What to Look for When Reviewing the Monthly General Ledger

The General Ledger will list all transactions that occurred in the month. The report is organized so that the accounts appear in order of how they appear in your financial reports. So, the Balance Sheet accounts that appear on your Balance Sheet come first [assets, liabilities, and net assets] followed by your revenue and expense accounts which appear on your Profit & Loss report.

[If using QuickBooks, you'll need to customize the report to see the Debit and Credit columns.]

For Asset & Liability Accounts

1) Make sure that transactions are in the correct **Debit** or **Credit** column.
2) Make sure that the ending balances make sense.
   a. Bank account ending balances should match the reconciled balance on the bank reconciliation reports.
   b. Accounts receivable balances should match the Accounts Receivable reports. If you have money that has been owed to you for more than 120 days it may be time to write off those funds.
   c. Accounts Payable balance should match the Accounts Payable report. Also, check that the balance during the month goes to zero at least once. If it doesn't, this may indicate that an old bill that might have already been paid has not been cleared from the system.

Type of Account	Debits	Credits
Assets	⬆	⬇
Checking & Savings	Deposits, Transfers in	Bill Payments, Checks, Transfers out
Grants & Accounts Receivable	Pledge, Grant Commitment	Funds Received
Prepaid Expenses	When check is written	To allocate expense to appropriate month
Property & Equipment	Buy an asset	[Only when: Sell or dispose of an asset]
Less: Accumulated Depreciation	[Only when: Sell or dispose of an asset]	Depreciation expense
Lease Deposit	Pay your deposit	Deposit is refunded
Undeposited Funds	Enter donations, grants, etc into QB	Funds are deposited into Bank accounts

	Debit	Credit
Liabilities	↓	↑
Accounts Payable	Pay Bills	Enter Bills to be paid
Accrued Vacation	Use Vacation Time	Earn Vacation Time
Net Assets	↓	↑

For Revenue Accounts

1) Make sure that everything is in the **Credit** column.
2) If there are Debits, make sure they're correct [i.e. that you really did give someone a refund].
3) Make sure that transactions are on the correct line item.
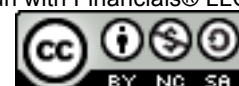4) Make sure transactions have the correct class codes [if you use them].

	Debit	Credit
Revenue	↓ [Only if you give someone a refund]	↑ Donations, Grants, any Income

For Expense Accounts

1) Make sure that everything is in the **Debit** column.
2) If there are Credits, make sure they're correct [i.e. that you received a reimbursement from someone for that expense.
3) Make sure that transactions are on the correct line item.
4) Make sure transactions have the correct class codes [if you use them].

	Debit	Credit
Expenses	↑ Any Expenses	↓ [Only If you get a refund or reimbursement]