

# XXXXXX Law Group XXX

## QuickBooks Diagnostic Review

### Report of findings and recommendations

Prepared by:



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## QuickBooks Diagnostic Review

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Period Reviewed:

01/01/2021 - 12/31/2021

# Findings and recommendations

## Banking (bank and credit card accounts)

### Purpose of review:

- We verify whether all bank and credit card accounts are reconciled to the statements and that there are no old or unreconciled items.
  - This ensured that all banking transactions are recorded in QuickBooks and that there are no old uncleared transactions or duplicates that may distort the bank and credit card balances.
  - Inaccurate banking transactions lead to incorrect reports and inaccurate balances that will distort the tax return.
  - FYI – the IRS expects bank and credit card accounts to be reconciled. All good accountants and bookkeepers reconcile bank and credit card accounts.

BANK/CREDIT CARD ACCOUNT	Last date reconciled	Are there old uncleared items (+30 days)? ***	Any auto adjustment/ and/or changes? ***	Bank feed connected?	Old transactions in bank feeds window? ***
Business Checking 1234	3/31/2021	YES		YES	1274 transactions from 4/1/2021 to 2/4/2022
Business Savings 1234	3/31/2021	YES		YES	11 transactions from 4/30/2021 to 12/27/2021
Quickbooks Checking Account		YES		No not since 2/1/2022	11 transactions from 10/03/2021 to 1/1/2022

## Findings:

## Recommendations:

- Prepare bank reconciliations from March to December 2021.
- Review and clean old uncleared items in the bank reconciliations.
- Adjust Reconciliation opening balance difference – Chase Bank.
- Add/Match transactions in the bank feeds from January to December 2021.

## Review of Undeposited Funds account

### Purpose of review:

- To determine whether there are old balances in the Undeposited Funds account. Old balances may be an indication of duplication of income or merchant service transactions being declined.

### Findings & Recommendations:

- No Undeposited Funds found

## Profit & Loss review

### Purpose of review:

- We review accounts on the Profit & Loss report for miscategorized transactions, uncategorized transactions, and meaningful account groupings.

### Findings & Recommendations:

- Clean up Square Fees- account is showing a negative balance which is incorrect.
- Clean up and re-categorize Unapplied Cash Payment Income totaling \$10,250.
- Clean up and re-categorize Services income account – account includes 6 transactions totaling \$7,440.
- Verify lease payments due to varying amounts.
- Verify workman's comp insurance and payments.
- Verify what's going on with payroll.
- Verify Employee benefits healthcare charges.
- Clean up and properly record amounts recorded as Deposits.
- Clean up and re-categorize Uncategorized Expenses – account includes 27 transactions totaling \$993.09

## Balance Sheet review

### Purpose of review:

- We review accounts on the Balance Sheet for miscategorized transactions, uncategorized transactions, and meaningful account groupings.

### Findings & Recommendations:

- Clean up negative balance of \$5,766 in Accounts Receivable account.
- Review amount due from Shareholder.

- Review and clean up Opening Balance Equity account.

## Review of the Accounts Receivable Aging

### Purpose of review:

- To review for old balances in the A/R aging. The A/R aging should reflect balances that are expected to be collected so that management can use the A/R aging to forecast cashflow.

### Findings & Recommendations:

- Clean up negative balances in the Accounts Receivable aging totaling \$5,766.00

## Report formatting and chart of accounts

### Purpose of review:

- We review the formatting of the Balance Sheet and Profit & Loss reports to determine whether these reports provide meaningful information to management.

### Findings & Recommendations:

- Reformat the Profit & Loss formatting for more meaningful reporting for owners and members of management
- Assess whether Class tracking is being used effectively.
- Assign classes to transactions that are not assigned to a Class.

## Products and services list

### Purpose of review:

- We review the products and services list to ensure that items are properly classified and that items are correctly mapped to income accounts.

### Findings & Recommendations:

- Review the products and services list and correctly map items to income accounts.

## Payroll

### Purpose of review:

- We review the payroll mapping (for QuickBooks payroll) or account categories used to record payroll (third-party payroll) to ensure that payroll expenses and liabilities are correctly recorded.

### Findings & Recommendations:

- Review and clean up payroll mapping for Payroll Expenses and Employee Wages.

## Overall recommendations

### Clean-up and reconciliation services to include:

- Clean-up of accounts as described in our report.
- Reconciliations of bank and credit card accounts as described in our report.

## Coaching:

- Coaching on how to record customer payments and how to work with Undeposited Funds.
- Coaching on how to record loan payments and loan interest.
- Coaching on how to avoid having transactions in the Unapplied Cash Payment Income and Unapplied Bill Payment Expense accounts.
- Coaching now to enter sales tax payments in the Sales Tax Center.

## Other services:

- Services provided by Howard Tax Prep LLC (monthly or quarterly) may include:
  - Prepare bank and credit card account reconciliations.
  - Review transactions.
  - Clean up transactions as needed.
  - Provide feedback on transactions cleaned up.
- Other:
  - We can provide additional accounting, payroll, advisory, and technology integration services as the company grows.