

# Tips for Reconciling Due From Accounts

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**1. Enter the dollar figures for the appropriate date from the state member bank and the correspondent bank.**

- At the top of the left-hand column place the amount from the correspondent bank's statement in the "Their balance to our credit" section of the reconciliation form.
- At the top of the right-hand column place the amount from the G/L History in the "Our Balance to their Debit" section of the reconciliation form.

Note: Depending on the activity, correspondent bank account reconciliations are normally completed daily, weekly, or monthly.

**2. Using the last reconciliation, clear previously outstanding We Debits and We Credits.**

- We Debits and Credits are items that appeared on the member bank's G/L but were not on the correspondent's bank statement. The phrases really mean, "We HAVE Debited" and "We HAVE Credited" since each item is an entry that the member bank has made to its books but the correspondent was unaware of it.
- Get the last reconciliation and look over the current statement from the correspondent to see if the above items have cleared. If they appear on the current statement, they have cleared and do not need to be shown on the reconciliation you are preparing. If you do not see them, then you should carry them forward to the new reconciliation.

**3. Using the last reconciliation, clear previously outstanding They Debits and They Credits.**

- They Debits and Credits are items that appeared on the correspondent's bank statement but were not on the member bank's G/L. The phrases really mean, "They HAVE Debited" and "They HAVE Credited" since each item is an entry that the correspondent has made to its books, but the member bank was unaware of it.
- Get the last reconciliation and look over the current G/L history to see if the above items have cleared. If they appear on the current G/L history, they have cleared and do not need to be shown on the reconciliation you are preparing. If you do not see them, then you should carry them forward to the new reconciliation.

**4. Clear items from the member bank's G/L history and the correspondent bank's statement.**

- Check off all items that appear on both statements. These are the items that have cleared on both institutions' books.
- Any items that have not cleared should be shown on the current reconciliation along with any uncleared items from previous statements.

**5. Total the two columns to reconcile the bank's GL balance to the correspondent.**

- The sum of each column should match, but it is an artificial number that does not tie to anything else.

**6. Continue to try to clear outstanding items during the examination.**

- Work with bank personnel to identify uncleared items and resolve them during the examination. Obtain supporting documentation on any large, old, or unusual items.
- Determine if outstanding items should be charged off.
- If you identify suspicious activity, communicate your findings and concerns to the EIC immediately for advice and further guidance.