

Bookkeeping

So what goes on the accounting and bookkeeping departments? What do these people do on a daily basis?

Well, one thing they do that's terribly important to everyone working there is Payroll. All the salaries and taxes earned and paid by every employee every pay period have to be recorded. The payroll department has to ensure that the appropriate federal, state and local taxes are being deducted. The pay stub attached to your paycheck records these taxes. They usually include income tax, social security taxes plus employment taxes that have to be paid to federal and state government. Other deductions include personal ones, such as for retirement, vacation, sick pay or medical benefits. It's a critical function. Some companies have their own payroll departments; others outsource it to specialists.

The accounting department receives and records any payments or cash received from customers or clients of the business or service. The accounting department has to make sure that the money is sourced accurately and deposited in the appropriate accounts. They also manage where the money goes; how much of it is kept on-hand for areas such as payroll, or how much of it goes out to pay what the company owes its banks, vendors and other obligations. Some should also be invested.

The other side of the receivables business is the payables area, or cash disbursements. A company writes a lot of checks during the course of year to pay for purchases, supplies, salaries, taxes, loans and services. The accounting department prepares all these checks and records to whom they were disbursed, how much and for what. Accounting departments also keep track of purchase orders placed for inventory, such as products that will be sold to customers or clients. They also keep track of assets such as a business's property and equipment. This can include the office building, furniture, computers, even the smallest items such as pencils and pens.