



Trust Three Way Reconciliation-Version 6

Property Management Solutions for Over 30 Years

Overview

The three way reconciliation compares the Bank Balance Breakdown with the Bank Account Activity with the Bank Reconciliation report.

Pages 4 and 5 contain forms you can use to record the 3-Way Reconciliation. This form can be used in conjunction with the Audit Worksheets, found in the [How To document #269 Audit](#). That document has more information about auditing your accounts.

Instructions for completing the 3-Way Reconciliation

1. Select the target date – usually the last day of the previous month
2. Do the bank reconciliation (GL, Reconcile Bank Account) for all bank accounts through the target date. Print the reconciliation reports.
3. Copy the Ledger Balance Summary numbers from the report to the form, part I.
4. Run the Bank Activity Report (Reports, Bank Reports) as of the target date.
5. Copy the Ending Bank Book Balance amount from the report to the form, part II.
6. Run the Bank Balance Breakdown report (Reports, Bank Reports) as of the target date.
7. Copy the Available Bank Balance total from the report to the form part III.
8. If there are differences in the three totals, see How To document #269 Audit for suggestions on how to explain or correct those differences.
9. Attach copies of the reports to the form.

Three Way Reconciliation

The three way reconciliation compares the Bank Balance Breakdown with the Bank Account Activity with the Bank Reconciliation report. All three should be the same for any selected date provided there are no undeposited receipts and there are no checks that were voided after the selected date.

NOTE: If there were any, they will be listed on the Bank Balance Breakdown report in the Balance Summary section. Any undeposited receipts will show as Deposit Adjustments. (Undeposited receipts will be included in the ledger balances, but not in the bank balance.) Checks posted prior to the report date, but voided with a void date after the report date will show as Withdrawal Adjustments. (As of the date of the Bank Activity report, they are still valid check withdrawals, and are still subtracted from the ledger balances on the Bank Balance Breakdown, but they will not show on a bank reconciliation because they have been voided.)

The **Bank Balance Breakdown Report** has three sections. The first shows the amount of money in the bank account for each ledger. The second shows balance adjustments and the third summarizes the information. Under Balance Summary:

Ledger Book Balance - the amount of money in the bank account for all ledgers

- Minus Deposit Adjustments - Split Deposits where the deposit date falls after the report date but has receipts dated before the report date. They can be found on the Split Deposit report.
- Plus Withdrawal Adjustments - Split Deposits where the deposit date falls before the report date but has receipts dated after the report date. They can be found on the Split Deposit report.

Bank Book Balance - This is the checkbook balance and should match the Bank Activity report.

- Minus Deposit Adjustments -
 - Undeposited receipts with dates before the date of the report. (Undeposited receipts will be included in the ledger balances, but not in the bank balance.)
 - Deposits cleared after the date of the report
 - Deposit cleared before the date of the report but with a posting date after the date of clearing
- Plus Withdrawal Adjustments -
 - Checks posted prior to the report date, but voided with a void date after the report date will show as Withdrawal Adjustments. (As of the date of the Bank Activity report, they are still valid check withdrawals, and are still subtracted from the ledger balances on the Bank Balance Breakdown, but they will not show on a bank reconciliation because they have been voided.)
 - Checks and other subtractions cleared after the date of the report
 - Checks and other subtractions cleared before the date of the report but with a posting date after the date of clearing.

Available Bank Balance - This number should match the available bank balance on the Bank Reconciliation report.

- Minus Uncleared Deposits - any uncleared deposits dated prior to the report date.
- Plus Uncleared Withdrawals - any uncleared checks or other subtractions dated prior to the report date.

Cleared Balance - this is the balance that has cleared the bank and should match the cleared balance on the bank reconciliation.

3-Way Comparisons:

If no Deposit or Withdrawal Adjustments:

- Ledger Book Balance on the Bank Balance Breakdown = Ending Bank Book Balance on Bank Account Activity = Available Balance on Bank Reconciliation.

If Deposit Adjustments

- Available Bank Balance on the Bank Balance Breakdown = Ending Bank Book Balance on Bank Account Activity = Available Balance on Bank Reconciliation.

If Withdrawal Adjustments

- Ledger Book Balance on the Bank Balance Breakdown = Ending Bank Book Balance on Bank Account Activity
- Available Bank Balance on Bank Balance Breakdown = Available Balance on Bank Reconciliation

If Both Deposit and Withdrawal Adjustments

- Bank Book Balance on the Bank Balance Breakdown = Ending Bank Book Balance on Bank Account Activity
- Available Bank Balance on Bank Balance Breakdown = Available Balance on Bank Reconciliation

PROMAS Trust Account 3-Way Reconciliation

Bank Account: _____

Date: _____

I: Bank Reconciliation Report

Bank Statement Balance	\$ _____
Plus: Deposits and other additions	\$ _____
Less: Outstanding checks and other subtractions	\$ _____
Available Bank Balance as of _____	TOTAL \$ _____

II: Bank Activity Report

Ending Bank Book Balance as of _____	TOTAL \$ _____
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III: Bank Balance Breakdown

Available Bank Balance as of _____	TOTAL \$ _____
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Totals of I, II and III must be reconciled to the same date and must be identical

Amount of difference, if any: \$ _____

Real estate commissions frequently want to see that the Checkbook balance (Available bank balance shown in I above) matches the sum of owner and tenant balances. Use the equation below. This is what the Audit Worksheet shows, but in a slightly different format.

Equation: bank stmt balance plus/minus uncleared = owner balances + open credits + management balance + other owner liabilities (+ security deposits if in the same bank)

Section A – bank - from I above

Bank Statement Balance	\$ _____
Plus deposits and other additions	\$ _____
Less outstanding checks and other subtractions	\$ _____
<i>Checkbook balance (Available bank balance)</i>	\$ _____

Section B – ledgers

Ledger balances (ledger balance report)	\$ _____
Plus tenant open credits (tenant balance report for all tenants)	\$ _____
Less undeposited receipts (GL, Deposit Receipts)	\$ _____
Plus other owner liabilities (Balance Sheet consolidated for all ledgers)	\$ _____
Plus/minus mgmt balance (bank balance breakdown)	\$ _____
Plus Security Deposits – if only one bank (tenant balance report for all tenants)	\$ _____

Total \$ _____

Difference \$ _____