Radio Days – 2014-02-15

Tip of the Week – RIP CrossLoop

For some years now I have used a program called CrossLoop to help clients who live quite a distance away for little jobs: jobs which do not warrant a long drive and will not take long to do. Now that AVG has bought CrossLoop they have closed the website down and so stopped, in their tracks, everybody who used CrossLoop (including those who had run their business using this program).

Fortunately, as the old saying goes, when one door closes another door opens. In this case I have found another program called *TeamViewer* which does a similar job to CrossLoop. I was lucky enough to find a client whose computer had been improved worse by a relative who seemed to think that she knew everything about computers. I had discovered *TeamViewer* in an internet search (amazing what sorts of useful and interesting information you can discover on the internet!) so was eager to try it out. I downloaded and installed it on my computer and asked him to install it on his computer.

This proved more difficult than I had expected but we got there. Once he had installed the program and given me the ID and password which had been generated by TeamViewer it was plain sailing.

This program is as easy to use as CrossLoop and just as effective. It is a worthy tool in the range of tools at my disposal.

Do Not Kill Your Foundations

During the week I had a call from a client who could not start her bank reconciliation because the opening balance did not match that from her bank statement. This is a serious matter and is cause for immediate concern.

She said that she had done nothing to her QuickBooks data so I flew to her rescue and saw that her diagnosis of the problem was correct: her opening balance did not match what her closing balance had been the month before. QuickBooks has an excellent report called the *Reconciliation Discrepancy Report*: this report shows what has been done to transactions which had previously been reconciled.

This report showed that my client had deleted some working transactions, had changed the amount in some transactions and had deleted a number of *Estimates* (we call the *Quotes*) which had not been accepted. This was not a problem but changing already-reconciled transactions and deleting other already-reconciled transactions was a major problem.

This left her bank account out by a massive amount of money, so I had to make an automatic adjusting entry to balance her account. This means that there will always be a transaction in her account which is there purely to correct her fiddling.

Please do not change *any* transaction, especially a reconciled transaction, without knowing what the ramifications of that change will be.

Correcting The Errors

The next step was to correct the as many of the errors as possible. This still left her reconciliation out, but the difference amount was much less that before. The corrections took two types of transactions:

- Returning the amounts which had been changed to their original value
- Replacing the deleted transactions

Both of these were fairly simple, but they uncovered some other massive errors in other parts of my client's data file. These had to be fixed, as far as possible, but there were a couple of accounts which had not been correct for some time. I am surprised that her accountant had

not picked these errors up: perhaps he just felt that his or her job was to do the quarterly BAS and the yearly tax return for the company.

Perhaps her accountant did not understand how computer bookkeeping programs work: this implies that accountants do not understand how basic accounting works, but this is too much of a mouthful to swallow in one hit!

Why Is This Wrong?

When you reconcile a transaction you are effectively saying that it is set in stone and should never be changed. You have, when you reconcile a transaction, stated that it agrees with the matching transaction from your bank. This is because you take your bank's statement of your account and see if all the transactions on that statement match all the corresponding ones in your accounting program.

In a manual system you would not change or delete transactions, although you might create reversing entries. This has a complete audit trail (providing you don't use white-out!) so any auditor or tax official can see all that you have done.

With a computerised bookkeeping system like QuickBooks you can both change and delete entries. This is, at the same time, both the strength and the weakness of this type of system. QuickBooks does its best to help you by alerting you if it thinks that you are making a major mistake but it cannot do your thinking for you.

This is the reason that I have recommended to so many of my clients that they do a TAFE bookkeeping course: to understand why they are doing what they are doing, and why some things work better than others.

Removing Your Foundations

Removing, or changing, reconciled transactions is akin to a builder stating that, because your house is now standing strongly against the winds and waves of our interesting weather, it is a good thing to remove the very foundations which are giving it the strength to start strongly in the first place!

This is never a good thing!

Foundations, like reputations, are built up over time. If you do something to weaken that foundation (whether it be for a house or a bookkeeping program) you will inevitably weaken the whole structure. It is especially important not to change or delete a reconciled transaction because you will automatically unbalance your data file for the next reconciliation.

I have, on occasion, been able to correct the errors caused by changing or deleting reconciled transactions. In this case, however, there were so many of these transactions and they had so many far-reaching implications that I could not return the bank account to its previously-reconciled state.

This meant that QuickBooks had to insert a balancing transaction so that the account would start another life as a balanced data file.

Do not do this at home!

Further Information

TeamViewer   www.teamviewer.com