Core Accounting Functions

May 1, 2014
Presented by Rahul Karadi
rkaradi@rfms.com

Overview
During our session today we will review basic accounting procedures spanning, banking functions, inventory costing, installer invoice postings and job costing. These steps are critical to our business and allows us the ability to determine what is happening on a daily basis. Additionally we’ll look at AR and the general ledger journal close. Which will allow you to determine what the financial health and wellbeing of your business is. With the training today, you will get a good understanding of the day to day procedures required to run the accounting department of your business.

Session Outline
• Banking Procedures
  o Deposits
  o Posting a handwritten check
  o Bank Charges
  o Bank Reconciliation
  o Baking Filters
• Inventory Costing
• Processing Installer Invoices
  o Via Schedule Pro
  o Via Order Entry
• Jobcosting Sales Orders
• Accounts Receivable
  o Finance Charges
  o Printing Statements
• General Ledger Close
  o Close Journal
  o Balance controlling Accounts
  o Financial Reporting

Banking Procedures
• Posting Deposits for Sales
  o This function ties the payments collected via order entry or multiple payment to the bank and the GL.
Post Deposit Button

- Recording a Single Check
  - This function is used when a check is manually written and then posted to bank after the fact.
    - This will record the transaction in the bank and also create the appropriate journal postings, and a paid AP in Accounts Payable
Record Single Check

Regular Checking Account

Payable Will Be Added

Journal Distribution

MEALS AND ENTER. - EMPLOYEE

Comment

Insert
Change
Delete
F7 Copy
Note
Print
- Entering a Bank Charge
  - This is used to record in the bank and GL a charge that hit your bank account w/out a check being written
    - Examples: would be a direct debt, bank fee, NSF Check or even outside payroll

**Enter Bank Charge**

Click Here For Posting Bank Charge

Insert Journal Account Code

- Bank Reconciliation
  - This function must be done monthly to complete the month end process and account for all bank activity that occurred in the month to be closed
  - By completing this procedure you can also keep better track of what outstanding activity there is in a certain time period

**Reconcile Bank**
Core Accounting Functions

- Bank Filter
  - Use this option to search and sort for specific bank transactions, and then be able to print the check register in the filtered format if necessary

Click Here For Banking Filter
Inventory Costing

- For inventory (special order or stock items) to be jobcosted against orders, the vendor invoice must be cost matched to the purchase order and material received
  - This process is done via the inventory module under receiving/costing

**COST INVENTORY- ENTERING SUPPLIER INVOICE**

Cost Inventory

- **Select COST FROM INVOICE OPTION**
- **Click on BUTTON to access Supplier file**

---

Core Accounting Functions
1) Fill in the 1st few characters of the Suppliers Name
2) Hit the TAB key to find it
3) Select Highlighted Record using 3 standard options
   a) Enter
   b) Double Click
   c) Click on the Finger Icon

Enter the A/P Basic Information
1) Vendor’s Invoice #
2) Invoice Date
3) Due Date (IF auto populated- Confirm)
4) Disc % (IF auto populated- Confirm)
5) Freight Amount (IF applicable)

Click on the GREEN "+" Key OR Hit INSERT on Keyboard
Core Accounting Functions

Select Not Costed Option
Rolls=Carpet & Vinyl
Items=All other Materials

Find & Select Records to be Costed
1) Search for records to be costed using TABS along the top
   Rolls=Look up by ROLL#
   Items=Look up by LADING#
2) Highlight Record
3) TAG to be costed using 3 options
   a) Click in the space next to Store code
   b) Hit the Spacebar on Keyboard
   c) Click on the TAG icon at the top of screen
4) When all records have been selected click on DONE at top of screen

Click on DOUBLE PENCIL for Batch Tagging Option
**Core Accounting Functions**

Validate the INITIAL VALUE for the PO Line

Cost = Gross Cost \* Qty Rec'd

If Cost is correct click on OK
Proceed to next record

If Cost is **NOT** Correct **STOP**

b) Is it a QTY difference

Are the documents available to validate cost and/or Qty difference? (See below)

Correct the record
Enter in the NOTES the changes that were made and justification for the change.
Proceed to Next Record

**QUANTITY - Difference to be validated against receiving document to ensure the proper qty was entered**

**COST - Difference to be validated against the vendor's PO confirmation of cost when order was placed**

**IF DIFFERENCES CANNOT BE VALIDATED, ABORT COSTING ROUTINE. RE-START COSTING ROUTINE WHEN VALUES HAVE BEEN CORRECTED!**
Do the INVOICE VALUE and VENDOR INVOICE Match?

Yes, CLICK ON A/P

1) Add the Invoice# and Date to Inventory Record
2) Creates the A/P Record to be saved

No, GO BACK validate EACH Inventory Record

When ALL costs have been validated click the AP arrow.

VERIFY THAT ALL COSTS AND FREIGHT ARE CORRECT PRIOR TO DOING SO
Core Accounting Functions

- Adjust invoice totals for non-inventory related fields and/or amounts as needed
- DO NOT adjust the invoice# date or value of the A/P detail created from the INVENTORY COSTING routine....see special instructions if this is needed to fix inventory
  - Add **Remittance advice** details for explanation of short payment or other information that will be printed to a report document when the check is issued.
  - Enter **Notes** to record internal information regarding this payable.
- **Click on OK**
Processing Installer Pay

There are two ways to apply pay against a job option one is via Schedule Pro, and option two is to enter the provider records manually which is done via order entry with one of the four choices listed below. In either case this is an important part of the process to ensure accurate jobcosting and accurate payment to your installer crews.

- **Pay via Schedule Pro**
  - First confirm the Work Ticket information is ACCURATE
    - QTY, RATE, TOTAL

If the Job has changed and there is a different QTY or RATE the order must be adjusted and the Scheduled Event must be adjusted to reflect the difference.
Filter screen for appropriate criteria like depot, date and installer

Show NOT CREATED Records
### Core Accounting Functions

- Paying installers via Order Entry

Confirm the Work Ticket Document to:
1. CREW NAME
2. QUANTITY
3. TAG lines to be sent to Providers

Click on Show Records for Created to confirm the provider’s records that were sent over, or to look for duplicate workorders.
1. Go to Order Entry > Find Customer Order > Click on Provider’s Icon, or
2. Go to Order Entry > Edit Order > Click on Provider’s Icon at Bottom of Screen, or
3. Go to Order Entry > File > Providers > Add Records, or
4. Go to Order Entry > Find Customer Order > Job Cost Order > Add Provider

1-Select name of installer from Provider or Supplier list
2- Select install date product code and service
3-Verify rate, quantity and total earnings
4- Click ok
5- Verify actual and budget labor balance, this is critical to accurate jobcosting
Jobcosting Customer Sales Orders

- Jobcosting an order marks a job as complete, which makes the appropriate GL postings, posts to sales/use tax what your business owes and also makes an entry to commissions.

- Job Costing will:
  - Debit Accounts Receivable/Credit Sales for Invoice Amount incl. Sales Tax.
  - Debit Cost of Goods Sold (Material) and Credit Inventory (Material Cost in Inventory at time of Job Cost).
  - Additionally it is important to note that without jobcosting you are unable to apply finance charges to sales orders or generate statements to customers.
  - We also require that all supplier invoices and installers invoices have been applied against the job otherwise, the system will not allow you to jobcost the transaction.
    - Without these entries, you would get incorrect GL postings, and that is why RFMS prevents jobcosting w/out them.

1- Confirm commission schedule
2- Whether a jobcost sheet and copy of invoice are necessary
3- Transaction date (AR date)
4- Verify Provider costs (They must balance)
5- Overhead, discount rate and due date
6- Click ok
Core Accounting Functions

Finance Charges

Tag the Invoices which should receive Finance Charges > Post
Tag Store(s)

Tag Invoices for finance charges

Post to AR
**Printing Statements**

1. Select statement date
2. Tag stores, job types and aging from
3. Select print options as well as logo info and envelope type
4. Print
## STATEMENT

**FFMC SCHOOL**
123 MAIN STREET
ANY TOWN, USA 12311
(059) 553-2257

August 01, 2011

**SMITH, BILLY**
678 DOWNING STREET
NORTHPORT, AL 35476

**Balance Due**
203.35

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Delivery Date</th>
<th>Invoice Number</th>
<th>Description</th>
<th>Charges</th>
<th>Credits</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01/20/03</td>
<td>100</td>
<td>SMITH, BILLY</td>
<td>203.35</td>
<td>0.00</td>
<td>203.35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current</th>
<th>Past Due 20 Days</th>
<th>Past Due 60 Days</th>
<th>Past Due 90 Days</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>203.35</td>
<td>203.35</td>
</tr>
</tbody>
</table>
General Ledger Month End Procedures

Overview
Following a standardized list of month end closing procedures will facilitate the end of month closing process in RFMS. Smart businesses owners want to generate accurate financial statements as quickly as possible at the end of each month so they can get a ‘report card’ for their business.

Areas to be covered include bank reconciliations, inventory costing, review of open orders for job costing, posting of expense payables, updating inventory receipts and when to run key reports on the last day of the month. Utilization of the RFMS General Ledger allows you to get a complete picture of your company’s financial wellbeing. The general ledger and journal allow you to generate customizable income statements, balance sheets, and trial balances.

Prerequisites
- RFMS is being used completely from Order Entry, Purchase Orders, jobcosting of orders, Accounts Payable, and check writing.
  - All vendor merchandise and expense invoices are entered
  - All open jobs have been reviewed and jobcosted as needed
  - Bank statements are reconciled to the RFMS GL bank balance
  - Monthly sales/use tax report is finalized

Preparing for Month End
Prior to closing the journal in RFMS there are several key procedures to be performed.
  - Post all deposits for month to be closed to the bank account(s)
  - All open jobs have been reviewed and jobcosted as needed – Run the Open Orders report or the Orders/Quotes w/ Profit Report for only Undelivered sales.
  - Bank statements are reconciled to the RFMS GL bank balance
  - Monthly sales/use tax reports are finalized
  - Post all vendor invoices dated for the month you are closing.
  - Receive all material delivered in month to be closed.
  - Print inventory adjustments report (Inventory, Reports, Adjustments and enter the dates for the month you are closing). Delete any adjustments which were not true gains/loss/devalue/increased value to inventory.
General Ledger dates

Accounting, File, General Ledger, GL Dates. This option allows users to easily view their last journal and general ledger close dates.

![General Ledger Close Dates](image)

Closing the Journal

- Accounting, File, General Ledger, General Ledger Functions, Journal Close
  - Enter in sales tax liability
  - Include Inventory Adjustments
  - OPTIONAL – Subaccount Inventory
- After running the Preliminary Close procedure, print the Trial Balance
  - Minimally print journal for select account codes (Bank, AP, AR, Customer Deposits, Sales, Cost of Goods Sold, and Inventory (OPTIONAL: print additional files showcasing batch entries into core accounts).
Save the Journal Close.

1. Balance the core account codes to the journal and general ledger by printing the following reports

   a. **Check Registers**: Accounting – File – Banking – Add/Edit Checks – Printer – Change dates to current month

   b. **Month End A/R and Customer Deposits Report**: Accounting – File – Month End - Month End AR (Change month and select AR Report and Customer Deposits Reports)

   c. **Month End A/P Report**: Accounting – File – Month End - Month End AP Report (by Supplier Open Only for current month)

   d. **Month End Inventory Report**: Accounting – File – Month End - Month End Inventory Report back dated to the last day of the month closing.

   e. **Job Cost Analysis Report**: Sales Reports – File - Job Cost Analysis - Run the Job Cost Summary report including adjustments for the current month
Compare the journal ending balance numbers to the report numbers by using chart below

<table>
<thead>
<tr>
<th>Balance Amount</th>
<th>Difference</th>
</tr>
</thead>
</table>

- **Compare journal to Bank Accounts**
  - Check Register Ending Balance
  - Journal Ending Balance

- **Compare journal to Accounts Receivable**
  - Month End AR Report
  - Journal Ending Balance

- **Compare journal to Inventory Value Report Ending Balance**
  - Month End Inventory Bal Report
  - Journal Ending Balance

- **Compare journal to Accounts Payable**
  - Month End AP Report
  - Journal Ending Balance

- **Compare journal to Customer Deposits Ending Balance**
  - Month End Customer Deposits
  - Journal Ending Balance

- **Compare Sales to the Job Cost Analysis Invoice Total**
  - JC Analysis Invoice Total
  - Journal Credit Amount

- **Compare Cost of Materials debits to the Job Cost Analysis Gross Material total including adjustments**
  - JC Analysis Material Cost
  - Journal Debit Amount

**After the Journal Close**

It is recommended that all general ledger accounts be reviewed for accuracy. In particular, Balance Sheet accounts should be reconciled and adjusted as necessary. This may be an in-house accounting responsibility or the responsibility of your CPA. Consult your CPA to determine if there are accounts you should be reconciling.
Financial Reporting

Several reports can be generated out of RFMS to indicate the performance of the business. These reports can be accessed from the Accounting module, File, General Ledger, General Ledger Functions. Note that these are only accurate for months where the journal has been closed. Below is a list of the report.

- **Journal** – select stores, dates, and account code(s) to see individual debits/credits in each account. Options – Print batch entries only shows only user input batch entries. Print beginning balances shows the balance at the beginning of each month for each account code(s).
- **Trial Balance** – select month and stores to view a summary of total debits/credits for each account code.
- **Balance Sheet** – select month and stores to view a balance sheet showing the assets and liabilities for the company.
- **Statement of Income** – select month and stores to view the income statements for the store(s).
  
  - Single Month – current month and YTD totals
  - Current Month/Previous Month – current month, this month last year, YTD totals for this year and YTD totals for last year
  - Six Months at a Glance – Legal size report showing 6 months together and YTD totals
  - Twelve Months at a Glance - Legal size report showing 12 months together and YTD totals
  - Customized Income Statements - Allows you to customize your Statement of Income report by selecting specific account codes from the Chart of Accounts. Using this feature, you are able to create a personalized report that allows you to view items from the General Ledger in a variety of different ways. (Accounting module, File, General Ledger, Utilities, Customized G/L Print to add the configuration).
RFMS JOURNAL CLOSING CHECKLIST

MONTH ENDING __________________ 20____

On Last Day of Month To Be Closed

☐ Balance Petty Cash by cutting check to cash, coded to the receipts to bring petty cash back to balance
☐ Deposit all outstanding checks and cash and credit card transactions

First Week of Next Month

☐ Reconcile Check Book with the bank statement
☐ Ensure all outstanding AP for month to be closed are entered
☐ Ensure all outstanding Jobcosting for month to be closed are entered
☐ Run report of prior month’s inventory adjustments. Inventory – Reports – Inventory Adjustments Report for the date of the month to be closed. Review the report and look for false adjustments. Delete any adjustments which were not true gains/loss/devalue/increased value to inventory.

At Journal Closing Time (usually the 10th-20th of the next month)

1. Accounting - File – General Ledger – General Ledger Functions – Journal Close - Preliminary Close Journal, enter sales tax liability, and include inventory adjustments
2. Print journal for select account codes (Bank, AP, AR, Customer Deposits, Sales, Cost of Goods Sold, and Inventory).
3. Print Preliminary Trial Balance
4. Save journal close
5. Print the following reports
   a. Check Registers: Accounting – File – Banking – Add/Edit Checks – Printer – Change dates to current month
   b. Month End A/R and Customer Deposits Report: Accounting – File - Month End - Month End AR (Change month and select AR Report and Customer Deposits Reports)
   c. Month End A/P Report: Accounting – File – Month End - Month End AP Report (by Supplier Open Only for current month)
   d. Month End Inventory Report: Accounting – File – Month End - Month End Inventory Report back dated to the last day of the month closing.
   e. Job Cost Analysis Report: Sales Reports – File - Job Cost Analysis - Run the Job Cost Summary report including adjustments for the current month
6. Compare the journal ending balance numbers to the report numbers by using chart below.

<table>
<thead>
<tr>
<th>Balance Amounts</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Bank</td>
<td></td>
</tr>
<tr>
<td>Journal Ending Balance</td>
<td></td>
</tr>
</tbody>
</table>
Core Accounting Functions

☐ Compare journal to Accounts Receivable
  ▪ Month End AR Report
  ▪ Journal Ending Balance

☐ Compare journal to Accounts Payable
  ▪ Month End AP Report
  ▪ Journal Ending Balance

☐ Compare journal to Customer Deposits Ending Balance
  ▪ Month End Customer Deposits
  ▪ Journal Ending Balance

☐ Compare journal to Inventory Value Report Ending Balance
  ▪ Month End Inventory Bal Report
  ▪ Journal Ending Balance

☐ Compare Sales to the Job Cost Analysis Invoice Total
  ▪ JC Analysis Invoice Total
  ▪ Journal Credit Amount

☐ Compare cost of materials debits to the Job Cost Analysis Gross Material column
  ▪ JC Analysis Material Cost
  ▪ Journal Debit Amount

Optional steps

These steps are optional and are recommended to reconcile these accounts in addition to the RFMS core accounts.

☐ Compare Assets to Depreciation Schedule/Balance Sheet (i.e. Furniture, Autos, Displays, etc.), Accrued Wages and Commissions, Prepaid Expenses, Jobs in Progress, Notes Receivable, Note Payable, Depreciation Expense