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Support Accounting Tech Note

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Title: A/R to G/L Reconciliation
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Please Note: Technical Support Notes are available from the Macola Web site at www.macola.com.

When reconciling A/R to G/L, it is important to be reconciling the correct account. Since multiple A/R accounts can be used, and the A/R account can be changed during the entry of a transaction, the best report to use when trying to reconcile A/R to G/L is the A/R Reconciliation Report by Account/Customer number since it breaks the information up by A/R account number. The A/R Aging report is not recommended since it reports all the information without regard to the A/R account that was used for each of the transactions. Since the A/R account can be changed during sales entry, the Aging Report is not the most reliable report to use when trying to reconcile A/R to G/L.

When reconciling A/R to G/L, the first step is to recognize which date range the reconciliation is for. Once that is pointed out, the A/R Reconciliation Report by Account/Customer Number needs to be run for that date range. The report will display all transactions for each particular A/R account. The way this report does this is by pulling all the information out of the open item file, much like the aging. Unlike the aging, however, it also looks at the A/R Account field in the open item file for each transaction. Since it looks at this field, it displays the account number, and all transactions that had that account as its A/R account. The information displayed on this report will be for only the periods defined. So if the Starting and Ending dates of the report were defined as 07/01/00 – 07/31/00, only the transactions with those dates will display, and the balance on the report will be for just the month of July. If a reconciliation for the entire A/R account is desired, a starting date of 01/01/1901 will need to be used.

Once the reconciliation report in A/R is ran, the next step is to go into G/L and run the Trial Balance. The trial balance should be ran in Account Order for the desired account(s) and for the same date range as the A/R reconciliation report. If the same date range is not used, then the reconciliation will not work. Once the report is ran, if a monthly reconcile is being done (i.e. 7/1 – 7/31) then the Net Change amount will need to be compared to what is on the A/R report. The beginning and ending balances that appear on the trial balance should not be used for comparison in this case since the A/R report only reflects the balance for the month of July (or the Net Change). If the account is being reconciled for the life of the account, and the dates are defined to reflect this, then the ending balance figure for that account will need to be used for the comparison of the G/L Trial Balance to the A/R Reconciliation report.

What if the G/L Trial Balance and A/R Reconciliation Report do not match? If this is the case, then there are some transactions that appear on one report, but do not appear on the other. Some of the transactions that could cause this mismatch include:

- Journal entries posted to the A/R account through G/L, but no corresponding transaction entered in A/R.
- Entry of Open Items through the A/R Open Item Load, and no journal entry processed in G/L to reflect this.
- After an interface, additional entries completed in A/R, but not interfaced over to G/L.

If there is an out of balance situation, some of the following steps are recommended to tie the reports together:

- Run the A/R Distribution to G/L report, and do not flag the "Print Transactions Already Interfaced to G/L". Anything that appears on the report has not been interfaced over to G/L and will need to be interfaced.
- Do a line item-by-line item audit, comparing the A/R Reconciliation report to the G/L Trial Balance.