

## Keeping Accurate Digital Records

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Accounting software can greatly improve the financial record-keeping of farms and ranches. However, it is not a foolproof method of record-keeping. Like handwritten records, there is always potential for an error, either by the bookkeeper entering the information or by the bank itself. Here are some tips for keeping more accurate digital records, regardless of the software you use.

Like other ledgers, transactions should be recorded when a transaction is authorized. For example, when the check is written, or when the deposit is made, not when it clears the bank. Many accounting software packages allow you to print checks directly from the program. This feature automatically enters the transaction into the software, streamlining the bill paying and entry process into a single step.

Once you are in the habit of recording transactions in your accounting program, you may want to add more detail such as categorizing transactions for tax purposes. This is where financial software truly shines over handwritten records. Many programs will allow you to run reports for these tax categories, making tax reporting much easier. Most accounting software packages also have budgeting features, allowing you to compare your current expenditures to your annual budget. These features allow you to view your transactions in a different format and can be useful to catch entry errors.

Another advantage of digital records is the ability to download transactions and have them automatically post to the financial software. This reduces the amount of time spent entering transactions. However, do not let this ease make you complacent in updating your digital ledger regularly. Delaying the entry process can make categorizing and reconciling more difficult due to the sheer number of transactions you may be dealing with.

Reconciling is an extremely important step of keeping financial records, especially if you are using an accounting software as your primary ledger of accounts. Reconciling is important for two reasons. First, it ensures the accuracy of the record. It is easy to leave off or add an extra “0” when entering a transaction. Secondly, if done consistently, it helps keep your financial records up to date. Many computer programs also have reconciling features, that make the reconciling process easier. [This article](#) outlines the process of reconciling.

Some software programs will allow you to attach digital copy of a receipt or invoice to each transaction. The use of receipts and invoices are two-fold: (1) reconciling for accuracy and (2) documentation for tax purposes. It is important to keep adequate documentation for all tax-deductible expenses. Read more about tax documentation on the [IRS website](#).

Digital records can be very beneficial for farms and ranches if they are kept consistently and accurately.

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