AgencyPro
Cash Accounting Workflow

This document is a supplemental accounting guide to reiterate the general processes outlined during the first accounting training. Some of the outlined processes differ depending on your selected accounting method. This manual covers the practices specific to the cash method.

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AgencyPro is policy driven, which means the actual accounting flow starts with the client and policy entry. Please refer to your Product Manual or Tutorial for more detailed instructions on entering clients and policies.

Also, prior to policy entry make sure your accounting codes have been set up correctly in the Agency Setup tab and that account numbers have been generated on those setup screens. You can find more information about this in the Agency Setup section in the Product Manual.

Accounting Setup

Chart of Accounts and Opening Balances

AgencyPro comes with a generic chart of accounts already in place. This generic chart can be altered, or you can take advantage of the accounting setup, in which your accounting trainer emulates your existing chart of accounts (as close as possible) in the system and then transfers over to your agency (usually during the second training session).

Only accounts that are not policy related are customized. All accounts effected by policy level postings are generated by code table setup. During the setup of companies, employees, clients, and ledgers the remainder of these accounts will be generated.

Since accounting does not convert system to system, accounting is started with opening balances. You will first select an accounting start date and the general ledger balances in your old system (if any) will be transferred as one opening balance adjustment (taken typically from a trial balance). Any sub-ledger balances will be done in training with assistance.

Entering Producers

In Employees you already have the users set up. This is also where you add non-user producers. If you have a producer you need to pay a portion of your commission you can add them in Employees and fill in their default commission if desired.

Company Code Table

Only the billing companies (companies that you pay or that pay you) need to be set up in the company code table. Writing Companies (companies you wish to pull to the Acord form but do no direct accounting with) are entered at the policy level. *(See more about the Broker vs. Writing Company setup in the Product Manual.)* While setting up companies the system will automatically generate account numbers. These account numbers are utilized as follows:

- A/R GL #: Set normally in the 1600 accounts, these work as direct bill commission receivable accounts but are not utilized if on a cash basis.
- A/P GL #: Set normally in the 2000 accounts, the net company payable will post to this account, tracking what you owe the company. You will apply company account current payments to this account number (specific to the company).

- DB GL #: Set normally in the 2100 accounts, any customer payment applied toward a direct bill policy will post here. The corresponding check entry to the company should be applied here as well as this is meant to be a pass through account and should not normally hold balances.
- Although not visible from the Company setup, the system will generate an income account in the 4000 range for each Line Written selected.

Policy Entry

The policy tells the system how to handle your accounting. The postings behave very differently depending on the Billing Method selected on the policy.

Agency Bill
- Will post entry to Client AR tab so you may print an invoice or statement
- Payment postings split between the Company A/P and the Commission Income accounts depending on the Agency % of Premium indicated on the policy (and between the Producer Commission Payable and Commission Expense accounts if a Rep1 or Rep2 was named and given a % of commission)
- Typically collected by the agency and paid net to the company (in some cases premium is financed and only a down payment is collected, see *Financing a Policy* section)
- Fees and Taxes are billed under Non-Premium items to be collected by the agency.

Direct Bill
- Does not show on Client AR tab and system does not track premium owed
- Payments applied to direct bill policies are pass-through entries meant to have no residual effect on the accounting
- Commission is paid by the company by commission statement and is posted through Direct Bill reconciliation
- Non-Premium Items will not post to accounting as fees and taxes are generally not billed by Agency

Follow your tutorial instructions to add the policy entry, making sure to use the appropriate function in the Policy Options section at the bottom of the Policy tab. **Do not just edit an already existing entry that holds previous policy information.**

In the Accounting View of the Policy you must fill in the appropriate fields using the **drop-down menu**[1] selections, including **every field on the left side**[2]. If you leave a field blank or type in a selection that is not available in the drop-down it will lead to incorrect or no postings and usually will give you an error upon saving the policy. For more information on these fields see the Policy section in the Product Manual.

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[1] If you cannot find the line of business appropriate to this policy in the Cov Class drop-down menu you can add your own by closing the list and typing in the appropriate line of business. Use caution when doing this, as your future list will be comprised of all items previously listed plus any codes added manually.

[2] The Writing Company field is optional and will fill to the Acord instead of the Company if entered. This list can be added to by hiding the drop-down list and typing in the desired entry.

The fields on the right side of the policy screen are all optional, but important they be entered accurately. The agency % of premium should hold your commission percentage (though you can delete the % of Premium and enter manually in the Agency Commission field), the 1st & 2nd Reps should reflect any producers you need to pay or track, and your fees and taxes (on an agency billed policy) should all be scheduled under the Non Premium Items button.

The Non-Premium Items setup screen allows you to set up your own policy fees and taxes. To access this screen you must have **supervisory access**. Inside the policy click on the Non-Premium items button then the icon in the top left corner. A list of the current non-premium items will appear. To add your own item click the + icon and type in the name of your new fee. From the Type drop down choose the appropriate non-premium item type:

- Income – commissionable fee (100% to agency), will set up a corresponding account in the Other Income range (4800's)
- Company Payable – will be payable in full to the billing company on the policy
- Other Payable – sets up a corresponding account in the Other Payable range (2900's) and will be payable in full.

Financing a Policy

There are two general finance scenarios; the finance company pays the carrier directly, or the finance company pays you (the agency). Like all other policies, you must enter the full term premium, any fees and taxes, and your portion of commission in an **agency billed** policy on the Policies tab.

Finance Company Pays Carrier

In this scenario you collect the down payment from the client and remit the net portion of the down payment to the carrier. When entering the policy you will enter an addition line in the Non-Premium Items for a Finance Credit*. This finance credit will be a negative number for the amount the finance company will fund to the carrier (do not list the finance fees, as this has nothing to do with the agency bookkeeping). If listed correctly, the Total Due field on the policy will equal the amount of the down payment you need to collect from the client.

The installment area of the policy and finance box at the bottom are left blank.

You can now go to the Client A/R to print an invoice that shows the amount of the down payment or receive the payment from the client.

Figure 2 - Financed policy with only down payment due

* If the Finance Credit is not available you can add it by clicking the Non-Premium Items Setup icon and adding it as a Company Payable type.

Finance Company Pays Agency

If you expect both the finance company and the client to pay you, then bill the policy in full and take both the client and finance company payments in the Client A/R. If you need to bill the client for the down payment add a line item to the invoice to reflect the amount of the financing (as a negative number) and save it to images prior to printing so a copy can be regenerated when needed.

Transaction Detail

At the top of the policy tab is an icon that will show you the transaction detail of the policy you currently have highlighted. Immediately after a policy is entered you will not see any postings unless you have applied a down payment on the policy detail as nothing posts to the general ledger until a payment has been applied toward the policy.

Client Payments

When a customer pays premium to you and you intend to deposit the funds to a bank account you track in AgencyPro the payment must be recognized within the program against the policy (payments taken by credit card and applied directly to the company site or written directly to the company can be acknowledged by just a note on the client). Following are some common customer payment procedures:

Invoices and Statements

The Client A/R tab has four options for billing the client:

- **Invoice** – To bill a single policy (or invoice) to the client click the first icon
- **Batch Invoices** – To generate a batch of invoices for a date or letter range click the second icon
- **Statement** – To generate a statement of account click the third icon. This will generate all unpaid items since the client's last zero balance (unpaid means that the Paid field on the record is blank or False, paid items can be manually marked by double clicking in the Paid filed and they will be excluded from the statement)
- **Batch Statements** – To generate a batch of statements for clients with outstanding balances.

Agency Billed Payment

When a customer pays you on an agency bill policy you will use this procedure to record the payment *(see the Financing section for details on finance payment options)*:

1. Go to the Client A/R tab and verify the policy has been posted to the information listed
2. Click the payment icon
3. Fill in the information:
   - Date the payment was received
   - Amount of payment applied toward this policy

- Choose the correct policy number you are applying this payment against (this drop-down list will show in the same order as the policy window, usually listing the most recent items at the bottom)
- Optional - Customers check number (or check the box if you are taking cash)
- Optional - Invoice number (you can reference Client A/R detail in the background to find this)

4. Click OK

You will see the payment reflected on the Client A/R. If you are taking this payment from another source, such as a premium finance company, you may wish to change the description to reflect that information.

Direct Bill Payment

When a customer pays you a premium payment on a direct bill policy use this procedure to record the payment:

1. Go to the Client A/R tab (you will not see direct bill policies posted here)
2. Click the payment icon
3. Fill in the information:
   - Date the payment was received
   - Amount of payment applied toward this policy
   - Choose the correct policy number you are applying this payment against (this drop-down list will show in the same order as the policy window, usually listing the most recent items at the bottom)
   - *Optional* - Customers check number (you can also type in "Cash", etc.)
   - *Optional* - Invoice number (usually not used on direct bill payments)
4. Click OK
5. Click OK to information message (the payment will post against a direct bill payable account specific to the company in the 2100 range)
6. Receipt options:
   - Print receipt for your customer by clicking the printer icon
   - Save to images by clicking the disk icon
   - Close to continue procedure
7. Check options:
   - Yes will create a payment entry in the ledger of your choice for the amount of the payment received, clearing out the direct bill payable account for this particular payment
   - No will create a payable entry in the 2100 account for that company which you can pay at any time (or pay in a batch) by creating a payment manually in the ledger of your choice or utilizing the Payables Direct Bill Payable type *(see Expenses and Checks in Ledger section).*

Payment for Multiple Policies

Because you are on a Cash basis you must split payments amongst the individual policies in which you are being paid. The system will guide the accounting according to how you have entered the policy (first apply toward non-premium items then divide the remainder up between the commission and payable appropriately)

Returning Premium

Agency billed policy transactions with negative premiums can result in many different scenarios. Below we have outlined the most common Client Receivable scenarios for return premiums, which all begin at the cancellation or negative endorsement of the policy. Keep in mind that the policy will automatically attempt to return funds paid on the policy during cancellation if using the program's flat rate cancellation feature. If you wish to avoid this, use the Pro Rata option or cancel the policy via Endorsement instead, changing the Type to Cancelled and putting in your negative premium manually.

Returning Client Credit

If you wish to write a check to the client for the credit on the policy, simply apply a payment toward that policy item, typing in the Amount of Payment as a negative number. Choose the account in which the check will be written.

Applying credit against another policy

Apply a negative payment toward the credit policy, choosing the cash account in which to issue the refund and then apply a positive payment against the other policy. This will enter offsetting items in the Cash account.

NSF Charge Backs

When a customer payment is returned NSF you must adjust your ledger likewise and may also need to record bank fees. You may also wish to add a notation to the Client A/R of the customer to show they owe you for this NSF and fees. Before making this adjustment you will want to be sure to add an account number in the Chart of Accounts for NSF Charge Backs, typically in the Current Asset range (account number 1700 for example).

Adjusting the Ledger

Go into the ledger the charge was withdrawn from and add a new line for the amount of the payment that was changed back. Allocate this payment to the NSF Charge Back account. If you intend to charge the client for the bank fee you may repeat this process to record the fee in the ledger.

Notating Client A/R (Optional)

If you would like to be sure this appears on the Aged Receivables go into the client's A/R tab, click the Make Payment icon, then the Client A/R Adjustments icon. Choose the Cash Client A/R Adjustment, select the policy, and adjust the date and the amount to match your NSF ledger entries, click OK. You may also edit the description on this line to read NSF Charge Back, etc.

Receiving Payment on NSF

When taking the payment from the customer it must be handled directly through the Cash account rather than through the Client A/R. Go into the ledger to the Cash account and add a deposit line, allocating this payment to the NSF Charge Back

account. This should clear that particular balance from that account. If you have notated the Client A/R with a Cash Client A/R adjustment you will want to reverse it in the same manner (by a negative adjustment, dating it the date of the payment and editing the description to notate that this was a customer payment made.

Writing Off Balances

If you have a Client A/R balance you wish to write off you can apply payment toward the policy for the amount of the write off, afterwards changing the description on the payment line to reflect that it was written off. Go to the Ledger into Cash, zero out the deposit amount of the payment that was applied and add an offsetting line in the transaction detail allocated to the expense or income account you wish to write the balance off toward. This zero item you can deposit by itself or clear with your next deposit.

Ledger

The AgencyPro Ledger tab is where the bank account ledgers are located. The program is preloaded with a Cash and Checking ledger. The Cash ledger is where the program will reflect all receipts taken and where you go to process a deposit. The Checking ledger is for your default operating account and is designed to hold all bank activity in your accounting period. To switch accounts you can simply choose the desired account from the Account drop-down in the top right hand corner.

Ledger entries have two sources, direct entry and system entry. When you click on an entry in the ledger the transaction detail for that item will display at the bottom of the screen. If the transaction detail chart# is in brackets (EXE: <1102>) then this is a system entry and should not be altered in the ledger (all corrections should come from the original source) or it will unbalance your books. If the transaction detail is not in brackets, and it is not reconciled, you may alter the entry.

Adding Accounts

If you have more than one account you will want to add your banks to the list in the Account drop-down. You may also wish to add a ledger for a heavily used credit card to better track expenses by payee. You may want Customer Support to help you add these accounts to your account listing or to add an account yourself:

1. Click the New/Edit Account icon
2. Enter a File name. Enter as a single word and keep the name as short as possible. If you must have multiple words separate with an underscore or hyphen. (EXE: cc_chase) This name will not retain capital letters.
3. Click Open
4. Choose the account type (Asset for bank account, Liability for credit card)
5. Click the binoculars to check your Chart of Accounts for an available number in the appropriate category. Once you find an opening close the Chart of Accounts window and enter the unused number in the field provided
6. Password, routing and account numbers are optional. The routing and account numbers will prefill to the deposit slip.

To change passwords or account number information for existing accounts you can click the New/Edit Account icon, choose the account you wish to update and click Open.

Deposits

The system is designed to hold all receipts you take in the Cash account. When you get ready to make a deposit you first go into the Cash account to verify the items on your deposit slip have been entered through their various origins. Keep in mind that any payment coming from a customer needs to be entered through the Client A/R tab, which creates a deposit item in Cash. Any commission payment coming from a company (if you will be reconciling) needs to

come from the Direct Bill Reconciliation *(see that section for more information)*. Other receipts that are not policy related may be taken by adding a new line manually in the Cash ledger (for a new line press Insert on your keyboard). EFT deposits are handled with this deposit procedure as well. Once the item(s) being deposited are present, follow these instructions to make your deposit:

1. Click the Make Deposit icon on the toolbar

2. Mark all items that are being deposited on this one deposit slip by double clicking in the blank X/D field on each one of the items to place an X in the field; mark any items that are Cash receipts by double clicking in the Cash field to mark it as True. *(The Total Deposit amount at the bottom of the screen should match the amount of the deposit being made to this account.)*

3. Click Done Marking, choose the account you are depositing to, the type of deposit, and the date of deposit.

4. Optional: Click Print Deposit Slip for the deposit slip and detail report. (After this deposit is made you can reprint the deposit slip by selecting one of the deposit

items in Cash and clicking the Show Report of Deposited Items icon.)

5. Click OK to finalize the deposit.

The Cash account balance should only reflect the total of the items currently undeposited. When all deposits have been made the balance should be zero and all items should have a "D" in the X/D field.

Direct Bill Reconciliation

An option within our system is to reconcile your company commission statements through the Direct Bill Reconciliation ledger. This ledger is designed to track policies that have been entered in the system and the commission received on them.

1. From the ledger tab click the Receive Direct Bill Payment icon
2. Enter the date you are receiving the check in the Date Commission Check Deposit field
3. Choose the company from whom you are receiving the commission check in the Company to Reconcile field
4. Enter the total amount of commissions received in the Commission Check Amount field. (If this payment has been increased by a non-commission item or reduced by an expense such as MVR, enter the total of commissions received and see the section below on Mixed Commission Payments). If the company is requesting payment for return commission enter the amount as a negative number.

5. Check the box for Show Open Policies, which will list all the policies that are accounting ready in which you may apply payment

6. Apply payment toward the item(s) on your commission statement from the top pane:

FIGURE 2 - RECONCILING A DIRECT BILL COMMISSION STATEMENT

- **Full payment** - If the item shows in the list and the AmtDue matches the commission received on your statement simply double-click on the line. This will change the Payment to the full amount of the commission and the All Paid to Yes, eliminating the item from the ledger the next time you go to reconcile this company.

- **Partial Payment** - If the item shows in the list correctly for the full term but you are only receiving partial commission on this check, enter the amount of commission you are receiving in the Payment field, leaving the All Paid at No so it will be available on the next reconciliation.

- **Correction of Policy** - If the policy was entered incorrectly you can click the magnifying glass to bring up the policy to amend it. You must regenerate for the changes to be saved. *(See note on regenerating accounting* below)*
- **Clearing items in which payment has been applied** - If an item is listed in the lower pane that should not be there you can clear it by locating it in the lower pane and making the payment amount zero.
- **Clearing items that will never be reconciled** - If an item was from prior to the start of your accounting system click the magnifying glass and place an 'R' in the DB Reconciled field at the bottom of the policy window, click OK and no to regenerate. The item will no longer be available in the Direct Bill Reconciliation.

7. Click the 🖱️ button to move the paid items to the lower pane, which will add up in the Reconciled Amount field.

8. If there are items on your statement that are missing from the Direct Bill Reconciliation ledger you can either:

   Click the Show All Policies check box and if you find the item make sure to open the policy with the magnifying glass and correct it so it is accounting ready

   - or -

   Leave the Reconciliation to go to the Client and then Policy to either enter it or make it Accounting Ready. This will save all entries that are listed as reconciled for when you return to the Direct Bill Reconciliation and choose the company.

   Note: *When regenerating accounting on a direct bill policy you may want to first be sure that prior reconciliation has not been applied toward the policy (by looking for commission on the transaction detail). When an item is reconciled and then regenerated it clears all prior commission payments that had been posted against it. For this reason it is recommended to make changes to policies that have been reconciled by additional entry such as an endorsement. If you must change a policy that has had commission posted against it, you must also re-reconcile that policy's commission on that same date for the same amount as originally reconciled. You may want to choose Yes to Reverse entry in Cash, which will show you specifically what to re-reconcile.

9. Once the Commission Check Amount field and the Reconciled Amount field match you can click Reconcile Now. This will post a commission entry against each policy you have reconciled and will place a deposit in the Cash account. If the amount was a negative number for return commission it will ask you which account you would like your check to be issued from.

Expenses and Checks

Paying expenses is a simple process of adding a line to the ledger in the account from which it is being paid.

1. From the Ledger tab choose the account from which the payment is being made
2. Fill in the date of the payment
3. The check number will prefill to the next available number. Change if necessary, or delete in the case of an EFT payment

New Payee:

a. Type in the payee as you would want the check to print. Keep in mind that if this is a company or client the system will automatically enter the address if the Payee is exactly like the Client Name or Company Name field

b. Enter the check amount in the Payment field (leaving Deposit at 0.00) and hit your Tab key

c. You now will be in the Chart# field in the Transaction detail if this is a new payee, which is where you select the allocation for this payment. If you have multiple allocations, such as a payroll check, you may enter additional lines by hitting the down arrow on your keyboard. These must balance to the Payment total to leave the lower screen. When the allocations are complete hit the CTRL key on the keyboard

Figure 4 - Vendor payment with multiple allocations

Repeat Payee:
If you have paid this payee before simply choose the name from the drop-down menu. This will fill the check out just as it had been the last time it was paid, copying over the allocations. If you change the payment amount and the check had a single allocation line in the Transaction Detail, it will default to this new amount. If there were multiple allocation lines it will zero them out so you can reallocate.

4. If you plan to print this check you want this Print field to say TRUE, otherwise double-click to make it FALSE (or leave blank)

5. If this was a payroll check, double-click in the Payroll field to make it TRUE so it will be available on the Payroll Ledger Report in the Reports tab.

Printing Checks

When you click on the View Check icon it will **print all checks marked TRUE to print**. The View Check window will show you a view of the current check you are highlighted on and any detail within it. You may change here the Description or Address, and scroll through to the other checks pending as well to edit as needed. When you click the Printer icon it will offer a list of formats. If this is the first time you have printed you may want to print various formats by printing to plain paper first and comparing. If it is just a small difference, the Auto-Adjust feature on the View Check screen allows you to move the data up or down. Any formatting changes will remain for the next check printing session.

Accounts Payable

The Accounts Payable sub-ledger in AgencyPro is designed to keep track of what you owe your companies, producers, or other various current liabilities. This is an optional feature and may require some initialization on the part of the agency that has been running AgencyPro prior to the release of this new feature.

The accounts payable are tracked through the liability accounts in the ranges defined below:

Company A/P – Net postings will show for agency billed policies that have been posted to the 2000 series of accounts. The Company Payables report will show the outstanding items owed.

Commission Due – Commission due to the producer posted to the 2200 series of accounts. The Rep Payables report will show the outstanding items owed.

Direct Bill Payable – Payments against direct bill policies in which the check was not chosen to be written at the time of receipt, which holds the funds in the 2100 series of accounts.

Making a Payment

From the Ledger tab select the Payables icon. From the Select Type drop-down choose the type of payable you wish to pay (typically Company A/P or Commissions Due). From the Select Named drop-down choose the sub account you wish to pay (the company or producer). The items available for payment will appear in the Payables window.

- To pay the entire amount owed toward an item double-click on the line
- To apply a partial payment you may right-click the line and type in the amount of the payment you wish to apply
- To pay all available items on the ledger click the Pay All icon above the Cancel button. You can click this icon again to toggle all items to unpaid.

Once the items you are paying are marked the Total field should reflect the amount of the payment you are making. Select the account you are writing the check from (or the Cash account if this is a receipt for a negative statement), edit the Description, Date, Payee and Check Number if necessary, and then click Pay to finalize the payment. This will create an entry in whichever ledger you chose.

FIGURE 5 - MAKING A PAYMENT TO A COMPANY

Note: Once an item has been paid you will not be able to regenerate accounting on that policy. All changes must be done by endorsement.

Paid Item Report

If you wish to generate a report showing the payments made click the Show Report of what was paid icon on the ledger (next to the Account drop-down when a payable payment is selected).

When making a payment to a company on behalf of the client, simply enter a manual check to the company allocated to the appropriate liability account (2000 range). When the customer comes in and pays apply it as usual in the Client A/R toward the policy.

If it is a direct bill payment you may choose to do a Cash Client A/R Adjustment from the Client A/R to create a notation on the receivable. See more in the previous section on the NSF process.

Transfers

When transferring funds between accounts first **go into the account in which you are transferring the fund from** and select the Account Transfer icon. Choose the account in which you are transferring the funds to, the date and the amount of the transfer, click OK. Both entries will be allocated to the transfer account, making a net balance of zero.

Editing/Voiding Ledger Entries

Items in the ledger accounts can be modified, and sometimes voided. However, entries sourcing from a sub-ledger (such as a customer payment for instance) should not be modified directly from the ledgers, as they will then put your accounting out of balance.

These sub-ledger items can be identified by the brackets <> around the account number. If the entry in question has a bracketed account number in the allocation, then the correction must come from the source. For further assistance in making corrections, please contact Agency Software Support.

If the item was created directly in the ledger (the allocation is un-bracketed) you can edit by first clicking the Unlock icon, then modifying the entry.

After any correction, it is recommended to run the Transaction Detail Report for the day(s) effected to make sure the report ending balance remains zero.
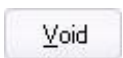
Only a check sourced directly from the ledger can be voided by using the ledger's Void icon. This will zero out the amount of the check and replace the payee with "***VOID***". All other checks will have to be reversed from the source (reversed as they were originally entered). If this was a misprint and you wish to assign a different check number to the entry, simply change the check number and mark TRUE to print the check to the correct number. If you wish to account for the misprint check you may enter a new check line for a zero amount using "***VOID***" for the Payee and allocating the entry to Account Transfers.

Combined Statements

Occasionally a company may pay you by mixed agency bill/direct bill statements. To account for these statements you must know what portion is agency bill and which portion is direct and first go to reconcile the direct bill portion of your statement, entering the Commission Check Amount as the amount of the direct bill commission you are receiving on the statement.

Once the commission portion is listed in the Cash ledger, edit the entry, zero out the deposit (or payment) amount, and add an allocation in the transaction detail offsetting the commission to the payable (2000 account range) of the company, being sure to leave the original bracketed allocation alone.

You now can go into the Payables to make your payment to the company and the commission portion will be listed.

FIGURE 6 - OFFSETTING DIRECT BILL PORTION OF THE COMBINED STATEMENT TO PAYABLES

Mixed Commission Payments

Occasionally a company may pay bonuses along with your commission statement or withhold expenses, such as MVR, from a statement. To account for these you must first reconcile the actual amount of commissions received in the Direct Bill Reconciliation. Once the deposit is in cash you can modify the Deposit amount, press the CTRL key then the down arrow for a new Transaction Detail line. Enter the chart number of the item being appended to this deposit *(EXE: MVR Expense, Bonus Income, Etc.)*, and enter the amount of the amendment. Press the CTRL key again and it should let you out of the Transaction Detail without error if in balance.

FIGURE 7 - ADDING BONUS INCOME TO A COMPANY COMMISSION PAYMENT

Periodic Processes & Troubleshooting

To set your agency up for success…

Bank Reconciliation

When you receive your monthly bank statement, you likely will want to reconcile in the program to assure that your bank and the AgencyPro ledgers match. To reconcile your bank go to the account you wish to reconcile and click the Balance Account icon. Enter the **ending statement balance** and click OK. You will see a line of balances appear above the Transaction Detail section representing the status of your reconciliation.

Clear items that appear on your bank statement by double-clicking the C/R column; a C should appear and the item added/subtracted from the Difference at the bottom. Continue to clear until the difference is 0.00 (if you wish to get a report you must do it at this point, see the Bank Reconciliation Report instructions below); click Done Balancing to complete the reconciliation.

Date	Num	Payee	Deposit	C/R	Payment	Balance	Print	Payroll
3/1/2010	1037	Air Touch Cellular	$0.00	C	$126.78	($126.78)	True	
3/1/2010	1038	Property Management	$0.00		$1,000.00	($1,126.78)	True	
3/1/2010	1039	Avista Utilities	$0.00	C	$221.00	($1,347.78)	True	
9/12/2011		American Express	$0.00	C	$1,988.07	($3,335.85)	True	
9/12/2011		Deposit from Cash	$5,451.00	C	$0.00	$2,115.15	False	
9/13/2011		Federal Express	$0.00	C	$328.00	$1,787.15	True	
9/22/2011		Deposit from Cash	$7,851.25	C	$0.00	$9,638.40	False	
10/1/2011		Deposit from Cash	$325.00	C	$0.00	$9,963.40	False	
10/1/2011	1025	Idaho State Tax Commission	$0.00		$247.00	$9,716.40	True	
10/2/2011	1026	Pitney Bowes	$0.00		$66.85	$9,649.55	True	
10/3/2011	1027	Property Management	$0.00	C	$1,000.00	$8,649.55	True	
10/21/2011	1040	Bob Smith	$0.00	C	$33.00	$8,616.55	True	
10/23/2011		GTE	$0.00		$158.02	$8,458.53	True	

Statement = $19350   Register = $$19645.97   Difference = $-295.97

FIGURE 8 - BANK RECONCILIATION IN PROGRESS

Opening Balances

Usually the first reconciliation is the most difficult, as the opening balance should represent the beginning balance of the statement from when you began your books, but can also be a mid-month balance.

- If this is your first AgencyPro bank reconciliation and the Opening Balance matches your statement ending balance, simply clear it and your bank reconciliation should balance when complete.

- If the Opening Balance represents some items that hadn't cleared to date you will need to break your Opening Balance into two lines. For instance, if you had a $1000 opening balance that included a $50 check that had not cleared to date, change the original opening balance to $1050 (in the Transaction Detail as well) and create a second opening balance line for a $50 payment (with the same date and allocation account). This may also occur after closing the books. Now you can clear the entry that represents the beginning balance and cleared checks, and leave uncleared the outstanding item(s).

Bank Reconciliation Report

The two reasons for getting this report are to document the cleared items on this reconciliation and to balance on paper if your reconciliation is not balancing. To get the report go to the Reports tab, select and run the Register Report. Select the account in question and click OK.

Choose 'C' for the Reconciled field and make sure the date range would encompass any items that have been cleared in your account.

Reports

AgencyPro has no month end procedure, but it is recommended to first reconcile and review all ledgers, then review certain reports periodically to assure your workflow is correct. These reports include:

Trial Balance – Check bottom line figure to make sure it is 0.00. *See section below on out of balance troubleshooting.*

Aged Receivables – Assure the customer receivables look in order, you may also want to print statements for customers who owe. The detail and access to the statement is on the Client A/R tab.

Company Payables and Rep Payables – Assure that the company and producer payables reports reflect correctly what is currently owed to the companies and producers.

Balance Sheet – Review account balances for correctness. The 2100 account range should not hold balances regularly; the 2000 accounts should only hold what you currently owe to your account current companies; the 1600 account range should hold what the company currently owes you in commission. Also, the Cash account should only reflect what you hold to deposit. You may also wish to use this report to compare your financial status to past years.

Income Statement – Review account balances for correctness and to analyze net profit or loss. You may also wish to compare these figures to prior periods for historical results. The Account Transfer account should regularly hold a zero balance.

Are you out of balance?

Run your trial balance and look at the final figure; this should be 0.00

- If you are out of balance go to the Ledger tab, click the date header on the title bar to put in date order and then the Recalculate All icon to recalculate each account, then rerun the trial balance and check again.

- If you are still out of balance you will want to pinpoint the days of the errors by running the Transaction Detail Report and looking at the difference on the last page of the report. Typically you will run this month to month until you find one that has a difference and then run week by week, taking it down to day to day until you find a particular day that holds a difference. Once you have it down to a single day with a difference you can start looking for the reason(s) for that difference. Here are some things to look for:
    - o Red – Any red items indicate an unbalanced ledger entry. The Transaction Detail Report is organized to list the ledgers page by page. If the allocation for a ledger entry shows in red it either doesn't balance to the ledger entry or it doesn't have a valid chart number. Either way go into the ledger, select the appropriate account, and correct the allocation appropriately.
    - o Invalid Accounts – Listed at the very beginning of the Chart of Accounts section, if an invalid account is listed it is likely tied to a policy that was not completely accounting ready. To find this policy you may need to note the Inc number and reference it in the Transaction Detail window of the policy screen. To do this go to the Policy tab, highlight any policy, click the book icon and replace the LinkInc number in the bottom field with the Inc number you noted from the report. Double-

click the Inc number you just typed in and that policy's information will be listed for you to find this account. Many times the policy just needs to be opened, all fields on the left made valid and the accounting to be regenerated.

- o Direct bill reconciliation – A bracketed allocation on a check or deposit indicate the other side of the transaction is handled at the policy level. For instance, if you have done a direct bill reconciliation, the cash deposit will have a bracketed 1600 account entry and the Chart of Accounts section should have corresponding entries to the income account for that company that add up to that same amount. Keep in mind that a single direct bill reconciliation can be posted to multiple income accounts for the company if they do both commercial and personal lines on a single statement. The total of the income allocations should add up to the amount of the deposit in cash.

- o Customer Payments – Again, these will come into the ledger as bracketed allocations. If this was an agency billed policy then the offsetting allocations to the deposit (or check) should be a split between the payables and income accounts. On a direct bill policy the offset should be a credit to the 2100 account for the company.

By finding and fixing these out of balance issues, you will likely gain insight into the AgencyPro accounting workflow and what potential workflow issues you may have in your agency. It is recommended you check your balances regularly to insure correct financial statement balances. If you need help tracking down or defining an out of balance issue, call Customer Support for further assistance.

Agency Bill Commission Transfer

This is where the real difference between accounting methods (Cash vs. Accrual) comes into play. At this point in the workflow, any agency bill payment received has had a portion allotted to commission per the policy setup. This happens during payment posting. To find the amount of commission retained during a (non-overlapping) period of time you can run the Agency Bill Commission Report*.

The actual transfer (if you deposit your agency bill payments to a trust account and need to transfer that total out to operating) is a simple transfer of funds (using the Account Transfer feature from the Ledger tab while in the Trust account), and does not affect an actual income account, as the income is posted on the policy itself.

*Contact support if you do not have an Agency Bill Commission Report.

Journal Entries

To access a journal entry select the Access General Ledger (or Transaction Detail) icon from the Policy, Client A/R or Ledger tab. Click the Journal Entry icon. The top portion of the entry is a different layout, but same functionality as the grid below. Simply choose the first account number you wish to affect and type in the amount as a debit or credit, adjusting the date and description as needed. For the remaining entries, schedule those in the grid below. The balance will be the opposite of the amount in the top section and must be zero to save the journal entry, click OK to post.

Alternatively, you may add a zero entry in the Cash ledger, then enter the journal entry in the Transaction Detail section. This allows the entry to be edited if needed, and periodically reproduced.

Close Year

The close books procedure can be ran at any time during your year, as it allows you to select the range of dates that will be closed. The average agency will wait to close books until they have reconciled all outstanding past year items in the ledgers and have performed any past year adjusting journal entries. Some agencies close prior to that and must make adjustments for outstanding items in reconciliation (see Bank Reconciliation procedure above) and year end journal entries must be done to both the archive agency and the live agency.

The close books procedure automatically closes any income and expense during the selected period to the Retained Earnings account. It also will clear the transaction detail posting within that date range, leaving any asset, liability and equity accounts with an opening balance reflecting the total to the date of closing.

This procedure also allows you the option of closing past detail for the ledger accounts and Tfile events. Most agencies want to first create an archive agency to allow them the opportunity to view these closed entries. Some agencies may also wish to take this opportunity to purge past policies and reset their file for scanning for optimal performance. Full close books instructions can be found at our website or you can call support to schedule the close to be performed by a representative.

Notes and Special Procedures: