

CLOSING A MONTH



Closing a month means finalizing entries for that month. Applicable journal entries are posted to the general ledger, and the account balances are frozen to prevent further changes to the financial statements for that period. Although a month may be reopened, a closed month prevents data from being backdated.

A month does not have to be closed immediately, though there are certainly advantages to reconciling and closing months on a regular basis, detailed on the previous page.

Prior to closing any month, you should confirm that your key accounts are reconciled. This procedure is best performed using the G/L reconciliation report.

Completed properly with legal-specific accounting software, the monthend process will also include freezing bank account data entry and the general ledger for that month.

While freezing data entry may seem overly final, and somewhat nervewracking, freezing the month's data doesn't prevent you from accessing data. It merely keeps entries from being back-dated to a previous month that's been closed, protecting the integrity of your financial data.



ALERT

For your fiscal year-end to be on December 31st, the month of December must be the last month closed prior to performing end-of-year.



BEST PRACTICE

Maintaining hard copies of primary monthly reports on file:

- Creates an ongoing repository for your data.
- Builds a historical record of key reports in case you ever need them as evidence of what transactions occurred.
- Provides another layer of backup in case your data ever becomes inaccessible.



BEST PRACTICE

For both record maintenance and reconciliation purposes, it's best to print or keep an electronic record of the same reports each month, and to produce the reports in the exact same manner. You should create such print-outs or computer files as part of your regular back-up routine.



BEST PRACTICE

Your life will be much easier if you create end-of-month/end-of-year report groups to print all reports in a single activity. You'll save yourself from having to create individual reports separately, while also ensuring that you don't inadvertently leave out essential reports and statements. If you're using a good legal-specific program such as PCLaw® or Juris® accounting software, you'll find existing report groups such as End-of-Month or End-of-Year that can be used as they are, or modified by adding to or subtracting from the existing list.

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