



Article # 1152

Technical Note: Reconciling the AP Past-Due Aging Report and Accounts Payable GL Account Balance

Difficulty Level: Intermediate Level AccountMate User

Version(s) Affected: AccountMate 6/6.5 for SQL, AccountMate 6/6.5 for MSDE, and VAM/LAN 5

Module(s) Affected: AP, GL

Posting Date: 11/17/2004

Description

The aging report is an important tool in the effective management of your company's payables. If the report indicates that most of your bills are past due, you may be relying heavily on your trade credit.

The Past-Due Aging Report in AccountMate allows you to generate an aging summary of your invoices as of a certain date. It provides a complete list of current and past-due accounts to help you analyze the composition of your vendor balances and reconcile these balances with the Accounts Payable GL Account ID balance in the GL module.

Regular reconciliation of vendor accounts allows you to spot issues in the management of payables early enough to protect the company from major problems. This technical note discusses the use of the Past-Due Aging Report and General Ledger Listing during the reconciliation process. It also provides tips for reconciling vendor balances.

Solution

Generate Past-Due Aging Report and General Ledger Listing for Reconciliation

To use the **Past-Due Aging Report** for reconciliation, follow these steps:

1. Access the AP Past-Due Aging Report from the Reports menu of the AP module.
2. Define the settings in the report interface.

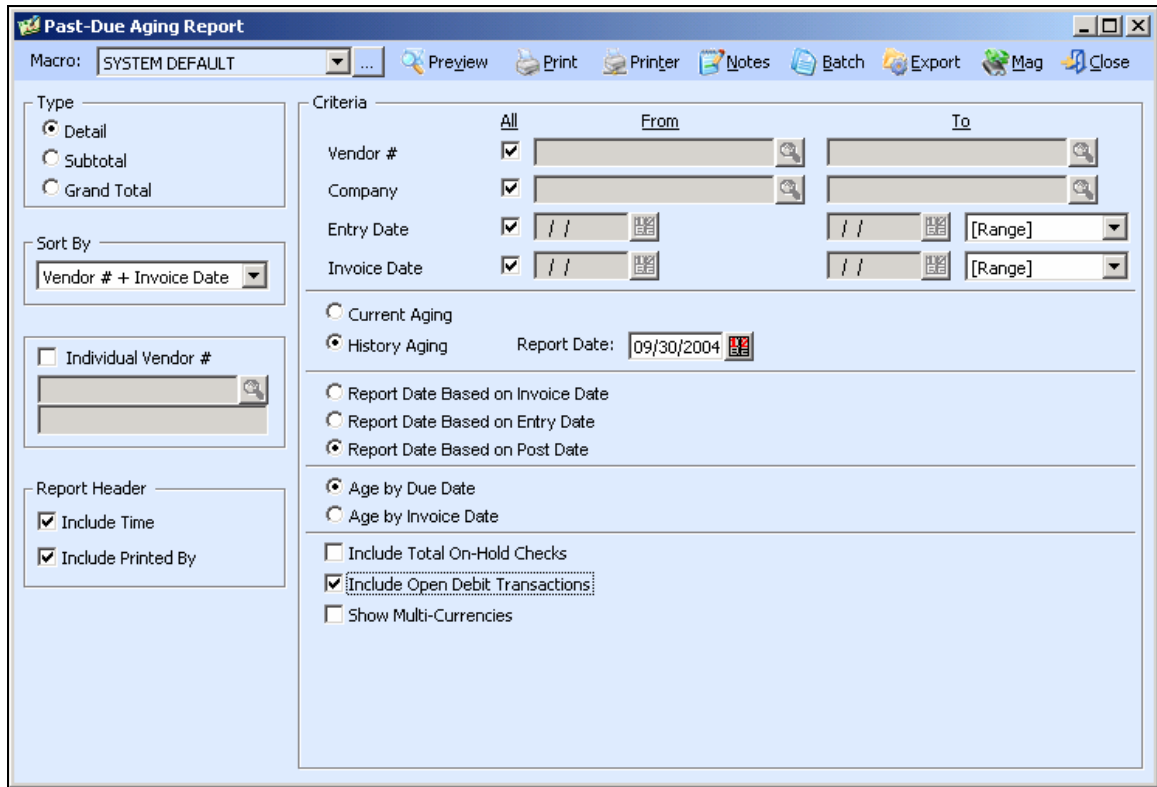


Figure 1. Past-Due Aging Report Criteria Window

- Sort by Vendor# + Invoice Date**
If you assign different Accounts Payable and Prepayment GL Account IDs for each of your vendors, you may want to run the AP Past Due Aging Report by Vendor# + Invoice Date to facilitate your reconciliation.
- Sort by AP Account ID**
If you want to reconcile just the records that affect specific GL Account IDs, you can generate the AP Past Due Aging Report sorted by AP Account ID. You can define an individual GL Account ID or a range of GL Account IDs and the system will only pull up those records that constitute the balance of the specified GL Account ID.
- Individual Vendor**
If you use the same Accounts Payable GL Account ID for all of your vendors, the Past-Due Aging Report should be generated for ALL and not for individual vendors.
- Entry Date and Invoice Date**
The entry date is the system date that was in effect when the transaction was entered in AccountMate, whereas the invoice date is the date found in the vendor's invoice. The General Ledger (GL) Listing displays AP invoice transactions based on post dates. It does not consider the entry and invoice dates.

The post dates, entry dates and invoice dates are not always the same for each transaction. To ensure that all invoices are covered regardless of their

entry and invoice dates, keep the check mark under the **All** column for these two fields.

- **Current Aging vs. History Aging**

The Current Aging option generates an aging based on data as of the current date. The History Aging option allows you to generate an aging report based on data as of the date defined in the Report Date field. If you need to reconcile the balances as of a certain date, use the History Aging option.

The GL Listing does not allow you to enter a date that falls in the middle of the period (e.g. 9/15/2004). If you need to define a cut-off date in your aging report, it must always be the last day of the period (e.g. 9/30/2004) so that you can effectively reconcile your aging information with your GL Listing.

- **Report Date Based On**

The Report Date Based On section allows you to define further the cut-off date you have selected or entered in the previous section. If you selected the current aging and the current date is 10/15/2004, you need to further define whether this current date is to be compared against the invoice date, entry date, or post date to determine whether an invoice will be included in the report.

Since the process of reconciling accounts is focused on the transactions posted in GL, you must select the Report Date Based on Post Date option. See related discussion on Entry Date and Invoice Date in the previous section.

- **Age By**

The Age By option does not have a bearing on the reconciliation process. This is just the method by which the invoices are aged in the report. You can select whatever option you prefer.

- **Include Open Debit Transactions**

If this option is marked in the report, be sure to generate a GL Listing for the Prepayment GL Account ID defined in the vendor record; otherwise, generate a GL Listing for the Accounts Payable GL Account ID only.

3. Click Preview and print the report.

The amount under the Total Due column is the sum of all your invoice amounts, both current and past due. Use this amount to reconcile against your GL Listing report.

Note: AP invoices with negative invoice amounts are also called open debit transactions. If you do not mark the option **Include Open Debit Transactions**, negative amount invoices will not show up in the Past Due Aging and will be among your reconciling items as they will be reflected in your GL Listing for your Accounts Payable GL Account ID.

10/14/04 09:29:50 AM

National Office Supply, Inc.

Printed By: Supervisor

Past-Due Aging Report

Invoice #	Inv Date	Due Date	Inv Total	Total Paid	Total Used	Total Due	Current	Past Due	1 - 30	31 - 60
Vendor #: AFF1 (Aero Furniture Factory, Inc.)										
35552	01/01/04	01/31/04	1,000.00	0.00	0.00					
35551	02/28/04	03/29/04	3,355.12	0.00	0.00					
111111	09/29/04	10/29/04	100.00	0.00	0.00		100.00			
66	09/29/04	10/29/04	1,000.00	0.00	0.00		1,000.00			
OPN DB	09/29/04	09/29/04	0.00	100.00	0.00				-100.00	
Total for AFF1 :			5,455.12	100.00	0.00	5,355.12	1,100.00	4,255.12	-100.00	0.00
Vendor #: AFS1 (Accounting & Finance Professionals)										
541212	12/18/03	12/18/03	15,000.00	0.00	0.00					
541249	12/23/03	12/23/03	1,450.35	0.00	0.00					
Total for AFS1 :			16,450.35	0.00	0.00	16,450.35	0.00	16,450.35	0.00	0.00
Vendor #: CBA32 (Creative Business Accessories, Inc.)										
600199	02/02/04	03/03/04	688.03	0.00	0.00					
600251	03/12/04	04/11/04	40.00	0.00	0.00					
Total for CBA32 :			728.03	0.00	0.00	728.03	0.00	728.03	0.00	0.00
Total For This Report :			22,633.50	100.00	0.00	22,533.50	1,100.00	21,433.50	-100.00	0.00

Figure 2. Past-Due Aging Report Preview Window

To generate the **GL Listing** report for reconciliation, follow these steps:

1. Access the GL Listing report from the Reports menu of the GL module.
2. Define the settings in the report interface.

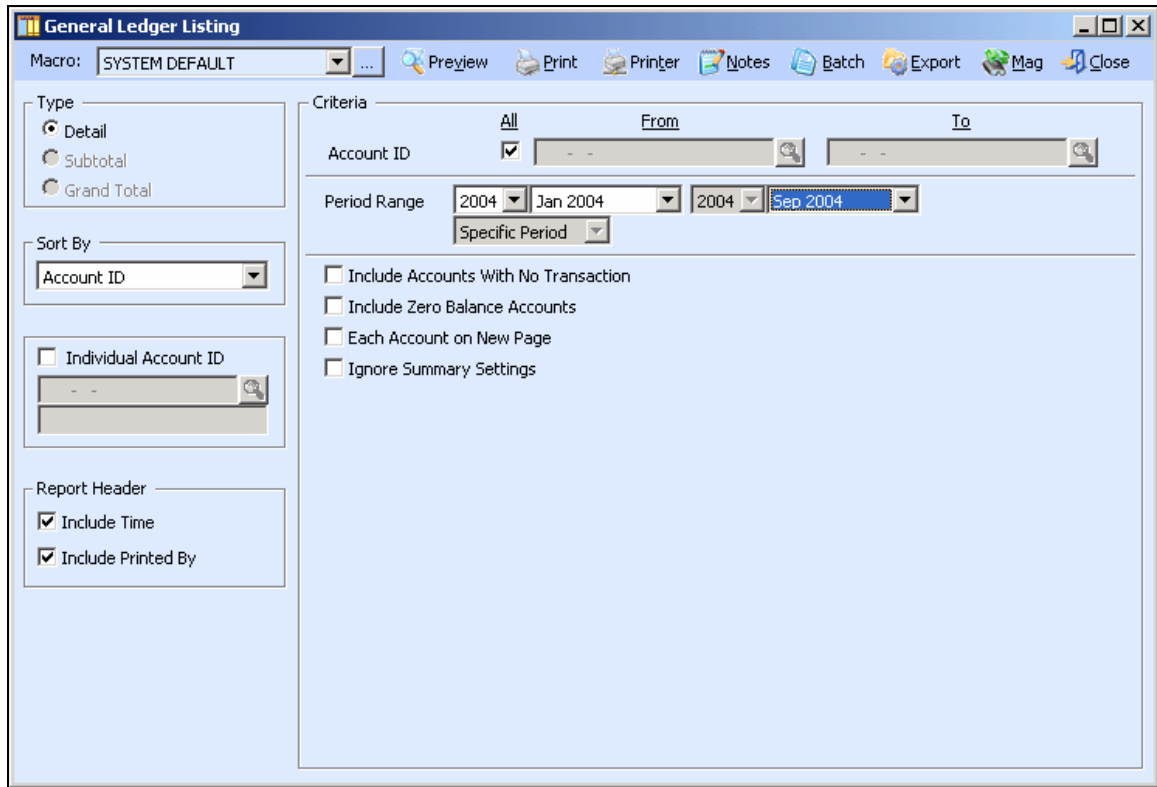


Figure 3. General Ledger Listing Report Criteria Window

- **Account ID**
If you only have one Accounts Payable GL Account ID, mark the Individual Account ID option and choose or enter the Accounts Payable GL Account ID in the field. If you use a range of Accounts Payable GL Account IDs, use the Account ID filter.
 - **Period Range**
Enter the range of periods that you want to reconcile with your AP Past-Due Aging Report. The dates you enter in these fields must be consistent with the dates you have defined in the aging report. If the cut-off date of your aging report is 9/30/2004, your GL Listing period range must end on September 2004.
3. Click Preview and print the report.
You can now match the balance(s) of the GL Account ID(s) to your aging report.

Tips for Reconciling the AP Aging Report and Accounts Payable GL Account Balance

If your Past-Due Aging Report and Accounts Payable GL Account ID are not in balance, here are some possible reasons and tips on how to identify the cause of the problem:

1. Direct Posting in the GL Module

As much as possible, transactions affecting the Accounts Payable GL Account ID should be entered through the AP Module. Nonetheless, there are some cases when Accounts Payable journal entries are directly entered in GL.

Review transactions affecting the Accounts Payable GL Account ID that have an **Src** (Source) value of **GL** which are not Beginning Balance entries. These are to be excluded from your reconciliation.

If your beginning balance is also made up of transactions that came from non-AP modules, you also need to exclude the amounts that were recorded from the other modules.

2. Transactions from Non-AP Modules

The Past-Due Aging Report provides information on vendor transaction entered in the AP Module only. If you used the Accounts Payable GL Account ID in other modules, say BR or AR, you must not consider these transactions in the reconciliation. You will identify these transactions in your GL Listing because their Src value will be the module that they come from (e.g., AR, BR, PR, etc).

3. AP Transactions Not Transferred to GL

Before doing the reconciliation, be sure to run the Transfer Data to GL or the Period End Closing function, whichever is applicable. Accounting entries for transactions recorded in AP after the last transfer to GL or period-end closing will not show up in the GL Listing.

4. AP Transactions Posted to Several GL Account IDs

Depending on your AP Past-Due Aging Report setting, you may need to generate the GL Listing report for other AP related accounts. For example, if you marked the Include Open Debit Transactions option in the aging report and you have prepayment transactions for the period being reconciled, you need to generate the GL Listing for the Prepayment GL Account ID as well.

5. Changes in the GL Account IDs Used

During the period, you may have created new Accounts Payable GL Account IDs and assigned them to existing vendor records. When you do the reconciliation, verify that you run the GL Listing report for both old and new Accounts Payable GL Account IDs. Transactions recorded before the change will be posted to GL using the old Accounts Payable GL Account ID.

6. **Inconsistency in the Report Dates**

The dates you used in the AP Past-Due Aging Report are not consistent with the dates you used in the GL Listing report. Re-print the reports and make sure their dates are consistent.

Typically, a sizeable volume of vendor transactions makes reconciliation a tedious task. As such, it is best to perform reconciliation at regular intervals.

This information is provided "AS IS" without warranty of any kind. AccountMate disclaims all warranties, either express or implied. In no event shall AccountMate be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits, or special damages, even if AccountMate has been advised of the possibility of such damages.
