Month-end accruals and journal entries checklist

Work each group at the close and keep the worksheet with the month. Lines with a document name what to request from the client before you estimate.

Client or engagement

Documents to request for the estimates

- [ ] Contractor timesheets for the month
  Hours worked through the last day, for unbilled contractor work.
- [ ] Service contracts with a fixed monthly fee
  Rate and term; requested once, then kept on file.
- [ ] The last three bills for each utility or recurring vendor
  Basis for a cost-per-day estimate.
- [ ] Next payroll register or pay stubs
  Gross wages for days worked in the closing month.
- [ ] Loan statement or promissory note
  Balance, rate and last payment date.

Post the accruals

- [ ] Accrue vendor bills not yet received
  Dr Expense / Cr Accrued liabilities. Reverse day 1 of next month.
- [ ] Accrue utilities
  Example: last bill $310 for 31 days = $10 a day; 12 unbilled days = $120.
- [ ] Accrue payroll after the last payday
  Gross wages for the unpaid days plus employer payroll taxes.
- [ ] Accrue loan interest
  Principal x annual rate / 365 x days since the last payment.
- [ ] Accrue revenue for work done but not invoiced
  Dr Unbilled receivable / Cr Revenue; support: engagement or delivery record.
- [ ] Accrue bonuses or commissions
  From the written plan or the owner's email setting the amount.

Post the recurring adjustments

- [ ] Earn down deferred revenue
  Dr Deferred revenue / Cr Revenue for the month's share of each contract.
- [ ] Amortize prepaid expenses
  From the prepaid schedule total for the month.

- [ ] Post depreciation
  From the fixed asset register.

Worksheet and next-month check

- [ ] Fill one worksheet line per accrual
  Vendor, description, method, amount, document reference, reversal date.
- [ ] Record the firm’s dollar floor for accruals on the worksheet
- [ ] Set each accrual to reverse on the first day of next month
  Reversing or auto-reversing journal in the software.
- [ ] Next month: confirm the reversal and the actual bill posted
  Add the actual amount and the difference to the worksheet.
- [ ] Adjust the estimate method where the difference was large