Bookkeeping Tips

Accounting Software
How to Keep Track of Non-check Withdrawals

Every month we brief our 30,000 members on the latest changes in small-business book-keeping, tax, payroll, recordkeeping and other developments in *The General Ledger* newsletter (www.aipb.org/general_ledger.html).

Included in our monthly member briefings is practical help with accounting software. The following tips, contributed by freelance bookkeeper Karen Schneider, Set-U-up.com, mention QuickBooks, but apply to any accounting software.

✓ **How to record and track noncheck withdrawals.** Noncheck payments such as phone transfers and ATM withdrawals are recorded directly into QuickBooks' check register or via the "write checks" function, where a description such as "ATM" or "transfer" might be added in the check number field. But if you put a description in the number field, then sort the register, you will see at the top all "ATM" withdrawals by date, followed by all "transfers" by date, and so on. You could end up with 5 or 10 categories, making the bank rec a nightmare. Creating a numerical or other system for withdrawals is tedious and prone to error, and using journal entries is unnecessary.

Solution: All withdrawals—ATMs, transfers, and others—have the same effect on the register balance: they reduce it. So the best solution is to put all withdrawals in one category by typing "DM" (debit memo) in the check number field of all noncheck withdrawals. If you want a description of the withdrawal ("ATM," "transfer," etc.), put it on the Memo line. To sort the register, click "sort by" (lower lefthand corner), then the drop-down arrow, then "Number/Ref." All your "DM" transactions—all withdrawals—will appear at the top by date, just like your bank statement, followed by your checks, by date. You minimize the chance of errors, save time and avoid eye strain searching for a withdrawal among 5 or 10 categories. Alternative: Leave the check number field blank, or choose a word or acronym other than "DM."

Key to success: 100% consistency in spelling and how you use upper and lower case. That's why you don't spell out "debit memo"— it increases the chance of a typo or case errors that will cause sorting errors.

✓ **Streamline your vendor list.** Employees make one-time purchases online, by phone or when out for lunch. The longer your QuickBooks vendor (or "Other Names") list, the more program memory it uses and the longer it takes to locate transactions. Deleting vendors or making them inactive does *not* reclaim memory.

Solution: Use a name, preferably a single word, for all one-time vendors, and put the actual name on the Memo line. Best one-word name: "Memo," because when you are looking for a payee, it focuses you on the Memo field where your vendors' names are (Joe's Diner, Peoria Hardware, etc). In this way, you can see—and search for—your one-time vendors in one place and keep your regular vendor list short.

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The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

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- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership