

An Accounting Checklist

As the owner of a small business, you are very busy! You know you need to devote some time to accounting, but what should you do first? The following is from a very helpful checklist published by the Small Business Administration (Management Aids Number 1,107, Keeping Records in Small Business).

Small Business Financial Status Checklist (What an Owner/Manager Should Know)

Daily

- Cash on hand
- Bank balance (Keep business and personal funds separate.)
- Daily summary of sales and cash receipts
- Correct all errors in recording collections on accounts.
- Maintain a record of all monies paid out (by cash or check).

Weekly

- Accounts receivable (take action on slow payers)
- Accounts payable (take advantage of discounts)
- Payroll
- Taxes and reports to state and federal government (e.g., sales, withholdings, social security)

Monthly

- Classify all journal entries according to like elements (these elements should be generally accepted and standardized for both income and expense) and post to the general ledger.
- Make an Income Statement for the month available within a reasonable time, usually 10 to 15 days following the close of the month. From this statement, take action to eliminate loss or increase profits. (Adjust markup? Reduce overhead expense? Pilferage? Incorrect tax reporting? Incorrect buying procedures? Failure to take advantage of cash discounts?)
- Include a balance sheet to accompany the Income Statement.
- Reconcile bank statements.
- Balance the petty cash account. (The actual cash in the petty cash box plus the total of the paid-out slips that have not been charged to expense should equal the amount set aside as petty cash.)
- Make all Federal Tax Deposits, Withheld Income and FICA Taxes, and state taxes.
- Age your Accounts Receivable.
- Work Inventory Control to remove dead stock and order new stock. (What moves slowly? Reduce. What moves fast? Increase.)