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Top Month-End Closing Tips for Dealership Accounting Teams

One of the most critical processes for dealership accounting teams is month-end closing. A smooth close requires structure, discipline and proactive communication across departments. By implementing clear cutoffs, assigning responsibilities and maintaining rigorous review standards, dealerships can avoid costly errors and ensure that financial statements reflect true performance. Below are nine practical steps to streamline your month-end close and build confidence in your reporting..

Establish Hard Cutoffs

To ensure a smooth month-end close, establish a hard cutoff for vehicle deals and have sales management review and approve all deals before sending them to accounting. Instruct parts and service teams to close as many R.O.'s and parts slips as possible, review open RO lists and voided document reports and provide the WIP report. Finally, confirm that all payables, parts statements, third-party transactions and credit card activity have been posted accurately to maintain clean financial records.

Review Schedules and Reconciliations

Assign responsibilities for each reconciliation and schedule review to specific team members and establish a timeline to keep the process on track. All schedules should be submitted to the controller for final review promptly after the deal posting cutoff (second day of the month in a perfect world), and bank and credit card accounts must be fully reconciled monthly by someone that has no cash handling responsibilities.

Accrue Payroll and Bonuses

Payroll should be accrued to coincide with the month end date and bonus calculations should be verified by an independent employee to prevent costly errors. Typically, department managers handle bonus calculations while accounting verifies them (or vice versa). It's important that both employees involved in bonus calculations have access to the underlying pay plans. The reviewer isn't simply testing the mathematical calculations. Before processing payroll, submit the payroll ledger to the dealer or designated representative for approval.

Calculate Statistical Amounts

Accuracy in statistical reporting is often overlooked during the closing process, and errors can discredit your work and distort manufacturer calculations. Simple mistakes—such as reporting 760 employees instead of 76, listing negative used vehicle inventory counts or erroneously marking all receivables as current may not impact the bottom line, but can create serious concerns for dealers and financial partners (banks, accountants, etc.).

Develop Preliminary Financials and Reports

The controller should prepare (or review – depending on your office structure) preliminary financial statements and confirm that department totals align with expectations. Be prepared to compare accounting results to desk logs and parts and service management reports. Review variances with departmental managers, perform trend analysis to catch missing expenditures, and check the balance sheet for obvious misstatements like debit balances in credit balance accounts. Finally, assess income statement profitability for reasonableness and identify any mapping issues that could distort reporting accuracy.

Prepare for Questions

Most dealers are fairly predictable when it comes to their financial statement review process, so anticipating their questions is key to being prepared. If you've already reviewed departmental results with managers, you'll have a clear understanding of significant events that occurred during the month and how they impact the financial statements. This proactive approach ensures confidence and accuracy during dealer reviews.

Review Final Financial Statements with Dealer

Controllers should not shy away from discussing financials with the dealer, as a well-managed accounting process helps minimize issues and builds trust. Use insights from departmental reviews to provide clear answers and deliver an analysis of key metrics, whether based on predetermined KPIs or significant dealership events.

Submit Financial Statements

Before submitting, take a final review of the financial statements to ensure accuracy and completeness. Work through any manufacturer-imposed verification process, clearing all errors, and save submission verifications for your records.

Archive Month-End Reports

Initiate month-end archiving as soon as possible after submitting financial statements to maintain organized records. Evaluate the documents scheduled for archiving to ensure completeness, and consider adding any relevant files. Finally, check archive reports for errors to confirm accuracy.

Closing the books doesn't have to be chaotic if sound office procedures are enforced throughout the month. These best practices not only minimize errors but also strengthen trust with dealers and stakeholders. Start implementing these strategies today to set the foundation for accurate, timely and insightful financial reporting.

How Can Schneider Downs Help?

If you would like support strengthening your accounting operations or considering outsourced options, our team is ready to help. We have team members with CFO and Controller backgrounds in the dealership space, giving us a practical understanding of the daily demands your team faces. To discuss these resources or learn how we can support your dealership, please contact us at contacts@schneiderdowns.com.



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