



22 of the Best QuickBooks Checkpoints

You have been using QuickBooks for sometime. You set it up yourself and you are quite proud of what you have accomplished. But you heard about the expertise of See Clearly (SCAC) accountants. You want to see if your file will stand the test of a SCAC checkpoints test.

Product information

- 1 Press Ctrl – 1 to view product information.
 - .1 Do you have the most recent version and most recent release?
 - .2 Scan the List Information. The total limit for all lists is 14,500 and the individual limit for each list is 10,000. If you are close to this limit, you had better delete some old unused items. We understand these numbers will be higher with QuickBooks 2008.

File location

- 2 Is it in a separate folder accessible only to the accounting group? See the location on the product information screen. Does it get backed up everyday? Can it be restored? When was the last time it was rebuilt? Rebuild it. Size before rebuilding _____; size after rebuilding _____.

Preferences and defaults

Look at 22 of the Best QuickBooks Tips for Business. Do not accept the defaults in the Preferences. Set up your own preferences that will allow you to work productively. Here are some preferences we have found effective.

- 3 Under general preferences: Have you specified to press Enter for moving between fields to avoid accidentally entering a transaction before you are finished (the default use of Enter)? Do you have QB enter the decimal so that you don't waste time doing it?
- 4 Under accounting preferences: Have you set the preferences so that the identifier of the accounts is the lowest level of account number and name (select "show lowest sub account only")? Have you considered each of the other preferences to make certain they have selected the best one?
- 5 Under reports & graphs preferences: In the reports section, select Name and description; this doubles the naming from 31 characters to 62 characters, and is often necessary or worthwhile.

Chart of accounts and classes

- 6 Have you brought order and organization to your records and reports by designing a chart of accounts that uses account numbers, as well as names?
- 7 Have you organized the expenses by categories so that the 20 to 25 major expense categories will print on a single page? Within each of the categories, have you included the applicable natural expense accounts (as sub accounts of the Category control account)? For example do you have a Category for training? Within that category of accounts do you have natural expense accounts for seminar and course fees, for conference fees, for travel, for intracity travel, for accommodation, for meals, etc? Do you have reports by natural expense account so that you can analyse expenses?
- 8 Are you using the Class feature? Classes are a powerful feature of QuickBooks. If you are not aware of the Class feature of QB, think of it this way:
 - .1 your Chart of Accounts gives you vertical control over recording of and reporting on transactions;
 - .2 your Classes give you horizontal control over recording of and reporting on transactions. Don't restrict their use for one purpose. Use them as you wish. There are few businesses using QuickBooks that have to use Classes for only one purpose.
- 9 If you print an income statement for all years, will the transactions print for the current years or will they spread over too many years? If you are using Classes, when you print an income statement, will you find a number of "Unclassified" transactions?

Processing transactions

- 10 Do you use the Name field for every transaction, even a journal entry? Do you Always use the Memo field when you record transactions? Your Memo will enable the reviewer to agree with the account you charged and the accounting period you charged.
 - .1 Use PrintScreen to provide a hard copy of the transactions you recorded.

Fixed asset transactions

- 11 When you record an invoice for the purchase of more than one fixed asset, do you record each asset on a separate distribution line with the complete description of that asset in the Memo field? Include as much information as possible to clearly describe the asset. You may want to use a Class to identify the department and user of the asset. Even better use the Fixed asset item list that QuickBooks provides for controlling fixed assets.

Prepaid expense transactions

- 12 When you record bills in Accounts Payable – Enter Bills, and one of the bills is a prepaid expense, do you use a Class specific to that prepaid? And do you immediately create a memorized transaction to write off the prepaid expense over the period(s) it relates to? Remember to include the Class.

- 13 Using Classes will eliminate a requirement to prepare a spreadsheet to control your prepaids.

Pay Bills

- 14 When you receive a vendor's bill, are you tempted to use Write Checks to pay it? Don't be tempted. Record it using Enter Bills. Pay it, and all your other bills, using Pay Bills. This will save you a lot of time. Besides you add credibility to your transactions if you process them all using Enter Bills.

Transactions with sales tax (GST)

- 15 When you enter bills, do you save yourself some grief and enter the GST on the first line of the distribution section? We recommend that you not use the Tax column.
- .1 When you set up your chart, use one account for the GST collected and one account for the GST paid.
 - .2 This will enable you to easily prove the amounts when you prepare the GST return. It is important to prove the amounts when you prepare a GST return.

Reporting

- 16 Do you have a list of memorized reports?
- .1 Decide what reports you will need and set up memorized report groups.
 - .2 Give each group a one, two, or three code so that there is a link between each report and each report group.
 - .3 Don't forget to precede the report name or title with the code for the report group.
 - .4 And use the GL account number after the code to force the reports into logical order.
 - .5 Almost every report you create, you will need again – memorize it in the appropriate report group.
 - .6 We suggest that you memorize each report at least twice, to make sure you can find it and to make sure that you can use it.
- 17 Do you restrict your reporting to the standard comparison of This Year Actual to Last Year Actual?
- .1 Use the period dates to create reports that will give you the vision to see your progress clearly.
 - .2 Use the choices under columns to set up a series of reports for relevant periods, such as one week, 4 weeks, 12 months etc.
 - .3 This will show you some trends.
- 18 Do you use the subtitle of reports to your best advantage? The default option is the date of the report. This may not be the best purpose.
- .1 Take advantage of the subtitle to more clearly explain the purpose of the report or to give instructions to someone using the report.

- .2 Remember each report also has a footer.
- 19 Have you received a list from your external accountants of the reports they need to perform their work? Set up a separate section of your memorized reports for your accountants (P or PBC's = Prepared by Client). Include in your PBC (or shorten to P) group all the reports that your accountants will need to do their job effectively. You can print the reports or give the file to your accountants to print. Setting up these reports should save you money, and printing the reports (with a Table of Contents) may also save you money. You may also want to look at the objective of each working paper (as set out in our Standard Chart of Accounts).
- 20 Do you go beyond the QuickBooks reporting, which Intuit encourages you to do? You don't have to limit your reports to those prepared by QuickBooks, although they are very extensive. You can export almost any QuickBooks report to Excel, where you can enhance it to include information to help you manage your business.
- 21 Have you spruced up the retained earnings section of your balance sheet? The QuickBooks sample report does not follow the logical sequence of Balance beginning, Net income, Dividends paid and Balance ending. You can create offset accounts and make use of them to present a neat retained earnings section (but you do not actually select the offset accounts for printing).

Systems

- 22 Have you written systems and are your systems good enough that you can hire a high school student to reconcile your bank account? Does your bank get reconciled each week or more often if it takes more than one hour? That may mean that the student reconciles your account once a day. But it frees up more experienced personnel.
 - .1 Document your systems so that new team members can quickly become productive and all transactions will be recorded consistently.
 - .2 Use PrintScreen to assist in your documentation. Include whatever images you need, such as the Table of Contents of reports for your accountants, samples of processing transactions, etc.

Bonus checkpoints - continual improvement

Job costing

- 23 If you are a contractor dealing with jobs that take several months or more to complete, do you record your contract revenues and expenses on your balance sheet until a job is complete?
- 24 Do you use inventory items to control job phases? The inventory features of QuickBooks are versatile. Inventory items can be used for controlling factors other than inventory.

If you don't get it right the first time, try again

- 25 If you did not set up QuickBooks perfectly the first time that is not a problem. QuickBooks is very forgiving. It will let you make changes whenever you want. For example:
 - .1 if your business has changed you can revise your chart of accounts, or your classes, or almost anything.
- 26 Make effective use of the bank reconciliation feature. You can use it to reconcile almost any balance sheet account. For example, if you are using QuickBooks, instead of a spreadsheet, to account for your prepaid expenses, you can use the bank reconciliation feature to clear prepaids that have been completely amortized. Do this after the first of the year, for the prior year.