



IServices approach to bank reconciliation with iMIS

IServices



Agenda

- ▶ Background
- ▶ Bank reconciliation as a business process
- ▶ Benefits of business process management
- ▶ Re-engineering business processes
- ▶ Bank reconciliation basics
- ▶ Historical bank reconciliation method
- ▶ New reconciliation by payment type method
- ▶ Implementing the new method
- ▶ Payment type reconciliation benefits
- ▶ Common concerns
- ▶ Questions

IServices

- ▶ IServices are specialists in leveraging information technology to provide seamless integrated solutions and end-to-end processes specifically for Not-For-Profit organizations
- ▶ Privately owned, and proudly Australian.
- ▶ IServices supports 80+ iMIS customers throughout Australia and New Zealand.
- ▶ Active & long term sponsors of NiUG
- ▶ We're a highly experienced medium sized team of 15, who are passionate about the clients we serve. We'll never re-route your call.
- ▶ We invite you to leverage our expertise and take advantage of our track record of success.

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Background





Bank reconciliation as a business process

- ▶ Think of bank reconciliation as a process that supports iMIS and your wider business practices
- ▶ Business Processes should have owners
- ▶ Business Processes should be managed



Benefits of business process management

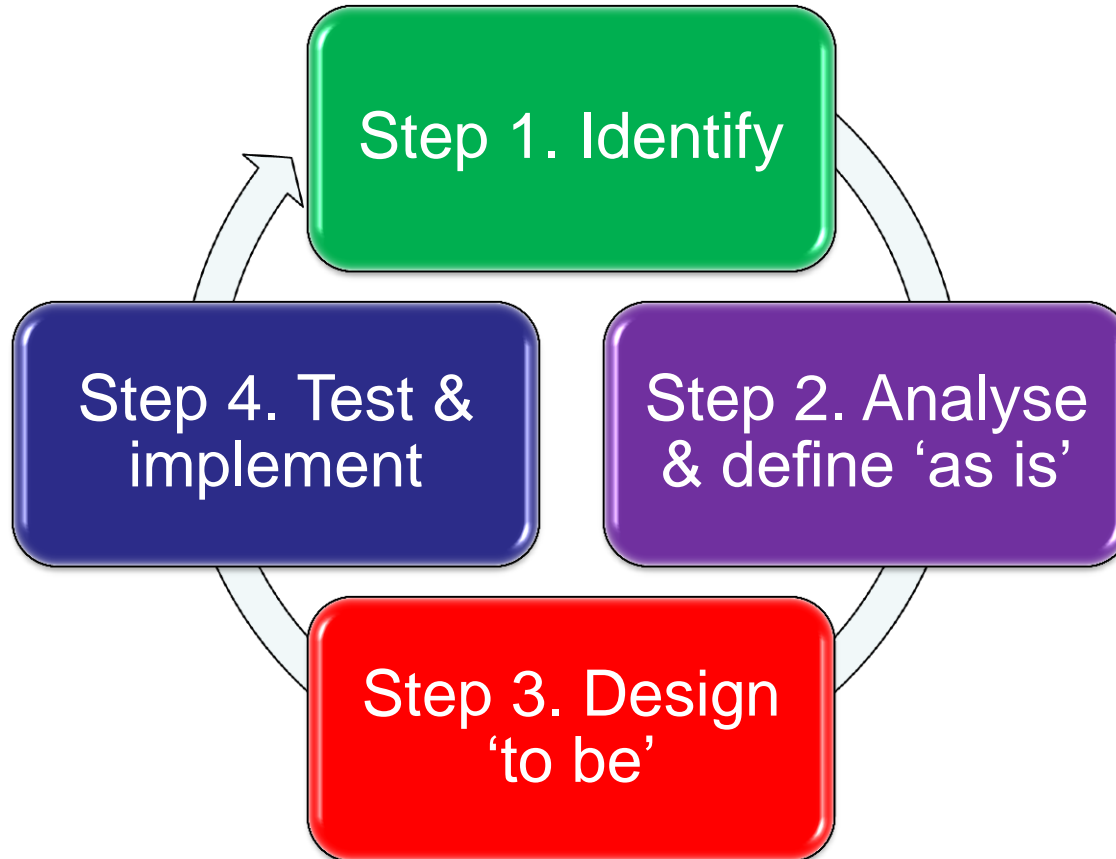
- ▶ Innovation
- ▶ Improved operational efficiency
- ▶ Compliance and control
- ▶ Agility, quick wins
- ▶ End-to-end understanding



Benefits of business process management

- ▶ Good management of business processes makes it easier to identify when change is needed
- ▶ Business processes should evolve as business operations change or as a specific need arises
- ▶ Ensures support and efficiency are maintained or improved

▶ Re-engineering business process method





Step 1 - Bank reconciliation basics

- ▶ A process that explains the difference between the bank balance shown in an organisation's bank statement, as supplied by the bank, and the corresponding amount shown in the organisation's own accounting (iMIS) records at a particular point in time
- ▶ Matching items from bank and iMIS
- ▶ Then identify remaining balances
- ▶ Any bank reconciliation process must do this

The differences

- ▶ A process that explains the difference.....
- ▶ From an iMIS point of view (receivables)
- ▶ EFT
- ▶ Credit card
- ▶ Cheque
- ▶ Cash



Step 2 – define the historical method

- ▶ Back office payments are processed in individual batches, based on payment type.
 - ▶ Credit Card payments
 - ▶ Amex Payments
 - ▶ Cash/Cheque Payments
- ▶ Controls need to be in place to ensure this happens
- ▶ Errors can occur
- ▶ Internet transactions are entered into a single batch

Step 2 – define the historical method

- ▶ Payment batches are then reconciled against the bank statement

Credit Card Payment Batch		
12/03/2011	Total	1800.00
<hr/>		
<hr/>		
<hr/>		

Bank Statement		
13/03/2011	Securepay	2500.00CR
<hr/>		
<hr/>		
<hr/>		

Issues with historical method

Bank Statement		
13/03/2011	Securepay	2500.00CR

- ▶ This bank statement entry can contain amounts from;
 - ▶ 11 March Back office Credit Card payment batch
 - ▶ 12 March Back office Credit Card Batch
 - ▶ 11 March Internet Batch
 - ▶ 12 March Internet Batch
 - ▶ Can even contain transactions processed prior to the 11 March



Issues with historical method (cont'd)

- ▶ The bank Statement isn't presented in batches
- ▶ The Gateways and banks have an end of day 6.00pm AEST
- ▶ Online Services means your organisation is open 24 hours 7 days per week
- ▶ Gateway transactions are presented as a single amount, sometimes NET, sometimes GROSS
- ▶ There is a need to control back office processing
- ▶ Can lead to poor financial integrity



Issues with historical method (cont'd)

- ▶ Batch Method reconciliation is performed daily, weekly or at least monthly depending on individual business practice
- ▶ Depending on the volume of transactions it can occupy up to one hour per day as you can rarely reconcile all the transactions in a batch at one time
- ▶ The need for back office staff to process payments in different batches each day slows down processing

Step 3 – IServices method

- ▶ Reconcile by Payment Type
- ▶ Different payment types have different characteristics
- ▶ The bank statement is presented by payment type
- ▶ Performing the reconciliation in this way you are comparing like with like

Step 3 – IServices method

- ▶ Reconcile by Payment Type
- ▶ Regardless of how often you choose to perform the reconciliation you see the ‘wider picture’

Credit Card Payments Report

04/03/2011	_____
09/03/2011	_____
13/03/2011	_____
18/03/2011	_____
25/03/2011	_____
30/03/2011	_____
Total	10800.00

Bank Statement

05/03/2011	Securepay	2500.00CR
10/03/2011	Securepay	1500.00CR
14/03/2011	Securepay	1800.00CR
19/03/2011	Securepay	2500.00CR
26/03/2011	Securepay	700.00CR

Step 3 – Design ‘To Be’

New approach – Credit Card

iMIS

Cash Receipts are entered in iMIS as triggered by events (Credit card payments) throughout the month

When the transactions reach the General Ledger the impact is
Debit Credit Card
Credit "Revenue"

Analyse the bank statement
Pull out all Credit Card Payment Entries
For example; Credit Card payments total \$9000

Match off Month's Transactions

Analyse the list of Credit Card iMIS transactions
Total \$10000

Transfer the Bank Statement transactions out of the sub account
Debit Main Account
Credit Credit Card

General Ledger

Left with \$1000 of unreconciled transactions
This should match the sub account balance

Step 4 – Steps to Implement

iMIS

Cash account per Payment type

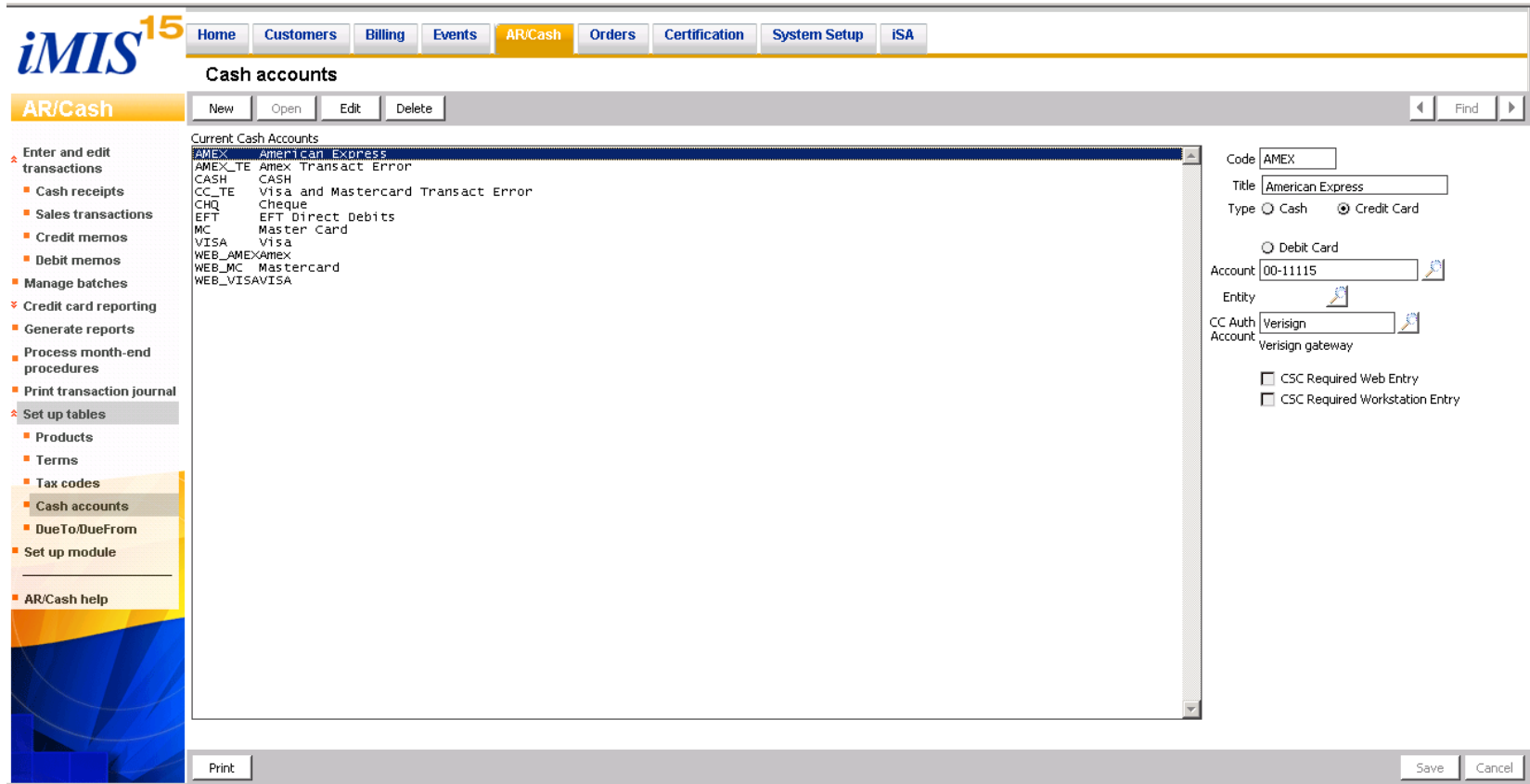
GL system

Create a GL clearing account for each payment type

- EFT
- Cash/Cheque
- Credit Card
- Amex

As well as a Main Bank GL account

Step 4 – Steps to Implement



The screenshot shows the iMIS 15 AR/Cash Cash accounts screen. The interface includes a navigation menu on the left, a main data table, and a right-hand configuration panel.

Navigation Menu:

- Home
- Customers
- Billing
- Events
- AR/Cash**
- Orders
- Certification
- System Setup
- ISA

AR/Cash Cash accounts

Buttons: New, Open, Edit, Delete, Find

Current Cash Accounts

Code	Description
AMEX	American Express
AMEX_TE	Amex Transact Error
CASH	CASH
CC_TE	Visa and Mastercard Transact Error
CHQ	Cheque
EFT	EFT Direct Debits
MC	Master Card
VISA	Visa
WEB_AMEX	Amex
WEB_MC	Mastercard
WEB_VISA	VISA

Configuration Panel:

- Code: AMEX
- Title: American Express
- Type: Cash Credit Card
- Debit Card
- Account: 00-11115
- Entity: [Link]
- CC Auth Account: Verisign gateway
- CSC Required Web Entry
- CSC Required Workstation Entry

Buttons: Print, Save, Cancel

Step 4 – Steps to Implement

- ▶ iMIS Report
- ▶ A report that shows all individual transactions for a payment type for a defined period of time
- ▶ This allows you to gather all transactions where batch method separates them
- ▶ Makes it easier to compare against the bank statement

Credit Card Payments Report	
04/03/2011	_____
09/03/2011	_____
13/03/2011	_____
18/03/2011	_____
25/03/2011	_____
30/03/2011	_____
Total	10800.00



Benefits of IServices method

- ▶ Less back office control required
- ▶ User can process any payment in any batch
- ▶ Quicker back office processing
- ▶ Less time to perform reconciliation
- ▶ You are able to compare iMIS and bank with a more complete picture
- ▶ As little as 2 hours per month
- ▶ Better understanding of reconciliation position
- ▶ Good audit trail
- ▶ Financial integrity



Common Concerns

- ▶ Change management?
- ▶ Auditors?

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Look for us in the blue shirts or visit our booth