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WEBINAR
Bank Reconciliation Without the Guesswork:
Fix Credit Card Timing Gaps Once and For All
Earn 1 CPE credit!
Thur, July 30
10:00AM PST

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Your Presenters

A practical discussion from the finance and processor sides of the same reconciliation problem

Noah Daniels, CPA, CPFO, Director with LSL LLP
Government accounting, month-end close, and reconciliation support
Focus today: How finance teams diagnose and resolve the difference

Mary Carranza, AVP - Government & Education Sectors with Elavon
Payment processing reporting and merchant funding activity
Focus today: What happens between card transaction, settlement, and bank funding

Agenda and Learning Objectives

The agenda is intentionally narrow: credit card deposit reconciliation.

1. Define the accounting and reconciliation problem - Why balanced bank reconciliations still leave unresolved card activity.
2. Explain processor activity - Transactions, settlement, funding, fees, refunds, chargebacks, MIDs, and reporting.
3. Apply the reports - Classify variances, document support, and resolve process gaps.

Our Learning Objectives:

1. Identify why credit card deposits might not match source-system receipt totals.
2. Distinguish expected timing differences from unsupported accounting or process problems.
3. Use processor reports to bridge source activity, bank funding, and GL posting.
4. Classify variances and decide the next action without chasing rabbits.

POLLING QUESTION #1

Where does your credit card reconciliation usually break down?

A. Bank deposit does not match source-system receipts
B. Processor reports are hard to interpret or not accessible
C. Refunds, fees, chargebacks, or adjustments are not documented
D. GL postings or interfaces do not match the funding activity
E. Not sure, but we just know it takes too long

A Balanced Bank Reconciliation Is Not Enough

Yes! The bank can reconcile while credit card activity remains unsupported.

What the bank reconciliation proves:

- Bank balance +/- Reconciling Items = GL Cash

What it does not prove

- All card receipts were captured
- Funding agrees to processor activity
- Fees/refunds/chargebacks are supported
- The GL posted to the correct period and accounts

Credit card reconciliation is not just "does cash agree?" It is "can we trace activity from source receipt through processor funding to the bank and GL?"

Credit Card Reconciliation Has Four Records

The processor report is the bridge between source activity and bank funding.

Cash Receipts	Processor	Bank	GL
Cashiering, POS, permit, utility, recreation, or other source system.	Transaction, batch, settlement, funding, refunds, fees, chargebacks, adjustments, MID.	Actual deposit date, amount, bank account, and deposit description.	Cash, revenue, clearing, fees, refund liability, and manual journal entries.
Answers: What did we take?	Answers: What settled and funded?	Answers: What hit cash?	Answers: What was posted?

When one record is missing or summarized too broadly, reconciliation turns into guessing.

Timing Differences are Expected

The close problem is not timing - it is timing without support

Expected timing difference	Unsupported difference
Friday card activity funds Monday due to weekend processing	Deposit is short and no processor report supports why
Batch closed after cutoff and settled in the next period	Card tender is not separately identifiable in the source system
Refund or chargeback appears in funding detail	GL posting was forced to cash without batch or MID support
Processor shows combined or split funding	Bank description is the only evidence used to clear the item

A timing item should have a date basis, amount, report support, and expected clearing period.

POLLING QUESTION #2

How does your organization record credit card activity?

A. Separate credit card tender in the source system and GL
B. Separate tender in the source system, but summarized in the GL
C. Recorded primarily from bank deposit amounts
D. Varies by department, location, or system
E. Not sure / reporting is limited

Where Reconciliation Variances Originate

The same dollar difference can come from different records

Record	Common Issue	Question
Source Activity	Tender not coded separately; voids; duplicate or missing receipt batches	Did we capture the right gross activity?
Processor	Fees, refunds, chargebacks, adjustments, rejected items, MID setup	What changed between authorization and funding?
Bank	Combined deposits, split deposits, delayed funding, bank description limits	What actually hit the account, and when?
GL	Interface failure, wrong period, clearing account not relieved, manual JE error	Did accounting post the same activity?
Process	No owner, no report access, inconsistent batch close, no close deadline	Why will this happen again next month?

Do not stop at “difference found.” Identify which record caused the difference.

Connecting
Payment Processing Data to Reconciliation

Presented by: Mary Carranza

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Why Card Deposits Don't Always Match: The Payment Lifecycle

1. Transaction Date

- The date the card transaction is entered

2. Batch Close / Capture Date

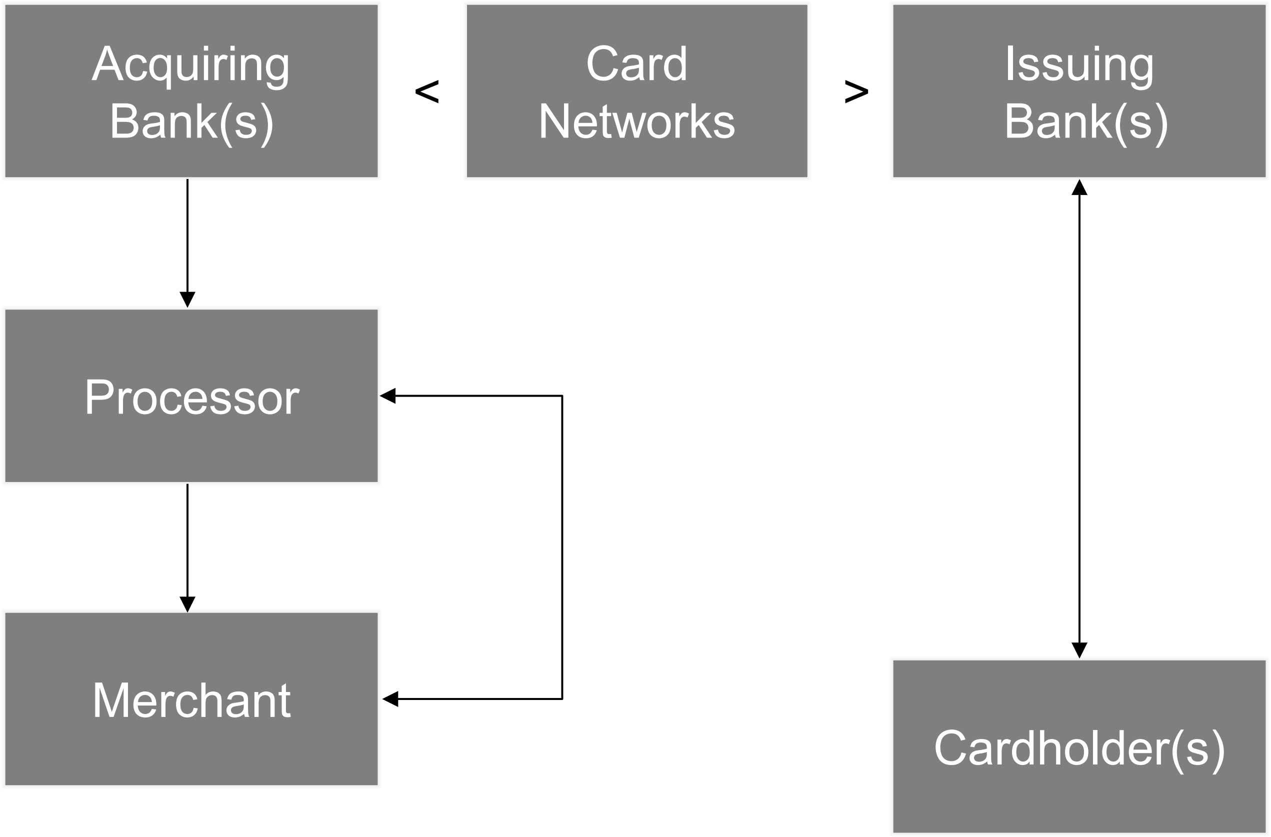
- The point when the approved card transactions are finalized and submitted for processing.

3. Settlement Date

- The date the processor sends the batch activity through the settlement process.

4. Bank Funding Date

- The date the net deposit appears in the Merchant's bank account



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From Transaction to Funding: Understanding Key Payment Dates

Date Type	What it represents	Reconciliation use
Transaction Date	When the payment is taken	Useful for tying payment activity back to POS, ERP, cashiering, or customer records
Settlement Date	When the batch was processed by the merchant processor	Useful for validating batch totals and processor activity
Funding Date	When money was deposited into the bank account	Useful for bank reconciliation and cash positioning

A card payment taken on a Friday, may not fund until Monday or Tuesday, depending on batch close time, weekend/holiday timing, card network processing, and funding setup.

When Bank Deposits Do Not Equal One Batch

Scenario A	Scenario B
Multiple batches → one bank deposit	**One batch → multiple deposits**

Scenario A

Multiple batches → one bank deposit

Helpful when:

- Multiple terminals, departments, or locations fund to the same bank account
- Weekend/holiday activity is grouped together
- Funding is consolidated for simplicity

Scenario B

One batch → multiple deposits

Helpful when:

- Card types, funding schedules, locations or account setup cause separate funding
- Adjustments, chargebacks, fees, reserves, or withheld amounts affect deposit timing
- Configuration routes activity differently by MID/locations/account

Researching Variances Using Processor Data

Difference Type	What to Review	What it may explain
Funding shortfall	Settlement and funding reports	Fees, refunds, chargebacks, adjustments, reserves, or rejected items
Bank deposits higher than one batch	Deposit or funding detail	Multiple batches grouped into one deposit
Batch higher than deposit	Adjustment detail	Refunds, chargebacks, fees, or split funding
POS total does not match processor total	Transaction search and batch report	Voids, failed authorizations, duplicate entries, or timing cut-off differences.
Month-end timing variance	Transaction date vs. settlement date reports	Payments taken in one month but funded in the next month

When payment processor reporting helps:

- Start with the bank deposit/funding report
- Drill into batch-level detail
- Review transaction-level activity
- Validate refunds, fees, chargebacks, adjustments, and rejected items
- Export or save reports for month-end support

5-Step Reconciliation Playbook

1. **Start with the bank deposit.**
   Confirm funding date, amount, and bank account.
2. **Match to processor funding detail.**
   Identify whether the deposit represents one or multiple batches.
3. **Drill into batch and transaction detail.**
   Validate locations, terminals, departments, and timing cutoffs.
4. **Research common reconciling items.**
   Review fees, refunds, chargebacks, adjustments, reserves, or rejected items.
5. **Document the variance reason.**
   Classify as timing, setup/configuration, fee, refund, chargeback, adjustment, or unresolved.

Aligning Processing Setup with Reconciliation Needs

Configuring Areas to Review:

- Number of merchant IDs
- Department or location-level setup
- Batch close times
- Funding account structure
- Gross versus net funding preference
- Fee billing method
- User access and reporting permissions
- Naming conventions for terminals, locations, and departments

Example of Reconciliation Scenario

Scenario:

Bank deposit: $48,250

Batch report total: $50,000

Difference: $1,750

Research Path:

Confirm whether the batch date and funding date are the same.

Review funding detail for deductions.

Check for refunds processed after batch close.

Review chargeback or adjustment activity.

Confirm whether processing fees are deducted from deposits.

Determine whether part of the batch funded separately.

Possible Explanation:

$1,000 refund

$500 chargeback

$250 processing fee deduction

Total difference: $1,750

Key Takeaways

- **Date basis matters:** Transaction date, settlement date, and funding date each answer a different reconciliation question.
- **Deposits are not always one-to-one:** Bank deposits may include multiple batches, and batches may fund across multiple deposits depending on processing setup.
- **Most variances have a trail:** Fees, refunds, chargebacks, adjustments, and timing differences can often be researched through processor reporting.
- **Setup impacts close efficiency:** Merchant IDs, batch close times, funding structure, and reporting access should align with the organization's reconciliation process.

POLLING QUESTION #3

Which item most often causes your unreconciled differences?

A. Month-end cutoff between transaction, settlement, and funding dates
B. Refunds or chargebacks deducted from funding
C. Fees deducted from deposits
D. Combined or split deposits by merchant ID/location
E. Source-system or GL posting/interface issues

Translate Processor Reporting Into Finance Diagnosis

The report should answer one of five questions

1. Timing? Same activity, different date basis
2. Processor Activity? Refund, fee, chargeback, adjustment, rejected item
3. Source Activity? Missing tender, duplicate receipt, void/cutoff issue
4. GL Posting? Interface, clearing, period, account coding, manual entry
5. Process Failure? No access, no owner, inconsistent close/batch procedure

Start with the strongest identifiers and work down only as needed

1 **Merchant ID / location** → 2 **Batch ID** → 3 **Funding reference** → 4 **Amount + date basis** → 5 **Bank description**

Bank descriptions are often abbreviated. Processor identifiers usually carry the reconciliation trail.

Classify Every Variance

What is the variance you're identifying

Variance	Primary	Typical Next Action
Timing	Date basis, batch close, settlement/funding report	Carry forward with expected clearing date
Fee	Funding detail or monthly fee statement	Record fee or reconcile to fee billing method
Refund	Transaction/refund report and source-system support	Tie to refund approval and revenue/cash posting
Chargeback	Chargeback/adjustment detail	Record or reclassify with owner and dispute status
Adjustment	Processor adjustment detail	Document reason and account coding
Split/combined deposit	Funding report by MID, batch, or location	Cross-reference batches and deposits
Posting/interface failure	Source-to-GL comparison	Correct posting and fix process owner

Case Study: Timing Difference With a Trail

Merchant detail explains why the bank does not match the GL line-by-line.

Merchant transaction detail

UploadDate	CheckAr	Document	IndividualName	ToFedDate	Return(	DisburseDate
[illegible]26/2025 2:05	$202.63	239671140	Christina Greek	11/26/2025 0:00	0	12/1/2025 0:00
[illegible]26/2025 2:10	$110.66	239671181	Denise Redden	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 2:47	$110.27	239671767	Carson Family Ranch Tr	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 2:47	$278.76	239671770	Harmony Wimsett	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 2:47	$101.84	239671787	New Eldorado Saving	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 9:17	$281.36	239690566	K Lounsbury	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 10:02	$461.58	239693050	kristie romanowsky	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 11:40	$174.95	239698979	Jenna Throne	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 11:42	$203.21	239699042	Kimberly M Jarred	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 11:51	$295.83	239699504	patte georgeson	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 12:44	$187.46	239702067	Melissa Sell	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 13:20	$198.28	239704141	Christina Usery	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 13:26	$200.34	239704392	Idalew Good	11/26/2025 0:00	0	12/1/2025 0:00
11/26/2025 14:27	$101.10	239706908	Kirsten D Jensen	11/26/2025 0:0[illegible]	0	12/1/2025 0:00
11/26/2025 20:24	$236.75	239719075	Krista Stark	11/27/2025 0:00	R09	12/2/2025 0:00

Bank / GL bridge

Bank			GL							
12/2/2025	184.75		11/21/2025	3,926.62	2,639.59	473.91	46[illegible]	[illegible]46.62	DIT	
12/2/2025	499.72		11/22/2025	1,379.40						
12/2/2025	781.75		11/23/2025	1,119.03						
12/2/2025	782.33		11/24/2025	1,641.85						
12/2/2025	839.48		11/25/2025	9,545.68	4,938.01	2,102.75	839.48	782.33	883.11	
12/2/2025	1,604.39		11/26/2025	3,145.02	804.16	1,604.39	499.72	236.75		
12/2/2025	1,687.27		11/27/2025	729.75	545.00	184.75				
12/2/2025	2,102.75									
12/2/2025	4,486.90		11/28/2025	8,388.73						
12/2/2025	4,938.01		11/29/2025	2,187.36						

Bank funding lines

12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	184.75
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	499.72
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	781.75
12-02	' ACH Deposit OEWELLSFARGO DEP[illegible] 251202 9900024475	[illegible]82.33
12-02	' ACH Deposit OEWELLSFARGO DEPOS[illegible] 251202 9900024475	839.48
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	1,604.39
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	1,687.27
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	2,102.75
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	4,486.90
12-02	' ACH Deposit OEWELLSFARGO DEPOSIT 251202 9900024475	4,938.01

What makes it good

1. The source detail is identifiable
Card activity is shown by transaction/upload time, not just as a lump-sum deposit.

2. The date basis is explained
One 11/26 transaction was late enough that it processed on 11/27 and funded later.

3. The GL basis is clear
The GL is posted by daily total, while bank deposits arrive in mixed or split sequences.

4. The variance has a name
Classify it as timing / deposits in transit until the bank funding clears.

Case Study: “Could Be Timing”

Merchant and bank appear to agree, but the GL difference is still unsupported.

GL / merchant / bank comparison

GL POSTING			US BANK MERCHANT 8031733358 TRAKIT	BANK		
TRAKIT	BLDG					
		-	5,364.85			-
6,448.85	2,[illegible]	8,917.36	2,468.51	6052023	7,833.36	1,084.00
808.00		808.00	823.00	6052023	823.00	(15.00)
86.00		86.00	102.00	6052023	102.00	(16.00)

Processor deposits report

Deposits

Batch Date	Settlement Date	Reference Number	Batch Number	Card Type	Paid by Merchant Payment Services	Paid by Others	Total Batch Amount
06/01/23	06/01/23	16152244514	0000327	BATCH	8,493.00	0.00	8,493.00
				VISA	7,485.00	0.00	
				M/C	1,008.00	0.00	
06/01/23	06/01/23	[illegible]244555	0000328	BATCH	1,307.00	0.00	1,307.00
				VISA	1,307.00	0.00	
06/02/23	06/02/23	27153146843	0000329	BATCH	10,632.00	0.00	10,632.00
				VISA	7,121.00	0.00	
				M/C	3,511.00	0.00	
06/02/23	06/02/23	27153146889	0000330	BATCH	1,897.69	0.00	1,897.69
				VISA	1,579.15	0.00	
				M/C	318.54	0.00	
06/03/23	06/03/23	17154143415	0000331	BATCH	5,364.85	0.00	5,364.85
				VISA	3,633.85	0.00	
				M/C	1,731.00	0.00	
06/03/23	06/03/23	17154143449	0000332	BATCH	2,468.51	0.00	2,468.51
				VISA	2,468.51	0.00	
06/04/23	06/04/23	15155654747	0000333	BATCH	823.00	0.00	823.00
				VISA	721.00	0.00	
				M/C	102.00	0.00	
06/05/23	06/05/23	73156732610	0000334	BATCH	102.00	0.00	102.00
				VISA	86.00	0.00	

What is weak

1. The observation stops too early
“Merchant and bank agree” is useful, but it does not explain why the GL does not agree.

2. Timing is asserted, not proven
A timing item needs a clearing date, batch, MID, funding reference, or later GL entry.

3. The variance is not classified
It could be timing, a posting error, an interface failure, or source activity not posted to the GL.

4. No owner or resolution path is shown
Someone must trace the missing GL support and decide whether to post, clear, or escalate.

POLLING QUESTION #4

What one change would improve your next close the most?

A. Separate card tender more clearly in the source system
B. Gain access to processor funding and batch reports
C. Standardize merchant ID/location mapping
D. Create a variance classification log with owners
E. Fix GL interface or clearing-account posting

Key Takeaways

- Trace → Match → Classify → Post/Carryforward → Document Owner/Next Action
- A balanced bank reconciliation does not prove credit card activity reconciles.
- The four records are cash receipts, processor, bank, and GL.
- Processor reporting is the bridge between source activity and bank funding.
- Timing differences are expected; unsupported differences are not.
- Every variance should be classified and assigned a next action.

Questions?

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