September 2011

Tracking Bills in QuickBooks, Worth the Effort
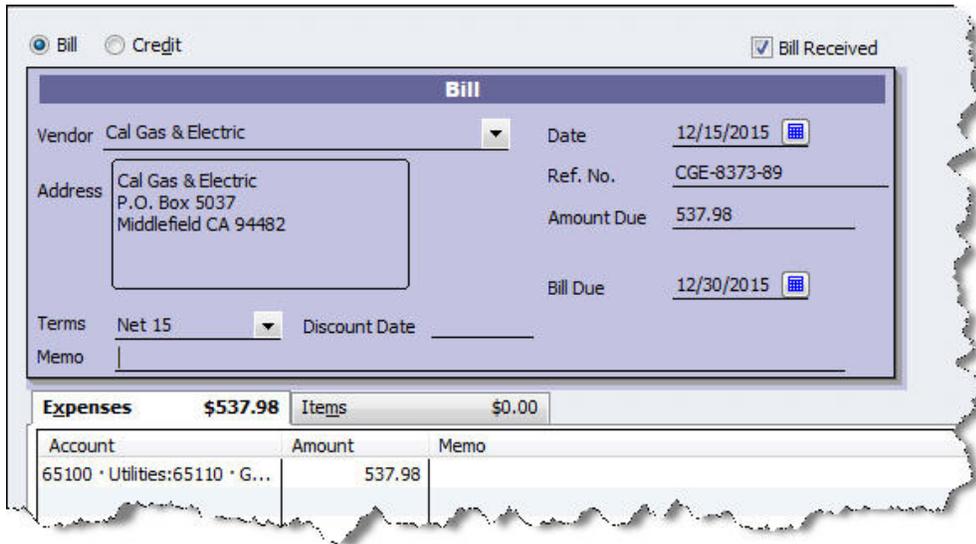
Next to payroll, paying bills is probably your least favorite task in QuickBooks. You don't have to use this feature – you can keep stacking bills on your desk, scrawling the due dates on a paper calendar, and writing checks.

If you're still operating this way, though, you're missing out on the numerous tools that QuickBooks offers to track your accounts payable, including the ability to:

- Enter bills as they come in
- Set reminders for bills due
- Pay bills easily
- Locate a bill or payment quickly
- Enter bills as (or after) you receive items
- Link bills to purchase orders
- Have instant access to a bill's status

Receiving the goods

When an expense bill comes in (from a utility company, for example), click the **Enter Bills** icon on the home page, or **Vendors | Enter Bills.** A window like the one displayed above opens. Select the vendor and fill in the blanks. Make sure that the **Expenses** tab below is selected and the appropriate account number and amount fields are completed. If it's a bill for an item that

already has a related **Item Receipt** (the shipment preceded the bill), QuickBooks instructs you to use **Vendor | Enter Bill for Received Items**. Follow the prompts.

Note: Dealing with incoming inventory is complex. Consult with us if you plan to use this feature.

If the bill came simultaneously with items, click **Vendors | Receive Items and Enter Bill**. When you select the vendor from the list, this box opens (if you have sent a purchase order):
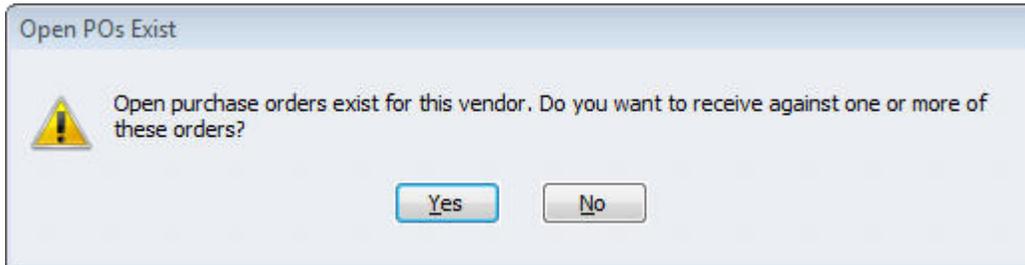

Figure 2: QuickBooks is telling you that you have open orders with this vendor.

Click **Yes**. The **Open Purchase Orders** box opens, containing a list of open POs. Select the one(s) you want and click **OK**. The bill form opens, containing the details of that purchase order. Change quantities if they don't match the shipment, and edit other fields as necessary. Save the bill.

Settling your debts
It's good to set reminders for bills. Go to **Edit | Preferences** and click **Reminders**. Make sure that that **Show Reminders List…** box is checked, then click **Company Preferences**. Find the **Bills to Pay** row and enter the advance notice you'd like. Indicate whether you want to see a list or a summary, then click **OK**.

When bills are due, click the **Pay Bills** icon or select **Vendors | Pay Bills**. A window opens displaying all outstanding bills. You can pare this down by selecting a date in the **Due on or before** field and filtering by vendors. The screen will look something like this:
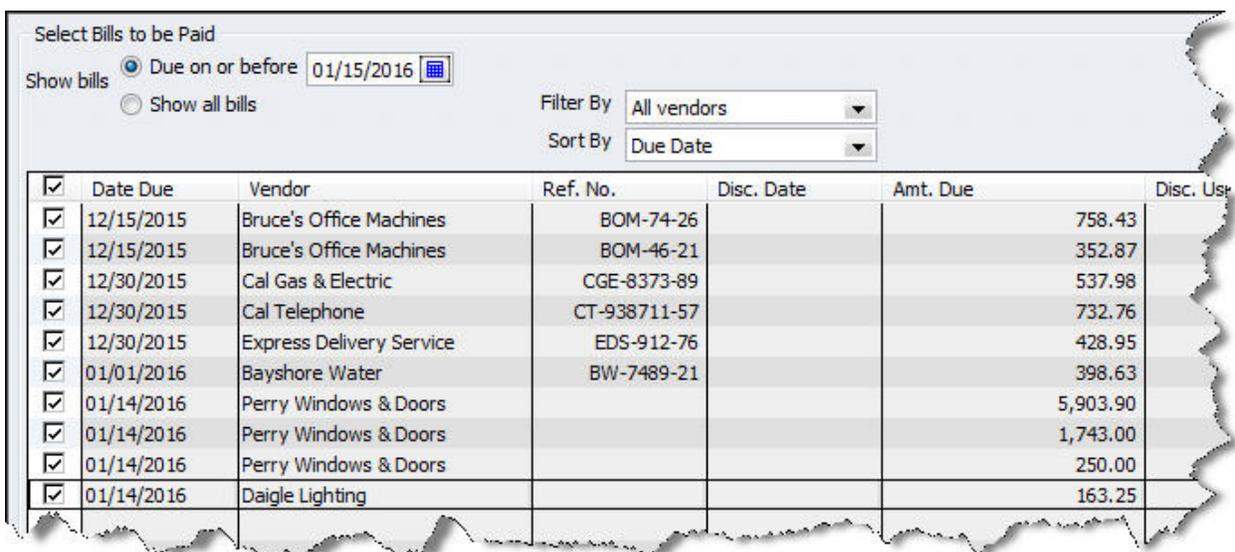

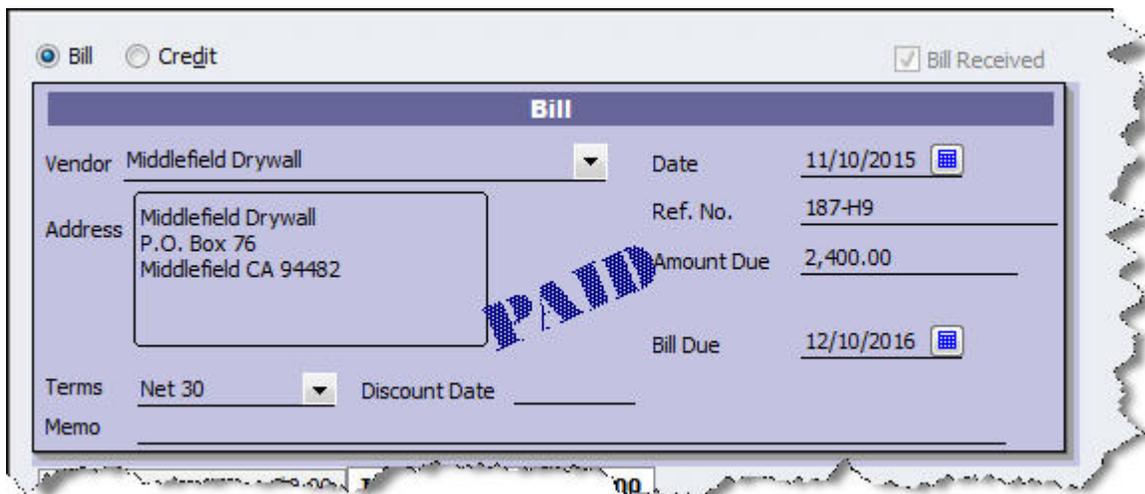*Figure 3: You can easily select the bills you want to pay.*

Enter a check mark next to the bills you're paying, and change the amount in the **Amt. To Pay** field at the end of the row if necessary. At the bottom of the screen, you can set the payment date and type, use any discounts or credits, and make sure the correct payment account is selected. When you're done, click **Pay Selected Bills**.

Tip: You can have credits and discounts automatically applied by going to **Edit | Preferences | Bills**.

After You've Paid Up
There are a number of places where your bills appear in QuickBooks, including:

- The **Unpaid Bills Detail** report
- The **A/P Aging Detail** report
- The **Vendor Center**
- **QuickReports**
- In the **Recent Transactions** pane of some forms
- On the bills themselves

Figure 4: QuickBooks displays the Paid status of bills.

QuickBooks also lets you void and delete bills, and copy and memorize them. Check with us before voiding and deleting, as this can make some complicated changes in your accounts.

You *can* just pay bills by using **Banking | Write Checks** or **Enter Credit Card Charges**. But the payoff for tracking bills is instant access to your accounts payable status, better relations with vendors, and a more insightful accounting of your company's cash flow.