

QB Coach LLC

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**Your QuickBooks® Coach**

Making QuickBooks® work for You

FAQ02

## The 3-Bucket Accounts Payable Procedure For QuickBooks®

Even with today's technology, accounting is still a very paper intense experience and it is easy to lose track of who you owe how much and when. The 3-Bucket AP procedure will help you tame the paper tiger and give you a process by which you can at any time answer the question...Who Do I Owe, how much, when?

**Bucket 1:** Get yourself a letter tray, pocket folder or other container to use exclusively for bills you have received from vendors but have **not yet entered** into your accounting program...QuickBooks®. Mark the container you choose "AP Bucket 1". Put the other related pieces of paper here too...purchase orders, shipping receipts etc. Now you have all that paper in one spot.

**Bucket 2:** Get yourself an A-Z expandable file folder to use exclusively for bills you have entered into QuickBooks® but not yet paid. Mark this container "AP Bucket 2". Then early in the morning when the phones are relatively quiet allocate one hour of time to put the bills and related papers together into "voucher" packets and enter them into QuickBooks®. Use your **POSTED** stamp to mark the bill so you know it has been entered. Then put the bills you have entered into your AP Bucket 2. Run an Unpaid Bills Detail accounts payable report after your are done and tuck it into the back panel of AP Bucket 2.

**Bucket 3:** Setup a file drawer with hanging files or folders for paid bills. Create A-Z hanging files or folders labeled just like the expandable file used for AP Bucket 2. Create separate hanging files or folders for your primary vendors that generate a lot of paper. Label this file drawer "AP Bucket 3". Pay bills once a week. First run two accounts payable reports: Aging Summary & Unpaid Bills Detail. Jot down the current cash balance on the Aging Summary report. Review both reports with your business's check signer marking the ones to be paid. Pull the bills to be paid out of AP Bucket 2. Go to the Pay Bills screen in QuickBooks®, check the "To be printed" box, select all bills to be paid and click Okay. Go to File, Print Forms, Print Checks and print the vendor checks you just selected on the Pay Bills screen. Detach the check copy from your printed check and attach it to the back of the related paid bill. Use your **PAID** stamp to mark the bill so you know it has been paid. Attach the printed unsigned checks to the related bills and give all to the check signer for review & signature. When signed, mail the checks and file the paid bills into AP Bucket 3. Run an Unpaid Bills Detail accounts payable report after your are done and tuck it into the back panel of AP Bucket 2.