

Suggested Accounting Procedures

Even though all of your accounting data is stored on the computer (and on backups), we believe that it is sound accounting practice to keep some “hard copy” of the accounting books. In order to do this, it is our suggestion that monthly printouts of the accounting records are stored in an Accounting Notebook. This not only allows a “hard copy” of the books, but provides an opportunity for performing some reconciliation tasks. A notebook is also handy because it can be handed to your outside CPS for review. The procedures for setting up a notebook, and reconciling all of the data in the accounting records are described in this section.

Set Up an Accounting Notebook - At the beginning of each fiscal year, set up a new Accounting Notebook. Numerous printouts will be stored in this notebook, so the 3-ring notebook should be very wide. (If you have a lot of data, it may be necessary to use 2 notebooks or more.) Use a notebook that can be labeled on the outside as follows: “Accounting Records - 2007” (or whatever year). Some suggested index tabs for the notebook are listed below.

- Chart of Accounts
- Balance Sheet
- Income Statement-YTD
- Income Statements - Monthly
- Income Statement Spreadsheet
- Company Trial Balance
- Trial Balance by Jobs
- Trial Balance by Depts
- Cash - Operating Checking Account
- Cash - Construction Checking Account
- Other Cash Accounts
- Accounts Receivable - Trade
- Other Receivables
- Inventories
- Work In Progress
- Investments
- Property, Plant, & Eqpt
- Other Assets
- Accounts Payable - Trade
- Payroll Taxes Payable
- Other Current Liabilities
- Construction Liabilities
- Long-Term Liabilities
- Equity
- Residential Construction AGP
- Other AGP Sections
- Other Income
- Indirect Construction Expenses
- Financing Expenses
- Sales & Marketing Exp
- Salaries & Wage Expenses
- Office Expenses
- Depreciation Expenses
- Other Expenses

Suggested Accounting Procedures - continued

For each month, (AFTER all Bank Reconciliations have been done, and AFTER any month-end journal entries have been posted, AND AFTER all records and invoices have been posted for the month) it's a good idea to perform the following tasks:

Print a Trial Balance as of the End of the Month

[Index -> TB \(Trial Balance Reports\)](#)

Enter the End of the Month date in the 'End Date' field. Select "[Trial Balance for Company - YTD](#)"

Check that the "Total" of the Trial Balance is zero. If it is not, type 'GLB' for General Ledger Balance in the Index field on the Navigation/Home window. Use the 'Troubleshoot' button on the pop up window.

Print a preliminary Income Statement for the Month

[Index -> ISP \(Income Statements: For Period\)](#)

Check the Income Statement to see if everything looks okay. For example, if there were jobs closed during the month, there should be appropriate balances in the Sales and Cost of Sales Accounts. (See Help Document about posting Job Closing Entries.)

Print a Current Trial Balance By Job

[Index->TB \(Trial Balance Reports\)](#)

Enter the End of the Month date in the 'End Date' field. Select '[04-Trial Bal-GL Number, Then Job](#)'.

Check all accounts that should be related only to jobs to be sure that there are no balances in the "H" job. For example, a Work-In-Progress account (like "Direct Construction Costs") should probably not have an amount for the generic "H" job. If the cost was not for a particular job, it should probably have been posted directly to an expense account.

If there are balances for the generic "H" job in accounts that should be for job costs only, it could mean that someone forgot to post a Job Code in an entry. To check this, print a Period Only General Ledger ('GL' in Index) for the account, selecting the "H" job in the To and From fields. Review the G/L printout to find the entries that might need a Job Code other than "H". Go to the appropriate windows, and make the corrections.

SUGGESTION: Periodically, check the balances of the Work In Progress accounts (by job) against the Actual Cost totals on Actual Job Cost reports. The Job Cost Reports only show entries that were assigned Cost Codes other than zero, whereas Trial Balances and General Ledger reports will include ALL entries posted to the accounts. If the Work-In-Progress accounts and Job Cost reports are not tying, look for entries on the General Ledger Transactions Review window (GL in Index) with a zero cost code.

Print a Bank Ledger for Each Bank/Cash Account

[Index->BL \(Bank Ledgers / Registers\)](#)

Select Appropriate Bank Account

Transaction Dates-> From: Beginning of Month To: End of Month

Select "[Reports/Transactions Registers](#)" on the toolbar at the top of the window.

Select "[Bank Register Grouped by Type of Transaction](#)"

Check the beginning balance on each Bank Ledger to be sure that it is the same as the ending balance on last month's Bank Ledger. Check the ending balance of each Cash printout to be sure that it is the same as the Bank Reconciliation balance. Attach a copy of the Bank Reconciliation to the top of each Bank Ledger report and file on top in the appropriate Cash account section of the Accounting Notebook.

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Print 2 Ledgers To Reconcile Accounts Receivable Control Account (General Ledger and AR Ledger)

1 - Index->GL (General Ledger Transactions Review)

GL Acct Number-> From and To: Accts Receivable (control account)

GL Entry Dates-> From: Beginning of Month To: End of Month

Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....

2 - Index->RT (Receivables Transactions Report)

Ending date for AR Summary Ledger -> End of Month

Use button labeled 'Summary - No Zeros'.

Check to be sure that the balances on the 'General Ledger' AND the 'Accounts Receivable Summary' reports are the same. Attach the AR Summary to the General Ledger Report and file them in the "Accounts Receivable-Trade" section of the Accounting Notebook.

Print General Ledger for Other Receivables

Index->GL (General Ledger Transactions Review)

GL Acct Number-> From: 1st Other Receivable acct To: Last Other Receivable acct

GL Entry Dates-> From: Beginning of Year To: End of Month

Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....

Review the ledger for accuracy and file the ledger in the "Other Receivables" section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Work in Progress Accounts

Index->GL (General Ledger Transactions Review)

GL Acct Number-> From: 1st WIP acct To: Last WIP acct

GL Entry Dates-> From: Beginning of Month To: End of Month

Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....

Review the ledger for accuracy and file the ledger in the "Work in Progress" section of the Accounting Notebook. Place on top of previous ledgers in the notebook.

Print General Ledger for Investments Accounts

Index->GL (General Ledger Transactions Review)

GL Acct Number-> From: 1st Investment acct To: Last Investment acct

GL Entry Dates-> From: Beginning of Year To: End of Month

Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....

Review the ledger for accuracy and file the ledger in the "Investments" section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Property, Plant, & Eqpt AND Accumulated Depreciation Accounts

Index->GL (General Ledger Transactions Review)

GL Acct Number-> From: 1st Prop,Plant, & Eqpt acct To: Last Accum Depreciation Acct

GL Entry Dates-> From: Beginning of Year To: End of Month

Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....

If you have depreciation schedules that tie to your accounting books, compare the General Ledger balances with the depreciation schedules. A good idea is to keep the depreciation schedules in the Accounting Note-

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book with the G/L printouts. File them in the “Property, Plant, & Eqpt” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Other Asset Accounts

[Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st Other Asset Account To: Last Other Asset Account

GL Entry Dates-> From: Beginning of Year To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

Review the ledger for accuracy and file the ledger in the “Other Assets” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print 2 Reports to Reconcile Accounts Payable Control Account: (GL for Payables / Aging Report)

[1 - Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From and To: Accts Payable-Trade (control account)

GL Entry Dates-> From: Beginning of Month To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

[2 - Index->AG \(Accounts Payable Aging Report\)](#)

End Of Period Date -> End of Month

[Button-> AP Aging Report - Based on Invoice Date](#)

Check both printouts to be sure that the ending balances are the same. If the AP Aging report does not equal the G/L for the Accounts Payable control account as of the end of the month, it could be that an entry was posted to the AP account that was not generated by the CHS program. Use the Troubleshooting report available on the Aging Report Criteria window to help solve the difference. Also, review the General Ledger for any entries were not posted in the “AP” journal or “Offset” journal. This may help determine why the two reports are not equal.

Review the AP Aging Report to determine if any items in Accounts Payable need to be adjusted or written off. Place the AP Aging Report on top of the General Ledger printout and file in the “Accounts Payable-Trade” section of the Accounting Notebook. (Place on top of previous printouts.)

Print 2 Reports to Reconcile Payroll Tax Liability

[1 - Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st PR Taxes Payable Acct To: Last PR Taxes Payable Acct

GL Entry Dates-> From: Beginning of Current Quarter To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

[2 - Index->PRR \(Payroll Reports\) ->Fed Tax Liability](#)

Paid Dates-> From: Beginning of Current Quarter To: End of Month

[Use buttons under Tax Liability/Info Reports \(Federal Tax Liability Report / State and Local Tax Withholdings Report\)](#)

Keep the above reports in the notebook in the “Payroll Taxes Payable” section by quarters. Check the printouts to be sure that the totals and balances on both reports reconcile with each other.

It’s also a good idea to keep copies of quarterly payroll reports to the government in this section.

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Print General Ledger for Other Current Liabilities

[Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st Other Liabilities Acct To: Last Other Liabilities Account

GL Entry Dates-> From: Beginning of Year To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

Review the ledger for accuracy and file the ledger in the “Other Liabilities” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Construction Liabilities

[Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st Construction Liab Acct To: Last Construction Liab Acct

GL Entry Dates-> From: Beginning of Year To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

The best way to check the balances in the Construction Liabilities accounts is by job. Check the balances on the “Trial Balance By GL Number, Then Job” report printed earlier. If there are interim lenders on current jobs, the Principal Balances shown on their statements should tie to the Constructions Loans Payable balances on the Trial Balance By GL Number, Then Job. Review the other Construction Liability accounts on the Trial Balance AND on the Genl Ledger printout for accuracy. File the ledger in the “Construction Liabilities” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Long Term Liabilities

[Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st L/T Liability Acct To: Last L/T Liability Account

GL Entry Dates-> From: Beginning of Year To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

Review the ledger for accuracy and file the ledger in the “Long Term Liabilities” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledger for Equity accounts

[Index->GL \(General Ledger Transactions Review\)](#)

GL Acct Number-> From: 1st Equity account To: Last Equity account

GL Entry Dates-> From: Beginning of Year To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

Review the ledger for accuracy and file the ledger in the “Equity” section of the Accounting Notebook. Replace the previous ledger in the notebook with the one just printed.

Print General Ledgers for the Income and Expense Accounts

[Index->GL \(General Ledger Transactions Review\)](#)

GL Entry Dates-> From: Beginning of Month To: End of Month

[Toolbar -> Ledger Reports-Begin/End Balance ->Ledger.....](#)

Print separate G/L reports for the Income and Expense accounts based on the Sections you have set up for these. Review the reports for accuracy and place them on top in the appropriate sections of the notebook.

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Print an Income Statement Spreadsheet

[Index -> ISP \(Income Statements: For Period\)](#)

Curr Period Dates: From beginning of Fiscal year to End of Month

[Button -> Income Statement Spread](#) (If you have not already done so, set the page size to legal!)

Compare the Net Income (Loss) for each month to the Income Statement spreadsheet placed in the notebook last month. If any of the previous months' amounts have changed, check the line items to find the accounts that have changed. Print General Ledgers of the changed accounts for the months in which they are different. Compare the newly printed G/L's to the ones for previous month's that are stored in the Accounting notebook.

Once the current Income Statement spreadsheet is checked (and adjusted, if necessary), replace the previous spreadsheet in the notebook with the current one (in the "Income Statement Spreadsheet" section).

Print a Balance Sheet as of the End of the Month

[Index-> BS \(Balance Sheet\) ->Balance Sheet Year To Date](#)

End of Period Date: End of Month

[Button -> B/S With G/L Numbers](#)

Check all of the balances on the Balance Sheet against the ending balances of the General Ledgers that have been placed in the Accounting notebook. Check to be sure that the Total Assets equal the Total Liabilities and Equity. Place the Balance Sheet on top in the "Balance Sheet" section of the notebook.

Print a Year-To-Date Income Statement as of the end of the Month

[Index -> IS \(Income Statements: Year-To-Date\)](#)

End of Period Date: End of Month

[Button -> Income Statement With G/L Numbers](#)

Check to be sure that the "Net Income (Loss)" on the YTD Income Statement is equal to the "YTD Net Income (Loss)" line in the Equity Section of the Balance Sheet. If it is not, check to see that you used the same date for both reports. Place the YTD Income Statement on top in the "Income Statement-YTD" section of the Accounting Notebook.

Print a final Period Income Statement for the Month

[Index -> ISP \(Income Statements: For Period\)](#)

Curr Period Dates: From beginning of Fiscal year to End of Month

ALSO! Enter dates in Period For Year-To-Date column fields.

From: Beginning of Fiscal Year To: End of current month

[Button -> Income Stmt For Period and YTD](#)

Check the Income Statement to see if everything looks okay. Make sure the Net Income (Loss) for the Current Period on the Income Statement ties to the Net Income (Loss) on the Income Statement spreadsheet for that month. Make sure the Net Income (Loss) in the YTD column ties to the Net Income (Loss) on the Year To Date Income statement printed previously. Place the Income Statement for the Month on top in the "Income Statements-Monthly" section of the Accounting Notebook.

NOTE: Based on the structure of your company, you might want to print Income Statements for each Department, and set up sections in the notebook for these. If you have Department Managers, you might give them an Income Statement for their department and attach it to a full General Ledger printout of all Income and Expense accounts for that department only.