

ACCOUNTING INFORMATION SYSTEMS (AIS) GUIDE

Corporations will use Intuit's QuickBooks ("QB") as an Accounting Information System. The version shall be prescribed by PDS. Modifications and deviations from QB must be authorized by PDS. Any upgrades and changes to QB must have PDS approval prior to installation and implementation: PDS will determine all QB upgrades and changes. Budgetary changes must still be approved by PDS using the *Line Item Transfer Request*.

With QB, users accessing data have several menu options clustered into eight navigators or general files. Navigators hold several specific applications which are detailed below. Many of the applications are unnecessary for use in a Public Defender System.

EDIT CATEGORY

Preferences - allows software customize features.

Accounting - must be set to use account numbers, use audit trail, and auto assign general journal entry number; thus providing extra security by tracking data transactions.

Desktop View - allows color customization.

Integrated Applications - QB should *not* be integrated with any other applications without PDS consent: This includes Time Matters.

Payroll & Employees - establishes default settings for payroll. If payroll will not be used, select the option for no payroll.

Purchases & Vendors - since this section is used for inventory tracking, use of this section is unnecessary.

Service Connection - internet may be used with this program to transmit data and receive messages. The following options should be reviewed: "Ask for password" [deselect this], "Allow background downloading of SVC messages" [deselect this].

Reports & Graphs - allows selection of either accrual or cash basis accounting. This feature can be used for internal reporting purposes. The preference is to report on an accrual basis.

Tax: 1099 - Sets up IRS Form 1099 reporting. This needs to be annually reviewed for IRS compliances.

COMPANY NAVIGATOR:

Company Center - shows selected cash and payable account balances and income and expense trends.

Backup - allows data backup.

Chart of Accounts - a detailed line-items listing.

CUSTOMER NAVIGATOR:

This section should not be used without consulting PDS.

VENDOR NAVIGATOR:

The vendor navigator may be used to print checks for invoices, supplies or other purchases. Each vendor must be added separately and requires at minimum the vendor's name.

Enter Bills - a purchase journal used to record receipts of bills and invoices.

Pay Bills - used for paying bills entered into the Enter Bill section.

EMPLOYEES NAVIGATOR:

Contains information needed to manage payroll functions, vacation and sick time. **There is an extra cost per year.** Please check with QB support for price listings and services offered.

BANKING NAVIGATOR:

This section contains checkbooks, transfer funds, other cash management tools and a credit card section.

The check section is a virtual checkbook: users enter payments just as with a regular checkbook.

The Transfer Funds section allows movement of money between accounts. Please note that just because funds were moved in QB does not mean that the accounts will reflect the desired balances. A deposit/withdraw with the financial institution must occur prior to entry into QB.

The Reconcile section allows users to enter information from the bank statement to the appropriate account to prepare reports matching and explaining the differences between the bank statement and the check register.

The Make Deposits section is primarily used with the customer accounts section. Corporations do not need to use this section.

The *Credit Card* section may be used as a Purchase Journal. This is similar to the *Enter Bills* section.

BUSINESS SERVICES NAVIGATOR:

This section is the QB advertising section that offers products and support.

REPORTS:

This section contains various reports. Often used reports:

Profit & Loss Standard - "Income Statement" or "Statement of Activities"

Expenses by Vendor Summary

Vendor Balance Summary - "Schedule of Accounts Payable"

Income and Expense Graphs

Balance Sheet Standard

Summary Balance Sheet

PDS requires monthly reports from Corporations: expanded versions of the *Profit & Loss Standard* and the *Balance Sheet Standard*. Reports need only generated once: from the fiscal year's first day to the ending months last day (e.g. 07/01/02 - 08/31/02). Reports must be sent as designated by PDS. PDS may also request additional reports.

Bank reconciliations should be printed when completed as clearing checks may have a direct effect on the prior statement.

REPORT MODIFICATION:

Reports may be modified several ways. Reports can show financial data within a given time period (e.g. month, year-to-date, last two years, or a specific date range). Financial data may be arranged by either detailed (expanded) or general summary (collapsed) of line-items. Modifications include making columns larger or smaller, printing pages landscape or portrait, and changing font size.

Reports may be modified several ways:

- (1) In the Report Navigator, select modify report, then select the date ranges.
- (2) While displaying a report, modifications can be made by selecting the toolbar directly above the report and by selecting the diamonds on the report.
- (3) While print previewing a report, some modifications may be made by selecting/deselecting the boxes.

QB SETUP

Consult PDS to insure proper construction of the bookkeeping and reporting system. The set

up is broken into related segments. Segments should be completed in order. Follow these instructions on company setup. ***PDS will determine any necessary deviations from the setup.***

General

Under the Company Info Section, several specific questions will be asked. Prior to starting the setup, have the Corporation information available: business name, address, contact information, telephone numbers, EIN, tax year, and company tax form used (usually Form 990 (Exempt Organization)). When prompted for business type, select Non-Profit Organization – do ***not*** select legal or other. Selection of the wrong industry creates an undesirable chart of accounts.

QB will prompt selection of a default Chart of Accounts or create a Chart of Accounts: select create a Chart of Accounts. QB will prompt for the number of users: enter at least three (Administrator, Chief Defender, PDS administrator). This is necessary to troubleshoot problems.

Preferences will create QB menu options. When asked about maintaining inventory: select no (this is inventory for sale). Select no to collection of customer sales tax. Select Service Format for Invoice. For payroll, select either yes or no (dependant on payroll module use). Select no to preparing written or verbal estimates. Select no to tracking employee time. Select no to tracking business segments by using classes. Select enter bills first and then enter payments later. When asked about reminders select *When I ask for it*. Next, select the accrual basis of accounting.

The Start Date is very important. Enter the start date that will establish the opening book balances. Please select the date January 1st of the prior fiscal year that you will be using for QB. This will provide enough time to enter transactions that may be needed to prepare payroll forms or calendar year tax information.

Income & Expenses

When asked for the income & expense accounts, enter one of each at this time. A manual setup of the Chart of Accounts is easier after the Company Navigator Preferences have been selected.

Income Details

When asked about the payment receipts, select sometimes. Select no to statement charges. Select no to setup of a service item. Select no to setup of inventory items. Select no to miscellaneous charges. Under inventory, select Skip inventory items.

Opening Balances

Select no to customers owing money. Select no to vendors owing money. Select no to setup of a credit card account (unless an exception is made with PDS). Select no to lines of credit. Select no to track a loan or account payable (Again, these will be setup after the Company

Navigator Preferences are selected). Select no to setup of a bank account. Select no for asset account.

Setup has been completed. Next, complete the prompt to add users.

From the Company Navigator, select Preferences. Under the accounting section, select account numbers, audit trail, and auto assign journal entry number. Then, select the service connection section and deselect "Ask for password", "Allow background downloading of SVC messages". This will notify the user anytime the internet will be used.

From the Company Navigator, select Chart of Accounts. From here, enter the PDS issued Chart of Accounts. After completing the creation of the bookkeeping system, backup the information.

At this time, users may begin entering information into QB. Opening account balances that would be entered should come from same date for consistency (e.g. a monthly year-to-date financial report).