSIONARY accounts to another account (such as BUDGET) may require a TEMPORARY ITEM.

<u>Section 5</u>
<u>Additional Reconciliation resources</u>

If you've been unable to locate the cause of the unreconciled difference using these steps, do not move to the next month. Ask your stake clerk for help. If the stake clerk is unable to help, he should call Church headquarters.