



**Bizzy Bee**  
**Bookkeeping**

BOOKKEEPING · SPOKANE WA

FREE GUIDE · QUICKBOOKS CLEANUP

# The **12**-Point QuickBooks Cleanup Checklist

A step-by-step walkthrough to take your books from messy to tax-ready — reconcile what's real, clear out what's wrong, and lock it down so it stays clean.

PREPARED BY

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BEST FOR

QuickBooks Online & Desktop users

[Clean Books System](#)

**Messy books don't fix themselves — but they do follow a predictable order. Work these twelve points top to bottom and you'll catch the errors that quietly inflate your income, hide deductions, and make tax time stressful.**

This checklist is the same sequence we use at Bizzy Bee when we take on a new set of books. Each step builds on the one before it, so resist the urge to jump around. Set aside a focused block of time, pull your statements, and check off one point at a time. Menu names differ slightly between QuickBooks Online and Desktop — the path matters less than the outcome described in each step.

## BEFORE YOU START

### Gather these first

- Admin access to your QuickBooks company file or online account.
- Bank, credit card, and loan statements for every month in the period you're cleaning.
- Payroll reports and your most recent filed payroll tax returns (941 / state).
- Your last filed business tax return — it confirms your correct beginning balances.
- Sales tax returns for the period, if you collect sales tax.

In QuickBooks Online, changes save instantly and there's no "undo all" — work one account at a time and reconcile as you go. In Desktop, make a backup (.QBB) before you begin.

## THE CHECKLIST

# Twelve points, in order

## 01 Reconcile every bank & credit card account

**WHAT** Match each account in QuickBooks to its real statement, line by line, through the most recent closed month.

**WHY** Reconciliation is the foundation of trustworthy books. If accounts aren't reconciled, every report built on top of them is suspect.

**HOW** Open the Reconcile tool, choose the account, enter the statement's ending balance and date, then clear matching transactions until the difference reads \$0.00.

**RED FLAG** → A reconciliation that's "off by a few cents," or one you forced to balance with a reconciliation-discrepancy adjustment.

## 02 Empty the Undeposited Funds account

**WHAT** Undeposited Funds is a holding account for payments received but not yet deposited. It should sit near zero between deposits.

**WHY** A growing balance usually means income is double-counted or deposits were never recorded to match the bank.

**HOW** Review the Undeposited Funds register and group received payments into Bank Deposits that mirror the actual deposits on your statement.

**RED FLAG** → A large or stale balance, or customer payments parked there for months.

## 03 Clean up the Chart of Accounts

**WHAT** Review every account, merge duplicates, deactivate ones you never use, and rename for clarity.

**WHY** A bloated or duplicated chart makes categorizing harder and turns your reports into noise.

**HOW** In the Chart of Accounts, merge a duplicate by renaming it to exactly match the account you're keeping; make unused accounts inactive.

**RED FLAG** → Two accounts for the same thing (e.g. "Office Supplies" and "Supplies – Office"), or expenses living in asset or liability accounts.

## 04 Fix uncategorized & "Ask My Accountant" transactions

**WHAT** Clear out Uncategorized Income, Uncategorized Expense, and any balance sitting in Ask My Accountant.

**WHY** Uncategorized amounts distort your profit and loss and quietly bury deductible expenses.

**HOW** Run a report on each of those accounts and recategorize every transaction to the account it truly belongs in.

**RED FLAG** → Anything left in an Uncategorized account at year-end, or a growing pile in Ask My Accountant.

## 05 Scrub the A/R Aging — what customers owe you

**WHAT** Review open invoices, apply unapplied customer payments and credits, and write off invoices that are truly uncollectible.

**WHY** Overstated receivables inflate your income and can raise your tax bill on money you'll never actually collect.

**HOW** Run the A/R Aging Detail report, match received payments to their invoices, and write off bad debt to a Bad Debt expense account.

**RED FLAG** → Invoices showing open that you know were paid, or the same invoice entered twice.

## 06 Scrub the A/P Aging — what you owe

**WHAT** Review open bills, apply vendor credits, and remove bills that have already been paid.

**WHY** Overstated payables understate your profit and misrepresent how much cash you actually need.

**HOW** Run the A/P Aging Detail report, apply payments and credits to the correct bills, and delete duplicates.

**RED FLAG** → Bills marked unpaid that you already paid, or vendor credits that were never applied.

## 07 Zero out Opening Balance Equity

**WHAT** This is a temporary account QuickBooks uses during setup. Once setup is finished, its balance should be zero.

**WHY** A lingering balance means setup figures were entered incorrectly and your equity is misstated.

**HOW** Trace each entry to its source and reclassify it to the correct account — Retained Earnings, owner equity, or the asset/liability it belongs to.

**RED FLAG** → Any non-zero balance in Opening Balance Equity.

## 08 Sort out owner equity, draws & contributions

**WHAT** Separate personal activity from business, and categorize owner draws and contributions to the right equity accounts.

**WHY** Mixing personal and business spending produces inaccurate books and unnecessary audit risk.

**HOW** Reclass personal charges to Owner's Draw, record money you put in as Owner's Contribution, and keep personal expenses out of the P&L entirely.

**RED FLAG** → Personal purchases sitting inside business expense accounts.

## 09 Verify payroll wages & liabilities

**WHAT** Confirm that payroll expense and payroll-tax liability balances match what was actually run and paid.

**WHY** Payroll errors create tax-filing headaches and leave liabilities misstated on your balance sheet.

**HOW** Compare liability balances to your filed returns and tax payments, then clear stale balances tied to taxes you've already remitted.

**RED FLAG** → Payroll liabilities that never go down, or balances that don't tie to your 941 and state filings.

## 10 Reconcile Sales Tax Payable

**WHAT** Make sure the sales tax collected in QuickBooks matches what you reported and remitted to the state.

**WHY** A mismatch means you over- or under-paid sales tax — and both create problems down the line.

**HOW** Compare the Sales Tax Liability report to your filed returns, and always record payments through the sales tax module rather than a plain check.

**RED FLAG** → Sales tax paid by regular check, which leaves the liability overstated on your books.

## 11 Review the P&L and Balance Sheet for red flags

**WHAT** Read both statements for the period and look for anything that doesn't make sense.

**WHY** A quick anomaly scan catches misclassifications before they ever reach your tax preparer.

**HOW** Run a month-over-month Profit & Loss and a Balance Sheet; watch for negative balances where there shouldn't be any, suspiciously round numbers, and accounts trending the wrong way.

**RED FLAG** → Negative asset balances, negative income accounts, or expense spikes you can't explain.

## 12 Set a closing date & lock the books

**WHAT** Once a period is clean, set a closing date — protected with a password — so it can't be changed.

**WHY** Locking prevents accidental edits to reconciled periods and keeps all the cleanup you just did intact.

**HOW** In Account & Settings → Advanced (QBO) or Preferences → Accounting (Desktop), set the closing date and a password, then document what you changed and why.

**RED FLAG** → No closing date set, leaving prior reconciled months open for anyone to edit.

WHEN YOU'D RATHER HAND IT OFF

# Don't have the hours? Let Bizzy Bee clean it up for you.

If your books are more than a few months behind — or you'd simply rather spend your time running the business — we do this every day. Reach out for a free consult and we'll tell you exactly what your books need, no obligation.

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