



"A CPA firm that understands dealership management, accounting, and tax issues"

Dealer's Checklist

The dealership accounting function is the hub of the organization, the accumulator of all information from your various business segments. Nevertheless, dealers seldom become involved in the control procedures that ensure that the information they are using to run their business is accurate and up to date.

The checklist included below requires no accounting background and can be used as a guideline to enable a dealer to become more involved with the accounting function, giving him a better understanding and control over this area.

Monthly:

1. Receive and review the payroll package for at least one period to make sure all employees are valid.
2. Review management reports for parts inventory to ensure that obsolete parts are not out of control.
3. Review five car deals that have just been processed to ensure that they are complete and accurate.
4. Select a sample of repair orders and review to ensure that they are complete, properly costed, mechanic's time is properly recorded, customer signatures are present, warranty information is completed, etc.
5. Review the missing documents report to ensure that all documents have been accounted for.
6. Inquire that all reconciliations (parts statement, cash accounts, finance reserve) have been completed.
7. Review all general journal adjusting entries for the month. Inquire about any large or unusual items.
8. Open the bank statement and review all checks and other transactions.
9. Review the contract in transit and vehicle receivable schedule for ageing issues.

Three to Four Times a Year:

(We suggest that you perform these functions at random intervals.)

1. Review the bank reconciliations and see that the bank balance and the adjusted book balance agree.
2. Review the parts statement reconciliation and see that the factory balance matches the book balance.
3. Review the finance reserve reconciliations to see if they have been performed.
4. Review the holdback schedule and see if there are any items included that should have been paid.
5. Review factory receivables and see that all items over 30 days old have been followed up.
6. Review other receivables to determine if collection procedures are needed on 60 day old items.
7. Review the cash schedule and determine if there were any large journal entries made to cash.
8. Review the floor plan reconciliation to ensure that it has been completed on a timely basis.
9. Check your pay scale for each employee against a payroll report for accuracy.

Downey & Company, LLP, is a full service CPA firm with extensive auto dealership experience, servicing over 80 dealerships. For more insights on the state of the dealer industry, e-mail Paul McGovern at pmcgovern@downeycocpa.com or call 781.849.3100.

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