

## Creating SmartLists Prior to Year End Closing

***Situation:** During the entire fiscal year, General Ledger accounts are frequently added, as needed, and sometimes these accounts are added with the wrong Posting Type. In other words, Profit and Loss accounts are added as a Balance Sheet type and vice versa. After closing the fiscal year, the general ledger accountant then discovers – sometimes weeks later – that the retained earnings account is wrong and that, maybe, a critical Balance Sheet account has “closed” to retained earnings.*

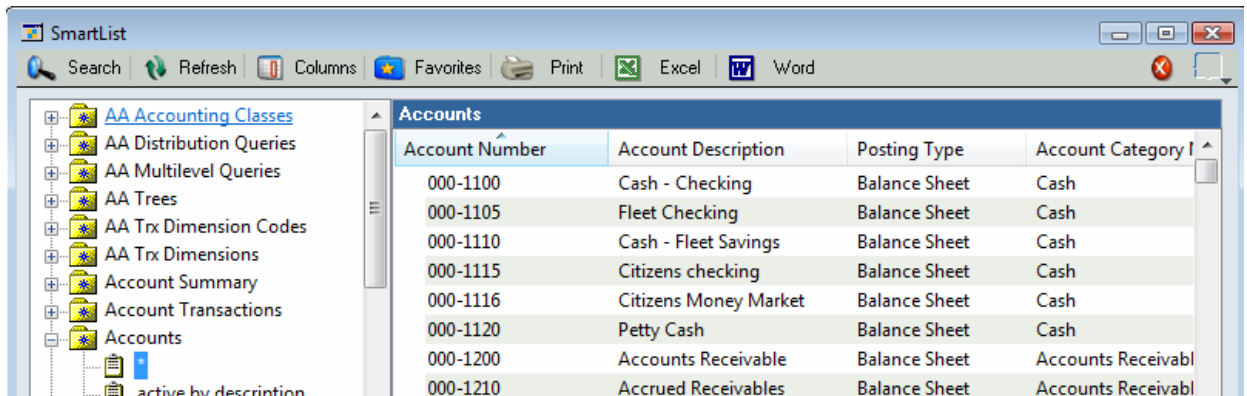
We recommend the use of SmartLists to identify these errant accounts **before** year end close. **\*\*It is a difficult process to recover from a close with an improperly classified account, so this is a critical part of the year end close.**

As our CriticalEdge Group year end training manual states: ***Confirm that posting accounts are properly classified as balance sheet or income statement.***

**Tip:** To confirm that posting accounts are properly classified as balance sheet or income statement, SmartList views can be designed to check the posting types of just the misclassified accounts.

Following are the steps to check the posting types on your accounts:

- 1) Create a new SmartList.  
Open SmartLists and select **Accounts**.



Account Number	Account Description	Posting Type	Account Category
000-1100	Cash - Checking	Balance Sheet	Cash
000-1105	Fleet Checking	Balance Sheet	Cash
000-1110	Cash - Fleet Savings	Balance Sheet	Cash
000-1115	Citizens checking	Balance Sheet	Cash
000-1116	Citizens Money Market	Balance Sheet	Cash
000-1120	Petty Cash	Balance Sheet	Cash
000-1200	Accounts Receivable	Balance Sheet	Accounts Receivabl
000-1210	Accrued Receivables	Balance Sheet	Accounts Receivabl

- 2) Click **Search** (the button on the top left) and the following window will open.  
On the first search line (Search Definition 1) enter the following values:  
Column Name = Posting Type  
Filter = is equal to  
Value = Profit and Lost

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On the second search line (*Search Definition 2*) enter the following values:

Column Name = Account Type

Filter = is equal to

Value = Posting Account

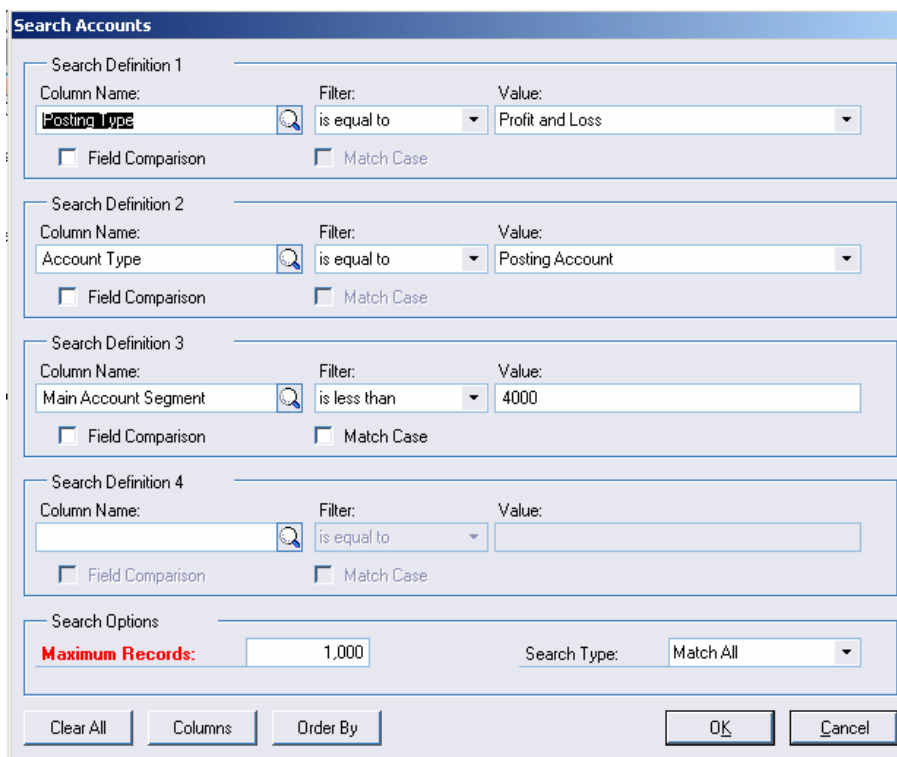
On the third search line (*Search Definition 3*) enter the following values:

Column Name = Main Account Segment

Filter = is less than

Value = Select the first P&L number in your chart, generally the first revenue account in your chart (*4000 in this instance*).

Then click **OK**.



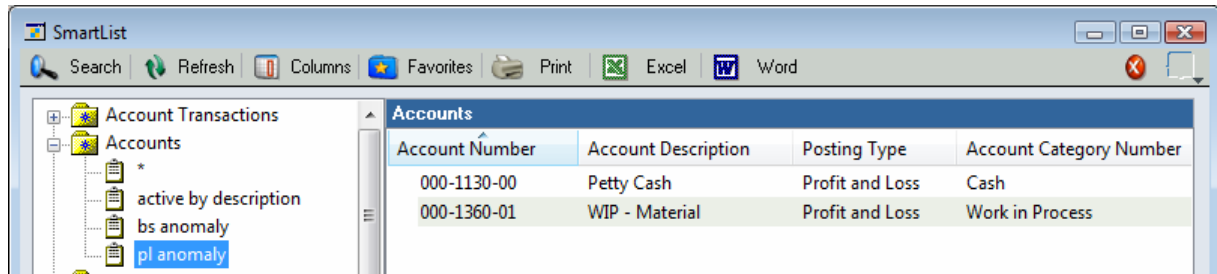
The screenshot shows the "Search Accounts" dialog box with the following configuration:

- Search Definition 1:** Column Name: Posting Type, Filter: is equal to, Value: Profit and Loss.  Field Comparison,  Match Case.
- Search Definition 2:** Column Name: Account Type, Filter: is equal to, Value: Posting Account.  Field Comparison,  Match Case.
- Search Definition 3:** Column Name: Main Account Segment, Filter: is less than, Value: 4000.  Field Comparison,  Match Case.
- Search Definition 4:** Column Name: (empty), Filter: is equal to, Value: (empty).  Field Comparison,  Match Case.
- Search Options:** Maximum Records: 1,000, Search Type: Match All.

Buttons at the bottom: Clear All, Columns, Order By, OK, Cancel.

In the above illustration, SmartList will return any accounts where the main segment is 0000-3999 and the posting type is Profit and Loss. In the chart of accounts for Fabrikam, all accounts less than 4000 should be balance sheet accounts. If SmartList returns any records, there is most likely an error. A similar view should be created identifying any accounts where the main segment is greater than 3999 and the Posting Type is equal to Balance Sheet. Ideally, both views would return no records.

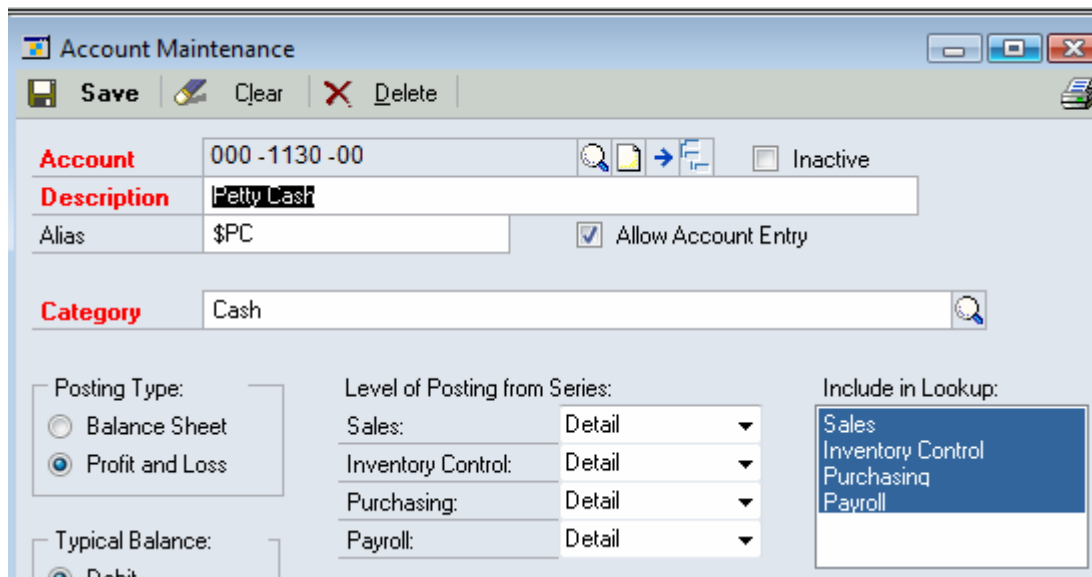
Here is the result from a query where two accounts were set up with the wrong posting type.



Account Number	Account Description	Posting Type	Account Category Number
000-1130-00	Petty Cash	Profit and Loss	Cash
000-1360-01	WIP - Material	Profit and Loss	Work in Process

Following are the steps to correct these posting types on your accounts:

- 1) Click on each account (*if you have security to account maintenance*) and change the posting type on each account. Click **Save** on each account change.



**Account Maintenance**

**Save** **Clear** **Delete**

**Account** 000 - 1130 - 00  Inactive

**Description** Petty Cash

Alias \$PC  Allow Account Entry

**Category** Cash

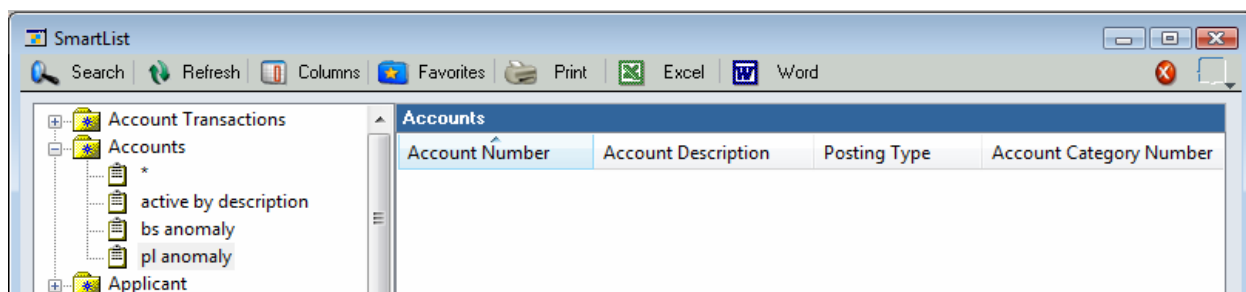
Posting Type:  
 Balance Sheet  
 Profit and Loss

Level of Posting from Series:  
Sales: Detail  
Inventory Control: Detail  
Purchasing: Detail  
Payroll: Detail

Include in Lookup:  
Sales  
Inventory Control  
Purchasing  
Payroll

Typical Balance:  
 Debit

- 2) Re-run the SmartList. The query should return no accounts now.



Account Number	Account Description	Posting Type	Account Category Number
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*For more information on creating and using SmartLists for everyday tasks, contact [events@criticaledgegroup.com](mailto:events@criticaledgegroup.com) to register for our next SmartList class.*

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