



Quality Assurance Work Instruction

CP-00-3000-08

Approved:

Date: 25 May 2004

Title: General Ledger

REV
NC

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1.0 POLICY/PURPOSE

Santa Barbara Applied Research, Inc. (SBAR) prepares, evaluates, and maintains complete financial records of the company's business activities. The purpose of this work instruction (WI) is to document how SBAR conducts the monthly closing of the General Ledger.

2.0 SCOPE

This WI applies to all SBAR business units.

3.0 REFERENCES AND DEFINITIONS

3.1 References

3.2 Definitions

Account. An account is the basic storage unit for accounting data.

Balance Sheet. The Balance Sheet shows the financial position of the company as of a specific date. The Balance Sheet presents a view of the company as the holder of resources or assets that are equal to the claims against or sources of those assets.

COGS. Cost of goods sold.

G&A. General and Administrative

General Ledger. The General Ledger consists of a group of accounts and their summarized data. The accounting system has separate accounts for each asset, each liability, and each component of owner's equity, including revenue and expenses. The accounting system is double entry, which requires that each transaction be in balance (the sum of the debits must equal the sum of the credits).

Deltek GCS Premier Accounting System (GCS). GCS is a computer-based accounting system used by SBAR.

Income Statement. The Income Statement is a financial statement that summarizes the amount of revenues earned and expenses incurred over a specified period of time.

Trial Balance. The Trial Balance is a listing of all accounts found in the General Ledger with their respective debit or credit balance at the time the Trial Balance is generated. The General Ledger is in balance when the sum of all the debits equals the sum of all the credits.

WIP. Work in process.



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4.0 RESPONSIBILITIES

4.1 Accounting Manager

The Accounting Manager is responsible for closing the General Ledger in accordance with the steps listed in Section 5.0

4.2 Director of Finance

The Director of Finance is responsible for reviewing the financial results with the Accounting Manager prior to closing of the General Ledger for the month.

5.0 REQUIREMENTS/PROCEDURES

5.1 General

The General Ledger is closed on a monthly basis as discussed in the following steps.

5.2 Journal Entries

At the close of each financial month, the Accounting Manager ensures that all Journal entries have been posted. At this point, no further Journal entries are allowed for the month that is being closed.

5.3 Monthly Billing

The Accounting Manager processes the Contract Revenue function, posts WIP, and processes Accounts Receivable Billings for the month (see CP-00-3000-06, *Billing*).

5.4 Aging Lists

The Accounting Manager processes the Accounts Payable and the Accounts Receivable Aging List Reports for review.

5.5 Review of Journals

The Accounting Manager processes the Trend Indirect Expense Report for all departments. A review is undertaken to determine if abnormalities exist. If abnormalities are detected, they are reviewed to determine the cause.

5.6 Indirect Pool Processing and Posting

The Indirect Pools Process is completed after all postings to obtain the Rates for each Department. WIP/COGS is then posted to the General Ledger. Prior to the Month End Process function in the GL, the following reports are to be printed:

- Disbursements Journal
- Receipts Journal



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- Payables Journal
- Payroll Journal
- General Journal (Adjusting, Reversing, Recurring)
- General Ledger

5.7 Financial Statements

At least the following reports are printed:

- Trial Balance
- Income Statement
- Balance Sheet

5.8 President/CEO Review

When the current month's data have been verified, the Accounting Manager prepares a preliminary income statement and balance sheet for review with the Director of Finance.

5.9 Month End Close

Upon approval of the current month's data by the Director of Finance, the Accounting Manager is authorized to close the month.



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PREPARATION, REVIEW, AND APPROVAL OFFICIALS

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Accounting Manager

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