



QuickBooks File Diagnostic Checklist

REVIEW of TRANSACTIONS:

- 1) Bank accounts – Make sure that each account is reconciled to the bank statement through the closing date.
- 2) Accounts receivable – Run an A/R Aging Summary report; tie balance to Balance Sheet, and review for unusual or negative items.
- 3) Asset work –
 - a) Review repairs and maintenance for items that should have been classified as assets. Also accounts: office supplies, auto expense, gain/loss on sale of assets
 - b) Review all asset accounts for purchases/ sales. Obtain details (date, description, and price) of any transactions [purchases or sales] in the current year.
 - c) Post additions and disposals to fixed asset software; run depreciation reports; book current period depreciation.
- 4) Other Assets – Review other asset balances for proper treatment.
- 5) Accounts payable – Run an A/P Aging Summary report, tie to Balance Sheet, and review for unusual or negative items.
- 6) Loan work – For each loan, reconcile to the statement from bank or other lender, or to an amortization schedule to verify correct balance in the loan/ interest expense accounts.
- 7) Credit card accounts – All accounts must be reconciled through the closing date.
- 8) Other liabilities – Tie payroll liabilities to payroll reports based on your knowledge of what has been paid/ what is due. Include the calculation in the workpapers. Tie sales tax liability to sales tax reports based on same.
- 9) Equity accounts - (for corporations) Retained earnings must roll forward from the prior year tax balance on the Balance Sheet to the current year balance. (In QuickBooks, the Retained Earnings balance on the P&L report should equal the balance on the PY tax return; all current earnings are shown on the line “Net Income”.) Tie the Net Income amount to the P&L.
- 10) Zero balances – Opening balance equity, miscellaneous expense, transfer between accounts, or suspense accounts must be zero. Investigate and reclassify any transactions.
- 11) Review the P&L and compare figures to prior year, looking for reasonableness and for negative balances. All negative balances should be reviewed to determine if reclassifications are in order.
- 12) Review the comparative Balance Sheet, looking for significant changes, negative balances, or other questions for the client.