Different Tyes of Out of Balance Issues

04/29/2024 9:35 am EDT

When a customer says they are out of balance,we need to determine what they mean. There are multiple ways for the general ledger to be out of balance, and the causes and fixes are different for each.

Note that this document is only an overview meant to provide context. We have other help documentation that reviews in detail how to resolve each type of out-of-balance issue.

Regardless of what type of imbalance it is, the first troubleshooting step will be to run the reset totals script. This script does not change the general ledger; it only updates the report tables to make sure they have all the correct information from the general ledger. If the imbalance was simply a problem with the report tables and not a problem in the actual general ledger, this script would resolve the issue.

Debits Do Not Match Credits

It is an accounting rule that the total amount of all debits in a GL entry must match the total amount of all credits in that GL entry. If the customer has found an entry where the debits do not match the credits, then the entry must be corrected or deleted.

If the item that generated the entry is editable, you can try re-saving it. For example, if thegl entry for an invoice is out of balance, you can try re-saving the invoice. However, since imbalances are usually not found until long after their transaction was made, the items are usually locked down and cannot be edited. In this case, data support can remove and/or offset the entry.

Trial Balance is Out of Balance

It is an accounting rule that the total amount of all assets in a company's database must match the total amount of their liabilities plus equity. Companies run the trial balance report, to make sure that these amounts do match. If they do not, it could be because the debits do not match the credits issue (as described in the previous section). Or it could be because an entry has the proper debits and credits amounts, but they have n/a listed as one of their GL accounts on a journal entry.

The fix for these types of imbalances is the same as for debits not matching credits. You can attempt to re-save the item the GL entry is tied to, but if that cannot be done, data work is required.

GL Account Totals do not Match Sub Ledger Report Totals

There are certain reports companies should run at least once a month, and verify their totals match the trial balance/account register. These reports are listed in the month-end closing help document. These reports are a way to check that the values in your general ledger are correct, without having to review every entry individually.

For example, the Accounts Receivable Aging report and the Accounts Receivable GL account both show the total amount due from all customers in the database, but they use two different methods to calculate that value. If two different methods are used, and the totals are the same, then you know the GL amount is correct. If the totals are not the same, then you know something has gone wrong, and needs to be reviewed and corrected.

The Accounts Receivable Aging report calculates the total amount due from all customers by adding together the amount due on all open invoices in the database.

The Accounts Receivable GL account calculates the total amount due from all customers by adding together all of the general ledger entries into, and out of, the Accounts Receivable GL account.

One easy way to create an imbalance between these two is to make a manual journal entry to the accounts receivable GL account. The GL account total will change based on this entry, but there is no invoice associated with the manual entry, so the AR Aging report (that only sums invoice amounts due) will not be affected by the manual entry. Thus the GL account and the AR report will no longer match.

Ideally, the source of the imbalance should be found and corrected. Sometimes the source of the discrepancy is too far in the past, and therefore cannot be corrected. In these situations, support may recommend one final manual journal entry be made to bring the report and GL into balance, and then have the account monitored regularly moving forward. A manual journal entry is not a proper fix for a trial balance imbalance or a debit/credit imbalance, but it is sometimes the best option for a GL account vs. sub-ledger report imbalance.