Clarity Accounts Payable Year-end Procedure Guide – 2023

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# Caselle Clarity Accounts Payable Year-end Checklist – 2023

Welcome back!

Please download the latest Year-end Checklist from our website. Follow the steps below. The Accounts Payable Year-end Checklist is a list of tasks that need to be completed at the end of the year. These tasks will help you switch from cash to accrual and prepare your 1099 forms. The checklist can be downloaded and loaded using the instructions in the following section.

Download the Accounts Payable Year-End Steps Checklist

To download the 2023 Accounts Payable Year-End Steps Checklist, follow these steps:

1. Click here to visit out year-end website.
2. On the right side of the screen, there is a section title **Steps Checklist**. Right-click on **Accounts Payable**.
3. Select **Save target as…**
4. Save the file to a location on your computer or network.
5. If the **Download compete** screen appears, click **Close**.
6. Open the **Clarity** program.
7. Move your mouse's arrow to the **Checklist** on the right side of the screen so that it slides out.
8. Click the **Manage Checklists** button (clipboard with a checkmark).
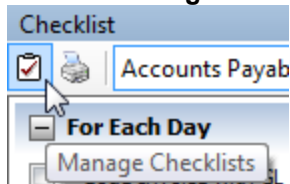
9. Click the **Import a Checklist** button (yellow folder with an arrow going into the folder).
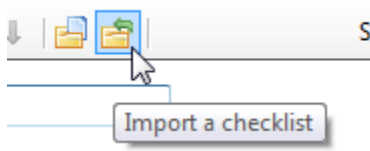
10. Navigate to the "AP Checklist.xml**"** file saved in step 4 above. Click **Open**.
11. Click on the new checklist that was imported on the left of the screen. You may have to scroll to the bottom.
    *Note: If there was a year-end checklist that was imported in years past, the new checklist may be named with a number after it (e.g. **Accounts Payable Year-end 1**)
12. Click on the **Add the selected checklist to my view** list button (lines on a white paper with a green plus sign).
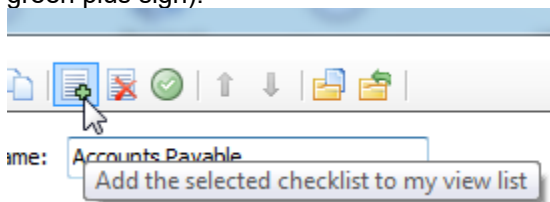
13. Click **OK**.

The Checklist should now be listed in the drop-down.
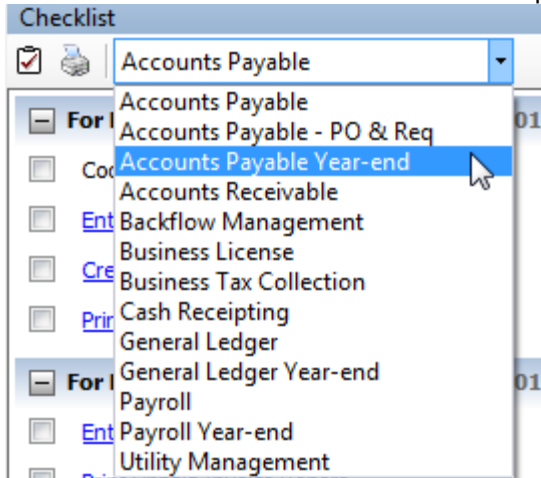
Printing the Checklist.

To print the Accounts Payable Year-End Checklist, follow these steps:

1. Login to Clarity.
2. Move your arrow over **Checklist** on the right.
3. Click the **Printer** button.
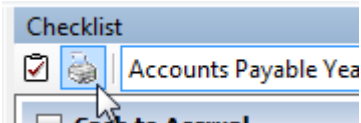
4. Select the **Accounts Payable Year-end** checklist from the list.
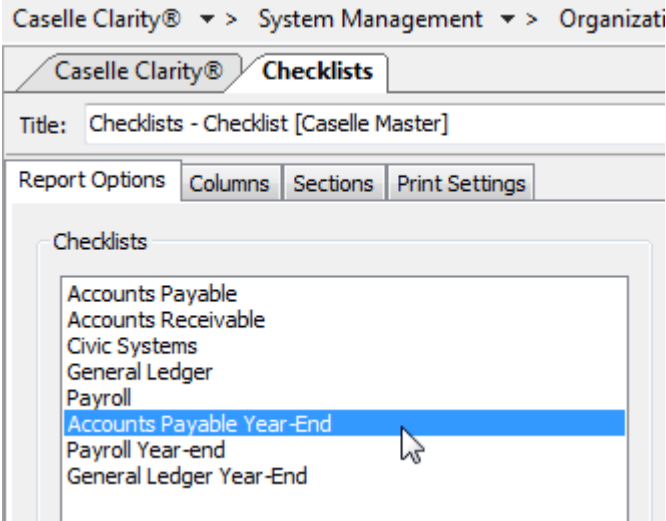
5. Click the **Printer** button on the toolbar.

Need more help?

If you need more help, please contact **Civic Customer Service** at **(888) 241-1517**. Our hours are 7:00 A.M. to 5:00 P.M., M-F, CST.

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Let's get started...

Perform Program Maintenance

Install Program Updates

Make sure that the latest Clarity release has been downloaded and installed before you complete the year end procedures.

You should be running release **4.2.147.3002** or later. If you're not sure what release you are running, login to Clarity and look in the upper left corner. If the release number is lower than **4.2.147.3002**, you should download this version before proceeding.

Cash to Accrual – Fiscal Year End

This step is done as a part of you fiscal year end. For many, your fiscal year end is not December 31. If your fiscal year end is not December 31, skip this section and go to the **Year End Processing** section below.

As a part of you fiscal year end, many of you will want to record accounts payable transactions on an accrual basis rather than a cash basis after the fiscal year-end. This will eliminate the need to make adjusting journal entries to record prior year payables.

If you are currently on a cash basis, all accounts payable transactions post to the General Ledger based upon the check date. After year-end, you may not want this to occur. You will want invoices being paid in the current fiscal year for services rendered or goods received in the prior fiscal year recorded as expenditures in the prior fiscal year. This is called the accrual basis of accounting.

Please note that if Payroll sends transmittal invoices to Accounts Payable, both modules must be set to the same basis. If you change Accounts Payable to Accrual you must also change Payroll to accrual.

Step 1: Print Unpaid Invoice Report

Print Unpaid Invoice Report...

1. Open **Clarity Accounts Payable > Reports > Unpaid Invoice Report**.

2. Print or print preview the report.

3. Review the report for any unpaid invoices.

4. If invoices appear on the report, continue to the next step. If no invoices appear on the report, skip to step 6.

Step 2: Select Invoices for Payment – if required

If unpaid invoices appear on the report in the preceding step, it is recommended that you pay all invoices before changing to the accrual basis.

1. Open **Clarity Accounts Payable > Invoices & Payments > Select Invoices for Payment**.

2. Change settings as needed and then press the **GO** button.

3. Select invoices for payment and press the **GO** button.

4. Click **Yes**.

Step 3: Print Checks – if required

If unpaid invoices appear on the report in the preceding step, it is recommended that you pay all invoices before changing to the accrual basis.

1. Open **Clarity Accounts Payable > Invoices & Payments > Checks**.

2. Specify the appropriate beginning check number and print the checks.

Step 4: Reprint Unpaid Invoice Report

Reprint the unpaid invoice report to verify that no unpaid invoices exist in the system.

1. Open **Clarity Accounts Payable > Reports > Unpaid Invoice Report**.

2. Print or print preview the report.

3. Review the report for any unpaid invoices. If unpaid invoices exist, repeat steps 2 – 4 from the Checklist.

Step 5: Update General Ledger

Update the General Ledger for the checks printed in Step 4.

1. Open **Clarity Accounts Payable > Organization > Update General Ledger**.

2. Verify the **GL posting period**.

3. Click **GO**.

Step 6: Run Checkout

Run Checkout to help you discover any errors that need to be corrected before you continue.

1. Open **Clarity Accounts Payable > Organization > Checkout**.

2. Check the **Verify that all transactions have been updated to the General Ledger through** check box. Make sure 12/YY is selected in the drop-down field.

3. Click **GO** (CTRL+G).

If errors exist and you need help figuring out how to correct them, please call support

Step 7: Change Accounting Basis from Cash to Accrual

This step will change the Accounts Payable to post invoices and checks on an accrual basis.

1. Open **Clarity Accounts Payable > Organization > Organization**.

2. Click on the *Interfaces* tab.

3. Change the **Update Method** from **Cash** to **Accrual**. This change should be done after the last check run in the prior fiscal year and before the first group of invoices are entered in the new fiscal year.

The field **Use invoice date to set GL Period** will become active. Check this field if you want the system to determine the invoice's posting accounting period based upon the invoice date (**See Step 8 of Entering Invoices**). **Important Note:** Marking this check box will assign each invoice a GL posting period based on the invoice date. For example, if you receive an invoice in January 2024 with an invoice date of November 11, 2023, the system will assign a November 2023 posting period (period 11/23).

WE RECOMMEND that the **Use invoice date to set GL Period** field be left **unchecked**. The user will then have control over the period to which the invoice is charged when entering invoices.

Step 8: Enter Invoices to the appropriate periods

When entering invoices, you will want to make sure you specify the correct accounting period to charge the invoices being entered.

If the **Use invoice date to set GL Period** is checked in the previous step (**not recommended**), the **GL Posting Period** in **Invoice Entry** will automatically populate based on the entered invoice date. You may edit this field once it is populated.

If the **Use invoice date to set GL Period** is not checked in the previous step (**recommended**), you have control over the period to which the invoice is charged. As you enter invoices

1. Open **Clarity Accounts Payable > Invoices > Enter Invoices**.

2. Select the appropriate **GL period** from the drop-down box for the invoices being entered.

GL period: 12/23 (12/31/2023)

We suggest that you separate invoices between prior fiscal year invoices and current fiscal year invoices. Specify the **GL Posting Period** the invoices should be recorded upon starting a new invoice batch. This will be the default GL period for invoices entered for that batch. When you have completed entry of the prior year invoices, either change the **GL Posting Period** at the applicable invoice, or select the **Options** on the toolbar to change the **GL Posting Period**.

Step 9: Update the General Ledger

When updating the General Ledger, do not forget to update applicable periods. You may find yourself updating several accounting periods in the prior fiscal year and in the current fiscal year. For example, if you entered an invoice to be posted to the prior fiscal year (assume 12/31 fiscal year-end), updating January will only update the check to the General Ledger and not the invoice. December will also need to be updated to post the invoice to the appropriate expense account in the prior fiscal year.

You can continue to leave the system on an accrual basis as long as you find the need to post invoices to the prior fiscal year.

1. Open **Clarity Accounts Payable > Organization > Update General Ledger**.

2. Verify the **GL posting period**.

GL posting period: 12/22 (12/31/2022)
☑ Post invoices: AP

3. Click **GO**.

4. Repeat steps 1 – 3 above for all GL periods needing to be updated.

Step 10: Change Accounting Basis back to Cash

When all invoices have been recorded for the prior fiscal year and you wish to return to a cash basis, follow these steps.(Run unpaid invoice report to verify)

1. Open **Clarity Accounts Payable > Organization > Organization**.

2. Click on the *Interfaces* tab.

3. Change the **Update Method** from **Accrual** to **Cash**.

Year End Processing

These steps will walk you through the process of printing 1099's and closing the year in Accounts Payable.

The IRS changes 1099 form layouts almost every year. Make sure you have the latest program release installed. 1099/W2 & W3 instructions can be downloaded at **http://www.irs.gov/formspubs/index.html.** Note that the IRS created the NEC form (Nonemployee Compensation) in 2020 for use instead of the MISC form. The NEC form was changed to be a third of a page instead of half a page in 2021. You will need to contact Civic Support for assistance with this form.

Step 1: Verify the Federal ID Number

Verify that the Federal ID Number is correct.

1. Open **Clarity Accounts Payable > Organization > Organization**.

2. On the *General* tab, verify that the **Employer ID** number is present and correct.

Step 2: Run Checkout

Run Checkout to help you discover any errors that need to be corrected before you continue.

1. Open **Clarity Accounts Payable > Organization > Checkout**.

2. Check the **Verify that all transactions have been updated to the General Ledger through** check box. Make sure 12/YY is selected in the drop-down field.

3. Click **GO** (CTRL+G).

If errors exist and you need help figuring out how to correct them, please call support

Step 3: Print 1099 Reconciliation Report

Print this report for 1099 verification.

1. Open **Clarity Accounts Payable > Reports > 1099 Reconciliation Report**

2. Choose the report you wish to review.

    a. 1099 Reconciliation Report – All 1099 Invoices [Caselle Master] will show all Invoices marked as a 1099 Invoices regardless of the Vendor's 1099 Type.
    b. 1099 Reconciliation Report – All 1099 Vendors [Caselle Master] will show only the Invoices for those Vendors marked as a 1099 Vendor regardless of the 1099 Type marked on the Invoice(s).

3. Change the dates to correspond with the proper calendar year.

4. Click **Print** or **Print Preview**.

5. Review the information on the list. Vendors missing from the listing or invoices not marked as 1099 invoice can be corrected by completing the steps in the next section.

Step 4: Make Corrections for Vendor Type, 1099 ID

Follow these steps if you need to mark vendors as a 1099 vendor.

1. Select **Vendors > Modify Existing Vendors.**

2. Select the applicable vendor.

3. Select the proper 1099 Type from the **1099 Type:** drop down menu.
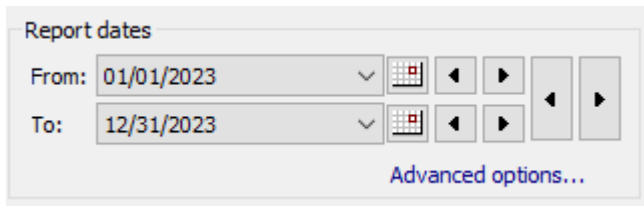

4. At the **1099 ID Number:** field, enter the applicable 1099 ID number.

    1099 ID number: 529-74-8046

5. Repeat steps 2 – 4 for all applicable vendors.

6. Click **Close**

Step 5: Review corrected 1099 Reconciliation Report

If any changes to the Vendor Type and 1099 ID were needed, print another copy of the **1099 Reconciliation Report** for 1099 verification.

1. Open **Clarity Accounts Payable > Reports > 1099 Reconciliation Report**

2. Choose the report you wish to review.

    a. 1099 Reconciliation Report – All 1099 Invoices [Caselle Master] will show all Invoices marked as a 1099 Invoices regardless of the Vendor's 1099 Type.
    b. 1099 Reconciliation Report – All 1099 Vendors [Caselle Master] will show only the Invoices for those Vendors marked as a 1099 Vendor regardless of the 1099 Type marked on the Invoice(s).

3. Change the dates to correspond with the proper calendar year.

4. Click **Print** or **Print Preview**.

5. Review the information on the list. Vendors that have invoices not marked for 1099 reporting can be corrected by completing the steps in the next section.

Step 6: Adjust 1099 Balances

If you have some vendors where the invoice(s) are not marked as 1099 invoices, follow these steps to mark as a 1099 invoice. Some 1099 vendors may have some invoices that may be a **None** type and you can follow these steps to clear the amounts.

1. Select **Vendors > Adjust 1099 Balances**.

2. Verify the correct year and enter applicable vendor number or click on drop down to search for the vendor. A listing of all the invoices for that vendor will appear in the box below the vendor name.

3. Change the 1099 Type by clicking on the **1099 Type** field for the appropriate invoice and select the correct 1099 Type from the list.

4. If the 1099 Amount is incorrect, click in the 1099 Amount field and enter the corrected amount. NOTE: If the 1099 Type is **None**, the 1099 Amount must be zero, or you will receive an error message when attempting to run the process.

5. Change 1099 Type for all Invoices:

    a) Select the Set As: drop down to the appropriate 1099 Type.

    b) Click Select All to mark all Invoices as the 1099 Type in the Set As drop down.

6. As noted in the white information bar at the top, Click **'Go'** to save your **changes before selecting another year or vendor.**

Step 7: Print FINAL 1099 Reconciliation Report

If any changes to the Vendor Type and 1099 ID were needed, print a **FINAL** copy of the **1099 Reconciliation Report** for 1099 verification.

1. Open **Clarity Accounts Payable > Reports > 1099 Reconciliation Report**

2. Choose the report you wish to review.

    a. 1099 Reconciliation Report – All 1099 Invoices [Caselle Master] will show all Invoices marked as a 1099 Invoices regardless of the Vendor's 1099 Type.
    b. 1099 Reconciliation Report – All 1099 Vendors [Caselle Master] will show only the Invoices for those Vendors marked as a 1099 Vendor regardless of the 1099 Type marked on the Invoice(s).

3. Change the dates to correspond with the proper calendar year.

4. Click **Print** or **Print Preview**.

Step 8: Print Vendor History Report

Print a Vendor History for ALL vendors desired (Optional).

1. Open **Clarity Accounts Payable > Reports > Vendor History.**

2. Change the dates to correspond with the proper calendar year.

3. Change the **Selection Criteria** to include those vendors you wish to include in the report if other than ALL. To select certain vendors, follow these steps:
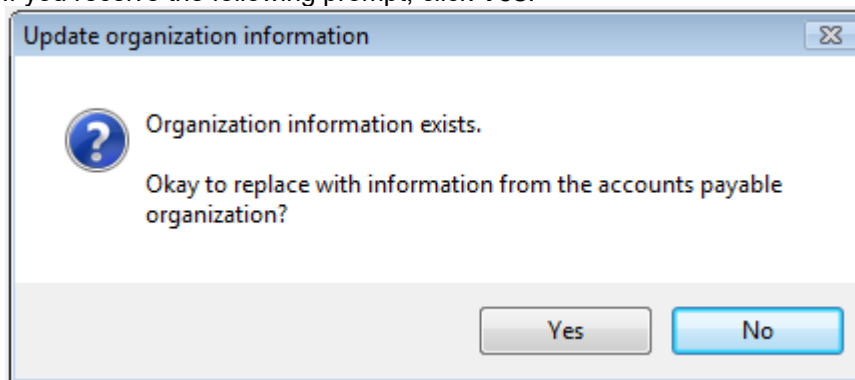   a. Double-click on the Value section for "**Report.Vendor Number**".

Step 9: Convert Year-End 1099 Information

Convert the year-end tax information so that 1099's can be printed.
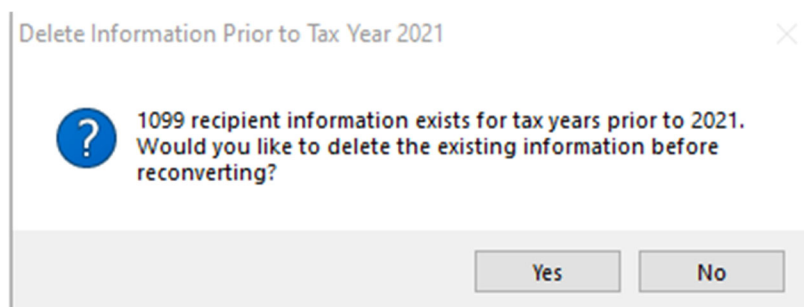
1. Open **Clarity Accounts Payable > 1099 Reporting > Convert Year-end Tax Information.**

2. Verify the current year is displayed.

    Convert accounts payable information for the tax year: 20YY ⌄

3. You have the option of including vendors with zero 1099 amounts by checking the **Include vendors with a zero 1099 amount** check box.

4. Click the **GO** button on the toolbar.

5. If you receive the following prompt, click **Yes**.

    Update organization information   ⊠

    ?   Organization information exists.

    Okay to replace with information from the accounts payable organization?

    Yes   No

6. If 1099's were printed last year, the following prompt will appear. Click **Yes**. **If you do not click Yes, 1099s will include data from both the prior year and the current year.**

    Delete Information Prior to Tax Year 2021   ✕

    ?   1099 recipient information exists for tax years prior to 2021. Would you like to delete the existing information before reconverting?

    Yes   No

7. Click the **Print** or **Print Preview** button.

Step 10: Review the Conversion Report

Review the conversion report that printed in the previous step. If there are vendors missing or the amounts reported are incorrect, repeat steps 4 and/or 6 above.

Step 11: Verify the 1099 Organization File Information

Before you print the 1099's, you should verify that the correct identification numbers have been defined in the system.

1. Open **Clarity Accounts Payable > 1099 Reporting > Organization.**

2. Verify or complete all information on the *General* tab.

3. Select the *Federal* tab.

4. Change the **1099 limits** to the proper amounts as defined by the IRS Instructions for Form 1099-MISC, 1099-INT, 1099-DIV, and 1099-R.

5. Click **Close**.

Step 12: Checkout 1099 Recipients

Run Checkout for 1099 Vendors.

1. Open **Clarity Accounts Payable > 1099 Reporting > Checkout 1099 Recipients**.

2. Check all check boxes.

3. Click **GO**.

4. Review the report. If no errors exist, continue to the next step.

Step 13: Verify Vendor Totals and Information

Review the report from the previous step and verify the totals and converted vendors are correct. If errors exist you can correct 1099 amounts by following the following steps. If all totals and vendors are correct, continue to step 14.

1. Open **Clarity Accounts Payable > 1099 Reporting > 1099 Recipients**.

2. Browse the vendors using the scroll arrows in the upper right, typing the vendor number in the **Account number** field, or use the **Search** button.

3. Correct information for each vendor as needed on the various tabs.

Step 14: Print 1099's

To print the 1099's, follow these steps.

1. Open **Clarity Accounts Payable > 1099 Reporting > 1099's**.

2. Select the appropriate report from the drop-down menu for the type of vendor that you are going to print 1099's.

3. Uncheck the **Include 1099's below the minimum limit** check box.

4. Click on the *Forms* tab and uncheck the following check boxes: **Perform an alignment test**, **Print report setting**, and **Print report summary**.

5. Print the forms initially to blank paper and verify alignment by clicking the **Print** button.

6. Select **Yes** to print the forms.

7. Click **OK**.

8. Review and verify alignment by laying the sample over the actual form. If alignment adjustments are needed, please call support.

9. Once alignment is correct, print to the actual 1099 forms by repeating step 3 – 7.

10. Repeat steps 2 – 9 for each type of 1099 that you need to print.

11. Click **Close**.

Step 15: Report 1099 Information to the IRS and State

Are you issuing 250 or more 1099s?

- **Yes, we are issuing 250 or more 1099s**. You are required to submit your 1099 information electronically.

- **No, we are issuing less than 250 1099s**. Submit your 1099 information according to the instructions that have been provided to you by the IRS. You can also elect to file electronically. You may then skip to **Step 16**.

- Please note that States may have different electronic filing requirements.

Tip! **If you need to submit 1099 information using Electronic W2/1099 and the Government Reporting > Create Electronic 1099 File option is not available, please check your security settings to make sure you have access to that menu item. If you are still unable to access this menu item, please contact Civic Systems.**

Do this…

1. Open **Clarity Accounts Payable > 1099 Reporting > Organization**.

2. Click on the **Federal** tab and then the **Electronic Filing** subtab. Verify the 1099 Contact Information.

3. If filing your 1099s electronically with your State, click on the **States** tab and then the **Electronic Filing** subtab and review the Electronic Filing information for your state.

4. Open **Clarity Accounts Payable > 1099 Reporting > Create Electronic 1099 file**.

5. Verify the **Tax Year**, **File Name**, and **Authorized employee's Transmitter control code** (this number must be applied for through fire.irs.gov; please note that it will take between 7-30 days for the registration to be completed and that the FIRE site is down for annual maintenance between November 25, 2023 and January 5, 2023). If you are creating a file for your state and don't have a transmitter control code, enter five (5) zero's.

6. Click the **GO** button.

7. The IRS made a change to the 1099 electronic file format late in the year in 2021. As a result, we need to perform some additional steps to modify the format to conform with the IRS. Please follow these additional steps. If your organization resides in **WISCONSIN**, there are some additional steps that need to be followed: please skip steps 7.a. through 7.f. and go to step 7.g. below.

   a. Go to our 1099 editor webpage by clicking here.

   b. From the **Select the Edit Type** drop-down, select **Generic 1099**.

   c. You do **NOT** need to enter anything in the **State Account Number** field.

   d. Click the **Browse button and** find the 1099 file created in steps 4 - 6. If you are unsure where the file was saved, check the start in folder. You can find what your start in folder is by looking in the lower left of Clarity (see example below). Click **Open**.
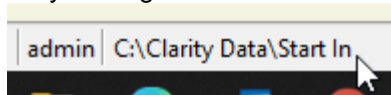
   e. Click the **Convert** button. This will create a .zip file in your downloads folder. Find that .zip file in your downloads folder and double-click on it to extract the files. We will use these files to upload to the appropriate sites. The file with an "A" in the title is the Miscellaneous forms and the file with NEC in the title is the Nonemployee Compensation forms.

   f. If you need to upload

   g. Continue to Step 8.

   Wisconsin Steps

   h. Go to our 1099 editor webpage by clicking here.

   i. From the **Select the Edit Type** drop-down, select **WI Clarity 1099**.

   j. Enter the **State Account Number**. Enter this number with no dashes.

   k. Click the **Browse button and** find the 1099 file created in steps 4 - 6. If you are unsure where the file was saved, check the start in folder. You can find what your start in folder is by looking in the lower left of Clarity (see example below). Click **Open**.
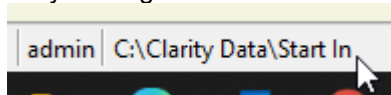
   l. Click the **Convert** button. This will create a .zip file in your downloads folder. Find that .zip file in your downloads folder and double-click on it to extract the files. We will use these files to upload to the appropriate sites. The file with an "A" in the title is the Miscellaneous forms and the file with NEC in the title is the Nonemployee Compensation forms.

   m. Go the WI Department of Revenue website by clicking here.

   n. Select **Ready to Transfer EFW2** and follow the steps.

8. Upload the federal file extracted in either step 7.e. or 7.l. above to the FIRE site. Check back in a few days to confirm acceptance of the file.

Step 16: Update Year-End

To update the system to the new calendar year, follow these steps.

1. Open **Clarity Accounts Payable > Organization > Organization**.

2. Change the **Current year** to the appropriate calendar year.

    Current year: 2022

3. Click **Close**.

Step 17: Delete History (optional)

To delete history, follow these steps. This step is optional. This routine will delete invoices, checks, PO's, and requisitions that are paid/closed prior to the number of years of history shown and set in **Organization**.

1. Open **Clarity Accounts Payable > Organization > Delete History**.

2. Click the **GO** button on the tool bar.

Congratulations!

You have completed the Accounts Payable Year-end Closing!