

Work in Process

Look at reconciling the WIP, AP and AR to the balances sheet.

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The WIP account should be reconciled to the balance sheet every month.

To do this, first run the Job Cost Reconciliation report – Ledger | Maintenance | double click the WIP account | File | Print reports. Select the data selection option of Invoiced In Full And Paid. This will print only proposals that have been invoiced in full and paid in full by the customer. Assuming at this time all costs have been entered for the job, there should be a zero WIP balance for the proposal. Use a date range from the beginning of using *TEAM-DESIGN!* in the from date and the last day of the month being reconciled as the thru date. This report will show the total debits and total credits that affected the WIP account for each proposal that has a WIP balance. The difference is what will need to be reconciled.

The credit entries to WIP are normally generated when an accounts receivable invoice is created. It will credit the WIP account with the received cost of the proposal line items.

The debit entries to WIP are normally generated when an accounts payable invoice is entered. At that time, the WIP account is debited for the cost.

To research the discrepancy on a particular proposal, print the Selected Proposal Audit by going to Ledger | Maintenance | double click the WIP account | File | Print reports. This report will provide all journal entries that affected a particular proposal.

Another way to research the discrepancy on a particular proposal is to review the Purchase Order Cost and Payable Received in the Purchase Order screen of the Proposal. Customer / Proposal / Maintenance / Double Click the Proposal / Purchase Orders and Select.

Possible Errors in WIP / Job Cost Reconciliation Report

***Wrong revenue code on the line item:**

Go to the Proposal/Receivables Detail. Double click on the invoice number (shows line items on the invoice) and scroll to the right to "Revenue Code" column. Check the Revenue Codes (in Tables) to see what account numbers the Revenue Code was set up to affect. Look on the proposal audit for the credit on that account. If the invoice did not hit WIP but the payable did, correct with a journal entry crediting WIP and debiting the account used on the invoice. (MARY01)

***Received cost does not match payable:**

On the selected journal audit, verify the credit to WIP (received cost from invoicing) matches the offsetting debit (payable entry). Correct with a journal entry taking the difference to a COGS account. (MARY02)

***All payables have not been entered:**

On the Job Cost Reconciliation Report, if the credits are higher than the debits verify all the payables have been entered. Go to the proposal Purchase Order detail and look at the "Order Cost" versus the "Payables Received" column or double click on the purchase order number in Purchase Order maintenance. (MARY03)

***Payable taken to the wrong expense account instead of WIP:**

Go to the Vendor detail or historical ledger and double click on the payable invoice number. Choose Distribution to see what accounts were used when entering this invoice. If the payable was expensed to another account other than WIP in error, a correcting journal entry would credit the wrong account number and debit WIP. (MARY04)

***Not invoiced in full:**

If there is a debit balance, it is possible that not all line items have been invoiced to the customer. Look in the proposal profile (commission tab) to see if the status for invoiced in full is "Yes" and it has a date. If the debits are higher than the credits, it usually means the job hasn't been fully invoiced. (MARY05)

***Manual journal entry /no proposal number:**

Look for any "GF" type journals posted to WIP without a proposal number OR a payable was entered with a WIP expense distribution without referencing a proposal number. To correct this, you would either debit or credit WIP with a journal entry without a proposal number to offset the original entry, then do the opposite entry debiting/crediting WIP referencing the proposal number. (#000000)

Once the WIP account has been reconciled, the Job Cost Reconciliation report will need to be generated using the data selection for All Proposals with GL Balance. This report will list a breakdown of what the WIP account consists of. The "difference" on this report should always match back to the balance sheet total for the WIP account.

NOTE:

If WIP is not reconciled before archiving, it is possible for the Job Cost Reconciliation report to no longer match to the balance sheet. If ever the two reports do not foot with one another, please contact Technical Support.