Year End 2008

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Newsletter for Sage Accpac ERP

What's Inside

For Your Information

If you'd like to familiarize yourself with some of the new features in Sage Accpac ERP Version 5.5, there are a number of recorded demonstrations available, including:

- Sage Accpac 5.5 Financials
- Sage Accpac 5.5 Operations
- Sage Accpac 5.5 Project and Job Costing (PJC)

The prerecorded demos are brief and can be viewed at your convenience click here.

Sage Accpac ERP Year-End Processing Review

The end of the year is always a busy time for accounting departments, but fortunately with Sage Accpac ERP the number of required, special, or time-sensitive procedures is minimal. Its modern database structure stores transactions in full detail for multiple years.

There are a few required year-end tasks, as well as other optional housekeeping items that are important to review at this time of year. Many of the year-end steps are the same as month-end. You will want to perform all your usual reconciliations between General Ledger and the subsidiary modules with extra care. You should also print all your month-end reports with full detail and back up your data. Also, you will need to maintain the fiscal calendar, decide if you need to clear any history, reset statistics, delete inactive accounts, vendors, and customers, and perform database maintenance. Here is a summary of the required steps and suggested activities for individual modules and the overall system.

Back Up Your Data

Making sure you have a good backup of your data is particularly important before initiating year-end activities – we cannot stress this enough. The directories to be backed up are:

» Accpac\Data (both Company and System databases)
» Accpac\Site
» Accpac\Company
» Accpac\User

Once the directories are backed up, verify that the backup is good. Try to restore the backup to another drive to ensure it will work properly if it is ever needed.

System Manager

Before closing the year you first must create the new fiscal year. No transactions can be created in any module until the new year is open. The first step is to create the fiscal calendar in Common Services. You can create the calendar at any time, well before the beginning of the new year. You open a new year in Common Services/Fiscal Calendar. Click on the New and Add buttons to create the new year and save the changes.

You can keep the current (or previous) year active as long as you need to, until you are sure all necessary transactions have been

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posted. Another option here is to choose to lock closed periods or years. It is particularly helpful to lock January 2008, to avoid accidentally posting to the old year as people get used to making entries in January 2009.

Accounts Payable And Accounts Receivable

With the exception of Form 1099 processing, year-end procedures for the Accounts Receivable (A/R) and Accounts Payable (A/P) modules are very similar, so we will discuss them together.

Here's a checklist of items to complete before running any year-end procedures:

» Make sure all your 2008 invoices have been entered.

» Create and post recurring payables and recurring charges batches.

» Post all outstanding batches: Invoices, Payments, and Adjustments.

» If you charge interest to your customers, process interest batches for the period using the *Create Interest Batch* function in Periodic Processing.

» Optionally use the *Create Write-off Batch* function in Periodic Processing to write off uncollectible accounts.

» Print the reports and listings you need for your audit trail and files including: posting journals, G/L Transactions, Vendor and Customer transactions, Aged Payables/Receivables, Cash Requirements, Aged Trial Balance, and Aged Overdue Receivables. Aging Reports can be re-printed at any time for year-end.

Tip: If the aging does not reconcile with the General Ledger balance, try running the report by Year/Period, rather than document date.

» Create G/L Batches in Periodic Processing, if you do not use the option to create G/L batches during posting.

» Decide if you need to delete inactive records. This is not a date-sensitive process, and you can do it at any time, but year end is a good time to review this type of housekeeping. In order to delete Vendors or Customers, you must first clear all fully paid documents. Before deleting any Groups, you will need to reassign any Vendors or Customers still in the Group to another Group. If you plan to delete any remit-to or ship-to locations, make sure there are no unposted transactions using them.

» Close all A/P and A/R forms, and be sure no users are in A/P, Purchase Order, A/R, or Order Entry.

» Perform an integrity check of A/R and A/P data, and verify you have a good backup.

You now are ready to run Year-End functions. Please refer to the sections on Clearing Activity Statistics, Resetting Batch Numbers, and Clearing History on page 3 of this newsletter, for our recommendations before making your selections on the following optional steps:

» Clear activity statistics.

» Reset all batch numbers to 1.

» Clear recurring payable/charges amounts invoiced to date.

» Clear Invoices Paid and Days To Pay counters.

1099 Printing

You can file 1099 forms at any time after the last payments for the year have been posted. The 1099 data in Sage Accpac is accumulated and cleared separately from other year-end processes. We recommend you set the option to allow editing of 1099 amounts so that you can make any necessary corrections before filing.

General Ledger

Before completing any year-end procedures in General Ledger (G/L), you should:

» Post all outstanding batches.

» Close all G/L forms and be sure no users are in General Ledger.

» Verify the setting for the number of years of history/fiscal sets to keep. This is very important, because when you create the new fiscal year, data older than this setting will be erased. We recommend keeping the maximum number of years of Fiscal Sets. If you have a lot of transactions, you may want to limit the number of years of Transaction Detail you keep. The number of years of fiscal sets and transaction data you can retain varies based on which program edition you are running. In Version 5.5, the number of years you can retain has been expanded. In Version 5.5 of Sage Accpac 100 or 200 Editions you now can retain seven years of history. You may wish to upgrade prior to closing the year to take advantage of this expanded ability.

» This is also a good point at which to perform an integrity check of General Ledger data in Administrative Services.

Now you are ready to Create the New Year. This step closes current amounts for income statement accounts to the specified retained earnings accounts. Make sure you have added the new fiscal year in Common Services as described in the System Manager section on page 1 of this newsletter.

Next, to make sure Income Statement amounts close to the correct accounts, verify that the correct account type (Income, Balance Sheet, Retained Earnings) is specified for each account, and in the G/L Options window, verify that the default closing (retained earnings) account is correct. If you use account segments (departments), use the Segment Codes window to specify a closing (retained earnings) account for each segment code.

With your retained earnings accounts verified, you are ready to select Create New Year

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from the **G/L Periodic Processing** window, and click the *Proceed* button. Once this process is complete, you can print the posting journal created for the closing entries.

It's a good idea to run another integrity check of General Ledger to make sure the closing ran properly.

After creating the new year, you can still post adjusting journal entries to the prior year as long as your options are set to allow it and the periods are not locked. You will be able to print reports, including financial statements, for any period of time as long as you have not purged your history.

U.S. Payroll

Once you have completed the last payroll run for the calendar year, you can begin year-end steps. Print the Payroll Register, Payroll G/L Transactions, Quarterly Reports, and Year-End Reports. If you do not use the option to create G/L batches during posting, use the *Create G/L Batch* function in **Periodic Processing** to create G/L batches. Then perform an integrity check of Payroll data.

Mark terminated employees as terminated and mark any earnings/deductions and tax entities as inactive, if necessary. Make sure you have a current and verified backup of your data.

Download and install the latest Tax Table Update (TTU). For information on when the TTU will be available, go to:

http://support.accpac.com/support/payroll_ship_dates.asp

You must have a current Payroll Update Plan (PUP) in order to download the tax table. You can download it from:

http://support.accpac.com/pup/ShowPUPs.asp

After installing the tax update, you will need to activate it within each company. Activation codes are included with the Payroll Update CD, or can be downloaded from the PUP link above.

The new tax table must be activated separately on each company database, and all other users must be out of that company in order to activate the update.

» Log into Sage Accpac as *ADMIN*. Go to Administrative Services>Data Activation.

» Select the new *Tax Table Update* and click *Activate*.

» To confirm which U.S. Payroll Tax Update is currently active, go to Help>System Information on the main Sage Accpac menu and look for the US Payroll Tax Update with the red check mark.

In Payroll Setup, modify unemployment and any other tax rates as necessary. At this point, you are ready to process payroll for 2009.

Now you can print the 2008 W-2 forms at your convenience. When you produce the W-2 forms, be sure you select 2008 as the *Payment Year*.

Clearing Activity Statistics

This procedure applies to Accounts Receivable and Accounts Payable. We recommend you clear the statistics for both modules. This procedure moves the summary information for the current year into the previous year, and zeros out the current year in preparation for the new year. These records are for your information only, and the timing need not be exact. You also can optionally Clear the Invoices Paid and Days to Pay Counter if you would like these statistics to start accumulating afresh in the new year.

Both of these activities are completed in the Periodic Processing/Year-End task in each module. Be careful to check only the boxes you need.

Resetting Batch Numbers

Batch numbers are reset separately in General Ledger, Accounts Receivable, and Accounts Payable. This process is not required or recommended because once you do so, you will lose the ability to review or reprint previously posted journals, which can be very handy during an audit, or to check on how something was handled in the past. It is only recommended if your batch numbers are so large that they are becoming unwieldy.

Clearing History

Clearing history is an optional step, and should only be done when absolutely necessary. Think of your computer disk as the least expensive way to store historical information. It's also a lot easier to locate an old journal entry via drill-down on the computer than in a stack of papers in a storage box. Save your history as long as possible, until you notice marked performance degradation while looking up data. If you do choose to clear, don't clear everything at once. Start by clearing the oldest year of data first, to see if that improves performance.

Sage Accpac Order Entry and Invoice files can become large very quickly, and is the place you may notice performance degradation soonest. For these files, you have an alternative to clearing data or putting up with slow performance. By implementing the Sales Analysis module, you can transfer as much sales history as necessary to a separate database. This keeps it available for inquiry and reporting purposes, while order and invoice history are streamlined for faster processing and daily reporting.

If you have any questions about year-end processing, please give us a call. We're here to help.

IN THE SPOTLIGHT:

Preventing Fraud

Research shows that smaller businesses are often more vulnerable to fraud than their larger counterparts because they have fewer employees. Fewer employees makes for less segregation of duties and fewer internal accounting controls. You can protect your company by making employee fraud prevention a priority. The following guidelines, assembled by Sage Software, are fundamental steps in reducing the risk of fraud in your small business.

Implement An Automated Accounting Solution. By using accounting and operations software like Sage Accpac ERP, with its strong security system and clear audit trails, you can mitigate fraud risk. User security ensures employees only have access to business information in their area of responsibility, giving them less ability to cover up fraud schemes.

Understand Your Company's Specific Fraud Risks. Conduct a thorough audit of your company's specific vulnerabilities, then design and implement internal controls to minimize your risk.

Conduct Employee Background Checks. Verify educational and employment history, as well as references, to ensure there is no previous history with fraud or other illegal activity. This is especially important when filling positions that will handle company assets.

Control Your Bank Statements. When reconciling bank statements, look out for missing checks, out of sequence check numbers, unknown payees, checks that appear to have been altered, checks not signed by authorized signatories, or any other unusual items. Consider using a Positive Pay service if your bank offers one. Perform timely bank account reconciliation.

Review Approved Vendor Listings. Management should routinely check the list of approved vendors and look for unknown vendors, vendor names that are similar to other vendors, vendors with no physical address or phone number, and vendor addresses that match an employee's addresses. This can help fight schemes involving phony invoices.

Provide For Separation Of Function. It is always a good idea to divide financial tasks within an organization. When no single person has control of, for example, deposits, accounts payable, check printing, and bank reconciliation, you create a system of checks and balances that will discourage fraud.

Create A Fraud Policy. Design, publish, and implement a fraud policy that sets forth expected employee conduct, what actions are prohibited, how fraud can be reported, and the consequences of noncompliance.

Train Employees In Fraud Prevention. Employees serve as the eyes and ears of a company; by ensuring that your staff knows at least some basic fraud prevention techniques, you'll establish a first line of defense.

Conduct Routine And Unannounced Audits. For high-risk areas of your business, including the finance or inventory-related tasks, perform both routine and surprise audits to look for vulnerabilities and possible fraudulent activities.

Make Vacations Mandatory. Employees involved in fraud may avoid taking time off because they are afraid someone will discover their fraudulent activity.

There is no 100 percent solution for prevent fraud, but by being aware of the risk and following these steps you can greatly reduce the chances of your company becoming a victim of fraudulent activities. Give us a call to discuss your concerns.

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