# Background

Joint checks have been used for years in the construction industry to protect owners and contractors against liens and claims by second tier subcontractors. The typical scenario is when the owner or prime contractor pays its subcontractors for work billed, but the subcontractor does not pay its subcontractors (second tier subs) or material suppliers. As a result, the owner or prime contractor has to expend resources defending themselves from duplicate claims. Sometimes this results in having to pay the second tier subcontractors then taking measures to recoup the extra payments from the offending subcontractor.

A simple solution to mitigate this risk is to issue joint checks. Joint checks are made payable to both the subcontractor and second tier subcontractors. By doing so, the subcontractor (really the contractor) is guarantying the second tier subs will be paid.

### Setup

A Joint Check Clearing bank needs to be setup.

From the Company menu select Bank Accounts.

🙆 aje	eraComplete - Elementz Engi	ineering -	Pat D. H	Hill	
File	Company Setup Manage	Reports	Inquiry	Window	Help
	Bank Accounts		1		
	Financials	•	<u> </u>		
T.	Payroll	•			E

Click New

0	Bank Account List	x
6	8 📅 🗄	2
	Name	•
Þ	American Express	
	Chase	=
	Chase - Payroll	-
	Close Edit New Copy Delete Help	

Liner the descrip	tion as Joint Check Clearing	5 ·	
🞯 New Bank Account			- • •
Status Active -	]		
General Address	Accounts Contacts Attachments Notes		
Name	Joint Check Clearing		
Branch		Account type	Bank 🔻
Account number		Credit limit	0.00
Description		Vendor	
Last check number	0		Payroll direct deposits
Phone Numbers	\$		
Fax			
Email			
Website			
		Close	Save Cancel Help

Click to the Accounts tab and click the lookup button to on the right side of the Cash account field. Assign an existing account or follow the instructions to add a new account.

le New Bank Account	- • •
Status Active -	
General Address Accounts Contacts Attachments Notes	
Department Corporate	
Bank	
Cash account	
Bank charges account	
Interest income account	
Interest expense account	
Credit card	
Payable account	
Late charges account	
Interest charged account	
Close Save Cano	el Help

Enter the description as "Joint Check Clearing".

0	Account List			×
6	3			🖬 📾
	ID	Description	Account Ty	Account Group
Þ	1110	Bank Account - Checking	Current Asset	Cash
	1120	Bank Account - Payroll	Current Asset	Cash
	1130	Petty Cash	Current Asset	Cash
	1140	Pending Deposits	Current Asset	Cash =
	1210	Accounts Receivable	Current Asset	Receivables
	1220	Employee Receivables	Current Asset	Receivables
	1230	Notes Receivable	Current Asset	Receivables
	1310	Work In Progress- Labor	Current Asset	Work In Progress
	1320	Work In Progress - Expenses	Current Asset	Work In Progress
	1330	Work In Progress - Consultants	Current Asset	Work In Progress
	1400	Allowanes for Pad Dabt	Current Asset	Other Current Accests
	<u><u> </u></u>	ose <u>S</u> elect <u>E</u> dit <u>N</u> ew	Сору	<u>D</u> elete <u>H</u> elp

To add a new account, click the New button

Enter the description as show. Assign an account number to flow with the existing chart of accounts.

New Account	
Status Active	▼
General Attachmer	nts Notes
Description	Joint Check Clearing
ID	1190 V Allow journal entries
Account type	Current Asset
Account group	
	Close Save Cancel Delete Help

### Click Save when finished.

Assign the remaining accounts based on your chart of accounts.

le New Bank Account	
Status Active 👻	
General Address Accounts Contacts	Attachments Notes
Department	
Bank	Check Clearing
Desk shares account 9220 Peol	
Bank charges account 6330 bank	
Interest income account 5110 inter	
Interest expense account about inter	est Expense
Credit card	
Payable account	
Late charges account	
Interest charged account	
	Close Save Cancel Help

Click Save. The new bank account should appear as shown below.

Sank Account List	• 🔀
<i>₽</i>	1
Name	
Chase - Payroll	
Joint Check Clearing	
VISA - Chase	
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## Workflow

When joint checks are issued, they are typically not deposited into the subcontractor bank. They are typically endorsed by the subcontractor and forwarded on to the second tier sub for deposit into their bank. The following assumes that scenario.

#### Step 1 – Record the receipt and deposit of the Joint Check.

From the Manage men	u, select Client Receipts	
🕝 ajeraComplete - Eler	mentz Engineering - Pat D. Hill	
File Company Setup	Manage Reports Inquiry Wir	ndow Help
	Time & Expense	
	Payroll	
Tasks	Schedule	Ba
	Vendor Invoices	
Setup Projects	Vendor Payments	
Setup Clients	In-house Expenses	\$26,002
Setup Vendors	Client Invoices	
Satur Employees	Finance Charges	
	Client Receipts	

Enter the appropriate receipt data as shown. The check number should be the joint check number. Click Save when finished.

Manage Client Receipts										
New Deposits Existin	ig Prepayme	ents								
Type Client Receipt *	Client Anderson C	onstruction		••• •	Project					
Receipt date 10/31/12 T	lethod Check	-	12345		ABA				Ō	
				D.11	Notes	2	0.1 T			
Project	Invoice 00354	Date ∆ 07/11/12	7 818 09	Paid 5 000 00	Credited	318.09	Sales Lax	Pay	Amount 2 500 00	Sales
O3-138 Highland Shopping Center	00361	08/08/12	41 240 00	0,000.00		41 240 00			2,000.00	
+ 03-138 Highland Shopping Center	FC-Month1-0001	08/25/12	20.85			20.85				
+ 03-138 Highland Shopping Center	00369	09/07/12	29,925.00			29,925.00				
+ 03-138 Highland Shopping Center	FC-Month2-0002	09/26/12	430.88			430.88				
									2,500.00	0
										-
Prepayments										
Project			Pay A	mount						
				0.00						
			le be	lance				_		
			in Da	lance						
			Close	Edit	Save	Cancel	Print		/oid/NSF	Help

Click to the Deposit tab, and click New Deposit.

Manage Client	Receipts					
New	Deposits Existing	Prepaym	ents			
T All de	posits for 11/01/12 to 11/30/12					
	Bank	Date	Reference	Receipts	Amount	New Deposit
					00.03	
	•				00.00	
	L					
	[	<u>C</u> lose	<u>E</u> dit	<u>S</u> ave (	ancel Print	<u>V</u> oid <u>H</u> elp

Select the Joint Check Clearing bank, enter the deposit date and select the joint check receipt entered in the previous step. Click Save when finished.

Manage Cl	ient Receipts								
New	Deposits	Existing Pre	payments						
Bank ac	ccount Joint Ch	eck Clearing Depos	sit date 10/31/12 - Ref	erence		Notes		•••	0
	Date	Receipt Type	Client / Payer	Amount	Method	ID	ABA	Deposit	
	12/31/12	Miscellaneous Receipt	StateFund	1,000.00	Check	456			
	09/12/12	Client Receipt	Anderson Construction	41,240.00	Check				
_	10/31/12	Client Receipt	Anderson Construction	2,500.00	Check	12345		<b>V</b>	>
	09/12/12	Client Receipt	Dawson Developers	23.584.12	Check		<b></b>		
	12/31/12	Client Receipt	Milwaukie Hospital	7,500.00	Check				
	• 09/12/12	Client Receipt	Portland Public Schools	30,532.50	Check				
	Ne	ew deposit	Total receipts 1	06,356.62		Total	deposit 2,500	0.00	
	<u>C</u> lose <u>E</u> dit <u>Save</u> <u>Cancel</u> <u>P</u> rint <u>V</u> oid <u>Help</u>								

#### Step 2 - Record the vendor payment.

From the Manage menu, select Vendor Payments.

🎯 ajeraComplete - Eler	nentz Engineering - Pat D. Hill	
File Company Setup	Manage Reports Inquiry Wir	ndow Help
	Time & Expense	
My Dashboard	Payroll	
Tasks	Schedule	Balanc
Setup Projects	Vendor Invoices	
	Vendor Payments	\$71,6
<b>— — — — — — — — — —</b>		

Locate the invoice that needs to be cleared and click the Pay button.

0	Vendor Payments										×
	Vendor	∆ Туре	Invoiced	Paid	Hold	Due	Pay	Amount	Write-off	Amount	*
	+ American Express	Credit Card	512.20	0.00		512.20					
	+ BVA Group	Electrical Consultant	2,600.00	0.00		2,600.00					
	+ Fortis, CPA	Professional Services	1,500.00	0.00		1,500.00					
	+ Global Blueprinting	General Office	655.00	0.00		655.00					
	🕂 James N. Singer	Employee	-2.50	0.00		-2.50					
	+ Kris N. Kingsley	Employee	42.50	0.00	-	42.50					
$\triangleleft$	+ Lewis Consultants	Mechanical Consultant	2,500.00	0.00		0.00	<b>V</b>	2,500.00		$\supset$	=
	+ Mark A. Royce	Employee	74.65	0.00		74.65	F				
	+ Mary T. Boyle	Employee	10.00	0.00		10.00					
	+ Paul J. French	Employee	57.75	0.00		57.75					
	+ Willamette Office Supply	General Office	1,052.00	0.00		1,052.00					
			28,501.60	0.00		26,001.60		2,500.00		0.00	-
	Close Save Cancel Print Help										

Select the Joint Check Clearing bank; enter the same check number and date used for the deposit. Click Ok when finished.

Print Checks	×
Bank account	Joint Check Clearing
Starting check number	12345
Check date	10/31/12 -
Total check amount	2,500.00 🔻
Write-off date	11/02/12 🔻
Total write-off amount	0.00 🔻
ſ	OK Cancel Help

#### **Step 3 - Reconcile the Bank.**

From the Manage menu, select Bank Register.

G ajeraComplete - Elementz Engineering - Pat D. Hill								
File Company Setup	idow Help							
	Time & Expense							
	Payroll							
Tasks	Schedule	Ba						
	Vendor Invoices							
Setup Projects	Vendor Payments							
Setup Clients	In-house Expenses	\$26,002						
Setup Vendors	Client Invoices							
	Finance Charges							
	Client Receipts							
🚺 Manage Time & Ex	Bank Register							

Click the Reconcile Tab. Enter a statement date and leave the balance blank or zero. Clear the related deposits and checks. The activity should offset to zero. Click Save when finished.

м	anage Bank R	egister								[	-	
F	Register R	econcile										
	Bank account	Joint Check Cl	earing E	ank statement	Date	Ending Bal	ance	Closed	1	lotes		*
	_				06/27/12						Ū	=
	All type	s			10/31/12		-				Ū	
_					.1.							-
	Date ∆	Туре	Payee	Check Number	Reference	Payments	Dep	posits	Cleared	Reconciled		
Þ	10/31/12	Deposit						2,500.00	<b>V</b>	<b>V</b>		
	10/31/12	Check	Lewis Consultants	12345		2,500.00			$\checkmark$	<b>V</b>		
		E	Begin 0.00 Depos	sits 2,500.00	Paymen	ts 2,500.00	End	0.00	Rema	in 0.00		
				Close	Edit	Save	Ca	ancel	Delete	Print		lelp