Month End Closing and Reconciliation – *Template*

This Month-End Closing Template is provided to our Vision 33 Total Care customers and following month end closing tools and reconciliation tasks are recommended as Best Practice and should become part of your company's periodic review and reconciliation procedures. These following are designed to facilitate standard US business practice and GAAP compliance utilizing SAP® Business One 8.8x.

Although not mandatory, consistent periodic review and control will facilitate timely and accurate accounting records and reporting. Year End processing will require additional procedures to complete the Year End Closing utility.

This template is offered as a guide line and should be reviewed and approved by your Accounting Management team to ensure all of your specific Month-End accounting requirements are addressed.

I - Key General Ledger Account Reconciling Reports

1) Accounts Receivable Reconciliation to AR General Ledger Account Balance
    a) AR Aging should balance to real time AR G/L Account(s) found in your real time Chart of Accounts, G/L balance display.
        i) Run the report with no filters unless you have multiple AR GL accounts then use the Control Account Selection box to select and run the report for each different AR G/L Account separately.
    b) AR Aging run for the last day of the month should balance to Month End Balance Sheet AR G/L Account Balance.
        i) Run the AR Aging with the following setting:
            (1) Aging Date = date of the last day of the prior period
            (2) Display Reconciled Transactions = ticked

2) Accounts Payable Reconciliation to AP General Ledger Account Balance
    a) AP Aging should balance to real time AP G/L Account(s) found in your real time Chart of Accounts, G/L balance display.
        i) Run the report with no filters unless you have multiple AP GL accounts then use the Control Account Selection box to select and run the report for each different AP G/L Account separately.
    b) AP Aging run for the last day of the month should balance to Month End Balance Sheet AP G/L Account Balance.
        i) Run the AP Aging with the following setting:
            (1) Aging Date = date of the last day of the prior period
            (2) Display Reconciled Transactions = ticked

3) On Hand Inventory value reconciliation to Inventory G/L Account Balance
   a) The <u>Inventory Audit</u> report run with the following settings should balance to real time Inventory G/L Account(s) found in your real time Chart of Accounts, G/L balance display.
      i) System Date From date and to date set to the current date
      ii) Code fields left blank
      iii) Item group set to 'All'
      iv) Properties set to 'Ignore'
      v) G/L Account box left un-ticked
      vi) All warehouse boxes ticked
      vii) Display set to 'Summarize by Accounts'
      viii) Tick the 'Display OB for Items/Accounts with no Transactions'

II - Other Recommended General Ledger Account Balance Reconciling Reports

1) The Amount column total in the 'Goods Receipts PO' option of the Open Items List should balance to 'Goods Received, Not Invoiced' G/L Account Balance (maybe G/L Account may be called other names like 'Purchases Clearing').
   a) Note: If your business processes non-inventory items PO receipts through the Goods Receipt PO document then this report will not balance to the GL. Any open non-inventory item GRPOs total should be subtracted from the report total to balance to GL Account.

2) The Amount column total in the 'A/R Down Payments – Not Yet Fully Applied' combined with the 'A/R Down Payments – Not Paid' option of the Open Items List should balance to 'Deposit on Customer Orders' G/L Account Balance (maybe G/L Account may be called other names like 'Customer Deposits').

3) The Amount column total in the 'A/P Down Payments – Not Yet Fully Applied' combined with the 'A/P Down Payments – Not Paid' option of the Open Items List should balance to 'Prepayments on Purchase Orders' G/L Account Balance (maybe G/L Account may be called other names like 'Prepaid Expenses').

III - Optional - Monthly Transaction Detail Reports to Run For the Period and Review

1) <u>Sales Tax Report</u>
   a) Financials > Financial Reports > Accounting > Tax > Tax Report

2) <u>Check Register Report</u>
   a) Banking > Banking Reports > Check Register

3) <u>Sales Analysis</u>
   a) Sales – A/R > Sales Reports > Sales Analysis

4) <u>Purchase Analysis</u>
   b) Purchasing – A/P > Purchasing Reports > Purchase Analysis

5) Purchase Journal (using the SAP <u>General Ledger</u> report run with settings to report all AP Expense) to report all expense detail posted for the period.

a) Financials > Financial Reports > Accounting > General Ledger

  i) Un-tick the 'Business Partner' box

  ii) Tick the 'Accounts' box

  iii) Select the Expense G/L Accounts

  iv) Select the Posting Date From and To date for the period

  v) Click on the Expanded button

    (1) Select A/P Invoice and A/P Credit Memo in the Original Journal grid

  vi) Tick the 'Display Postings Summary'

  vii) Un-tick the 'Hide Zero Balanced Acct' box

  viii) Tick the 'Hide Acct with no Postings' box

  ix) Run the report

6) Inventory Stock Adjustments (using the SAP <u>General Ledger</u> report run with settings to report all Goods Receipt and Goods Issue) to report all inventory value lost or found for the period.

a) Financials > Financial Reports > Accounting > General Ledger

  i) Un-tick the 'Business Partner' box

  ii) Tick the 'Accounts' box

  iii) Select the P & L G/L Accounts

  iv) Select the Posting Date From and To date for the period

  v) Click on the Expanded button

    (1) Select Goods Receipt and Goods Issue in the Original Journal grid

  vi) Tick the 'Display Postings Summary' vii) Un-tick the 'Hide Zero Balanced Acct' box

  vii) Tick the 'Hide Acct with no Postings' box

  viii) Run the report

IV- Enter and Post Any Required Month –End Journal Entries

V - Run Month End Financial Statements and Supporting Sub-Ledger Detail Reports

1) Balance Sheet

 a) AR and AP Aging Detail Report

 b) Inventory Audit Report by GL Account

2) Income Statement (P & L)

3) G/L Trial Balance

VI - Set Period Status to "Locked" To Ensure There Are No Unauthorized, Accidental or Unknown Postings to The Period

1) Administration > System Initialization > Posting Periods

    a)   Use the Drill down arrow to open the prior period that you wish to lock

    b)   Change the 'Period Status' to 'Locked'

    c)   Click on the 'Update' button

VII – Optional System Housekeeping Tasks

1)   Business Partner Accounts Reconciliation Tools

    a)   The AR or AP Aging Report can be run in the follow manner to help identify Customer or Vendors that have zero account balance but also un-match debit and credit in their account:

        i)   Run the AR or AP Aging for the current date with the 'Display Customers/Vendors with Zero Balance' option ticked.

        ii)   View the report in 'Collapsed' mode so that you get a summary for each customer or vendor

        iii)   Re-sort the Balance Due column by double clicking the header and any customer or vendor accounts that have a zero balance will move to the top of our report.

        iv)   The zero balance customer or vendor accounts have some un-match debit and credits or else they would not be included in the Aging report

        v)   You can reconcile these accounts by drilling down to the BP Master then to Account balance and use the Internal Reconciliation option

    b)   Customer or Vendor Account G/L Detail report can for all open documents that will reconcile to the BP Balance. This report provides a bit more detail than the Aging report and allows you to drill down to corresponding document or Journal Transaction. Use the follow report setting to return open detail that will balance to the customer or vendor open account balance:

        i) Business Partner ticked and Accounts un-ticked

        ii)   For just a customers or just vendors select 'none' on the Customer Group or Vendor Group option

        iii)   Leave all date selection boxes un-ticked

        iv)   Tick the Opening Balance for Period option

        v)   Tick the OB from Date of company activity

        vi)   Choose the 'Display' option "Not Fully Reconciled'

    c)   Business Partner Reconciliation tool can be used to apply (match) debits and credits for a selected Customer or Vendor Account.

      i) Tip: By running the BP Reconciliation under the Semi-Automatic option the system will display a spilt window with un-reconciled Debits on one side and un-reconciled credits on the other side. By sorting the Balance due column in each window finding matching debits and credits becomes easier to do.

2) Un-deposited Funds Account (Incoming Payment cash clearing) should be "zero" with the exception of incoming payments that have not been deposited.

    a) Use the Internal Reconciliation option in the COA G/L Account to match any un-reconciled debits and credits

3) Ensure that all Posted Checks have been confirmed with the AP Check number.

    a) Banking > Check Number Confirmation

      i) Select each of the Bank Accounts that checks are written from

      ii) Clear and date filters

      iii) Click on the 'Ok' button,

        (1) If all Checks have been confirmed correctly have their printing the system will display a red error message stating ' No Matching Records Found'

        (2) If the system does display any un-confirmed checks they should be updated with correct check number the check was actually printed on