

Your Accounting System's Annual Checkup Checklist

Your accounting system also has a set of vitals that must be in smooth working order to provide you with an accurate financial picture. Make sure your system checkup includes these important components.

CURRENT ACCOUNTING SYSTEM

- Chart of accounts** – A complete listing of every account in your system, including assets, liabilities, equity, revenue, and expenses.
- AP/AR** – Accounts payable are approved transactions where the company must pay money to vendors for goods and services. Accounts receivable include money that your company is owed for its goods and services.
- General ledger** – The central accounting record for your company.

SYSTEMS

- Timekeeping
- Invoicing (of your clients)
- Payroll
- Bill paying
- Expense reimbursement
- Contract management
- Procurement & inventory (if needed)

REPORTING

- Balance sheet** – The statement of your assets, liabilities, and capital at a single point in time. Also called a statement of financial position.
- Profit/loss or income statement** – Summarizes revenues, expenses incurred, and resulting profit during a specified period.
- Cash flow** – The amount of money going into and out of your business over a specified period.
- Job costing** – The costs of a service or manufacturing job.

BANKING AND 401(K) REQUIREMENTS

- All records required** (either by law and/or for sound accounting purposes) to properly track your company's banking and 401(k) activities.

POLICIES AND PROCEDURES

- Accounting principles** – rules and guidelines your company must follow when reporting financial data.
- Accounting policies and procedures** – the way your company adheres to those principles when preparing financial statements.

SPECIALTY REPORTING

- Indirect rates** – expense by cost pool and calculated indirect rates.
- Contract backlog** – contract value, funded value, and option value of contracts, along with amounts used and amounts remaining.

DCAA COMPLIANCE

- Specific system setup and policies satisfying FAR/CAS requirements for a DCAA audit.

In the end, you want a clean bill of health that gives you accurate financial intelligence for competitive operations.

Calling in a skilled, neutral eye is often the best way to spot inefficiencies and gaps in your current accounting system. CAVU's accounting experts can help you adjust your accounting system so that you can make informed decisions.