**7-4 Finding and Correcting Errors on the Work Sheet**

A. Correcting Accounting Errors on the Work Sheet

1. Supplies may not have been posted from a general journal to the general ledger supplies account.

a. Omission may not be discovered until the worksheet’s trial balance doesn’t balance.

b. Information may be transferred incorrectly from general ledger accounts to the

 worksheet’s trial balance.

c. Recording adjustment information incorrectly.

d. Adding columns incorrectly.

 2. Any errors found on a worksheet must be corrected before any further work is completed.

 a. If any incorrect amount is found on a worksheet, erase the error and replace it with the correct

 amount.

 b. If an amount is written in an incorrect column, erase the amount and record it in the correct

 Column.

B. Checking for Typical Calculation Errors

1. Find the Difference - If two column totals are not in balance, subtract the smaller total from the

 larger to find the difference.

2. If the difference is 1, ($.01, $.10, $1.00 or $10.00) the error is most likely in addition. Add the

 columns again.

 3. The difference in the two column totals can be divided evenly by 2 with no remainder.

a. Look for the amount. If the amount is found, check to be sure it has been recorded in the

 correct DR or CR column.

b. If the error is not found on the work sheet, check the general ledger accounts and general

 journal entries.

4. The difference between the two column totals can be divided evenly by 9 with no remainder.

 a. Look for transposed numbers. 78=87 to = ot

b. Check for a “slide” - when numbers are moved the the right or left in the amount column.

 (+/- in a 0)

5. The difference between the two column totals is an omitted amount.

a. Look in the ledger and journal for an amount equal to the difference.

b. An acct. balance may not have been extended.

C. Checking for Errors in the Work Sheet (Correct all errors found on the Work Sheet)

 1. Checking for Errors in the Trial Balance Column

 a. Have all account balances been copied in the Trial Balance Column correctly?

 b. Have all general ledger account balances been recorded in the correct Trial Balance

 Column?

 2. Check for Errors in the Adjustments Columns

a. Do DR = CR check (a), (b) etc.?

b. Is the amount for each adjustment correct?

 3. Check for Errors in the Income Statement and Balance Sheet Columns

a. Have ALL balances been extended?

b. Did you copy each extended amount correctly?

c. Are Net Income/Loss calculated correctly?

d. Are Net Income/Loss in the correct column?

D. Correcting an Error in Posting to the Wrong Account

 1. If a pair of work sheet columns don't balance and you cannot find an error, look for an error in

 posting from the general journal to the general ledger.

 2. Have all amounts that need to be posted actually been posted to the general journal?

a. If not, complete the posting.

 b. Recalculate the account balance and correct it on the work sheet.

 3. Have all amts. been posted to the correct accounts?

 a. ~~Draw a line through the entire incorrect entry.~~

 b. Recalculate the balance and correct the work sheet.

 c. Record the posting in the correct account.

 d. Recalculate the account balance.

 e. Correct the work sheet.

E. Correcting an Incorrect Amount and an Amount Posted to the Wrong Column

1. Errors may be made in writing amounts in general ledger.

2. Errors in permanent records should never be erased!

3. Correcting an Incorrect Amount

 a. ~~Draw a line through~~ the incorrect amount.

 b. Write the correct amount just above the correction in the same space.

 c. Recalculate the account balance, and correct the account balance on the worksheet.

 4. Correcting an amount posted to the wrong column.

 a. ~~Draw a line through the incorrect item in the account.~~

 b. Record the postings in the correct amount column

 c. Recalculate the account balance, and correct the worksheet.

F. Checking for Errors in General Journal Entries

 1. Do DR = CR in every entry?

 2. Is the journal entry amt. recorded in the correct journal column?

 3. Is information in the Account Title Column correct for each general journal entry?

 4. Have all transactions been recorded?

G. Preventing Errors

 1. Work Carefully!

 2. Check work after each step.

 3. Most errors occur in doing arithmetic = use a calculator.

 4. When you find an error do no more work until the cause of the error is found and corrections are

 made.