

APPENDIX 1

Month End Close and Accounts Payable Reconciliation Process

Closing a period (calendar month or other fiscal period) in any Data Plus application involves following a series of required and optional steps. This Appendix will take you through four standard tasks done at the end of a period.

1. Final Transaction Posting
2. Report Printing
3. Reconciling Subsidiary Applications and General Ledger
4. Running the Close Month Task,

Closing a month in Data Plus does not mean that additional transactions cannot be reflected in the month closed. Posting into any period, past (closed), current or future is allowed. If entries are posted into prior periods, the G/L financial statements should be reprinted for all periods from the one changed to the current month so that changes in account balances are correctly reflected. Therefore, if a transaction is missed until after the month close, or if adjusting entries need to be made into prior periods, the system will allow these entries. However before closing the month, you will want to post all known transactions including any open batches with entries in the current or prior periods. Any empty batches must be deleted. Any batches with a future post month/year can be left unposted. You will also need to run any required or desired processes (such as Recurring Payments, Transfer To/From, etc.).

NOTE – The DPHS system will not allow the Close Month process to complete if there are unposted transactions in the current or prior periods.

Users can continue entry in the application being closed. However, once all transactions in the month being closed have been entered, users need to change the Post Month/Year field in the batch header in a future month.

After posting all current and prior period batches, print all required and desired reports. To see which reports are required and which have been printed, select *Monthly Processing*, *Monthly Status*. All reports with *Required? = Yes* need to have *Printed = Yes* in order to close the month. Each time a report is printed the flag sets to *Yes*. Each time additional batches are posted that would affect these reports, the flag is reset to *No*, indicating the report needs to be reprinted to reflect the additional data. In General Ledger, in addition to the system reports. Financial Reports are usually printed at this time.

NOTE – The DPHS system will not allow the Close Month process to complete if there are unprinted required reports. If transactions are posted into the current or prior periods after reports have been printed, required reports need to be reprinted in order to close the month.

Month End reconciliation between General Ledger and Accounts Payable is highly recommended. If AP is interfaced to General Ledger, verifying the balance between the two applications is usually done through comparing account balances of the liability (A/P) account. A good tool to use is the Month End Reconciliation Worksheet found at the end of this section.

The balance of the General Ledger liability account for accounts payable can be found on the Trial balance report, the General Ledger report or through Inquiry, Account Activity. Compare the cumulative balance to the Accounts Payable system's Liability Audit report for the same account. Another A/P report that can be used for comparison is the Aging report. This report should equal the account balance in General Ledger plus any postings in the futures file (Aging = G/L cumulative balance + future postings). Future postings can be found by running the Future Postings report in General Ledger.

Differences between the two applications may have been caused by transactions with the *Post Liability* flag set to *NO*, or by Journal Entries made directly to the accounts payable account in General Ledger and not reflected in the Accounts Payable application. When Accounts Payable is interfaced to General Ledger, all transactions usually update General Ledger accounts as soon as they are posted. However, users can change to *Post Liability?* flag to *No* on an invoice, Credit Memo, TA Commissions and Adjustment Entries. Any transactions with *Post Liability* flag set to *No* are reflected in Accounts Payable but not in General Ledger. If differences between the two applications aren't accounted for by A/P transactions not posted to G/L, the difference may be Journal Entries made in G/L. To isolate these entries, run the Journal Code report, or look at the Account Activity for this account. Entries with journal codes beginning with AP (APIV, APCD, etc) are those sent by the Accounts Payable application. Journal Codes beginning otherwise are entries made directly to the account through General Ledger, Journal Entries.

Once the above steps have been successfully completed, the Close Month process can begin. Begin by making a backup of your database, label it with the date and store it appropriately. Then, under Monthly Processing, choose Close Month. Warning Messages and/or Error Messages may appear. All error messages must be responded to before the Close Month process can be successfully complete (these normally pertain to unposted transactions or unprinted required reports). How long the Close Month process takes depends on the amount of data, speed of your system, other users in DPHS and various other factors. When the menu reappears the process has finished. In Monthly Status, verify that the fiscal period has been incremented by one. If it doesn't reflect the new month, call your authorized support dealer before continuing work in DPHS.

In summary, month close follows a logical series of steps, which meets the needs and requirements of your company and follows standard accounting procedures. After the first close, most companies experience few software related problems. Following the above steps, including making backups along the way should make the month close a standard procedure. The step-by-step procedure is also outlined in the following worksheet:

Month End Close GL/AP Reconciliation Worksheet

GENERAL LEDGER	Part 1	ACCOUNTS PAYABLE
Ending Balance of <u>Accounts Payable</u> General Ledger Account found in <i>Trial Balance Report, General Ledger Report, or Inquiry/Account Activity.</i>	Compare to	Cumulative balance on the <i>Liability Audit Report</i>
Balance:	Equal? If not, continue...	Balance:
Adjustment:	Add net total of all transactions that were posted in AP module with the <i>Post Liability?</i> flag set to no. Transactions with the <i>Post Liability?</i> flag set to no can be isolated by running the Transaction register report. Prior to running the report, indicate NO under the <i>Liability Posted?</i> flag under the report parameters.	
	Add net Journal Entries posted to the Accounts Payable GL Account not reflected in AP module. To isolate these entries, run the Journal code report or look at the Account activity for this account. Entries whose journal codes begin with "AP" are those originating in the AP module. Journal codes beginning otherwise are booked directly through General Ledger.	Adjustment:
Total:	Total = Balances + Adjustments. Equal? If not, re-examine adjustment amounts	Total:

GENERAL LEDGER	Part 2	ACCOUNTS PAYABLE
Ending Balance of <u>Accounts Payable</u> General Ledger Account plus any postings in the futures file. Future postings can be found by running the <i>Future Posting Report</i> in GL.	Compare to	Balance of the <i>Aging Report</i>
Balance:	AP Aging = GL cumulative balance + future postings	Balance: