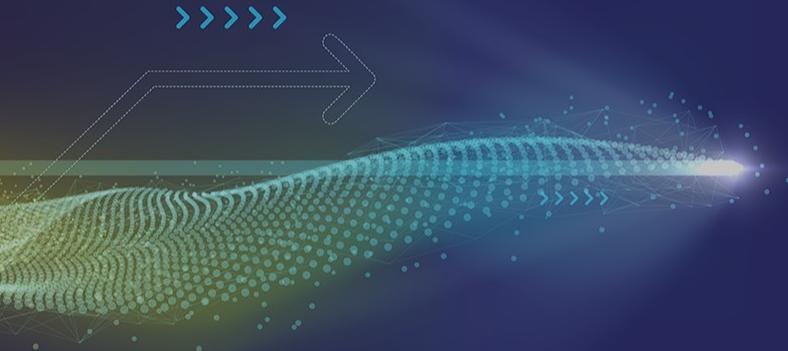


• TAM Accounting

Monthend & Reports

October 7, 2020



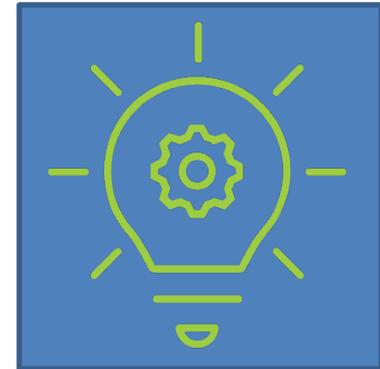
Agenda

- When to run ME
- Paper?
- Preliminary Cleanup
- ME Report Setup
- Optional Reports
- Actual ME Procedure



The Basics and Some Personalization

- TAM Monthend documentation includes the recommended steps to post your Monthend journal entries
- Adapt the process to best fit your agency. Consider:
 - > Steps to improve data accuracy and reporting
 - > Steps to prevent fraud
 - > Manage by exception vs micro-manage
 - >
- **Create your own 'Agency Monthend Checklist'**

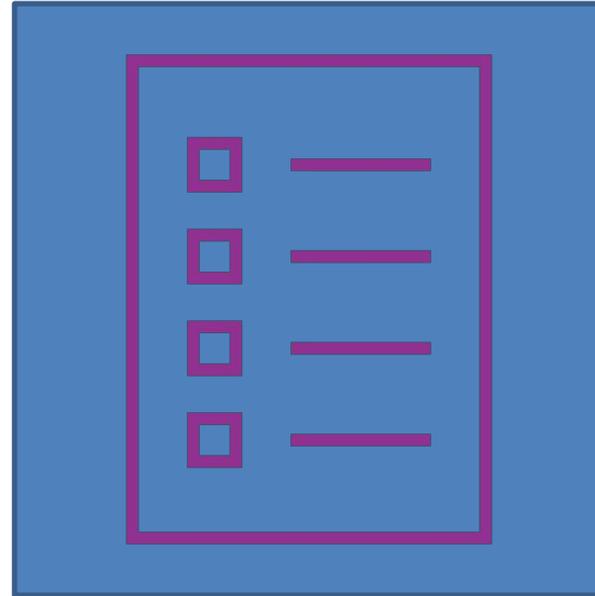




When to run ME

When is your Monthend?

- Last day of the month?
-
- First day of the month?
-
- Into the next month?
-
- Is it the same for everyone?
-



When to run ME

- Every agency has a different preference for when monthend is run
 - >
 - > Run on the last day of the month or first day of the new month
 - > Wait for the bank statements to be reconciled before closing
 - > Wait for the carriers to be paid mid (next) month
 - > Wait until all entries have been verified and checked
 - > Wait until the Systems Operator is back from vacation

Pre-ME Tips

- Producers – Manage their expectations
 - > Remember to allow for processing time
 - > Allow for audit controls
- CSRs
 - > Clean up reports
 - Expiration reports
 - Activity reports
 - Adjustment reports
 - Exclusion reports
 - > Check for outstanding items



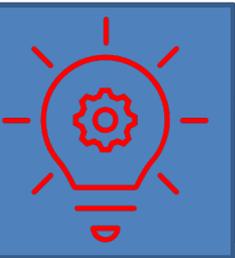
If not initiating on the last day of the month...

- If you are **NOT** closing on the last day of the month be aware of the methods to keep later data in the correct month:
 - > Initiate the month right after running closeday on the last day of the month (which will advance the default accounting month automatically) then uninitiate, OR
 - > When performing closeday for the last day of the month, advance the date AND the accounting month to the next default month
-
- Allows work to continue into the new month, but items can still be posted into the old month without getting “*the monthend has been initiated do you wish to reconsider?*” message.
- Initiate the month when you are ready to do the actual Monthend

If not closing on the last day of the month...

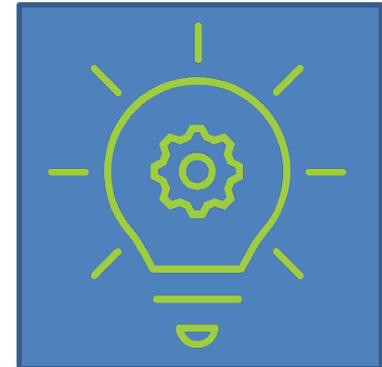
·If you decide **NOT** to close the month right at monthend, please be aware:

- > **Book of Business** or **Cross Reference Book of Business Reports** on a consistent basis should be run the last day of the month
- > If the default accounting month is not advanced, data may fall into the old accounting month in error
- > If using **Customer Statements** with or without service charges, those should also be run on a consistent basis (perhaps the last day of the month)
- > For any write offs, **J/E between** item cleanup, or void transactions, the entry will default into the new accounting month unless the accounting month is temporarily rolled back
- > If already initiated, **Un-initiate**.
 - If the accounting month has merely been changed on login, logout and back in and revise it back to the prior month (remembering to reset back or initiate once complete)
- > At year end, if not initiating the new month, you must run **Replicate Chart of Accounts** to be able to operate into the new year



TIP!

- When must users be “OUT” for month end?
 - **The only time users must be totally out of the system is for the Initiate process**
 - Some agencies prefer to have users out while any **Book of Business** or **Cross Reference Book of Business** reports are run (so that multiple versions of reports are working off the same set of billing screen data) but it is not required





Accounting and Paper

Do I really need to run and keep all this Paper?

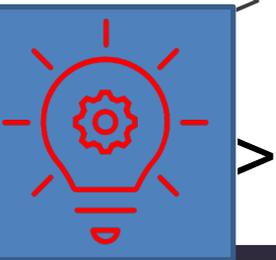
- Reports should be run to review detail, make corrections, and validate monthend journal entries however:
 - > Run to PDF or Excel when possible
 - > Run to screen when the report is a quick audit or validation
 - > Assess ME reports at Year End to see if they are still needed
 - > Not all reports need to be run every Monthend



TIP!

Remember:

- > Some of the report detail may change i.e. backposting in a **Status of Accounts**
- > Some cannot be recreated i.e. **Book of Business** and **Aged Accounts Receivable**
- > *When storing reports electronically*, make sure they are saved to a drive that is backed up and because they contain financial data, they should not be accessible to everyone
- > Have a *consistent naming convention* for each report and include all that information on your agency unique Monthend Checklist





Preliminary Monthend Cleanup

Workflow Checks

• Did all the policies renew?

- Expiration Report
 - > Check all the policies have been renewed, cancelled or lapsed appropriately

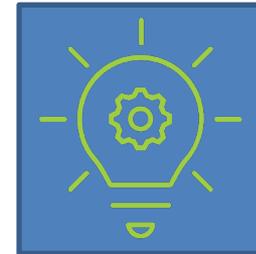
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• Were all the policies transacted?

- Exclusion Report
 - > Checks that all active policies have a transaction recorded

Ideally – these will generate ‘No Results Found’

Consider a contest for the first team to get a perfect result!



Run All “Stay in Balance Checks”

- The “Stay in Balance Checks” should be run at least once a week to ensure that there are no transaction errors
 - *If these are being handled with your night utilities, it is not necessary to run these prior to your Month-End procedure.*
 - > Clients
 - > Cash Journals
 - > Accounts Receivable
 - > Accounts Payable (if using the Voucher system)
 -
 - If you choose to run manually, it is done in the Monthend menu - *select the option Monthend In Balance Checks.*

Clean up aged receivables

- **Aged Receivables Report** Use the Age Date as the current date
 - > If anything has been invoiced too far in the future (i.e. 2021) it will appear in the Prebill Column (correct with assistance from Support)
 - > Watch for unapplied credits that should now be applied, un-refunded credits where monies have been received from the carrier, or small balances which should be waived
- **Aged Receivables with Report Mode** of “J/E Between Item Accounts”
 - > Review for debit and credit items to be applied, and J/E between items
- **Unapplied Cash Report**
 - > Include payments, returns and advances and sort by Producer or CSR and handoff for advice on correction (or for actual correction if you are set up for that and CSRs are trained on write offs)

Double check:

- **Trial Balance** Run to verify that no unknown cash crashes or other errors have caused issues
- **Pending Vouchers Report** (If using vouchers) to verify that all vouchers needed for the month have been processed and that all are charged to the correct accounts. The report balance should equal the balance of the Pending Payables account in the General Ledger.
- **Pack and Reindex Utilities** should be run nightly and/or weekly on your system. *Remember to close all statement reconciliations prior to running a Pack and Reindex.*



Pack and Reindex can be automated through the Night Utilities.

Preliminary ME Accounting Reports

- **Account Current** - Check for accuracy on agency billed items, and that nothing is generating for Issuing Company codes, or direct bill companies
- **Producer Report** - Check for accuracy for producer commission percentages and zero items that should not be zero
- **Production Report for the month sorted by Customer** - Confirm that duplicate items have not been invoiced and that commissions are correct
- **Status of Accounts** – Review detail to be sure that balancing accounts are cleared (i.e. “sweep” or “swipe” accounts, payroll clearing, transfer, etc.) and that all payments are posted to the correct GL accounts, etc.
- **Schedules Report (if using schedules)** - Compare with Status and review to see if all items to track are scheduled and if not, correct by updating cash receipt, check, or journal entry.



Setting Up ME Reports

TIPS

- Reports to run at monthend should be set up as **Monthend Reports**

- > Allows for the saving of specific criteria to use on the reports
- > Changing the default name that prints on the reports
- > Automatically running them in succession or in batches



- > Reports can also be run individually if desired.

- **Once set up, unless any changes or additional reports are needed, this task is complete**

- To set up reports for Monthend:

- > On the Report Selection tab choose *Save as Monthend Report* in the Output Destination area, then the *Run* button
- > In the “Save as” window, *Change the Report Title Name* (if desired – it will print on the report), number of copies, select a Report Type of either Monthend – Accounting or Marketing



- > Change the default destination if desired **Choose a consistent naming convention**

Recommended Production Reports

- Cross-Reference Book of Business
- Account Current
- Broker Report*
- Changes Report
- Client History
- Earned Commissions Report*
- Misc Production*
- Producer Report

Recommended Accounting Reports

- Status of Accounts
- Trial Balance
- Aged Receivables
- Company Payables
- Balance Sheet
- Income Statement
- Premium Trust Account Reconciliation
Adjustments – Company & Producer
- Direct Bill

Management Reports

- Exclusion Report
- Expiration Report (may have different versions)
Production Report
- Production Report Cross Reference

General Ledger Reports

Cash Journal History

- Status of Accounts – with Vouchers

Activity & Claim Reports

- Activity:

 - Activity Report

 - > Exceptions Report

 - > Follow Up Report*

- Claim:

 - Claim Report



Follow Up Report is great for workload rebalancing, planning ahead

Implementation and Personalization

Data Accuracy

Data integrity is an on-going best practice

Audit activities and transactions: Misc Prod
Exceptions Report
Monthend checks
Changes Report

Ensure reports and processes are accurate

• Manage by Exception

- Assume transactions are correct and manage gaps

- > Exceptions Report
- > JE Between Items
- > Misc Production
- > Exclusion Report

Larger Agencies

Distribute workflows with checks and balances

Vouchers
Cash Receipts
Update Security Roles
Close and backpost

Help reduce fraud and balance work loads



ME Procedure

Actual ME Procedure

- Generate Service Charges
- Run date sensitive reports: Book of Business, Cross Reference etc.
- Closeday
- Initiate Monthend
- Process ME
 - > Generate ME Client Statements
 - > Generate ME JE
 - > View ME JE
 - > Run ME Reports

Review and Close

- Review the reports (especially MJE's)
 - > **MJE1** compare to Account Current Summary for each of the companies to the Net Premium column. **MJE13** (if there is one) also compares to the same Account Current Summary page using the Adjustments column
 - > For Cash based agencies, **MJE2** plus **MJE3**, minus **MJE13**(under the 4### number) if there is one. Compare the total to the Earned Commissions report, last page total
 - > **MJE4** compare to the Producer Summary only for the producers shown on the JE list (there may be other producers where the system does not generate the JE).
 - > **MJE5** compare to the Producer Summary, total should equal the JE for the 1200 line of the JE
 - > **MJE7** compare to the Miscellaneous Production Summary. There may be other MJE's to compare to this report, like EFTs, JNLs, Small Balances waived, etc.
 - > Any other MJE's that are common to your agency's Month End Journal entries

Accept and Post

- Accept Month-End Journal Entries
 - > Transfers Monthend Journal Entries for the accounting month into the General Ledger journal entry file. Once they are accepted, no further invoicing activity for this month will be allowed by the system
- Post Journal Entries
 - > Posting concludes the monthly accounting cycle, by closing the system on all the activity for the accounting month being closed.
 - > TAM validates and updates all general ledger account balances based on the journal entries, cash receipts and disbursements, and accounts payable entered during the month

Year End

- If the month posted is the final month of the defined fiscal year, TAM automatically runs the Year-End procedure:
 - > **Replicates** the chart of accounts for the coming fiscal year (occurs when initializing the last month)
 - > **Changes** the fiscal year to the next fiscal year
 - > **Zeros** out all income and expense accounts
 - > **Transfers** the balance of all balance sheet accounts to the same account in the first month of the next fiscal year
 - > Transfers the net profit or loss to the **Retained Earnings** account



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