

For Business Owners and Accountants

QuickBooks® 2010

Solutions Guide



"Laura Madeira has created an extremely valuable QuickBooks resource that belongs on every business and accountant's bookshelf"

—Rich Walker, CPA, Intuit Accountant Relations

Laura Madeira

Accountant

Member of Intuit's Writer/Trainer Network

que®

QuickBooks® 2010 Solutions Guide for Business

Owners and Accountants

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The Wordsmithery LLC

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Jennifer Gallant

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Contents at a Glance

Introduction	1
1 Creating a New QuickBooks File	5
2 Reviewing the Chart of Accounts	37
3 Reviewing the Items List	61
4 Easily Review Your QuickBooks Data	83
5 Power Reports for Reviewing Your Data	101
6 Reviewing Your Bank Reconciliations	123
7 Reviewing Accounts Receivable	141
8 Reviewing Undeposited Funds Accounts	193
9 Handling Current Asset Accounts Correctly	213
10 Reviewing Inventory	229
11 Reviewing Accounts Payable	261
12 Reviewing Sales Tax	313
13 Reviewing Opening Balance Equity Account	347
14 Reviewing Payroll	365
15 Sharing Data with Your Accountant or Your Client	411
16 Reporting Tips and Tricks	449
17 (online) Detecting and Correcting with the Client Data Review Feature	
Index	507

Table of Contents

	Introduction	
	How This Book Is Organized	1
	Conventions Used in This Book	3
1	Creating a New QuickBooks File	5
	EasyStep Interview—Overview	6
	Converting from Other Accounting Software to QuickBooks	15
	Setting Up a QuickBooks Data File for Accrual or Cash Basis Reporting	22
2	Reviewing the Chart of Accounts	37
	Understanding the Chart of Accounts	38
	Importing a Chart of Accounts	40
	Preferences That Affect the Chart of Accounts	48
	Accounts That QuickBooks Creates Automatically	50
	Methods to Troubleshoot and Correct Chart of Account Issues	51
3	Reviewing the Items List	61
	Differences Between the Chart of Accounts, Items, Classes, and Customer Types	62
	Using Item Types	66
	Finding Item Errors in QuickBooks	69
	Fixing Item Errors in QuickBooks	74
	Creating Items as Subitems	81
4	Easily Review Your QuickBooks Data	83
	Client Data Review—Improved for 2010!	84
	Choosing a Reporting Basis	85
	Reviewing the Balance Sheet	86
	Additional Data Reviews	96
5	Power Reports For Reviewing Your Data	101
	How Can These Power Reports Help Me?	102
	Troubleshoot Account Balances—Improved for QuickBooks 2010!	103
	The Working Trial Balance Window	103
	Tracking Changes to Closed Accounting Periods	105
	Using the Audit Trail Report	110
	Using the Credit Card Audit Trail	111
	Using the Voided/Deleted Transactions Summary or Detail Report	114
	Creating the Retained Earnings QuickReport	115
	Using the Ctrl+Y Keyboard Shortcut	117
	Running the Transaction List by Date Report	118
	Documenting Changes Made to a Data File	120
6	Reviewing Your Bank Reconciliations	123
	The Importance of Correct Bank Balances in Your QuickBooks Data	124
	Reconciling a Bank Account for the First Time	124
	Troubleshooting an Incorrectly Reconciled Bank Account	130
	Reconciling with an Adjustment	139
7	Reviewing Accounts Receivable	141
	Accounts Receivable Forms and Workflow	142
	Preferences That Affect Accounts Receivable	144
	Reports to Review When Troubleshooting Accounts Receivable Errors	157
	Correcting Accounts Receivable Errors	165
	Unique Customer Transactions	186
8	Reviewing Undeposited Funds Account	193
	The Purpose of the Undeposited Funds Account	194
	Preference Settings That Affect Undeposited Funds	194

	Reviewing the Balance in the Undeposited Funds Account	197
	Fixing Errors with the Undeposited Funds Account	204
9	Handling Current Asset Accounts Correctly	213
	Defining an Other Current Asset	214
	Reviewing the Other Current Asset Accounts	214
	Troubleshooting and Creating Unique Other Current Asset Account Transactions	219
10	Reviewing Inventory	229
	Overview of the Accounting for Inventory	230
	Preferences That Affect Inventory	232
	Inventory Processes and Forms and Their Effect on Accounting	236
	Reviewing and Troubleshooting Inventory Balances	238
	Correcting Inventory Errors	249
	How QuickBooks Handles Negative Inventory	253
11	Reviewing Accounts Payable	261
	Accounts Payable Forms and Workflow	262
	Preferences That Affect Accounts Payable	268
	Reports to Review When Troubleshooting Accounts Payable Errors	275
	Correcting Accounts Payable Errors	290
	Unique Accounts Payable Transactions	301
12	Reviewing Sales Tax	313
	Preferences That Affect Sales Tax	314
	Sales Tax Items, Groups, and Codes	318
	Assigning Sales Tax Codes to Products or Services	322
	Assigning Sales Tax Codes and Sales Tax Items to Customers	323
	Reports to Review When Troubleshooting Sales Tax Errors	324
	Properly Paying Sales Tax	331
	Correcting Sales Tax Errors	335
	Unique Sales Tax Transactions	341
13	Reviewing Opening Balance Equity Account	347
	Purpose of the Opening Bal Equity Account	348
	Transactions in the Opening Bal Equity Account	348
	Reports to Review and Troubleshoot the Opening Bal Equity Account	358
	Closing Opening Bal Equity into Retained Earnings	360
	Setting a Closing Date and Password	363
14	Reviewing Payroll	365
	Payroll Service Options	366
	Payroll and Employees Preference	368
	Payroll Forms and Workflow in QuickBooks	370
	Using the Payroll Setup	373
	Using the Run Payroll Checkup Diagnostic Tool	375
	Reports to Review When Troubleshooting Payroll	382
	Adjusting Payroll Liabilities	389
	Unique Payroll Transactions and Processes	393
15	Sharing Data with Your Accountant or Your Client	411
	Sharing QuickBooks Data	412
	QuickBooks File Types	413
	Data Sharing for the Business Owner	418
	Data Sharing for the Accountant	432
16	Reporting Tips and Tricks	449
	Intuit Statement Writer—Improved for 2010!	450
	Company Snapshot—Improved for 2010!	484
	Newly Redesigned Report Center	487

Reporting Preferences	490
Modifying Reports	493
Report Groups	495
Memorized Reports	500
Exporting and Importing Report Templates	501
Exporting Reports to a .CSV File or to Excel	503
Emailing Reports	504
17 Detecting and Correcting with the Client Data Review Feature	
Online only at: www.informit.com/title/9780789743220	
Introduction: Features and Benefits	
Starting a Client Data Review	
Customizing the Client Data Review Center	
Account Balances	
Review List Changes	
Accounts Receivable	
Accounts Payable	
Sales Tax	
Inventory	
Payroll	
Bank Reconciliation	
Miscellaneous	
Finishing a Client Data Review	
Reopening a Client Data Review	
Reporting on Review Activity	
Creating an External Accountant User	
Index	507

Introduction

This is your QuickBooks solutions guide. This guide was written for both business owners and accountants. Much more than the typical “how to” of software books, this book makes reviewing QuickBooks data easy and trouble-free. For the business owner, it is like having a personal consultant working alongside you. For the accounting professional, this book makes working with clients’ QuickBooks files easier than ever before.

This book provides easy-to-follow directions for properly setting up QuickBooks, reviewing your setup, checking your data for accuracy, and, when needed, making the proper corrections.

How This Book Is Organized

QuickBooks Solutions Guide for Business Owners and Accountants offers a wealth of information gathered from the author’s years of working with business and accounting professionals who use the QuickBooks financial software product. To find just the right information, this book is organized into specific chapters, each focused on a particular task or account category of your QuickBooks data.

Chapter 1, “Creating a New QuickBooks Data File,” Chapter 2, “Reviewing the QuickBooks Chart of Accounts,” and Chapter 3 “Reviewing and Correcting Item List Errors,” cover the following topics while using screen captures to enhance your understanding of each topic:

- Creating a data file
- Working with the chart of accounts
- Setting up items (an *item* is a QuickBooks tool that makes your accounting more accurate)

After you have the basics set up, Chapter 4, “Easily Review Your QuickBooks Data,” and Chapter 5, “Power Reports for Troubleshooting Beginning Balance Differences,” show you where to begin and prepare you to quickly and confidently review QuickBooks data. These chapters help you answer the following questions:

- Where do I start?
- What should I review?
- What “power reports” in QuickBooks can I use?

The remaining chapters conveniently address each specific account category. The following individual chapters provide details on setting up and reviewing QuickBooks and, when needed, methods for correcting QuickBooks data:

- Chapter 6, “Bank Account Balance or Reconciliation Errors”
- Chapter 7, “Reviewing and Correcting Accounts Receivable Errors”
- Chapter 8, “Reviewing and Correcting Errors with the Undeposited Funds Account”
- Chapter 9, “Handling Current Asset Accounts Correctly”
- Chapter 10, “Reviewing and Correcting Inventory Errors”
- Chapter 11, “Reviewing and Correcting Accounts Payable Errors”
- Chapter 12, “Reviewing and Correcting Sales Tax Errors”
- Chapter 13, “Reviewing and Correcting the Opening Balance Equity Account”
- Chapter 14, “Reviewing and Correcting Payroll Errors”

The book would not be complete without the discussion of two more important topics, making this book your own *QuickBooks Solutions Guide* tool:

- Chapter 15, “Sharing Data with Your Accountant or Your Client”
- Chapter 16, “Reporting Tips and Tricks,” including a new reporting tool, Intuit Statement Writer 2009.

Finally, the book also looks at a revolutionary new detecting and correcting feature release with QuickBooks 2009:

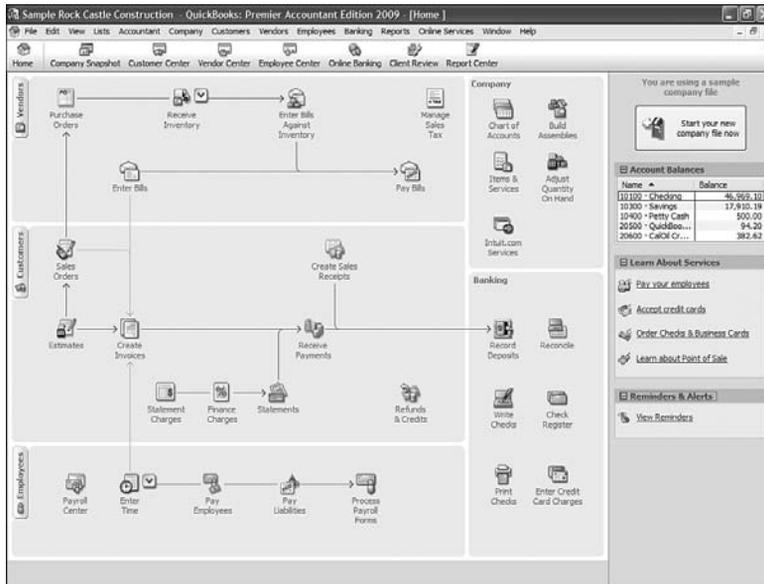
- Chapter 17, “New for 2009! Detecting and Correcting with the Client Data Review Feature”

Conventions Used in This Book

The book is straightforward enough so that you can easily go to a specific chapter and find the needed information. It is worthwhile, however, to let you know how information is presented in this book.

Menu Commands

QuickBooks 2009 offers a variety of methods to accomplish a task. To simplify the instructions given, use the top menu bar in QuickBooks.



QuickBooks home page

For example, the instructions for preparing a report might look like the following:

1. Click **Reports, Vendors & Payables**.

This directive refers to clicking Reports on the menu bar, as shown in the previous figure, and then selecting Vendors & Payables as a submenu of Reports.

Additionally, for added clarity in the topic discussion, you can appreciate the frequent use of screen captures, which make following the instructions easy.

Web Pages and Manufacturer Information

A few web pages are listed in this book, mostly directing you to the www.intuit.com website. These addresses were current as this book was written; however, websites can change.

Special Elements

As you read through this book, you'll note several special elements, presented in what we call "margin notes." Different types of margin notes are used for different types of information, as you see here.



Digging Deeper

This is a tip that might prove useful for whatever you're in the process of doing.



Rescue Me!

This is a caution that something you might accidentally do might have undesirable results—so take care!

Chapter 17

Detecting and Correcting with the Client Data Review Feature

- Introduction: Features and Benefits
- Starting a Client Data Review
- Customizing the Client Data Review Center
- Account Balances
- Review List Changes
- Accounts Receivable
- Accounts Payable
- Sales Tax
- Inventory
- Payroll
- Bank Reconciliation
- Miscellaneous
- Finishing a Client Data Review
- Reopening a Client Data Review
- Reporting on Review Activity
- Creating an External Accountant User

Introduction: Features and Benefits

Improved for QuickBooks 2010 is the Client Data Review (CDR) feature, shown in Figure 17.1. CDR is a collection of tools and reports used primarily by accounting professionals to streamline the many tasks involved in reviewing, troubleshooting, and correcting a client's QuickBooks data.

The Client Data Review feature is available with QuickBooks Premier Accountant 2010 and QuickBooks Enterprise Solutions Accountant 10.0. The Client Data Review feature is not available for use with QuickBooks Simple Start or QuickBooks Online files.

Additionally, most features of Client Data Review will work with a QuickBooks Accountant's Copy (see Chapter 15, "Sharing Data with Your Accountant or Your Client.") If your client is using QuickBooks for Mac and creates for you an Accountant's Copy file, you are able use most of the features available in Client Data Review with your QuickBooks Premier Accountant software.

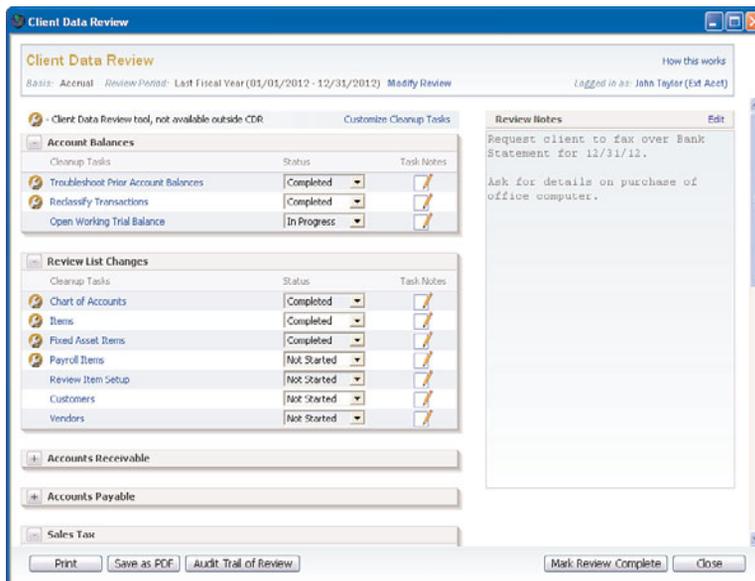


FIGURE 17.1

Improved for QuickBooks 2010—the Client Data Review feature.

CDR can be used when working with a client's Accountant's Copy file type (.QBX file extension). Some feature limitations apply when working in an Accountant's Copy file sharing type. Refer to Chapter 15, "Sharing Data with Your Accountant or Your Client," for more details on the benefits of working with this file type.

Typically, the workflow for using the improved CDR is as follows:

1. Review with the client Accounts Receivable, Accounts Payable, and other balances for which the client has current information.
2. Begin your review of the client's data file using the CDR-specific tasks and reports.
3. Make data corrections and set QuickBooks defaults.
4. Mark the Review Completed, letting CDR "store" your reviewed balances (client cannot change these!).
5. Print a report of the Review Details.
6. Print an Audit Trail of the review.
7. Begin your next review and let QuickBooks detail for you any and all changes to transactions and lists since your last completed review!

Your steps might differ slightly if you are working in a client's Accountants Copy file type.



Digging Deeper

The CDR feature is a QuickBooks single user activity; while you are working on tasks in the CDR, other users cannot open and work in the same data file.

This limitation makes it more functional to choose to work with a client's Accountant's Copy file. You can complete the review from your office, and then merge your changes with the client's file while he or she continues day-to-day transactions.

There are specific tasks and reports that can be accessed only from within the CDR. These tasks are indicated with the CDR icon; for example, see the icon next to the Troubleshoot Prior Account Balances task, as shown in Figure 17.1. Other tasks listed without the icon indicate a feature or report that is available both in and outside of the CDR.

With the improved CDR comes more robust tracking of the changes your client makes to the data between your reviews. Client Data Review offers the following:

- Improved troubleshooting tools and reports that are available only in the CDR. These are identified in this chapter with the "tool" icon , such as the Troubleshooting Prior Account Balances task, which is a CDR-dependent feature.
- *New for QuickBooks Premier Accountant 2010 and QuickBooks Enterprise 10.0* are four new tools: Reclassify Transactions, Write-Off Invoices, Fix Incorrectly Recorded Sales Tax, and Inventory Troubleshooting.

- A trial balance window that “saves” the previously reviewed balances, compares them to the same prior dated balances in QuickBooks as of today. Your previously reviewed and stored QuickBooks balances cannot be modified by the client!
- QuickBooks suggests an adjusting journal entry to make so that your prior period reviewed balances agree with the current QuickBooks data for that period. You remain in control, deciding if you want to modify the detail in the journal entry.
- Identifies what chart of accounts balances differ and the amount of the difference when compared to your prior period of reviewed financials.
- Tracking changes to lists, such as additions, name changes, and even tracking accounts or list items that were merged.
- Tracking changes made to the items list, accounts assigned, or for payroll items when a change to a rate is made.
- Working with the Open Windows dialog? CDR displays in the Open Windows dialog enabling you to move efficiently between activities in QuickBooks and the Client Data Review activities.
- Conveniently work on CDR in QuickBooks and modify or add transactions as normal with an immediate refresh of the data in your review.
- Access the CDR while working in a client’s Accountant’s Copy file sharing format. Some feature limitations apply when working in an Accountant’s Copy file sharing type. (Some limitations specific to Accountant’s Copy apply.) See Chapter 15 for more details.

There is not a better time to encourage your clients to update to the newest version of QuickBooks. Only QuickBooks 2010 client files will offer this newly improved Client Data Review functionality!

Starting a Client Data Review

You are ready to begin a review of your client’s file using the CDR when one of the following conditions exists:

- You are working from the convenience of your office with a client’s QuickBooks 2010 Accountant’s Copy file. (The file extension is .QBA converted from the .QBX file the client sent to you. See Chapter 15 for more details.)
- You have an External Accountant type user login with an optional password assigned. See the “Creating an External Accountant User” section at the end of this chapter.

If your client sends you an Accountant's Copy file for his data, you are able to access most of the features available with Client Data Review. The benefit of using the Accountant's Copy file is that your client can continue his day-to-day operations while you make changes to the data. You then send the file back to the client for him to import your changes.

Chapter 15 discusses the benefits of using the Accountant's Copy file, a preferred data-sharing method, if you need to use the CDR while your client continues day-to-day work in the file.

If your client sends to you a QuickBooks 2010 backup file (.QBB extension) or portable company file (.QBM file extension), both of these files when restored will enable you to use the CDR, but your changes will not be able to be merged into the client's data file.

Customizing the Client Data Review Center

You can customize the view you have in the CDR center to make it unique for each client's QuickBooks 2010 file. To gain access to these features, you need to launch the CDR:

1. From the **Accountant** menu, select **Client Data Review**. You can also launch CDR from the QuickBooks icon bar if you are using QuickBooks Premier Accountant 2010 or Enterprise Solutions Accountant 10.0, as shown in Figure 17.2.



FIGURE 17.2

Launch the Client Data Review feature from the icon bar.

2. If this is your first review for this client, the Client Data Review—Start Review dialog displays, as shown in Figure 17.3. From this dialog, select the default **Review Date Range** shown, or select a date range from the following options in the drop-down menu:
 - Last Fiscal Year (your default fiscal year is defined in the QuickBooks Company, Company Information menu)
 - Last Fiscal Quarter
 - Last Month
 - Custom (you will select the from and to dates)

3. Select **Review Basis—Accrual or Cash**. This basis defaults from the preference setting in the QuickBooks file for reports. To set your reporting preferences, select **Edit, Preferences**. From the preferences on the left, select **Reports and Graphs**. You will need to be logged in as the Admin or External Accountant user in single-user mode to change the global preference for reporting basis.

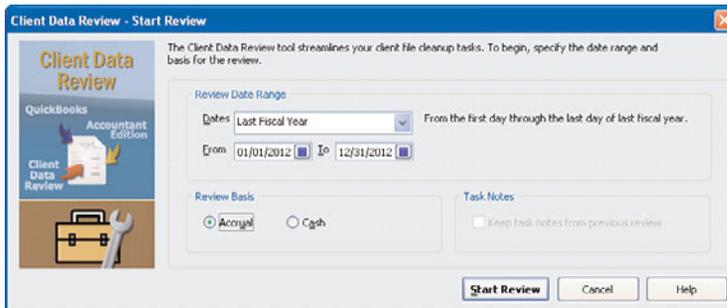


FIGURE 17.3

After launching the CDR for the first time, you will select your review period and reporting basis.

4. Click **Start Review** and the Client Data Review dialog displays as shown in Figure 17.1.

With the CDR open, you can now customize the view uniquely for each client.

Modifying the Review Date and Basis

The Basis and Review Period shown in the CDR defaulted from the QuickBooks data file preferences when the CDR was launched, or the date range was manually selected on the Client Data Review—Start Review dialog. If after beginning a review, you need to change either of these settings, simply click on the **Modify Review** link in the CDR, top center, to be returned to the Start Review dialog, as shown in Figure 17.3.

Customize Cleanup Tasks

You might have some clients who do not need a review of some of the task groups in their QuickBooks data. For example, you are working in a client's file that does not have to track or pay sales tax. To remove the sales tax task group (or any of the other tasks) from the CDR, follow these steps:

1. Complete Steps 1 through 4 in the “Customizing the Client Data Review Center” section of this chapter. The CDR feature is launched.

2. Click the **Customize Cleanup Tasks** link on the CDR dialog (see Figure 17.1).
3. The **Client Data Review—Customize** dialog displays as shown in Figure 17.4.
4. Place your mouse pointer on any list item and click once to unselect that specific task or group of tasks. Clicking again will reselect the list item.

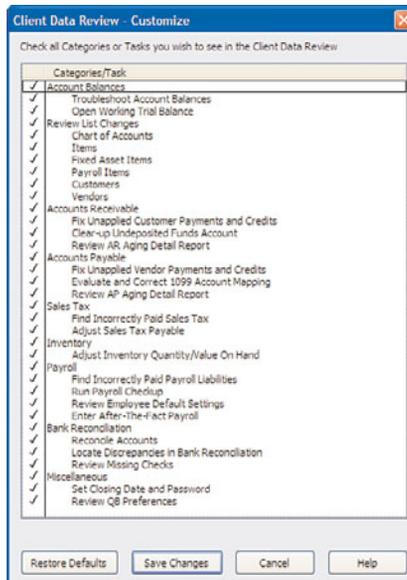


FIGURE 17.4

Customize the Client Data Review to show or hide specific cleanup tasks uniquely for each client's file.



Digging Deeper

If you are attempting to perform a data review and you don't see a task group listed (for example, the Sales Tax task group doesn't display), you can select the Customize Cleanup tasks link on the CDR to enable this task group, as previously shown in Figure 17.1.

If the client's data file does not have the sales tax preference enabled in the QuickBooks file, that task group will not display in the CDR.

A link to setting the Sales Tax and other preferences is included in the Sales Tax task group of the CDR.

5. Click the **Restore Defaults** button to return to the original settings.
6. Click **Help** to open the help topic specific for CDR.
7. Click **Save Changes** or **Cancel** if you do not want to make the changes.

You have successfully changed the lists of tasks that displays for this client's data file only.

Minimize or Expand Task Groups

You might not want to remove the task completely, but instead, you might want to minimize the task. In the CDR, follow these steps:

1. Complete Steps 1 through 4 in the “Customizing the CDR Center” section of this chapter. The CDR is launched.
2. Click the (–) before a task group name to minimize the task group details.
3. Click the (+) before a task group name to maximize the task group details.

In the example shown in Figure 17.5, you will select the (–) before the Sales Tax task group header. The result, as shown in Figure 17.6, is to minimize a task. The Hide and Show Task state for each task group on the CDR is company-file dependent. The changes you make in one company file will not be made in other QuickBooks client files.

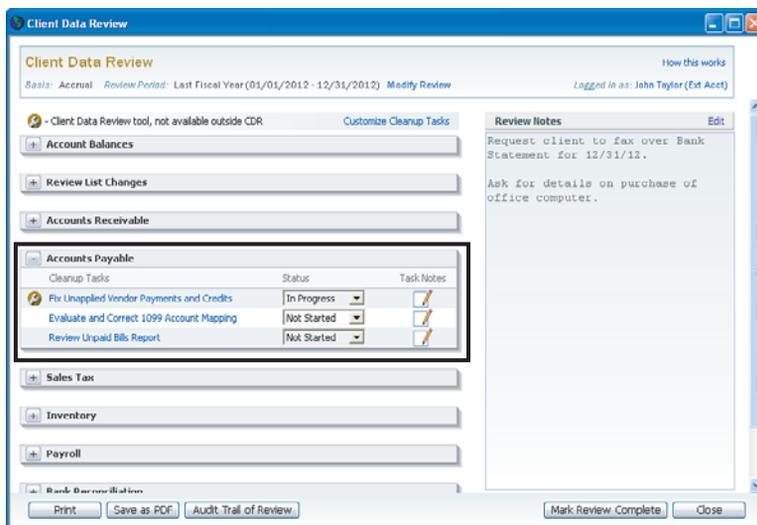
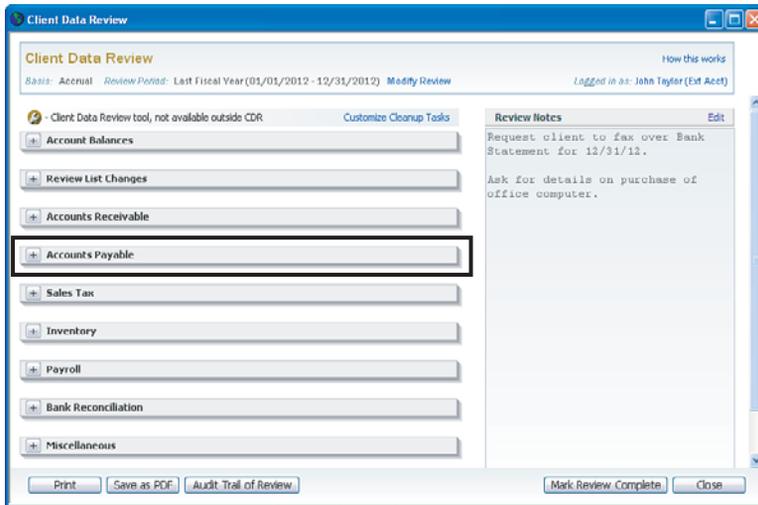


FIGURE 17.5

View before minimizing the Accounts Payable task.

**FIGURE 17.6**

View after minimizing the Accounts Payable task.

Assigning Status and Notes to Review Tasks

To help in managing the review of a client's file, you have an associated status you can optionally assign to each task. This feature is useful if you are unable to finish a review or if several accounting professionals are reviewing the same file.

To assign a new status or change an existing status, click on the status drop-down menu and choose from one of the available choices:

- Not Started (which is the default status assigned to all tasks when a review is started)
- In Progress
- Completed
- Not Applicable

Optionally, you can record a note about a particular task. Click on the task note icon to the right of a task as was shown in Figure 17.1. The task notes pad will display where you can document specific review notes for that task. These notes are included in the CDR notes when printed.

When you return to a CDR in progress, or if you share the review with another accounting professional at your firm, each individual can see the progress of a particular task in review.

After customizing the CDR to show or hide specific task groups, you should take one more precaution.

Before beginning the review and making changes to a client's file, make sure you are logged in with the new External Accountant type user. This will ensure that your changes can be tracked separately from those made by the client and will also give you complete access to the Admin activities available in the CDR. For more information, read the "Creating an External Accountant User" section later in this chapter.

To see the currently logged in user, look to the top, right of the CDR. In Figure 17.1 the user name and External Accountant user type are identified. You are now ready to begin the review process. The following sections provide more details about the unique features and results that you can expect when reviewing and correcting your client's data file using this new innovative feature. You'll never want to do a review the "old fashioned" way again!

Account Balances

Although you do not have to do the review task groups in any particular order, I do recommend that you begin with the Account Balances task group. A reliable client date file review depends on accurate balance sheet reporting, which includes financial numbers from prior periods.

If a closing date was not set previously, or if the user was granted access to adding, modifying, or deleting prior year transactions, your ending balances that QuickBooks reports now might be different from those you used to prepare financials or tax return documents. Setting a closing date and password can help to control changes to prior period transactions.

The Account Balances review tasks display in trial balance, debit, and credit formats including the following columns of information, as shown in Figure 17.7.

The Troubleshoot Prior Account Balances dialog includes:

- Accounts, grouped by account type:
 - Assets
 - Liabilities
 - Equity
 - Income
 - Cost of Goods Sold
 - Expenses

Account	Balances in Accountant's Records		Balances in Client's File		Difference	
	Debit	Credit	Debit	Credit	Debit	Credit
ASSETS						
Checking	24,342.03		25,542.03			1,200.00
Petty Cash	500.00		500.00			
Savings	15,600.00		15,600.00			
Accounts Receivable	49,024.10		49,024.10			
Employee Advances	770.00		770.00			
Inventory Asset	17,903.00		17,903.00			
Prepaid Insurance	4,050.00		4,050.00			
Retainage Receivable	1,796.72		1,796.72			
Undeposited Funds						
Accumulated Depreciation		65,908.69		65,908.69		
Buildings and Improvements	325,000.00		325,000.00			
Construction Equipment	15,300.00		15,300.00			
Furniture and Equipment	22,826.00		22,826.00			
Land	90,000.00		90,000.00			
Vehicles	70,936.91		70,936.91			
Security Deposits	1,720.00		1,720.00			
TOTAL	679,302.16	679,302.16	679,302.16	679,302.16	1,200.00	1,200.00

FIGURE 17.7

New for QuickBooks 2010, automatically copy balances from Client's File columns to Accountant's Records column.

- Balances in Accountant's Records, debit and credit columns
- Balances in Client's File, debit and credit columns
- Difference, debit and credit columns



Troubleshoot Prior Account Balances

The primary purpose of this task is to provide a window where QuickBooks can compare the prior year's ending balances (as you used to prepare financials, tax returns, or monthly and quarterly reviews) with what QuickBooks currently shows for that same prior date range.

The workflow for this activity is

1. The first time you use the Troubleshoot Prior Account Balances you have two options for completing the information in the Accountant's Records column, you can let CDR copy the Balances from the Client's File columns to the Balances in Accountant's Records column. You can then make changes to any of the reported values. Or, you can manually enter the Balances in Accountant's Record's columns to agree with your financials.
2. For each remaining review, QuickBooks will transfer your saved CDR balances to the Balances in Accountant's Records columns after selecting Mark Review Complete.

3. Differences in balances are identified in the debit and credit Difference columns of the Troubleshoot Prior Account Balances dialog. If this is not your first review for this client's data file, you can click on any difference amounts to see what transactions changes caused the difference.
4. Optionally, click the View Changed Transactions to see all changes. (This report is generated after your first review is completed.)
5. View changes made to QuickBooks lists.
6. View suggested adjustments; QuickBooks prepares an adjusting journal entry for your review.
7. Let QuickBooks create the journal entry or modify the suggested amounts and accounts assigned.
8. Optionally, create a reversing journal entry in the current period or on any date you choose.

Your work is complete in this window when there are no amounts in the difference columns indicating that the Balances in Accountant's Records agree with the Balances in Client's File for that same prior period date.

Entering Balances in Accountant's Records

If this is your first time using CDR with your client's data, you will need to enter the Balances in Accountant's Records columns in debit and credit spreadsheet format. You have two options for completing this task:

- Select Yes to the message that displays when you begin your first Client Data Review of this file. CDR will now copy the columns of data from the Balances in Client's File to the Balances in Accountant's Records columns. Simply change any of the values copied to agree with your prior financials. If you select No to this message, a Copy Balances button is available on the top left for you to click to complete the task automatically.
- Or, manually enter the amounts in the Balances in Accountant's Records columns to agree with your last reported financials or filed tax return.

This is the only time you will be required to enter the balances. For future reviews, QuickBooks will populate the Balances in Accountant's Records columns with the reviewed balances as recorded when you selected the Mark Review as Complete at the bottom, right of the CDR center.

The Troubleshoot Prior Account Balances dialog compares these prior balances to the current balances QuickBooks has for each account for the same

prior date range. QuickBooks is determining for you which accounts have a discrepancy from the last review! Spend less time on non-profitable clean up tasks with the improved Client Data Review.

These balances would have been less likely to change if a closing date and password had been entered in your client's data file.



Rescue Me!

When working with the Troubleshoot Prior Account Balances dialog, if a chart of account was marked as inactive in QuickBooks but has a balance in the account as of the date range in the review, the Client Data Review dialog will include that account listing.

In Figure 17.7, there is a difference for accounts Checking and Rent (not shown). The next section will detail how these CDR-dependant tasks will help you locate these “differences.”

Viewing Changed Transactions

If this is your first time using the Client Data Review for a client's data file, QuickBooks will not be able to detail the specific changed transactions in the Differences columns. However, after the first CDR is “Mark Review as Complete”, QuickBooks will begin tracking from that time specific changed transactions.

To determine what transactions dated on or before your last completed review date have been modified, double-click any amount displayed in the Differences column. The Audit Trail dialog is displayed as shown in Figure 17.8. The report identifies for you the specific transactions dated on or before the end of the last review period that have been added, modified, or deleted.

Item	Entered	Last Modified	Last modified by	State	Date	Name	Memo	Account	Debit	Credit
Check 93										
93	12/15/2013	11:42:26	John Taylor (E...)	Latest	12/01/2011	Reyes Properties Overhead	V00E	Checking Rent	0.00	0.00
93	12/15/2012	12:48:02	Admin	Prior	12/01/2011	Reyes Properties Overhead		Checking Rent	1,200.00	1,200.00
93	12/15/2012	11:50:24	Admin	Prior	12/01/2010	Reyes Properties Overhead		10100 - Checking 63900 - Rent	1,200.00	1,200.00

FIGURE 17.8

The Transaction Change Report easily identifies those transactions that are in the Difference column.



Digging Deeper

Place a check mark in the Only Show Accounts with Different Balances box if you want to view fewer rows of detail in the Troubleshoot Prior Account Balances task in CDR.

If you double-clicked a difference amount on a specific line, the Audit Trail report is filtered for transactions modified after your last review. You can limit what you see on the report by choosing the Filter button on the displayed report. You can filter for Days Entered/Last Modified to see only those transactions that were changed after you finished your review.

This one feature alone is why clients should use QuickBooks 2010. Think of all the time you will save on future reviews of your client's data! Indeed, who will want to do a review the "old-fashioned" way!

Viewing List Changes

You can also select the Review List Changes; this feature is discussed in more detail in the "Review List Changes" section.

View Suggested Adjustments

When QuickBooks detects any difference between your reviewed prior period balances and the current balances for that same prior period review date, a suggested adjusting journal entry is prepared for you to review.

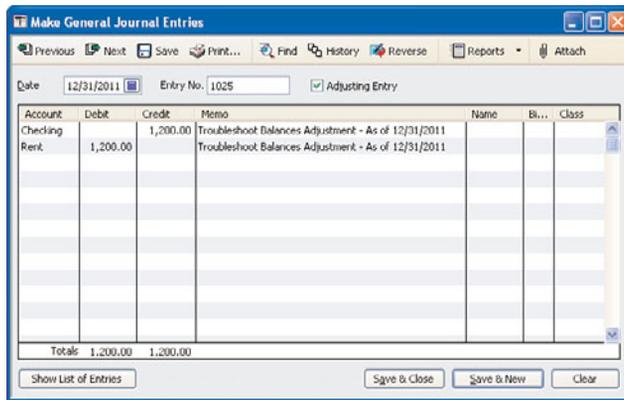
To have QuickBooks assist in the preparation of this adjusting journal entry:

1. Click the **View Suggested Adjustments** button and QuickBooks opens a Make General Journal Entries form marked as adjusting and dated as of the last date in your review (see Figure 17.9). If your debits and credits are equal in the Review Last Balances columns, this journal entry should also have debits equal to credits for any differences that were detected. Note, you will not be able to save the journal entry unless debits and credits are equal.



Rescue Me!

If you selected View Suggested Adjustments, and you had adjustments to both an Accounts Receivable and Accounts Payable account, you will receive a warning message that you cannot adjust accounts receivable and accounts payable in the same journal entry. Instructions are given to remove one of the lines and the corresponding balancing line and enter it in a separate journal entry form.

**FIGURE 17.9**

QuickBooks prepares an adjusting journal entry to agree with your reviewed balances for the prior period.

2. If you are working in an Accountant's Copy file, you might also get a notice that any changes made to shaded fields in the journal entry will transfer back to the client. Select **OK** to close this message.
3. Click **OK** to close the message about automatically numbering your journal entries.
4. Click **Save & Close** to close the **Make Journal Entries** dialog.
5. Click **View Suggested Reversing Entries** if after these adjustments are made you need to reverse them; it is useful if the client corrected the error in a future accounting period. Or, click the **Don't Reverse** button to close the Reversing Entries dialog.

The Troubleshooting Account Balances task is complete when there are no amounts in the Differences column. Optionally, enter a task note for the Troubleshooting Account Balances task.

When the Mark Review Complete button is selected on the CDR dialog, CDR will take the Balances in Client's File columns and transfer them to the Balances in Accountant's Records columns in the Troubleshoot Prior Account Balances dialog. The Balances in Accountant's Records amounts *will not* change when clients add, modify, or delete transactions dated in your completed review period.



Reclassify Transactions—New for 2010!

How often have you reviewed your client's QuickBooks data to see multiple transactions posted to the incorrect general ledger account? As an accountant

you will probably not want to spend the time needed to correct each individual transaction. A preferred method might be to create a journal entry form, which in effect “reclassifies” the amount out of the incorrect account and into the correct account.

New for Client Data Review in QuickBooks Premier Accountant 2010 or QuickBooks Enterprise Accountant 10.0 is the Reclassify Transactions feature. To access this feature, select Client Data Review from the Accountant Menu. Choose the Troubleshoot Account Balances task and click the link to Reclassify Transactions.

From the Reclassify Transactions CDR dialog you can click a link to view your Profit & Loss Standard, Profit & Loss Detail, Balance Sheet, or even use the new Add/Edit Multiple List Entries feature that’s accessed from the Review Item Setup link.

After reviewing the detailed transactions you find that a certain vendor had all transactions assigned to the wrong expense account. As an example, in Figure 17.10 vendor Cal Gas & Electric had the transactions assigned to the Utilities:Water expense account. This was a mistake made on each of the checks all year, the proper account should have been the Utilities:Gas and Electric expense account.

Prior to using CDR, accounting professionals would have created a journal entry reducing expenses recorded to the Utilities:Water account and increasing expenses for Utilities:Gas and Electric account. With this new CDR feature, reclassifying the transactions is made easy by following these steps:

1. With the Reclassify Transactions dialog displayed as shown in Figure 17.10, from the **Name** drop-down, select the vendor, customer or other name for which you want to change the assigned account.
2. The **Transactions from** date range will default to your currently selected review period; you can override the dates as needed.
3. The **Show Transactions** drop-down will provide you with those transactions you can reclassify with this feature. You can filter to view those transactions that are item-based and would need to be corrected on the Items List. For more information about working with the Items List, refer to Chapter 3, “Reviewing the Items List.”
4. Optionally place a check mark to **Include Journal Entries**.
5. Transactions will be displayed, or select the **Refresh** button.
6. Optionally choose **Select All** or **Deselect All** when choosing which transactions to reclassify.
7. For all selected transactions, choose from the **Account to** drop-down and select the proper general ledger account and optional **Class**.

8. Review your selections and click the **Reclassify** button. The window will display the transactions with your changes.
9. Click **Close** when completed.

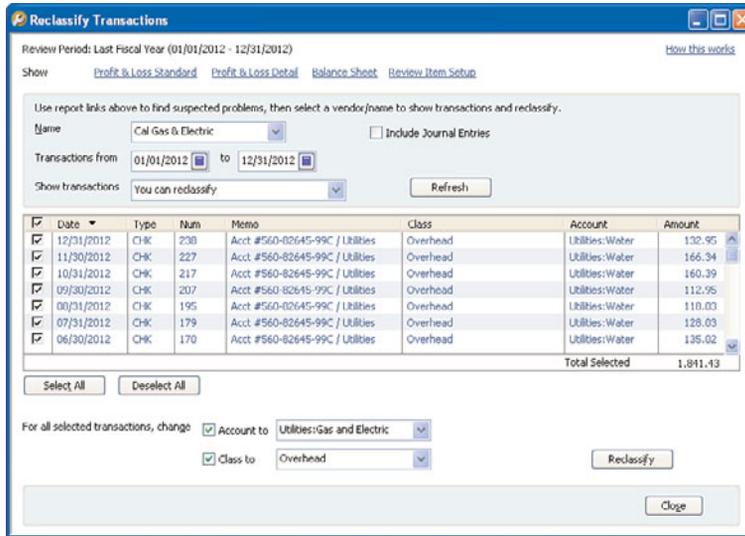


FIGURE 17.10

Use the new Reclassify Transactions to correct the account assigned to multiple transactions.

Working Trial Balance

The Working Trial Balance is a tool that has been available for years in the Premier Accountant and Enterprise Solutions Accountant versions of QuickBooks.

The Working Trial Balance, as shown in Figure 17.11, displays the following details:

- Account
- Beginning Balance
- Transactions (for the selected date range)
- Adjustments (total of adjusting journal entries)
- Ending Balance
- Workpaper Reference (where you can record specific notes)

Account	Beginning Balance	Transactions	Adjustments	Ending Balance	Worksheet Reference
Checking	25,542.03	12,460.13		38,002.16	Need to reconcile, print, file
Petty Cash	500.00			500.00	
Savings	15,600.00	201.03		15,801.03	Reconciled & filed
Accounts Receivable	49,024.10	-27,774.71		21,249.39	
Employee Advances	770.00			770.00	
Inventory Asset	17,903.00	-5,135.96		12,767.04	
Pre-paid Insurance	4,050.00	893.02		4,943.02	
Retainage Receivable	1,796.72			1,796.72	
Undeposited Funds		18,252.08		18,252.08	
Accumulated Depreciation	-65,908.69		-44,435.91	-110,344.60	QuickBooks Fixed Asset Manager
Buildings and Improvements	325,000.00			325,000.00	QuickBooks Fixed Asset Manager
Construction Equipment	15,300.00			15,300.00	
Furniture and Equipment	22,826.00			22,826.00	QuickBooks Fixed Asset Manager
Land	90,000.00			90,000.00	QuickBooks Fixed Asset Manager
Vehicles	78,936.91			78,936.91	QuickBooks Fixed Asset Manager
Security Deposits	1,720.00			1,720.00	
Totals	0.00	0.00	0.00	0.00	

Net Income 25,542.79

Only show accounts with transaction activity

Make Adjustments... Print...

FIGURE 17.11

The Working Trial Balance window enables you to easily view the current period balances and make adjusting journal entries.

The Working Trial Balance provides a window to manage changes to a client's ending balances. You normally use this tool after you have matched the prior year balances in the Troubleshoot Prior Account Balances task with your records and you need to review and correct the next accounting period.

Click the Make Adjustments button to create an adjusting journal entry and watch the net impact to your client's Net Income with each change. When you are finished, click the Print button to prepare a report of your work.

Review List Changes

For clients on QuickBooks 2009 or newer, changes to list items are tracked. The Review List Changes feature is available only in the CDR. The type of changes tracked are specific to each task as detailed in the next several sections. Remember, if a task has the Client Data Review icon in front of it, it indicates that the task can only be accessed from within the Client Data Review feature. If any other tasks are listed, they simply link to the respective menu in QuickBooks for that activity.



Chart of Accounts

Reviewing the Chart of Accounts, correcting setup errors, making an account inactive, and merging like accounts were covered in detail in Chapter 2, "Reviewing the Chart of Accounts." This new CDR feature now tracks list

changes activity beginning with the date the client installs and upgrades his data to QuickBooks 2009 or newer. When a CDR is marked as Completed, these list changes are also marked with an “R” for reviewed so that in future reviews, you can conveniently “hide” those changes.

Click on the Chart of Accounts task in the Review List Changes task group. QuickBooks displays the Review List Changes dialog as shown in Figure 17.12.

The Review List Changes for Chart of Accounts tracks the following accounts:

- Added—Account Name and Account Type
- Changed—Marked Inactive, Name changed, or Account Type changed
- Deleted—Account Name and Account Type
- Merged—Original Account Name, Destination Account, Name and Account Type

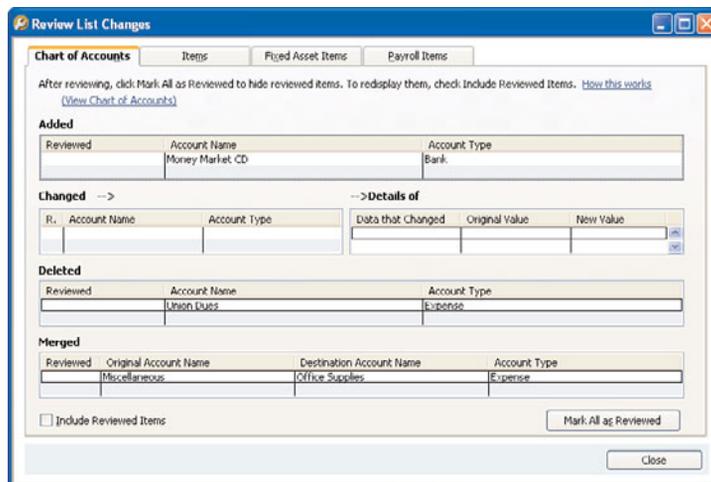


FIGURE 17.12

Easily track your client's changes to the chart of accounts.

For changes your client has made that you want to indicate as “Reviewed,” click the Mark All as Reviewed button. For changes you make to the lists while logged in as the new External Accountant user, they are automatically marked as reviewed.

The tabs at the top enable easy access to the remaining tracked list changes. Click Close when you have completed this task.

Items

Chapter 3 details methods to find and troubleshoot item setup errors. This new feature now tracks this activity beginning with the date the client installs or upgrades his data to QuickBooks 2009. When the review is marked as Completed, an “R” is placed next to each line item change to indicate that it has been reviewed. In future client data reviews, you can conveniently hide these previously reviewed changes.

Click the Items task in the Review List Changes task group. QuickBooks displays the Review List Changes dialog, as shown in Figure 7.13.

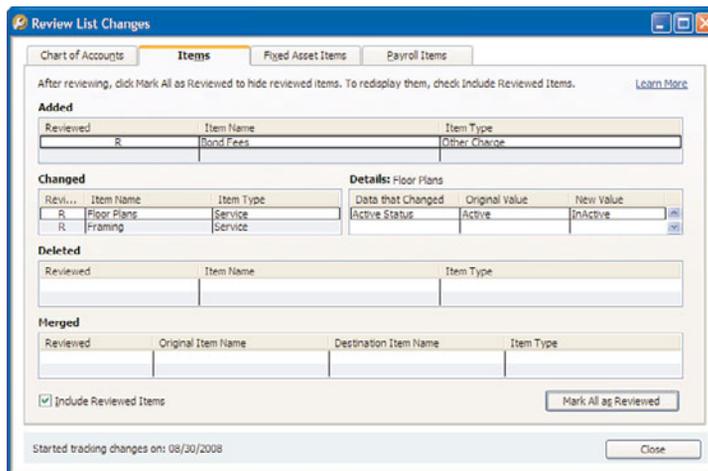


FIGURE 17.13

Track changes made to List Items.

The Review List Changes for Items tracks the following items:

- Added—Item Name and Item Type
- Changed—Data that Changed with Original Value and New Value
- Deleted—Item Name and Item Type
- Merged—Original Item Name, Destination Item Name, and Item Type

When the Mark All as Reviewed button is selected, CDR feature will place an “R” in the Reviewed column for each item list change your client made. If you are logged into the file as an External Accountant user type, as you make list changes, they are automatically marked as Reviewed.

Tabs at the top enable easy access to the remaining tracked list changes. Click Close when you have completed this task.

Fixed Asset Items

Reviewing the purpose of Fixed Asset Items was covered in detail in Chapter 3. Details were also provided in that chapter about how to create a Fixed Asset item type. This new feature now tracks this activity beginning with the date of when a client installs or upgrades his data to QuickBooks 2009 or newer. When the Mark Review as Completed option is selected, an “R” is placed next to each fixed asset item change to indicate that it has been reviewed. In future client data reviews, you can conveniently hide these previously reviewed changes.

Click the Fixed Asset Items task in the Review List Changes task group. QuickBooks displays the Review List Changes dialog, as shown in Figure 7.14.

The Review List Changes for Fixed Asset Items tracks the following fixed assets:

- Added—Fixed Asset Item Name and Fixed Asset Item Type
- Changed—Data that Changed with Original Value and New Value
- Deleted—Fixed Asset Item Name and Fixed Asset Item Type

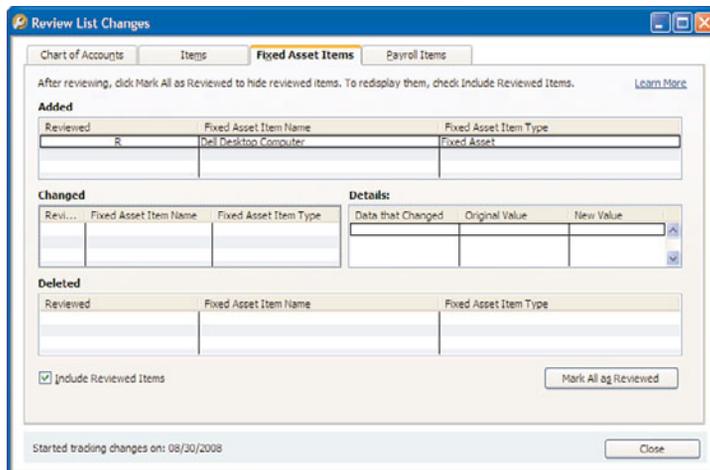


FIGURE 17.14

Easily track changes and additions to the Fixed Asset Item List.

When the Mark All as Reviewed button is selected, the Client Data Review will place an “R” in the Reviewed column for each fixed asset item list change your client made. If you are logged into the file as an External Accountant user type, as you make list changes, they are automatically marked as Reviewed.

Tabs along the top of the Review List Changes dialog enable easy access to the remaining tracked list changes. Click Close when you have completed with this task.

Payroll Items

Reviewing the purpose of Payroll Items was covered in detail in Chapter 14, “Reviewing Payroll.” Details were also provided in that chapter to correct payroll setup errors. This feature tracks changes made to payroll items beginning with the date the client installs or upgrades his data to QuickBooks 2009 or newer. When the review is marked as Completed, an “R” is placed next to each payroll item change to indicate that it has been reviewed. In future client data reviews, you can conveniently hide these.

Click on the Payroll Items task in the Review List Changes task group. QuickBooks displays the Review List Changes dialog, as shown in Figure 17.15.

The Review List Changes for Payroll Items tracks the following payroll items:

- Added—Payroll Item Name and Payroll Item Type
- Changed—Data that Changed with Original Value and New Value
- Deleted—Payroll Item Name and Payroll Item Type
- Merged—Original Payroll Item Name, Destination Payroll Item Name, and Payroll Item Type

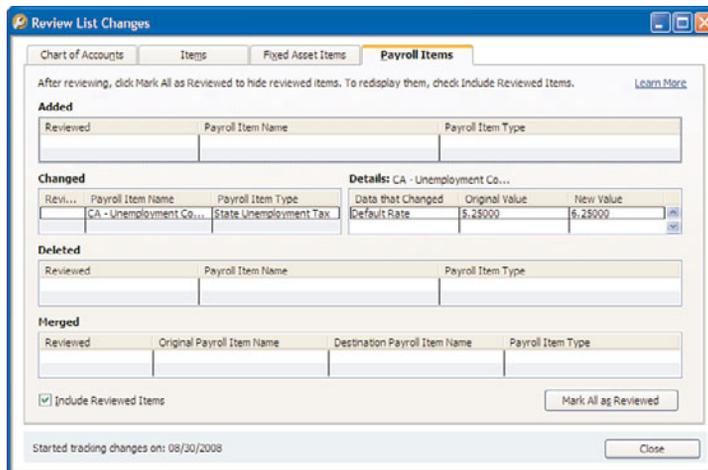


FIGURE 17.15

See the changes the client made to payroll items throughout the year.

When the Mark All as Reviewed button is selected, the CDR will place an “R” in the Reviewed column for each item list change your client made. If you are logged into the file as an External Accountant user type, as you make list changes, they are automatically marked as Reviewed.

Tabs at the top enable easy access to the remaining tracked list changes. Click Close when you have completed this task.

Customers

Notice how in Figure 17.16 the Customers task in the Review List Changes pane does not have a Client Data Review icon in front of the name, indicating that CDR is simply linking you back to the original Customer Center.

Refer to Chapter 7, “Reviewing Accounts Receivable,” for more details on how to use the Customer Center to gather information and easily find specific transactions.

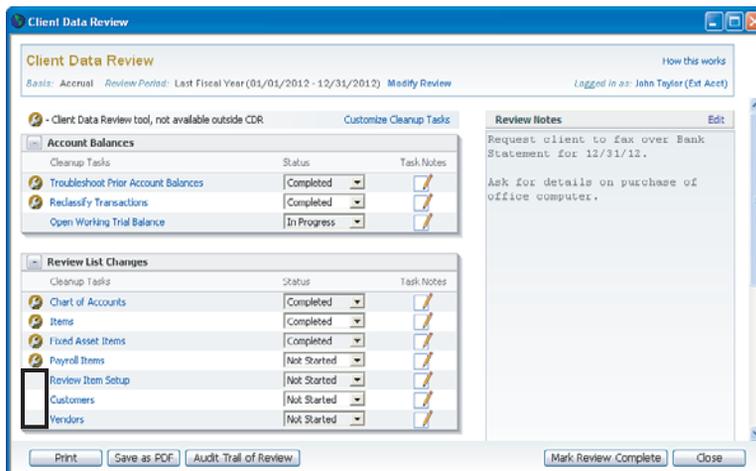


FIGURE 17.16

Tasks without the CDR icon will simply link you to the same menu in QuickBooks.

Vendors

The Vendors task in the Review List Changes task group, as shown in Figure 17.16, also does not have a Client Data Review icon in front of the name, indicating that CDR is simply linking you back to the original Vendor Center. Refer to Chapter 11, “Reviewing Accounts Payable,” for more details on how to use the Vendor Center to gather information and easily find specific transactions.

Accounts Receivable

A complete review of Accounts Receivable, including the proper process to use in QuickBooks for potentially avoiding the corrections detailed in this section can be found in Chapter 7 and Chapter 8, “Reviewing Undeposited Funds Accounts.”

The tasks listed in the Accounts Receivable task group of the CDR will help you easily correct client mistakes made when the client recorded a customer payment or made a deposit form, but *did not* assign the transaction to an open customer payment.

More recent versions of QuickBooks will help discourage this with messaging that warns the user not to use a Make Deposit form to record a customer payment. If recording a customer payment without assigning to an open invoice, QuickBooks provides a message that the credit will be left in the customer’s account.

The AR Aging Summary Report is listed last in the Accounts Receivable task group. I recommend reviewing this report and other reports prior to making corrections with the CDR tools. Properly reviewing your client’s data will help you make the most informed decisions about the corrections that might be needed.

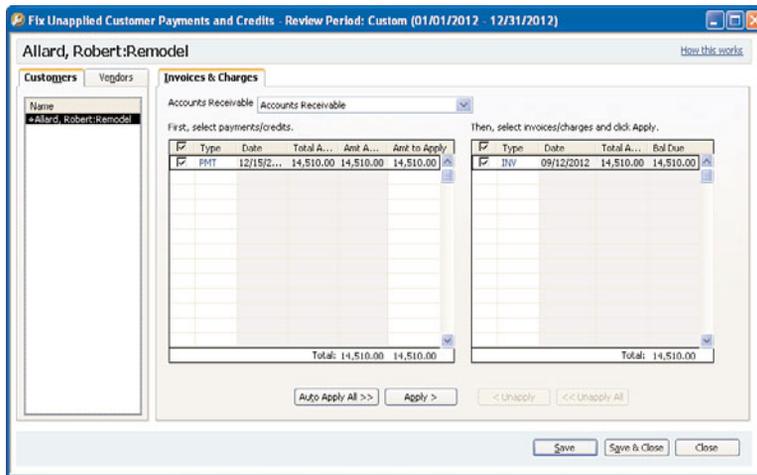


Fix Unapplied Customer Payments and Credits

If your client entered a customer payment, but did not apply the payment to an invoice, this tool will help simplify the task of assigning the unapplied payment to the proper invoice, saving you time over the processes detailed in Chapter 8.

To begin fixing unapplied customer payments and credits, follow these steps:

1. Complete Steps 1 through 4 of the “Customizing the Client Data Review Center” section of this chapter. The CDR feature is launched.
2. Click the **Fix Unapplied Customer Payments and Credits** link from the Accounts Receivable task group.
3. On the left, the tab for **Customers** will default, and on the right, the tab for **Invoices & Charges** will default.
4. With your mouse pointer, select any of the customers on the list, as shown in Figure 17.17. With a customer selected on the left, the **Invoices and Charges** pane will display unapplied payments and credits (left side) and open invoices (right side) for that specific customer.
5. On the **Invoices and Charges** pane, place a check mark next to the payment or credit on the left pane and a check mark next to the associated open invoice on the right you want to apply the payment to.

**FIGURE 17.17**

Assign unapplied customer payments or credits to an open invoice.

6. Enter in the **Amt to Apply** column an amount if different than the payment amount you want to apply.
7. Optionally, click the **Auto Apply All** button to apply all of the unapplied payments to the invoices on the right.
8. Or, click the **Apply** button to assign the payments or credits selected on the left to the selected open invoices on the right. The items are then grayed out to indicate that you have already assigned them.
9. Click **Save** to begin working on another customer record or **Save & Close** to complete the task.



Rescue Me!

Cash basis reporting taxpayers should proceed with caution when using this tool. In cash basis reporting, the date of the customer payment form is the date that revenue is recorded. If an unapplied customer payment received in a prior year is assigned to a customer invoice, QuickBooks will assign the unapplied payment to the invoice. The transaction will increase (debit) income and decrease (credit) accounts receivable as of the date of the customer payment form.

If correcting entries were made previously for those years, this correction will change those prior period financials. The CDR *does not* recognize the controls associated with setting a closing date. Additionally, QuickBooks does not provide any warnings that you are modifying a transaction dated on or before the closing date.

Recent editions of QuickBooks make this error less likely to occur with the many warnings that are provided.



Clear Up Undeposited Funds Account

Have you ever worked with a client's data file that had an incorrect undeposited funds balance? Did your client create a separate deposit form without assigning the receive payment to the deposit?

The undeposited funds account is a current asset type on the Balance Sheet. Like using a safe, payments received are recorded in QuickBooks and then later gathered and totaled on one deposit ticket. This is similar to the purpose of the undeposited funds account type; more details are provided in Chapter 8.

The Clear Up Undeposited Funds Account task can help you assign those undeposited funds to the deposit form that was created incorrectly. Recent releases of QuickBooks make this error less likely to occur with the many warnings that are provided.

It is important to know that this feature will work when any of the following conditions apply:

- Receive Payment form was recorded and assigned to the Undeposited Funds account without assigning the payment to an open customer invoice.
- Make Deposits form was recorded, the Received From column included the Customer or Customer:Job name and the Account From column has an account assigned, which is typically an income account. See Figure 17.18.
- *New for QuickBooks 2010*—If the Make Deposits form did not include a name in the Received From column, CDR will report that deposit transaction in the Clear Up Undeposited Funds Account CDR task assigned to a customer named “No Name in Deposit.”

To begin correcting the Undeposited Funds Account balance, as shown in Figure 17.19 follow these steps:

1. Complete Steps 1 through 4 of the “Customizing the CDR” section of this chapter. The Client Data Review is launched.
2. Click the **Clear Up Undeposited Funds Account** link from the Accounts Receivable pane.
3. The **Customers** tab on the top left and the **Deposits** tab on the right are selected by default.

Received From	From Account	Memo	Chk No.	Pmt M...	C...	Amount
Burch, Jason:Room Addition	Construction Income:Design Income		745	Check		1,005.00

Deposit Subtotal 1,005.00

Deposit Total 1,005.00

FIGURE 17.18

Example of a customer payment recorded improperly.

Type	Date	Total Amount	Remaining
DEP	12/15/2012	1,005.00	0.00

Type	Date	Name	Total Amount
PMT	12/15/2012	Burch, Jason:Room ...	1,005.00

Selected: 1,005.00

FIGURE 17.19

Associate the customer payment in Clear Up Undeposited Funds to the incorrectly recorded Make Deposit form.

4. Select any of the customers on the list to the left. The **Deposits** pane will display undeposited payments on the left for that specific customer. On the right, Make Deposit forms that are also assigned to that customer will be displayed.
5. Place a check mark next to the payment on the left and the make deposit form on the right you want to associate the payment with.

6. Click the **Apply** button to assign. The list items are grayed out, indicating they have been applied to each other.
7. Click **Save** to begin correcting records for the next customer or **Save & Close** to complete the task.



Digging Deeper

Need to return to the original transaction in QuickBooks during your review? Simply double-click with your mouse pointer on any transaction to open the original transaction form.

You are now ready to move on with your review. While the AR Aging Summary Report task is listed last in the Accounts Receivable task group, I recommend reviewing this report first to get a general idea of the types of corrections you may need to make with the remaining accounts receivable CDR tasks.

Reviewing the AR Aging Summary Report

Check the AR Aging Summary Report before fixing transactions. An individual transaction can be deceiving if you don't see its relationship with other related transactions.

When you select the Review AR Aging Summary Report link, QuickBooks opens the same titled report.

What exactly are you looking for on the aging report? You might be looking for customer credits that are aged and have not been applied to current open customer invoices. Or, perhaps as Chapter 7 documented, you might want to remove an open balance from a customer's invoice.

I prefer to use the Open Invoices report because it groups the data by Customer or Customer:Job. If you are reviewing for a previous date, you will need to modify the report to show your balances as of that prior date. To do this, follow these steps:

1. Click **Reports, Customers & Receivables, Open Invoices**. This report includes all payments made by your customer as of today's computer system date.
2. Review the report with today's date first. This will help you identify what corrections you may want to make using the tasks defined in this section. Reviewing it with today's date will also show if the correction you may have needed on a previous date has already been corrected.
3. If you are reviewing for some date in the past, it is important that you click **Modify Report**, select the **Display** tab, and click **Advanced**. In

the **Open Balance/Aging** pane of the Advanced Options dialog, select the **Report Date** option (see Figure 17.20). This modification to the report enables you to see each invoice balance detail as of the report date (see Figure 17.21). If you do not modify this report, QuickBooks will display the date on the report, but will also reduce the balances owed for payments made after the report date.

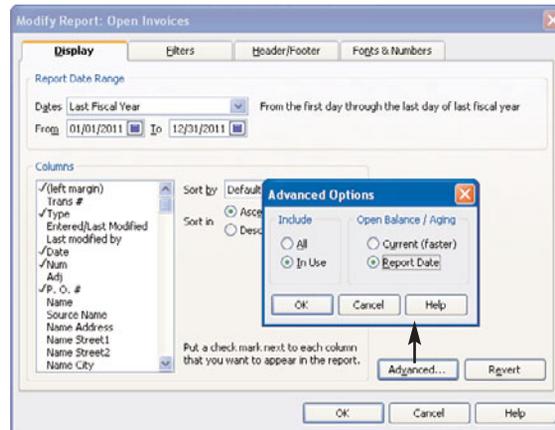


FIGURE 17.20

Open Invoices report, when modified, can be compared to the totals on your Balance Sheet report for some time in the past.

Type	Date	Num	Terms	Due Date	Class	Aging	Open Balance
Rock Castle Construction							
Open Invoices							
As of December 31, 2012							
Allard, Robert							
Remodel							
Payment	12/15/2012	2356					-14,510.00
Invoice	09/12/2012	1058	Net 15	09/27/2012	Remodel	95	14,510.00
Total Remodel							0.00
Total Allard, Robert							0.00

FIGURE 17.21

I prefer this report because it easily shows unpaid balances and any unapplied customer credits.



Write Off Invoices

This is one of several new CDR-dependant tasks, indicating you only have access to this feature in the QuickBooks Premier Accountant 2010 and QuickBooks Enterprise Accountant 10.0 products.

Often, as accounting professionals, we would need to adjust our client's Accounts Receivable balances. Perhaps there were several small unpaid finance charge invoices, or over the year our client's customers paid their invoices short of what was due.

Creating a customer credit memo and assigning the credit memo to the original open invoice was time-consuming for the accounting professional. Often a journal entry form was created, correcting the accounts receivable balance on the Balance Sheet but leaving the QuickBooks user with extra line details in the A/R Aging Summary or Detail reports.

New for CDR in 2010 is the Write Off Invoices tool. In one convenient window you can write off balances, review the suggested transaction, and print the details for your customer.

1. With CDR launched, click the **Write Off Invoices** task in the Accounts Receivable pane.
2. From the **Age** drop-down choose from showing receivables aged over 120 days, aged over 180 days, or older than a custom date.
3. Optionally enter an amount in the **Balances Due Less Than** box to limit the transactions that are displayed, which is particularly useful when writing off small balances only.
4. Select a **To Date**. The default is the end of the current CDR review period date range.
5. Select to show **Transaction Type** to include All Charges, Invoices, Finance Charges, or Statement Charges.
6. Click **Refresh** if changing the filters.
7. Place a check mark next to each transaction you wish to write-off the open balance. Optionally, select **Select All** or **Deselect All** to simplify the process.



Digging Deeper

Earlier in this chapter I recommended that you review the AR Aging Summary report before using the Accounts Receivable CDR tools. However, even if you do not review the report, the Write Off Invoices dialog will show the word "CREDITS" in the Avail Credit/Pmt column if the customer with the open invoice balance also has unapplied credits. It might be more appropriate to assign the available credit rather than to write off the open balance.

Write Off Invoices - Review Period: Custom (01/01/2012 - 12/31/2012)

Set criteria for invoices and other charges to consider for batch write-off. [How this works](#)

Age: Custom Balance Due less than:
 To Date: 12/31/2012 Transaction Type: All Charges Refresh

Select invoices to write off:

<input type="checkbox"/>	Date	Age	Num	Type	Customer	Class	Avail Credit/Print	Orig Amt	Bal Due
<input checked="" type="checkbox"/>	12/11/2011	370	FC 6	INV	Cook, Brian:Kitchen	Remodel		5.95	5.95
<input type="checkbox"/>	09/12/2012	94	1058	INV	Alford, Robert:Remodel	Remodel	CREDITS	14,510.00	14,510.00
<input type="checkbox"/>	10/10/2012	66	1065	INV	Prezell Real Estate:155 Wilks Blvd.	New Construction		3,439.00	2,239.00
<input type="checkbox"/>	10/15/2012	61	1066	INV	Cook, Brian:Kitchen	Remodel		3,100.00	700.00
<input type="checkbox"/>	10/20/2012	56	1060	INV	Mackey's Nursery and Garden Supply:Gr...	New Construction		13,900.00	13,900.00
<input type="checkbox"/>	11/15/2012	30	1074	INV	Prezell Real Estate:155 Wilks Blvd.	New Construction		1,072.50	1,072.50
								Total Selected:	5.95

Select All Deselect All

Write-Off Account: Bad debt Write-off Date: 12/31/2012
 Class: Overhead Preview & Write-Off... Close

FIGURE 17.22

Using CDR's new tool, Write Off Invoices makes removing open A/R uncollected balances easy!

8. From the drop-down menu select the **Write-Off Account**, and **Write-Off Data**. Optionally, select **Class**.
9. Click the **Preview & Write-Off** button. CDR displays the Confirm Write-Off dialog as shown in Figure 17.23.

Write-Off Completed

Invoices written off: **Written Off**

Company: Rock Castle Construction
 Date: 12/15/2012, 09:28 PM
 User: Admin

1 transaction(s) totaling 5.95 have been written off to Bad debt account, Class Overhead, dated 12/31/2012.

Num	Due Date	Type	Customer:Job	Class	Original Amount	Balance Due
FC 6	12/11/2011	INV	Cook, Brian:Kitchen	Remodel	5.95	5.95

Save as PDF Write-Off Close

FIGURE 17.23

You stay in control, confirming the balances to be removed.

10. Click **Write Off** when you are done reviewing the invoices or click **Cancel**.
11. CDR displays the Write-Off Completed dialog. Click **Save as PDF** to print for your records.

You are now complete with the Accounts Receivable tasks. Don't forget to review Chapters 7 and 8 for more details on the many QuickBooks preferences that will enable better control while your client's record undeposited funds and accounts receivable transactions and other Accounts Receivable troubleshooting suggestions.

Accounts Payable

A complete review of Accounts Payable, including the proper process to use in QuickBooks that potentially avoids the corrections detailed in this section can be found in Chapter 11.

The tasks listed in the Accounts Payable section of the CDR feature can help you easily correct client mistakes made when the client has created a vendor credit and did not assign it to the open vendor bill.

The Review Unpaid Bills Report is listed last in the Accounts Payable task group. I recommend reviewing this report as well as other reports prior to making corrections with the Client Data Review. Properly reviewing your data will help you make the most informed decision on the corrections that might be needed.



Fix Unapplied Vendors Payments and Credits

Chapter 11 detailed the proper accounts payable process that when a vendor bill is created, the Pay Bills dialog should be used to pay the bills. Some QuickBooks users might have entered the Bill form and later recorded a Write Check form as payment for that vendor bill instead of properly using the Pay Bills dialog.

To assign an unapplied vendor credit form or a write check form to an open vendor bill using CDR, follow these steps:

1. Complete Steps 1 through 4 of the "Customizing the Client Data Review" section of this chapter to launch CDR.
2. Click the **Fix Unapplied Vendor Payments and Credits** link from the Accounts Payable task group.
2. The **Vendors** tab on the top left and the **Bills** tab on the right will be selected by default.

3. With your mouse pointer, select any of the vendors on the list to the left. The **Bills** pane will display all unapplied vendor credits for the vendor selected on the left. On the right of the Bills pane will display any open vendor invoices for that specifically selected vendor.
4. Place a check mark next to the credit on the left and the open vendor bill form on the right you want to apply the payment to (see Figure 17.24).

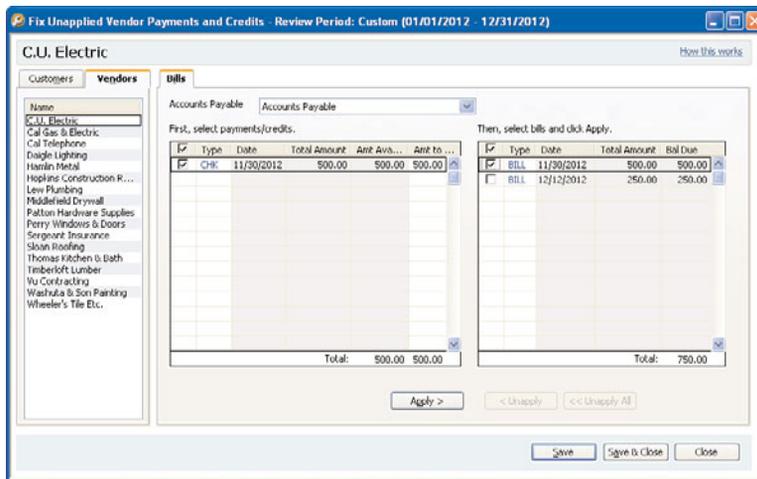


FIGURE 17.24

Assigning a Vendor Credit to an open Vendor Bill.

5. Optionally, click the **Auto Apply All** button to apply all of the unapplied payments to the invoices on the right.
6. Or, click the **Apply** button to assign that specific vendor credit form with that specific vendor bill. The items selected will be grayed out, indicating that you have assigned them.
7. Click **Save** to begin correcting transactions for another vendor or **Save and Close** to complete the task.

Evaluate and Correct 1099 Account Mapping

Setting up your vendors for proper 1099 status is important. However, be assured that if after reviewing this information you determine the original setup was incorrect, any changes made here will correct prior- and future-dated reports and forms.

When you select the link in the Accounts Payable task group for Evaluate and Correct 1099 Mapping, the preference dialog for 1099's is displayed.

In the preference setting for Tax:1099, you can click the Yes button to select the Do You File option to let QuickBooks know that you will be providing 1099 forms to your vendors at the end of the year.

The dialog shown in Figure 17.25 lists several 1099 categories such as rents, royalties, and so on. However, QuickBooks will track the information but only prints the 1099—Misc. Income form (or the Box 7 data).

To finish setting this option, you must assign a QuickBooks account on the specific 1099 category and box detail line. Highlight the appropriate 1099 category you want to assign, and from the drop-down menu in the account column, select an account. You can also assign multiple accounts from the account drop-down menu, select Multiple accounts at the top of the list, and place a check mark next to the appropriate accounts.

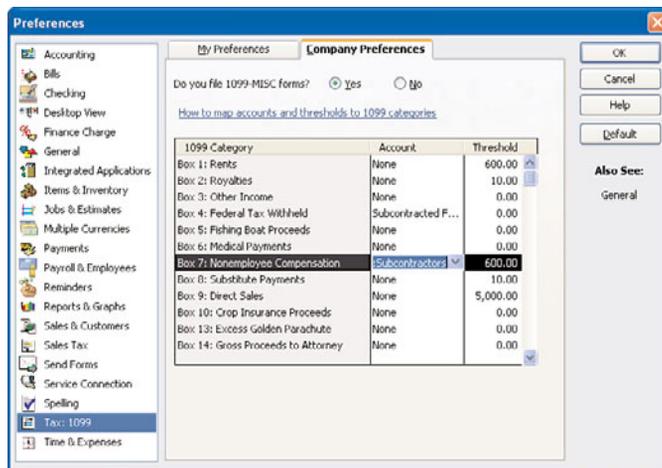


FIGURE 17.25

Setting the Tax:1099 preference to map to specific or multiple accounts.

See the section titled, “Reviewing and Printing Year-end Vendor Tax Forms” in Chapter 11 for more information on how to properly set up vendors and prepare 1099 documents at the end of the year.

Reviewing the Unpaid Bills Report

One of the first tasks you should do with your client is review the Unpaid Bills Report, primarily because the client will know best if the bills that are open are still due and payable to the vendor.

What exactly are you looking for on the aging report? You might be looking for vendor credits that are aged and have not been applied to current open

vendor bills. Or, as Chapter 11 documented, you might see several aged item receipts for vendors you know the client has paid.

Use the information collected from this report to help determine the corrections that should be made with the tasks listed in the Accounts Payable task group of the CDR.

Sales Tax

New for QuickBooks 2010, this CDR feature not only identifies errors with using the payment form, but also fixes the transaction automatically for you!

Before beginning the tasks listed in this section, you should review the client's settings (preferences) for sales tax. Additionally, the Sales Tax task group will not display in the Client Data Review if the Sales Tax feature has not been enabled. To locate that preference setting for enabling sales tax, you must log in as the Admin or new External Accountant type user in single-user mode:

1. Click **Edit, Preferences**.
2. Select the preference for **Sales Tax** in the left pane.
3. Click the **Company Preferences** tab (see Figure 17.26).

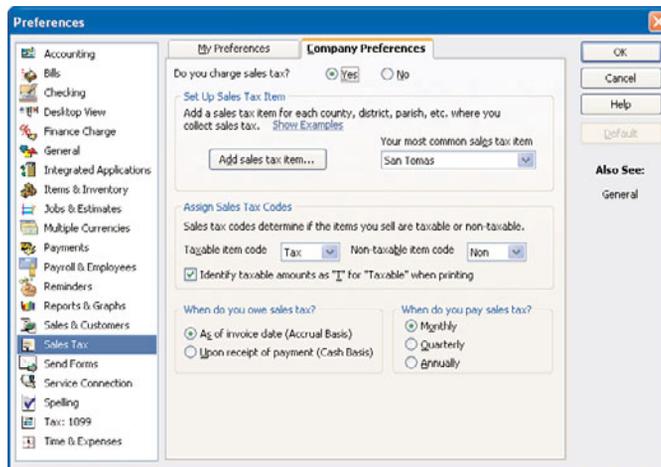


FIGURE 17.26

Review Sales Tax preferences before making any corrections.

Alternatively, you can access the Sales Tax preferences from the Home page by selecting Manage Sales Tax.

After reviewing and correcting your client's sales tax preference settings, you are prepared to begin the following CDR tasks.



Fix Incorrectly Recorded Sales Tax

The Client Data Review icon in front of this name indicates that this task is only available from within the CDR center.

QuickBooks uses a special Pay Sales Tax dialog (as shown in Figure 17.27) to properly record the sales tax liability payments. When payments are made using other form types, such as a write check, bill, or make journal entries forms, the Pay Sales Tax dialog might not accurately reflect the payments.

Pay	Item	Vendor	Amt. Due	Amt. Paid
	East Bayshore	City of East Bayshore	0.29	0.00
	San Domingo	State Board of Equalization	114.19	0.00
	San Tomas	State Board of Equalization	843.15	0.00
Totals			957.63	0.00

Pay From Account: Checking Check Date: 01/18/2013 Show sales tax due through: 12/31/2012 Starting Check No.: To Print

Pay All Tax Adjust Ending Bank Balance: 48,474.10

To be printed OK Cancel Help

FIGURE 17.27

Properly paid sales tax will be recorded from this dialog.

The Fix Incorrectly Recorded Sales Tax task is new for QuickBooks 2010 and will help you identify and correct when a client paid his sales tax liability outside of the Pay Sales Tax dialog. Figure 17.28 shows the negative line entry in the Pay Sales Tax dialog when a write check form was created, assigned to the sales tax payable liability account and payable to the sales tax vendor. Properly recorded sales tax payments will have a transaction type of TAXPMT in the checkbook register.

To begin the correction, click the CDR Fix Incorrectly Recorded Sales Tax link to display the new dialog with the same name, as shown in Figure 17.29.

What exactly is this tool fixing? The tool will identify and fix non sales-tax payable type transactions used to pay sales tax liability using Void and Replace functionality.

The tool will identify the following incorrectly recorded transactions:

- Write Checks—Payable to a vendor and assigned to the default QuickBooks created Sales Tax Payable account.
- Write Checks—Payable to a vendor assigned to a sales tax item and assigned to any type of account.
- Make Journal Entries—When both a debit or credit amount is assigned to any account type and a sales tax vendor is included on that line.

Pay	Item	Vendor	Amt. Due	Amt. Paid
	East Bayshore	City of East Bayshore	0.29	0.00
	San Domingo	State Board of Equalization	114.19	0.00
	San Tomas	State Board of Equalization	843.15	0.00
		State Board of Equalization	-957.34	0.00
Totals			0.29	0.00

Pay All Tax Adjust Ending Bank Balance 47,516.76

To be printed OK Cancel Help

FIGURE 17.28

Pay Sales Tax dialog when an improperly recorded sales tax payment was made.

This tool *will not* identify any vendor bills or vendor bill payment checks recording payment for the Sales Tax Liability.

If this is your first incorrectly recorded sales tax transaction fix, you might want to change the “to” date to include today’s date. This ensures that you are seeing all sales tax payable transactions that were improperly recorded using the wrong form in QuickBooks



Rescue Me!

If your client has multiple lines recorded on his sales tax payable checks, such as including an additional fee for late payment penalty or other adjustment lines you might want to use the link for making a manual Sales Tax Adjustment.

The Fix Incorrectly Recorded Sales Tax tool assumes that all lines of the incorrect transaction belong in the Sales Tax Payable account.

Follow these steps to use this new correcting tool after launching CDR from your QuickBooks Premier Accountant 2010 or QuickBooks Enterprise 10.0 software:

1. Click the **Sales Tax** task pane in the CDR center.
2. Click the **Fix Incorrectly Recorded Sales Tax** link, a CDR-dependent task, to open the correcting dialog shown in Figure 17.29.
3. Accept the default CDR review dates or change as needed.
4. Place a check mark in each transaction to be fixed. Optionally, use the **Select All** or **Deselect All** to streamline the process.
5. Double-click any transaction to see the originally created non-sales tax payment form if needed.
6. Click **Void & Replace**. CDR then creates a new Sales Tax Payment transaction and voids the original write check form or journal entry form.

7. Click **Proceed** or **Cancel** to the Fix Sales Tax message that displays.
8. Click **OK** to close the message indicating that the transaction(s) have been fixed.
9. Click **Close**, to return to the CDR Center.

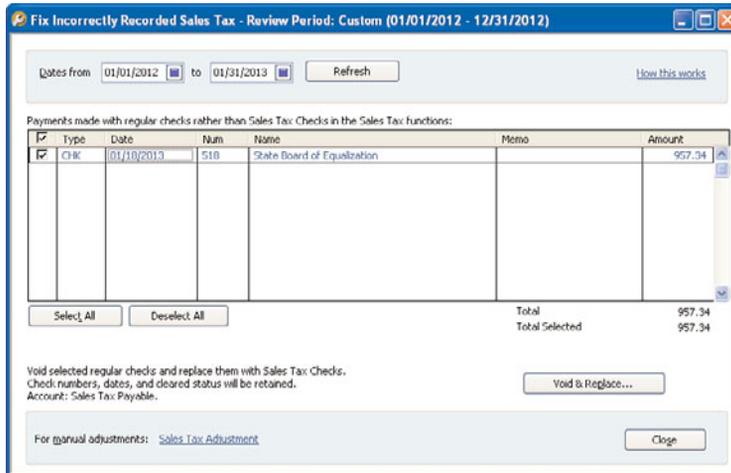


FIGURE 17.29

New for 2010, fix incorrectly recorded sales tax payment transactions.



Digging Deeper

With the Void and Replace functionality included in the Fix Incorrectly Recorded Sales Tax tool, you can rest assured that if your original transaction was marked as cleared in a bank reconciliation, the newly created Sales Tax Payment transaction will also be marked as cleared. See Figure 17.30.

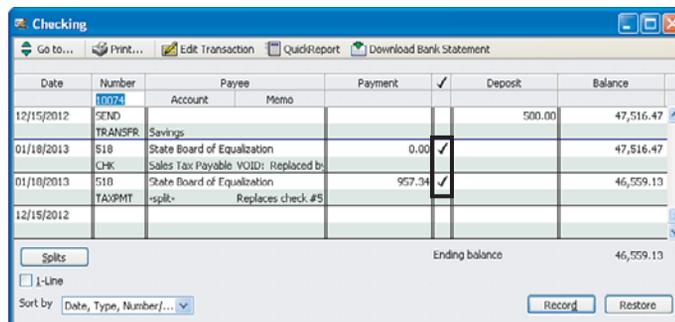


FIGURE 17.30

If the original transaction was marked as cleared, CDR will also mark the new transaction as cleared.

Adjust Sales Tax Payable

If you used the new Fix Incorrectly Recorded Sales Tax tool, you might not need to use this manual Adjust Sales Tax Payable link.

Prior to using the Fix Incorrectly Recorded Sales Tax tool, I recommend that you review the Sales Tax Liability reports and your Balance Sheet balance for Sales Tax Payable before and after making corrections to your sales tax payable balances in QuickBooks. When comparing these reports and the Pay Sales Tax dialog, make sure that each report is using the same Accrual- or Cash- Basis and is prepared with the same reporting date. More information can be found in Chapter 12, “Reviewing Sales Tax”.

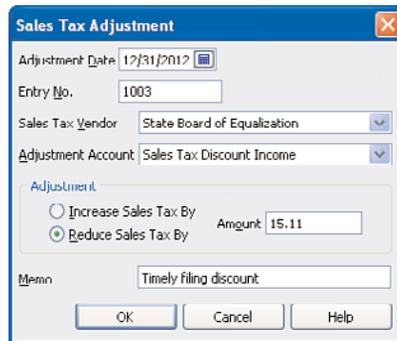
Compare the following reports to each other for sales tax payable balances:

- Balance Sheet—Sales Tax Payable balance. Select Reports, Company & Financial and choose the Balance Sheet Standard report option. Optionally, click the modify button to change the report basis and date.
- Sales Tax Liability Report—Sales Tax Payable as of <date> column total. Select Vendors, Sales Tax and choose the Sales Tax Liability report option.
- Pay Sales Tax—Amt. Due column total. Select Vendors, Sales Tax and choose the Pay Sales Tax menu option.

The end result of a properly made sales tax correcting entries or adjustments is that each of these totals mentioned will agree with each other.

To use the Adjust Sales Tax Payable task, follow these steps:

1. Complete Steps 1 through 4 of the “Customizing the Client Data Review” section of this chapter to launch the Client Data Review.
2. Click the **Adjust Sales Tax Payable** link in the Sales Tax task group of the CDR.
3. The Sales Tax Adjustment dialog shown in Figure 17.31 displays.
4. Select the **Adjustment Date**.
5. Type in an **Entry No**.
6. Select your **Sales Tax Vendor** from the drop-down menu.
7. Select the **Adjustment Account** from the drop-down menu.
8. In the Adjustment pane, select the **Increase Sales Tax By** or **Decrease the Sales Tax By** radial button. Enter an amount for the adjustment.
9. Enter a **Memo** or select the default memo.
10. Click **OK** to save the transaction.

**FIGURE 17.31**

Properly discounting sales tax payable.

QuickBooks will create a Make Journal Entries form with a decrease (debit) or increase (credit) to Sales Tax Payable account with the resulting debit or credit in the account that was selected in Step 7.

Manage Sales Tax

Click the Manage Sales Tax task to open the dialog to assist you with properly setting up and working with Sales Tax in your QuickBooks data file. For more information see Chapter 12, “Reviewing Sales Tax.”

Pay Sales Tax

Click the Pay Sales Tax task to open the dialog used to properly pay your sales tax in QuickBooks. For more information see Chapter 12.

Sales Tax Preferences

Click the Sales Tax Preferences task to open the dialog to assist you with defining sales tax–specific preferences affecting your QuickBooks data file. For more information see Chapter 12.

Inventory

For the accounting professional, this is commonly one area of QuickBooks that is the least understood. Often when working with a client’s file with inventory tracking, I will see a journal entry used to adjust inventory.

Although this does make the adjustment to the inventory account balance on the Balance Sheet report, it does not reflect the adjustment in the Inventory Valuation Summary or Detail report.

Why is it that a journal entry shouldn't be used to adjust inventory? Consider that inventory value on a balance sheet is the quantity of an item multiplied by a cost. When you create a journal entry, you can enter an amount for the adjustment, but you cannot associate it with an actual inventory item.

The following sections detail these new inventory troubleshooting tools.

Review Inventory Setup

Chapter 10, "Reviewing Inventory" discusses several topics including a section titled "Reviewing and Troubleshooting Inventory Balances." I recommend that you read Chapter 10 before making changes with this *new* feature.

When you click the Review Inventory Setup link in the CDR Inventory pane the new Add/Edit Multiple List Entries dialog opens. From here you can easily add or edit the items on the inventory list, as well as other lists.

1. From the CDR Center in the Inventory clean-up task pane, click **Review Item Setup**. Optionally, select **Add/Edit Multiple List Entries** from the **Lists** menu (see Figure 17.32).
2. From the **List** drop-down, select **Inventory Parts**.
3. From the **View** drop-down, select to filter for All Inventory Items, Inactive Inventory Items, Unsaved Inventory Items, or Inventory Items with Errors.
4. Click the **Customize Columns** button to select the columns of data you want to display for this list.
5. Efficiently add new data to your inventory items list. Using common spreadsheet-like tools, copy and paste information into your QuickBooks inventory list from an existing Excel spreadsheet.
6. Right-click any row to duplicate or right-click any cell to copy down a value.
7. Click **Save Changes** when your work is complete.

The Review Inventory Setup is not a CDR-dependent task but the link in the CDR center makes it easy to correct your client's inventory items.

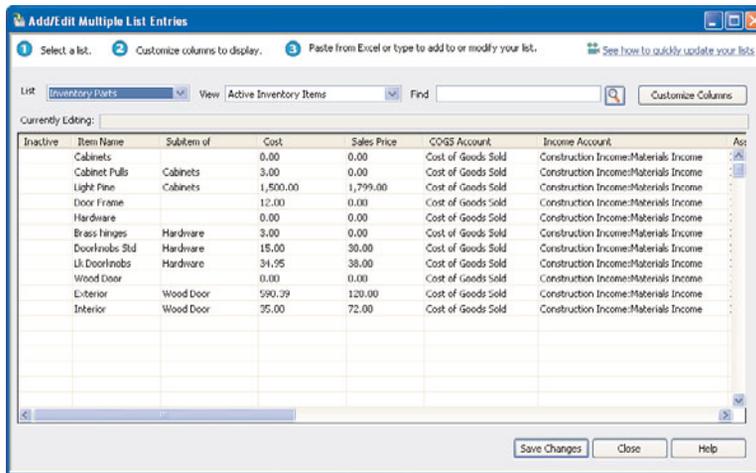


FIGURE 17.32

Use the new *Add/Edit Multiple List Entries* dialog to add to or modify the inventory parts lists.



Compare Balance Sheet and Inventory Valuation

This Compare Balance Sheet and Inventory Valuation CDR task is only accessible while working in CDR in QuickBooks Premier Accountant 2010 or Enterprise Accountant 10.0. This new inventory troubleshooting tool will help you “diagnose” transaction errors involving the inventory asset account. In Chapter 10 you were introduced to the importance of comparing your client’s Inventory Asset on the Balance Sheet report to the asset total on the Inventory Valuation Summary Report.

When transactions are recorded to the inventory asset account without assigning an inventory item (such as a Make General Journal Entries form, or on the expense tab of a vendor bill, assigning the inventory asset account) the Inventory Valuation Summary report will no longer match the value of the Inventory Asset on the Balance Sheet Report.

Another result of improperly recording inventory transactions is the potential for a misstatement of the value of the Cost of Goods Sold, or the cost of the inventory sold to a customer.

1. After launching CDR in the Premier Accountant 2010 or Enterprise Accountant 10.0 software, select the Inventory pane.
2. Click the **Compare Balance Sheet and Inventory Valuation** CDR task. A dialog with the same name displays as shown in Figure 17.33.
3. The CDR review period is displayed. Optionally select another date from the **As of** calendar. Click **Refresh**.

4. The CDR tool displays the Inventory Asset account balance from the Balance Sheet for the selected As of date. Optionally click the **Balance Sheet** link to review the report.
5. The CDR tool displays the total asset value from the Inventory Valuation Summary report for the selected As of date. Optionally click the **Inventory Valuation Summary** link to review the report.
6. A warning message is displayed if there is a difference between the asset value reported on the two reports.

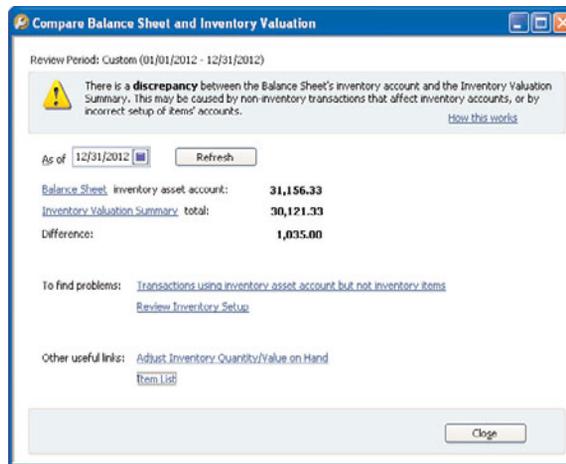


FIGURE 17.33

Compare Balance Sheet and Inventory Valuation is useful when troubleshooting inventory asset discrepancies due to incorrectly created transactions.

7. Click the **Transactions Using Inventory Asset Account but Not Inventory Items** link, and the report in Figure 17.34 displays.
8. The report displays transactions that affect the Inventory Asset balance on the Balance Sheet but are not properly affecting an inventory item.
9. Click **Review Inventory Setup** to open Add/Edit Multiple List Entries. (This was discussed in detail in the section of this chapter titled “Review Item Setup.”)
10. Click the **Adjust Inventory Quantity/Value on Hand** to properly adjust inventory.
11. Click **Item List** to modify an item. However, you might find the link discussed in Step 9 more useful for adding or editing the inventory list.
12. Click **Close** when done.

Type	Date	Item	Memo	Account	Ch	Debit	Credit	Balance
General Journal	12/15/2012	1005	Adj Inventory	Inventory Asset		1,035.00		1,035.00
Total						1,035.00	0.00	1,035.00

FIGURE 17.34

CDR makes it easy to locate transactions that are affecting the Inventory Asset but not using the proper form.



Troubleshoot Inventory

Chapter 10 provides useful content on troubleshooting issues surrounding inventory. One of the issues discussed in that chapter is the effect on the company's financials when inventory goes negative.

Negative inventory is caused when QuickBooks has recorded more inventory sold than is available to sell. This process might seem acceptable for some clients if they are waiting on back-ordered product but want to collect the payment from the customer in advance. Chapter 10 details better methods for handling back-orders and other issues that can result in negative inventory values and the misstated financials that can result.

Also, Chapter 10 explained that if an inventory is marked as “inactive” the resulting inventory value will not appear on the Inventory Valuation Summary report. If a client truly has inventory in stock, although they are not selling it, the inventory valuation would be misstated.

Now, with QuickBooks Premier Accountant 2010 or Enterprise Accountant 2010, many of the reports and processes that had to be reviewed for diagnosing inventory valuation errors can be replaced by the new Troubleshoot Inventory CDR task. In fact, this tool is so valuable in detecting errors such as negative inventory and finding inactive items with a quantity on hand (to name just a few reasons), that as accounting professionals we should encourage our clients to upgrade to QuickBooks 2010.

1. After launching CDR in the Premier Accountant 2010 or Enterprise Accountant 10.0 software, select the Inventory pane.
2. Click **Troubleshoot Inventory**. The CDR-dependant task displays with the same name (see Figure 17.35).
3. From the **Show Items** drop-down menu choose **Filtered By, All**, or **All Active**. This will help to display specific data for your review of your client's inventory.

4. Place a check mark in any combination or all of the following:
 - Qty Bought/Built = 0
 - Qty Sold/Used = 0
 - Negative Quantity
 - Inactive Items with Qty on Hand
 - % Markup less than <enter the %>
5. The default date range is the same as the selected Review Period, or you can optionally change the dates.
6. Click **Refresh** if you're changing the filters or dates to show current data.
7. Optionally click **Columns to Display** to modify the content that is displayed.
8. Inventory items are displayed that match your selected filter criteria. The column End Qty displays the number of units in stock as of the To date selected. Next to the End Qty column a green circle symbol displays if there is no negative inventory. A yellow caution symbol displays for inventory items that have a negative inventory quantity.
9. Select the radial button for Alert to show if there is negative inventory **As of the "to" Date or Any Time in Date Range**.
10. Optionally place a check mark in the box in front of the inventory item to mark the inventory as inactive.
11. Optionally click the **Adjust Inventory Quantity/Value on Hand** to adjust the ending inventory balances to the client's physical inventory counted totals. More information is provided in the next section.

The screenshot shows the 'Troubleshoot Inventory' window with a custom review period from 01/01/2012 to 12/31/2012. The table below represents the data shown in the window:

Name	Type	Cost	Avg Cost	Sales Price	% Markup	Beg Qty	Bought/Used	Sold/Used	Adj	End Qty	Neg Qty?
<input type="checkbox"/> Cabinets	Inv Part	0.00	0.00	0.00	0.00	0	0	0	0	0	No
<input type="checkbox"/> Cabinets:Cabinet Pulls	Inv Part	3.00	2.56	0.00	-100.03	271	182	30	0	423	No
<input checked="" type="checkbox"/> Door Frame	Inv Part	12.00	12.00	0.00	-100.00	21	0	25	0	-4	Yes
<input type="checkbox"/> Hardware	Inv Part	0.00	0.00	0.00	0.00	0	0	0	0	0	No
<input type="checkbox"/> Hardware:Brass hinges	Inv Part	3.00	3.00	0.00	-100.00	246	0	0	0	246	No
<input type="checkbox"/> Hardware:lk Doorknobs	Inv Part	34.95	35.27	30.00	7.74	110	17	4	0	122	No
<input type="checkbox"/> Wood Door	Inv Part	0.00	1,750.00	0.00	-100.00	0	1	0	0	1	No
<input type="checkbox"/> Wood Door:Exterior	Inv Part	990.39	273.38	120.00	-86.11	2	39	22	-2	16	No

At the bottom of the window, there are options to 'Make Selected Items Inactive' and 'Adjust Inventory Quantity/Value on Hand'. An alert is shown for the 'Door Frame' item, with radio buttons for 'as of "to" date' (selected) and 'any time in date range'.

FIGURE 17.35

New for 2010, easily identify inventory with a negative quantity, and help your client better manage his inventory processes.

Adjust Inventory Quantity/Value on Hand

Before you perform this task, you need to know what the actual ending quantity and value for each inventory item is currently. This is determined by completing a physical inventory count. Without this important step, you might make an adjustment that might not be supported by the actual count. To create a list used by the warehouse personnel to count inventory, from the Vendors menu, select Inventory Activities and choose Physical Inventory Worksheet.

Quantity Inventory Adjustment

The following instructions detail the steps to making an inventory quantity adjustment. With this type of adjustment, QuickBooks will use the average cost associated with the item (or if none exists, will use the default cost on the New or Edit Item dialog) to determine the actual value of the quantity adjustments. If there was no recorded average cost and your items do not have a default cost in the New or Edit Item dialog, no financial change will be created for this inventory adjustment. More detailed information is provided in Chapter 10.

To properly adjust the quantity on hand to agree with a physical inventory count, follow these steps:

1. Complete Steps 1 through 4 of the “Customizing the Client Data Review” section of this chapter to launch the CDR.
2. Click the **Adjust Inventory Quantity/Value on Hand** link in the Inventory pane of the Client Data Review center.
3. Enter an **Adjustment Date** and optional **Ref. No.** Optionally, assign a **Customer:Job** and select your **Adjustment Account** chart of accounts (this can be either a Cost of Goods Sold or Expense type account).
4. In the **New Qty** column, enter your count from the completed physical inventory, or, optionally enter the change in the **Qty Difference** column.
5. QuickBooks will provide the **Total Value of the Adjustment** at the bottom of the dialog for your review as you make the needed changes. Select **Save & Close** when you are done.

The net effect on the financials shown in Figure 17.36 is to reduce (credit) the Inventory asset balance by \$151.46, and increase (debit) the Inventory Adjustments account (either a Cost of Goods Sold type or Expense type).

Adjust Quantity/Value on Hand

Previous Next Attach

Adjustment Date: 11/30/2012

Ref. No.: 99 Customer: Job

Adjustment Account: Inventory Overage/Shortage

Item	Description	Current Qty	New Qty	Qty Difference
Cabinets	Cabinets	0		
Cabinets:Cabinet Pulls	Cabinet Pulls	399	421	22
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	4		
Door Frame	standard interior door frame	21	15	-6
Hardware	Hardware	0		
Hardware:Brass hinges	standard interior brass hinge	246	200	-46
Hardware:Doorknobs Std	Standard Doorknobs	129		
Hardware:Lk Doorknobs	Locking interior doorknobs	120		
Wood Door	Doors	1		
Wood Door:Exterior	Exterior wood door	22		

Value Adjustment

Memo: To agree with physical inventory count for 11/30/12

Total Value of Adjustment: -151.46

Save & Close Save & New Cancel

FIGURE 17.36

Using the Adjust Quantity/Value on Hand transaction is the proper form to use to adjust the inventory balances.

This section has discussed using the CDR feature to access the Inventory Adjustment menu in QuickBooks. Inventory adjustments are normally done to adjust for quantity decreases perhaps due to damage or theft, or even increases when perhaps a prior inventory count left out some items not yet on the shelf.

The next section discusses a different type of inventory adjustment called a Value Adjustment.

Value Inventory Adjustment

When deciding whether to use a Quantity on Hand or Value Adjustment only, be sure of the net result you wish to obtain. A value adjustment will not change the quantity on hand, but it will assign a new average cost by dividing the units in inventory by the new value.

Timing is important when doing a valuation adjustment. Value adjustments, if appropriate, should be carefully considered for their impact on the company's resulting financials.

The following instructions detail the steps to making an inventory value adjustment:

1. Complete Steps 1 through 4 of the "Customizing the Client Data Review Center" section of this chapter to launch the CDR tool.
2. Place a check mark in the **Value Adjustment** box in the lower-left of the Adjust Quantity/Value on hand dialog.
3. In the **New Value** column, enter your current total dollar value for the inventory, as shown in Figure 17.37.

- QuickBooks will provide the **Total Value of the Adjustment** at the bottom of the dialog for your review as you make the needed changes. Select **Save & Close** when you are done.

Item	Description	Current Qty	New Qty	Current Value	New Value
Cabinets	Cabinets	0		0.00	
Cabinets:Cabinet Pulls	Cabinet Pulls	399		1,061.64	530.82
Cabinets:Light Pine	Light pine kitchen cabinet wall unit	4		6,000.00	
Door Frame	standard interior door frame	21		252.00	
Hardware		0		0.00	
Hardware:Brass hinges	standard interior brass hinge	246		730.00	
Hardware:Doorknobs Std	Standard Doorknobs	129		3,471.20	
Hardware:Lk Doorknobs	Locking interior doorknobs	120		4,233.72	
Wood Door	Doors	1		1,750.00	
Wood Door:Exterior	Exterior wood door	22		6,572.24	

Value Adjustment Memo: To agree with physical inventory count for 11/30/12
 Total Value of Adjustment: -1,520.02

FIGURE 17.37

Use a Value Adjustment when primarily the value of the inventory changed and not the quantity.

The accounting result of this inventory value adjustment, as shown in Figure 17.37, is no net change to inventory quantities, a decrease (credit) to your Inventory Asset account, and an increase (debit) to your Inventory Adjustments account (either a Cost of Goods Sold type or Expense type). A new average cost will be computed based on the (Original Asset Value + or - the Value Difference) / Quantity on Hand as recorded on the inventory value adjustment.

Payroll

To have QuickBooks automatically calculate payroll, you or your client should purchase a payroll subscription from Intuit. When payroll is not prepared properly, many of the QuickBooks payroll forms and calculations will not work correctly or at all. For more detailed information on the payroll subscriptions offered as well as details of the proper payroll process, see Chapter 14, “Reviewing Payroll.”

The CDR tasks for payroll will help you find payroll errors and set defaults in your client’s file that will help to avoid future mistakes.



Digging Deeper

Your ability as the accountant to make changes in a client's payroll setup as well as adjust payroll transactions is possible when

- You are working in a client's working data file (.QBW file extension). You cannot make changes to payroll transactions when working in an Accountant's Review file copy.
- If you are working on-site or remotely logged into the client's file (via the Internet) and your client has a current paid payroll subscription. The payroll features available will be limited by the payroll subscription the client owns.
- If you are working with the client's file at your place of business, and you have a paid payroll subscription from Intuit. Accounting professionals providing payroll services for their clients will benefit from using the QuickBooks Enhanced Payroll for Accountants subscription. See Chapter 14 for more specific details.



Find Incorrectly Paid Payroll Liabilities

Details about the proper methods to prepare payroll and how to pay the accrued liabilities were provided in Chapter 14. Some QuickBooks users might choose to use the write check form when preparing their payroll liability payments. Incorrectly prepared payments will adjust the balance sheet balances, but will not be reflected accurately in the Payroll Center. However, over the last several years, payroll liability payment errors are less likely to occur due to improved error messaging that encourages the QuickBooks user to properly prepare these liability payments.

This CDR task delivers another time-saving tool; helping you the accounting professional easily and quickly find payroll liability payments that were not recorded using the correct form.

When you select the link to Find Incorrectly Paid Payroll Liabilities from the Payroll task pane, QuickBooks prepares a report titled Payroll Liabilities Paid by Regular Check. See Figure 17.38. This report will find a Write Check form that was payable to a payroll item vendor.

Use the details from this report to determine where your client has recorded these payroll liability payments to. Did they record them to the payroll liabilities account or did they select an expense account by mistake?



FIGURE 17.38

This report will find incorrectly paid payroll liability payment transaction types.

After you determine what account the entries are posted to, you can complete a Payroll Liability Adjustment as follows:

1. Click **Employees, Payroll Taxes and Liabilities**, and select **Adjust Payroll Liabilities** to open the Liability Adjustment dialog shown in Figure 17.39.
2. Enter the **Date** and **Effective Date**. Both should be dated in the quarter you want to effect the change.
3. Select either **Company** or **Employee** for the adjustment. Company indicates it is a company-paid adjustment. Employee indicates an employee-paid adjustment and will affect W-2 reported amounts.

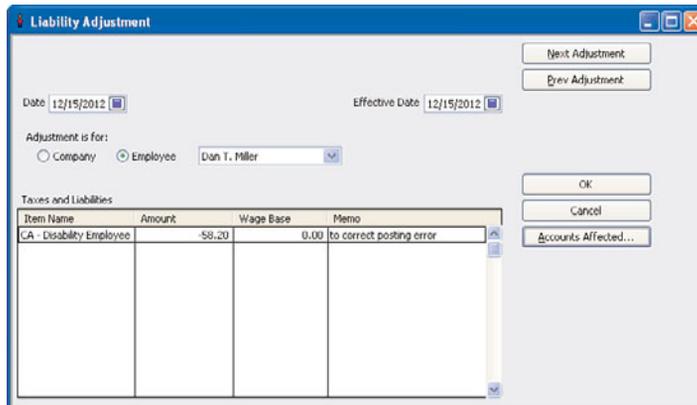


FIGURE 17.39

Correct payroll liabilities with the Liability Adjustment dialog.

4. Optionally, assign a Class if your business tracks different profit centers.

5. Click **Accounts Affected** only if you do not want to affect balances. This would be necessary if your Balance Sheet is correct, but your Payroll Liabilities balances are incorrect.
6. Click **OK**.
7. QuickBooks might open another dialog with the default account that is going to be affected. QuickBooks shows you this dialog to suggest the recommended account for the adjustment based on how the payroll item is set up. If you need to change the account assignment, choose the appropriate account from the drop-down menu.
8. Click **OK** to save the transaction.

You can check this and other details of your client's payroll setup by completing the Run Payroll Checkup as discussed in Chapter 14, "Reviewing Payroll."

Review Payroll Liabilities

Conveniently, from within Client Data Review you have access to the Employee Center: Payroll Center. From the displayed dialog you can view multiple month calendars, your upcoming scheduled payroll processing dates, due dates and amounts for paying your payroll liabilities timely, and even links to accessing processing the quarterly and annual forms for federal filings and most state filings.

To learn more about using this center, read Chapter 14.

Review Employee Default Settings

QuickBooks 2010 Client Data Review feature provides easy access to another feature that has been well hidden! Reviewing employee defaults will help your client process new payroll with fewer mistakes, making future payroll reviews less time-consuming.

To set the employee preferences, you will need to be logged in as the Admin or new External Accountant user.

1. Complete Steps 1 through 4 of the "Customizing the CDR" section of this chapter to launch CDR.
2. Click the **Review Employee Default Settings** link in the Payroll task group of CDR.
3. The Preferences for Payroll & Employees, Company Preferences dialog opens, as shown in Figure 17.40.
4. Click the **Full Payroll** button in the QuickBooks Payroll Features pane. This button enables the remaining features in the Preferences dialog.

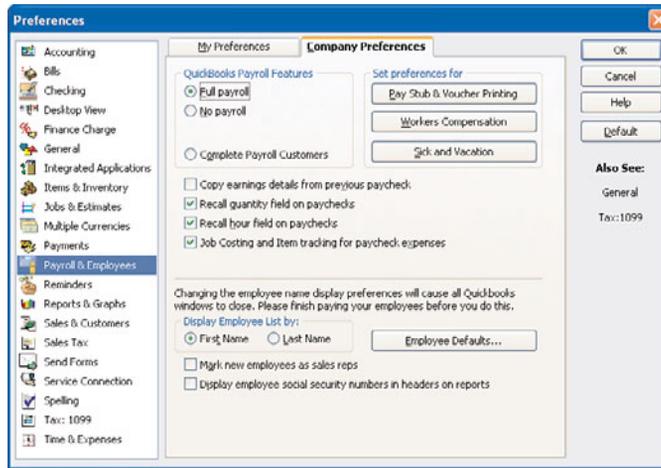


FIGURE 17.40

Set employee defaults for your clients to automate proper settings for new employees.

5. Click the check box next to the features that are appropriate to the client's business:
 - Copy earnings details from previous check (copies hours, rates, and Customer:Jobs from prior paycheck).
 - Recall quantity field on paychecks (recalls line 1 of a previous paycheck, payroll item, and rate only; no Customer:Job recalled).
 - Recall hour field on paycheck (recalls total hours only and places total number of hours on a single line even if prior paycheck had several lines).
 - Job Costing for paycheck expenses (enables QuickBooks to add the cost of company-paid taxes to the burdened costs for time that is assigned to a Customer:Job). QuickBooks also offers the Class Tracking by Paycheck or Earnings Item option if you have the class tracking preference enabled.
6. Display Employee list by selecting the button to display your employee lists by first name or last name.
7. Click the check box next to **Mark New Employees as Sales Reps** if you want new employees automatically added to the sales rep list and available to be added to a customer invoice form.
8. Click the check box next to **Display employee Social Security Numbers in Headers on Reports** if you want to display this sensitive information on reports.

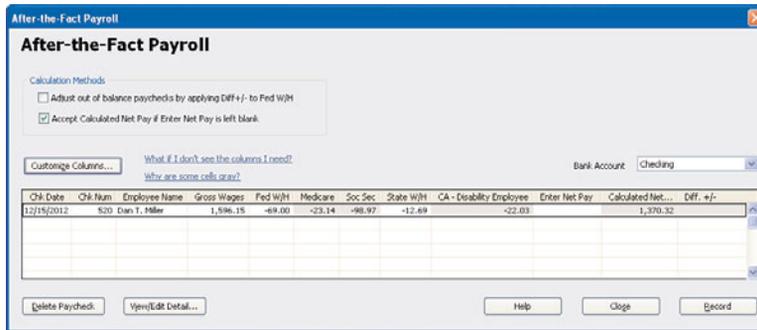
9. Click the **Pay Stub and Voucher Printing** button to open printing preferences. In this dialog, you can customize what detail will print on employees' paycheck stubs or vouchers (if direct depositing the check).
10. Click the **Workers Compensation** button to set the preference to track worker's comp, to be warned when a worker's comp code is not assigned, and to exclude overtime hours from workers compensation calculations. This feature is available with the Enhanced Payroll subscription service.
11. Click the **Employee Defaults** button to set default employee rates, tax preferences, pay schedule, and many other options. Setting these preferences can save data entry time when your client is creating new employees because the common employee defaults will pre-fill when setting up new employees.

Setting preferences for your client can save precious data entry time and help to avoid future mistakes. The client will appreciate the time you take to make his job easier.

Entering After-The-Fact Payroll

No longer is entering after-the-fact payroll time consuming! From within CDR, the accounting professional has access to this important feature. You or your client must have an active payroll subscription. If you or your client does not have an active payroll subscription, the After-The-Fact Payroll task will not be displayed in the Payroll task group. Keep this in mind if you are working at the client site or remotely logged into the client's data file. To begin entering payroll in this manner, follow these steps:

1. Complete Steps 1 through 4 of the "Customizing the Client Data Review Center" section of this chapter to launch the CDR.
2. Click the **Enter After-The-Fact Payroll** link in the Payroll task group of the CDR.
3. The After-The-Fact Payroll dialog opens as displayed in Figure 17.41.
4. In the **Calculations Method** pane, you can choose to let QuickBooks adjust any out-of-balance amount to Federal Withholding. Or, choose the option to accept the net pay as calculated.
5. Optionally, click the **Customize Columns** button to open a dialog that will let you place the columns of detail in your preferred order. This is especially useful if you are working from some other manual book-keeping form or computer-generated details when entering into QuickBooks.

**FIGURE 17.41**

Conveniently enter After-The-Fact payroll.

6. Select the **Bank Account** drop-down menu from the right of the dialog, the appropriate bank account that this payroll record is going to be paid from.
7. Complete the fields in the familiar spreadsheet format, including check date, check number, employee, gross wages, federal withholding, and depending on your selection in Step 4, let QuickBooks calculate the net or choose to enter the net paycheck.
8. Optionally click on the **View/Edit Detail** button at the bottom of the dialog. This Preview Paycheck dialog will open, allowing you to assign a job, service item, and workmen's compensation code. Select **Save & Close** to close the Preview Paycheck dialog.
9. Click **Record** when you have completed a single row of detail or simply enter through to the next line. Click **Close** when you want to close the After-The-Fact Payroll dialog.
10. Optionally select from the status drop-down, the current status of the task and record a task note.

Payroll entered through the After-The-Fact Payroll processing will also be included in all of the federal and state forms that QuickBooks payroll subscriptions offer.

Bank Reconciliation

When I am reviewing a client's file, I look closely at the bank reconciliation results. I look to see if the bank reconciliation has been completed recently and how old outstanding, uncleared bank transactions are.

There are many ways to troubleshoot bank reconciliation issues with your client's data. The CDR feature provides a quick link to three important tasks. For more information on other options you have and reports you can customize for your clients, see the "Troubleshooting an Incorrectly Reconciled Bank Account" section in Chapter 6, "Reviewing Your Bank Reconciliations."

Reconciling Accounts

You can use the Reconcile Accounts link in the Bank Reconciliation task group of the CDR feature to troubleshoot or complete your client's monthly bank reconciliation. If you are working with a client's Accountants Copy file, you will be able to reconcile any and all months, but only the reconciliations for dates prior to the "Dividing Date" set in the client's file will be returned with your changes. More details about this topic can be found in Chapter 15.

1. Access Steps 1 through 4 of the "Customizing the Client Data Review Center" section of this chapter to launch CDR.
2. Click on the **Reconcile Accounts** link in the Bank Reconciliation task group of the Client Data Review. If your client has more than one bank account, select from the Account drop-down menu the bank account you are reviewing.
3. Access the following tasks from the Begin Reconciliation dialog shown in Figure 17:42:
 - Review the date listed as last reconciled.
 - Compare the beginning balance with the ending balance of the last completed bank statement from the financial institution.
 - Begin a new bank reconciliation by entering the statement ending balance from the printed bank statement and optionally entering service charges or interest earned on this statement. Then click Continue.
 - Locate discrepancies, as discussed in more detail in the following section.
 - Undo the last reconciliation used when you need to restart the last bank reconciliation. When selected, you are returned to the prior month's bank reconciliation dialog. All of your previously marked transactions are now no longer marked cleared. Any added service charges or interest income transactions were not removed. Note: You can "roll back" as many months as you need to, one month at a time.

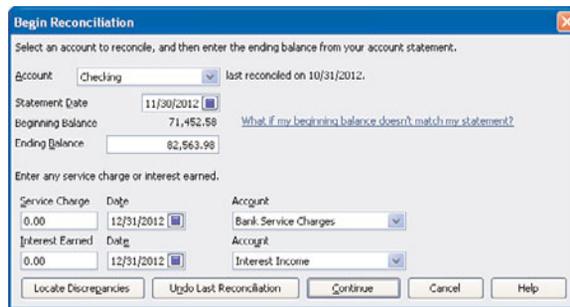


FIGURE 17.42

The Begin Reconciliation dialog has other useful task links.

In my years of working with clients QuickBooks files, the bank reconciliation is the task I most frequently see not completed at all, or not completed correctly, yet it is one of the most important tasks to complete when wanting to look at trusted financials. The CDR feature helps you, the accountant, work with your client's data file when reviewing or completing the bank reconciliation.

Locate Discrepancies in Bank Reconciliation

After reviewing the client's previous bank reconciliations, you determine the beginning balance that was once correct is no longer correct. Perhaps your client modified, voided, or deleted a previously cleared transaction.

The Locate Discrepancies in Bank Reconciliation report will help you to easily find these.

1. Complete Steps 1 through 4 of the "Customizing the Client Data Review Center" section of this chapter to launch CDR.
2. Click **Locate Discrepancies** in Bank Reconciliation in the Bank Reconciliation task group.
3. From the **Specify Account** drop-down menu, select the bank account.
4. The "Previous Reconciliation Discrepancy Report" displays. For each transaction on this report, you will see the modified date, reconciled amount, type of change (amount added or deleted), and the financial effect of the change (see Figure 17.43) grouped by bank statement date.

You can click Modify Report and add the user name that modified the transaction to help in identifying who made the change to the transaction.

Type	Date	Entered	Last Modified	Item	Name	Reconciled Amount	Type of Change	Effect of Change
Check	11/30/2011	12/14/2012 23:06:33		225	Bayshore CalOf S...	-145.00	Amount	145.00
Total	11/30/2008							145.00

FIGURE 17.43

View details of previously cleared transactions that have been modified or deleted.

After you have found the reconciliation discrepancy, you can view the Voided/Deleted Report to help determine how to correct the transaction(s). To prepare this report, select Reports, Accountant & Taxes, and choose the Voided/Deleted Transactions Summary or Detail report.



Rescue Me!

Troubleshoot your beginning balance differences with the Previous Reconciliation Discrepancy Report before completing the next month's reconciliation. Doing so is important because QuickBooks removes all details from the discrepancy report when you complete a new reconciliation. This is due to QuickBooks determining that you have solved the issue or you would not have completed the next month's bank reconciliation.

This report will not track discrepancies caused by changing the bank account associated with a transaction. However, now with the Client Data Review, Review List Changes task will track changes made from adding, deleting, or even merging charts of accounts and other list items in QuickBooks.

Reviewing Missing Checks

This is a useful report when reviewing the accuracy of your client's bank account data. This report can help you determine whether any check transactions are missing or duplicated.

Complete Steps 1 through 4 of the "Customizing the Client Data Review Center" section of this chapter. The CDR will be launched.

Select the Review Missing Checks task in the Banking task group. When the Specify Account dialog displays; select the appropriate bank account from the drop-down menu.

The resulting Missing Checks report shows all check or bill payment check type transactions sorted by number (see Figure 17.44). You will look for any breaks in the detail with a *** Missing or *** Duplicate warning.

Type	Date	Num	Name	Memo	Account	Split	Amount
Check	01/18/2013	518	State Board of Equ...	VOID: Repla...	Checking	Sales Tax Pa...	0.00
*** Duplicate document numbers ***							
Sales Tax Paym...	01/18/2013	518	State Board of Equ...	Replaces ch...	Checking	-SPLIT-	-97.34
Check	12/15/2012	519	Employment Devel...		Checking	State Disabit...	-59.20
*** Missing numbers here ***							
Paycheck	01/13/2012	10001	Dan T. Miller		Checking	-SPLIT-	-1,299.61
Paycheck	01/13/2012	10002	Elizabeth N. Mason		Checking	-SPLIT-	-890.57
Paycheck	01/13/2012	10003	Gregg O. Schneider		Checking	-SPLIT-	-1,033.99
Paycheck	01/15/2012	10004	Elizabeth N. Mason		Checking	-SPLIT-	-921.28
Paycheck	01/27/2012	10005	Dan T. Miller		Checking	-SPLIT-	-1,299.60
Paycheck	01/27/2012	10006	Gregg O. Schneider		Checking	-SPLIT-	-1,064.04

FIGURE 17.44

The Missing Checks report can help you determine whether you need to enter any missing transactions before you reconcile.

Miscellaneous

This section of the CDR can be one of the most useful to you because it shows you how to set preferences to make your client's work more accurate and how to set a closing date that will prevent or discourage a user from making changes to your reviewed data. If you are working with a client's Accountants Copy, you will be able to set the Closing Date and optional Closing Date Password, but other preferences set will not transfer over to the client's file.

Setting the Closing Date and Password

QuickBooks offers flexibility for accounting professionals who want to protect prior period data and those that need or want to make changes to prior period accounting records.

What exactly is a "closed" accounting period? Well, a business can decide to close a month when tasks such as a bank reconciliation is done or a sales tax return is filed, or a business can simply close once a year when the data is finalized for tax preparation. Because QuickBooks does not require you to close the books, it is a decision of the accounting professional and business owner (see Chapter 15).

The option of setting a closing date and password makes it easy to protect prior period transactions from unwanted modifications. With additional user-specific security settings, the business owner and accountant can also manage who has the privilege to make changes to transactions dated on or before a specific closing date.

Step One—Setting the Date and Assigning the Password

The first step in controlling changes to closed accounting periods is to set a closing date and optionally a closing date password that the user must provide when adding or modifying a transaction dated on or before the closing date.

Another important reason for setting a closing date is to track additions, modifications, or deletions to transactions dated on or before a closing date. The Closing Date Exceptions report will not track these changes when a closing date is not set.

To set the closing date and optionally a password (different from the Admin or External Accountant password), follow these steps:

1. Complete Steps 1 through 4 of the “Customizing the Client Data Review Center” section of this chapter to launch the Client Data Review.
2. Click the **Set Closing Date and Password** link in the Miscellaneous task pane of the CDR center.
3. Click the **Set Date/Password** button. The Set Closing Date and Password dialog displays.
4. Enter a closing date and optional password. Consider using your phone number as the password or “Call Accountant” to encourage your client to call you before making changes to closed period transactions.
5. Click **OK**.

Setting a closing date is only step one. Next, you must set user-specific privileges for users you want to allow access to adding or modifying a transaction dated on or before the closing date.

Step Two—Setting User-Specific Security

To be certain that the closing date control is managed properly, review all users for their specific rights to change transactions prior to a closing date. To view the following menu, you need to log into the file as the Admin user, (External Accountant User type does not have the capability to create new users):

1. Click **Company, Set Up Users and Passwords** and select the option to **Set Up Users**. The User List dialog opens.
2. To view a user’s existing security privileges from the User List dialog, select the user with your cursor and click the **View User** button. You will be able to view in summary form the security settings for that user, as shown in Figure 17.45.

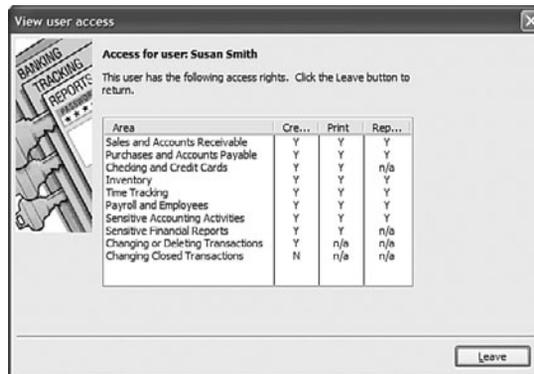


FIGURE 17.45

Review in summary form the user's security privileges.

3. Any user who should not have rights to changing closed period transactions should have an "N" placed in the last setting, Changing Closed Transactions.
4. If after reviewing a user's existing security privileges, you need to edit the setting referenced earlier, click *Leave* to close the View User Access dialog.
5. QuickBooks returns you to the User List dialog. Select the username and click the **Edit User** button.
6. On the Change User Password and Access dialog optionally modify the user name or password. Click **Next** to continue.
7. The User Access dialog for the specific user displays. Select Selected Areas and click **Next** to continue through each of the security selections until you reach the selection on Page 9 as shown in Figure 17.46.

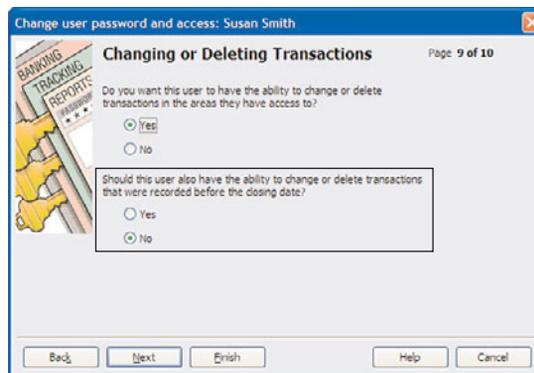


FIGURE 17.46

Be sure that each user is also set to No for changing closed period transactions.

With the ease of doing client reviews, and now the security of knowing your hard work is documented and protected with a closing date, your future reviews should take even less time to complete, giving you more time to help your client with important management decisions!

Review QuickBooks Preferences

Don't forget during your review to properly manage the many useful preferences that will help you and your client work more efficiently and accurately in the QuickBooks data file.

QuickBooks offers two types of preferences:

- My Preference—Choices selected on this tab are being defined only for the currently logged in user. If you are setting preferences for your client, you should log in with his user name, and then set the My Preferences. These settings can be set in a multiuser environment (when others are in the date file).
- Company Preferences—Preferences set on these tabs are global for all users in the QuickBooks data file. Often, these preferences can be set only when you are in single-user mode, meaning other users cannot be working in the file when you set Company preferences. Both the Admin and the new External Accountant type user can modify Company Preferences.

There are preferences specific for accounting you will want to review. As the trusted accounting professional for your client, you will benefit by reviewing each of the available preferences, including

- Accounting
- Bills
- Checking
- Desktop View
- Finance Charge
- General
- Integrated Applications
- Items & Inventory
- Jobs & Estimates
- Multiple Currencies

- Payments
- Payroll & Employees
- Reminders
- Reports & Graphs
- Sales & Customers
- Sales Tax
- Send Forms
- Service Connection
- Spelling
- Tax: 1099
- Time and Expenses

Of the preferences, those that can enhance the accounting accuracy of a QuickBooks file are discussed in more depth in the related chapter. For example, the Sales & Customer preferences that improve the client's accuracy in QuickBooks are detailed in Chapter 7.

With a password set and preferences reviewed, your next review of your client's data should take even less time using the Client Data Review.

Finishing a Client Data Review

You can leave a CDR open for as long as it takes you to finish. When you close out of task, your work is saved. Additionally, as you are working, you can conveniently select a QuickBooks menu outside of the Client Data Review and CDR will refresh automatically, including transactions created and modified.

Optionally, as you work through the many tasks, you can record an overall note for the review or individual notes assigned to specific tasks.

Saving the Review as a PDF

You can print the details of your Client Data Review to paper or save as a PDF file. The information included with this document as shown in Figure 17.47:

- Company File Name
- Review Period (Last Fiscal Year, Quarter, Month, or Custom)
- Date Printed
- Dates included in this review
- Basis: Accrual or Cash
- Client Data Review Note
- Cleanup Tasks and subtasks
- Status
- Task note
- File name and path where the report is stored if prepared in PDF format.

Marking Review Complete

When you have completed all tasks in the CDR and you select the Mark Review Complete button, QuickBooks will

- Provide the option to set a closing date and password.
- Change the Prior Review Period Dates in the Troubleshoot Account Balances Task.
- In the Troubleshoot Account Balances tasks, transfer your final reviewed balances to the Last Review Balances column. (These amounts will not change even if a customer makes a change to a transaction dated in that review period!)
- Provide the option to carry over task notes to the next review.

Specific to the Troubleshoot Account Balances task, you do not have to Mark the Review as Complete for each review. However, your ending balances will be recorded only in the Last Review Balances column when you mark the review as completed. Marking a review as completed still gives you the option to reopen a previously closed review.

Rock Castle Construction

Review Period: **Last Fiscal Year**Date Printed: **12/15/2013**Dates: **01/01/2012 - 12/31/2012**Basis: **Accrual****Review Notes:**

Request client to fax over Bank Statement for 12/31/12.
Ask for details on purchase of office computer.

Cleanup Tasks	Status	Task Notes
Account Balances		
Troubleshoot Prior Account Balances	Completed	
Reclassify Transactions	Completed	
Open Working Trial Balance	Completed	
Review List Changes		
Chart of Accounts	Completed	
Items	Completed	
Fixed Asset Items	Completed	
Payroll Items	Completed	
Review Item Setup	Completed	
Customers	Completed	
Vendors	Completed	
Accounts Receivable		
Fix Unapplied Customer Payments and Credits	Completed	
Clear Up Undeposited Funds Account	Completed	
Review AR Aging Summary Report	Completed	Review the AR Aging Summary report with client.
Write Off Invoices	Completed	
Accounts Payable		
Fix Unapplied Vendor Payments and Credits	Completed	
Evaluate and Correct 1099 Account Mapping	Completed	
Review Unpaid Bills Report	Completed	
Sales Tax		
Fix Incorrectly Recorded Sales Tax	Completed	
Adjust Sales Tax Payable	Completed	
Manage Sales Tax	Completed	
Pay Sales Tax	Completed	
Sales Tax Preferences	Completed	
Inventory		
Review Inventory Setup	Completed	
Compare Balance Sheet and Inventory Valuation	Completed	
Troubleshoot Inventory	Completed	
Adjust Inventory Quantity/Value On Hand	Completed	
Payroll		
Find Incorrectly Paid Payroll Liabilities	Completed	
Review Payroll Liabilities	Completed	
Review Employee Default Settings	Completed	
Enter After -The -Fact Payroll	Completed	
Bank Reconciliation		
Reconcile Accounts	Completed	
Locate Discrepancies in Bank Reconciliation	Completed	
Review Missing Checks	Completed	
Miscellaneous		
Set Closing Date and Password	Completed	
Review QuickBooks Preferences	Completed	

FIGURE 17.47

Print or Save to PDF the details of the review for your paper files.

Reopening a Client Data Review

After marking a review as complete and before you start the next review, you will have the option to reopen the previously marked completed review. After you start a new review, you will no longer have the option to reopen the previously completed review, see Figure 17.48.



FIGURE 17.48

Before starting a new review, you will have the option to open a previously closed review.

Reporting on Review Activity

Also available on the CDR center is a link to the Audit Trail of Review report. You can use this report to detail the transactions you have added, modified, or deleted during your review. The Audit Trail report will not report on changes made to list items.

Additionally, if you used the new External Accountant type of login access, you were given all the rights of the Admin user (except adding or modifying users and viewing sensitive customer credit card information) and you can see your changes separate from the Admin or other users on this report.

The Audit Trail report provides details of additions and changes made to transactions, grouping the changes by username. The detail on this report shows the prior version of the transaction and the latest version of the transaction, if it was edited. The Audit Trail of Review report defaults to changes made as of today's date. This filter date can be modified for your needs.

To create the Audit Trail report shown in Figure 17.49, click Reports, Accountant & Taxes, and then select the Audit Trail report.

The audit trail report can be lengthy to review; however, if as an accountant you try to track down specific user activity with transactions, this can be a useful report to review because the changes are grouped by username.

Item	Entered Last Modified	Last modified by	State	Date	Name	Memo	Account	Split	Debit
Check 93	12/15/2013 08:25:49	John Taylor (External Acc...)	Latest	12/01/2011	Ryves Properties Overhead	VOID	Checking Rent	Rent Checking	0.00
93	12/15/2012 12:48:02	Admin	Prior	12/01/2011	Ryves Properties Overhead		Checking Rent	Rent Checking	1,200.00

FIGURE 17.49

The QuickBooks Audit Trail report helps to identify what changes were made to transactions and by which user.

Optionally, you can export the current audit trail report to Excel for added filtering functionality as instructed in the following steps (this requires Excel 2003 or newer). This functionality would be useful if there are several individuals at a firm reviewing, adding or modifying transactions in a client's data file. These steps will allow you to filter transactions for a specific user.

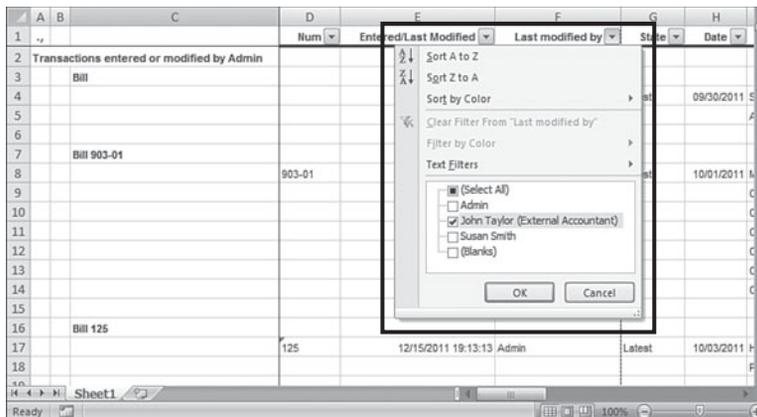
1. Select **Reports, Accountant & Taxes** and choose the **Audit Trail**.
2. Modify the report dates as needed for your review.
3. Select the **Export** button on the open Audit Trail dialog.
4. The Export Report dialog displays on the Basic tab.
5. Select the appropriate radial button for the desired output into a new Excel workbook or existing Excel workbook.
6. If you selected the existing radial button, you will need to browse to find the Excel workbook and identify what worksheet to import the details into.
7. Select the **Advanced** tab.
8. Select the **Auto Filtering** option by placing a check mark in the box, as shown in Figure 17.50.
9. Click **Export** to prepare the workbook from the QuickBooks Audit Trail report.
10. The Audit Trail report displays in Excel with auto-filtering enabled.
11. In the Excel document, select the **Last Modified by** drop-down menu. Each user will have a check mark next to its user name; deselect those users you want to "filter out" of the results of the auto-filtering. In Figure 17.51, John Taylor is selected, the user assigned the External Accountant user type in this chapter. The resulting data now shows only those transactions in the Audit Trail that this specific user added or modified.

**FIGURE 17.50**

Exporting the Audit Trail report with Auto Filtering enabled.

12. The Excel workbook will display only those transactions in the Audit Trail report added or modified by the selected user.
13. Print the newly filtered Audit Trail report for you or your client's records.
14. Optionally save your Excel workbook.

If you are using the CDR feature with your client's Accountant's Copy data file sharing method, you will also have access to a detailed report of all changes made to a file available only in the Accountant's Copy.

**FIGURE 17.51**

Using auto-filtering to limit the data that is displayed in the Audit Trail report.

If you find undesired transaction changes, consider setting a closing date password and setting specific user security privileges as detailed earlier in this chapter.

Creating an External Accountant User

Setting up a QuickBooks user for each person that enters data provides a level of control over the sensitive data to be viewed by this user and gives access to specific areas in QuickBooks. For additional control, a user-specific password can also be assigned.

Beginning with QuickBooks 2009 there is a new type of user called the External Accountant. When you create a new user (or edit an existing user) in QuickBooks, you can assign that user as an External Accountant.

As an accounting professional using the CDR, you will want to request that your client create a user name for you and assign the new External Accountant Type. If you then log into the client file with this new user type, you will benefit from:

- Complete Admin access, except you cannot create users or view sensitive customer credit card numbers.
- Reports like the Audit Trail can be filtered in Excel for a specific user name, enabling you to see your transactions separate from the client's transactions.
- Client Data Review distinguishes in the dialog if your login is the new External Accountant type (see Figure 17.1).

If you are reviewing your client's data using the Accountant's Copy file type or if you are not given the Admin login, this new External Accountant will have to be created before your client creates the Accountant's Copy or has you review his data file.

To create an External Accountant, follow these steps:

1. Open the QuickBooks data file using the Admin user (the default user that QuickBooks creates with a new QuickBooks file) and enter the appropriate password if one was created.
2. From the **Company** menu, **Set Up Users and Passwords**, select the **Set Up Users** menu option.
3. Enter the Admin user password if one was originally assigned. Click **OK**.
4. The **User List** dialog opens; it lists the current users set up for this file.
5. Click the **Add User** button to create a new user, or with your mouse pointer, select an existing user name and click the **Edit User** button.

6. The Set up or Change User Password and Access dialog is opened.
7. In the **User Name** field, type the name you want the user to be identified by in the file.
8. In the **Password** field, enter an *optional* password, and in the **Confirm Password** field, retype the password for accuracy.
9. Optionally, click the box to **Add This User to My QuickBooks License**. (See the explain link for more details.)
10. Click Next. You may receive a No Password Entered message, click **Yes** or **No** to creating a password. If you select Yes, you will be taken back to Step 8. Optionally, select **Do Not Display This Message in the Future**.
11. The Access for User:<user name> dialog opens.
12. Select the radial button for **External Accountant**, as shown in Figure 17.52.
13. Click Next.
14. QuickBooks provides a warning message, confirming that you want to give this new user access to all areas of QuickBooks except customer credit card numbers. Select **Yes** to assign the new External Accountant type privileges to this new or existing user.
15. The Access for User:<user name> dialog opens. The message restates that the new External Accountant user will have access to all areas of QuickBooks except sensitive customer credit card data. Click **Finish** to complete the process.

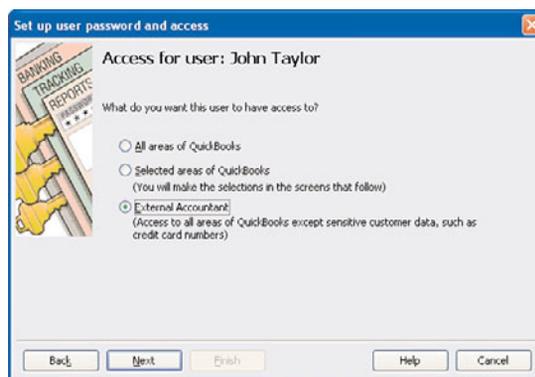


FIGURE 17.52

Ask your client to create an External Accountant type user for your login.

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Index

Numerics

- 1009 (tax form), printing, 287, 290
- 1096 (tax form), printing, 287, 290
- 1099 (tax form)
 - mid-year balances, 305-306
 - preferences, 274-275

A

- A/P Aging Summary report, 277
- A/R Aging Summary report, 157
- access
 - EasyStep Interview, 6
 - remote, for accountants, 445
- Account Balances company snapshot, 485
- Accountant Import dialog box, 429
- Accountant's Copy feature, 419-425, 426
 - canceling, 431-432
 - changes, importing, 427-430
 - creating import files for clients, 443-444
 - files, 435-447
 - converting, 447
 - modifying, 439-441
 - preparing for data exchanges, 434
 - requesting, 446
 - returning, 443-446
 - reviewing, 435-438
 - QBA files, 418
 - QBX files, 417
 - QBY files, 418
 - restrictions, 427
 - unsupported functions, 442
- accounting
 - benefits of sharing data, 413
 - External Accountant user types, creating, 433

- periods, tracking changes to closed, 105-108, 110
- QBA file type, 418
- QBY file type, 418
- QuickBooks 2009, 419
- remote access for, 445
- sharing data for, 432-447
- accounts. See also individual names of accounts**
 - adding, 352
 - assets, Other Current Asset section (Balance Sheet), 214-217, 219-228
 - Barter, 190
 - numbers, assigning, 271
 - reports (ISW 2010)
 - combining account rows, 471-473
 - recognizing new accounts, 474-475
 - separating account rows, 473-474
 - viewing missing accounts, 476-477
 - restrictions, 426
 - reviewing, 14-15
 - tracking, 225
 - types, editing, 87-89
- Accounts Payable**
 - balances, reviewing, 93
 - formatting, 29-33
 - forms, workflow, 262-268
 - inventories, reviewing, 247-249
 - preferences, 268-275
 - reports, 275-287, 290
 - transactions, 301-310
 - troubleshooting, 290-298
- Accounts Receivable, 38**
 - balances, reviewing, 89
 - bounced checks, 190-191
 - formatting, 25-29
 - forms and workflow, 142-143
 - preferences, 144-157

- recording year-end journal entries, 186
- reports, 157-164
- trading services, 187-190
- troubleshooting, 165-183
- accrual basis reporting**
 - Balance Sheet reports, 86-96
 - formatting, 22-24
 - startup records, 357-358
 - transactions
 - Accounts Payable*, 29-33
 - Accounts Receivable*, 25-29
 - bank account balances*, 34-35
 - uncleared checks*, 36
- Add New Account dialog box, opening balances in**, 351-354
- Add New Chart of Account dialog box**, 55
- Add Your Data to Excel wizard**, 43
- adding to reports (ISW 2010)**
 - columns, 468-469
 - rows, 469-471
- adjustments**
 - journal entries, 105, 170-172, 298-301
 - quantity, 249
 - reconciliations with, 139-140
 - reconciling, 356-357
 - sales tax, 331-341
 - value, 250-252
- administrative passwords (EasyStep Interview)**, 10-11
- advances (employee loan payment checks)**, 403-408
- Aged Open Item Receipts report, troubleshooting**, 279-280
- aged transactions, removing**, 296-298
- aging reports**, 274
- applications, converting**, 15-21
- As of Date field (Excel spreadsheets)**, 42
- assets, Balance Sheet reports**, 214-217, 219-228
 - Accounts Payable balances, 93
 - Accounts Receivable balances, 89
 - bank account balances, 89
 - credit card balances, 94

- editing account types, 87-89
- equity balances, 96
- fixed assets, 93
- Inventory balances, 91
- Other Current Assets
 - account balances, 92-93
- Payroll Liabilities
 - balances, 94-95
- prior year balances, 87
- reviewing, 86
- Sales Tax Payable
 - balances, 95-96
- Undeposited Funds, 90-91
- asterisks (*), duplicate accounts**, 52
- attaching supporting documents to reports (ISW 2010)**, 482
- Audit Trail report**, 110-111
- automating**
 - data entries, 225
 - discounts, 306-307
- average cost**
 - calculating, 242-243
 - from prior transactions, 253-254
 - prior average cost, 255-259

B

- backups, QBB file type**, 416
- Balance Sheet**
 - accounts payable total, reviewing, 277
 - cash basis, 283-286
 - liabilities, reconciling, 329-330
 - Net Income report, 98
 - Other Current Asset section, 214-228
 - reports. *See* reports, Balance Sheet
 - Standard report, 276, 358
- balances**
 - bank accounts, 124
 - cash/accrual basis startup transactions*, 34-35
 - completing multiple year/month reconciliations*, 128-129
 - creating adjustments*, 139-140
 - identifying uncleared transactions*, 127
 - locating discrepancies*, 135-136

- reconciling*, 124
- restarting reconciliations*, 137
- reviewing*, 89
- reviewing previous reconciliation reports*, 134
- reviewing uncleared transactions*, 131-133
- troubleshooting reconciliations*, 130-138
- undoing reconciliations*, 137-138
- validating transactions*, 125-126
- verifying reconciliations*, 125
 - Voided/Deleted Report*, 136
- beginning. *See* beginning balance differences
- debit, recording, 303
- ending balances, entering, 35
- errors, Other Current Asset accounts, 219-221
- inventories
 - accounts payable*, 248-250
 - calculating average cost*, 242-243
 - Inventory Valuation Summary*, 239-241
 - open item receipts*, 243-247
 - physical counts*, 238
 - troubleshooting*, 238
- mid-year 1099, entering, 305-306
- open, removing, 165-172
- Opening Balance Equity accounts
 - accrual basis startup records*, 357-358
 - bank reconciliation adjustments*, 356-357
 - bank statement ending balances*, 350-351
 - closing*, 360-362
 - configuring closing dates/passwords*, 363-364
 - entering inventory values*, 354-356
 - opening balances*, 351-354
 - reviewing*, 348
 - transactions*, 348-349
 - troubleshooting*, 358-359
- Opening Balance field, 25

trial, reviewing, 446
 Undeposited Funds. *See*
 Undeposited Funds
 account
**Bank Account/Credit Card/
 Account Number field
 (Excel spreadsheets), 42**
bank accounts, 38
 balances. *See* balances
 entering, 13
 reconciling. *See* reconcil-
 ing, bank accounts
**bank reconciliation
 discrepancies, 98**
bank registers
 reconciling deposits,
 208-212
 viewing deposits, 202-203
**bank statements. *See*
 statements**
Barter account, 190
**bartering transactions,
 301-303**
**Begin Reconciliation
 dialog, 125, 128**
**beginning balance differ-
 ences, 102-103**
 Audit Trail, 110-111,
 563-565
 Credit Card Audit Trail,
 111-114
 Ctrl+Y keyboard shortcut,
 117-118
 documenting changes,
 120-122
 Retained Earnings
 QuickReport, 115-117
 tracking changes, 105-110
 Transaction List by Date,
 118-120
 Voided/Deleted
 Transactions Summary,
 114-115
 Working Trail Balance
 window, 103-104
**Best Selling Items company
 snapshot, 486**
bills
 credit cards, recording, 310
 entering, 30
 paying, 270
 vendor, creating open, 32
Bills preferences, 270
bonuses, paying, 402-403
**bounced checks, recording,
 190-191**

business owners
 benefits of sharing data,
 412-413
 sharing data with, 418-432

C

calculating
 average cost, 242-243
 discounts, 306
cash basis reporting
 Accounts Receivable
 report, 162-164
 Balance Sheets, 98-100,
 283-286
 formatting, 22-24
 Opening Balance Equity
 accounts, 349
 transactions
 Accounts Payable, 29-33
 Accounts Receivable,
 25-29
 bank account balances,
 34-35
 uncleared checks, 36
**Cell Properties task (ISW
 2010), 460**
charges, item types, 67
chart of accounts
 assets, 38
 cost of goods sold, 39
 creating, 50-51
 equity, 39
 Excel, importing from,
 40-43, 46
 expense, 40
 IIF, importing from, 46-48
 importing, 40
 income, 39
 liabilities, 39
 modifying, 14-15
 overview of, 38, 62
 preferences, 48-49
 reports (ISW 2010)
 combining account rows,
 471-473
 separating account rows,
 473-474
 restrictions, 426
 troubleshooting, 51-59
checking
 accounts, troubleshoot-
 ing, 290-295
 registers, viewing sales
 tax payments, 332
**Checking preferences,
 148-149, 271-272**

checks
 bounced, recording,
 190-191
 employee loan payment
 checks (advances),
 403-408
 employee paychecks,
 409-410
 lost payroll checks,
 reprinting, 396-398
 Missing Checks report,
 creating, 125-126
 uncleared, 36
classes, 63-64
**Client Data Review feature.
See CDR (Client Data
 Review) feature**
clients
 import files, creating for,
 443-444
 sharing data, 412-413.
 See also Accountant's
 Copy feature
**closed accounting periods,
 tracking, 105-110**
**closing Opening Balance
 Equity accounts, 360-362**
Closing Date dialog box, 429
**Closing Date Exception
 report, 109-110**
closing dates
 configuring, 106
 creating Closing Date
 Exception reports,
 109-110
 Opening Balance Equity
 accounts, 363-364
 reviewing, 446
 setting, 445
codes, sales tax
 assigning, 316, 322-324
 configuring, 320-322
 creating items, 320-322
**COGS (cost of goods sold),
 39, 40**
**column dates for reports
 (ISW 2010), changing, 467**
**Column Properties task
 (ISW 2010), 458-459**
**columns for reports
 (ISW 2010)**
 adding, 468-469
 deleting, 475-476
**combining account rows
 for reports (ISW 2010),
 471-473**

company information, entering in EasyStep Interviews, 8

Company Preferences setting (Reporting Preferences), 490-493

Company Snapshot, 484-485
 as default Home Page, 486
 reports available, 485-486
 setup, 484-485
 user security settings, 487

confidentiality, credit cards, 112

configuring. *See also* customizing
 chart of accounts, 50-59
 closing dates, 106, 109-110
 dividing dates, 420
 inventories
 preferences, 232, 235
 processes, 236
 items, troubleshooting, 281, 283
 mapping, 44
 Opening Balance Equity accounts, 363-364
 passwords, 10-11, 106
 sales tax
 codes, 320-324
 correcting, 335-341
 correcting payment methods, 330
 customer lists, 325
 group items, 319-320
 Item lists, 326
 items, 318-319
 paying, 331-335
 preferences, 314, 316
 reconciling liabilities to Balance Sheets, 329-330
 reconciling sales to total income, 327, 329
 reports, 324
 transactions, 341-346
 security, 107-108

Conversion tool, 16

converting
 applications, 15-21
 files, 447

correcting. *See* troubleshooting

cost average
 calculating, 242-243
 of ISW 2010, 452
 from prior transactions, 253-254
 prior average cost, 255-259

cost of goods sold (COGS), 39-40

costs, default, 255-259

Credit Card Audit Trail report, 111-114

credit cards
 accounts, 39
 balances, reviewing, 94
 bills, recording, 310
 confidentiality, protecting, 112
 deposits, recording less discount fees, 211

credit memos
 correcting, 176-178
 recording, 169
 sales tax, 345-346

credit vendors, 293-295

.CSV files, exporting reports to, 503-504

Current Liability accounts, 39

Custom Transaction Detail report, 126-127, 215-217, 408

customers
 bartering, 301-303
 credit memos, correcting, 176-178
 invoices. *See* invoices
 lists, troubleshooting sales tax, 325
 payments
 correcting, 172-175
 viewing, 208
 retainage, tracking, 226-228
 sales tax, assigning codes, 323-324
 tracking, 264
 types, 65

Customers Who Owe Money company snapshot, 486

customizing
 Accounts Payable, 268-275
 Accounts Receivable, 144-157
 CDR feature. *See* CDR (Client Data Review) feature
 chart of accounts, 48-49
 classes, 63-64
 inventories, 232-236
 Item lists, 69-70
 reports, 490-493
 sales tax, 314-316
 Undeposited Funds accounts, 194-196

D

dashboards. *See* digital dashboards (Company Snapshot)

date entries, automating, 225

date ranges for memorized reports, 498

dates
 closing. *See* closing dates
 Closing Date dialog box, 429
 for reports, changing, 466-467
 restrictions, 427
 Transaction List by Date report, 118-120

debits, recording balances, 303

debt. *See* liabilities

deducting employee loans from paychecks, 221-223

default costs, 255-259

default deposit accounts, configuring, 195

default Home Page, Company Snapshot as, 486

deleting
 aged transactions, 296-298
 restrictions, 426
 rows/columns for reports (ISW 2010), 475-476

Deposit Detail report, 180, 203-204

deposits. *See also* Undeposited Funds account
 correcting, 179-182
 credit card, 211
 default accounts, 195
 grouping, 182-183
 payroll liability refunds, 395-396
 reconciling, 208-212
 refunds, 309, 371
 viewing, 202-203

Description field (Excel spreadsheets), 42

detail reports, Undeposited Funds account, 197-199

differences, beginning balances
 Audit Trail report, 110-111
 Credit Card Audit Trail report, 111-114
 Ctrl+Y keyboard shortcut, 117-118

- documenting changes, 120-122
- Retained Earnings
 - QuickReport, 115-117
- tracking changes, 105-110
- Transaction List by Date report, 118-120
- troubleshooting, 102-103
- Voided/Deleted
 - Transactions Summary, 114-115
 - Working Trail Balance window, 103-104
- digital dashboards (Company Snapshot), 484-485**
 - as default Home Page, 486
 - reports available, 485-486
 - setup, 484-485
 - user security settings, 487
- discount fees, recording**
 - credit card deposits less, 211
- discount item types, 67**
- discounts**
 - automating, 306-307
 - recording, 167
- discrepancies, locating**
 - bank account reconcilia-tion, 135-136
- dividing dates, configuring, 420**
- documenting changes made to files, 120-122**
- duplicating**
 - accounts, 52-54
 - invoice numbers, 267

E

- earnings, retained, 115-117, 360-362**
- EasyStep Interview**
 - accounts, reviewing, 14-15
 - accrual/cash basis report-ing, formatting, 22-36
 - administrative passwords, 10-11
 - applications, 15-21
 - bank accounts, 13
 - exiting, 11
 - formatting, 7-9
 - opening, 6
 - overview of, 6
 - start dates, 11-12
- Edit Account dialog box, 51**
- Edit Customer dialog box, 66**
- Edit Item dialog box, 77**

- editing**
 - reports, 493-495
 - supporting documents (ISW 2010), 479-481
- emailing reports, 504-506**
- employee loan payment checks (advances), 403-408**
- Employee Loans account, 215-217**
- Enable QuickBooks Customer Credit Card Protection dialog box, 112**
- ending balances**
 - bank statements, 350-351
 - entering, 35
- entries**
 - automating, 225
 - General journal, 339
 - journal
 - adjusting, 105, 298-301
 - recording year-end, 186
- equity, 39. See also Balance Sheet reports; Opening Balance Equity accounts**
- error handling. See troubleshooting**
- Excel**
 - chart of accounts, 40-43, 46
 - exporting reports to, 503-504
 - ISW 2010 compatibility, 450
 - previewing imports, 45
 - spreadsheets, 41-42
- exchanging data, 434. See also sharing data**
- expense accounts, 40, 310-311**
- Expense Breakdown company snapshot, 486**
- expenses**
 - credit cards, 310
 - Payroll Expense report, 97
 - prepaid, 224-225
 - Profit & Loss Standard report, 96-97
 - recording, 264
- Export dialog box, 47**
- exporting**
 - QBX file type, 417
 - report templates, 501-502
 - reports, 483-484, 503-504
- External Accountant user types, creating, 433**

F

- Fields, Opening Balance, 25**
- FIFO (First In First Out), 230**
- filtering reports, 495**
- Finance Charge Preferences, Accounts Receivable, 149**
- Financial Statement Designer (FSD) documents, converting for ISW 2010, 450, 463**
- First In First Out (FIFO), 230**
- Fixed Asset accounts, 38**
- fixed assets, reviewing, 93**
- formatting**
 - chart of accounts, 50-51
 - assets, 38
 - cost of goods sold, 39
 - customizing, 48-49
 - equity, 39
 - expense, 40
 - income, 39
 - liabilities, 39
 - overview of, 38
 - troubleshooting, 51-59
 - customer types, 65
- EasyStep Interview, 7, 9**
 - accrual/cash basis reporting, 22-36
 - converting applications, 15-21
 - entering bank account information, 13
 - reviewing accounts, 14-15
 - selecting start dates, 11-12
- Excel, importing files from, 40-43, 46**
- IF, importing files from, 46, 48**
- invoice, open, 26**
- mapping, 44**
- Other Current Assets accounts, 219-228**
- passwords, 425**
- Profit & Loss reports, 97**
- replenishing purchase documents, 259**
- reports**
 - Balance Sheet, 86
 - Closing Date Exception, 109-110
 - Custom Transaction Detail, 126-127, 215-217
 - ISW 2010, 465-466

Missing Checks, 125-126
Uncleared Transaction Detail, 131-132
Undeposited Funds account, 197-204

Sales by Item Summary reports, 97
 subitems, 81-82
 unique Other Current Asset accounts (Balance Sheet), 219-228

forms

Accounts Payable, workflow, 262-268
 Accounts Receivable, 142-143
 Make Deposit, editing, 211
 Receive Payment, correcting deposits, 179-182
 tax, printing, 287, 290

FSD (Financial Statement Designer) documents, converting for ISW 2010, 450, 463

G-H

General journal entries, correcting errors, 339

General Ledger (Undeposited Funds account), 199-200

General preferences, 272-273
 graphs, Reports and Graphs preferences, 274

groups

deposits, 182-183
 item types, 67
 payments, 210
 report groups. *See* report groups
 sales tax items, 319-320

Help menu, sales tax, 316

Home Page, Company Snapshot as default, 486

I

icons in ISW 2010, 452-455

IIF (Intuit Interchange Format), 46-48

Import a File dialog box, 43

Import dialog box, 48

import files, 443-444

importing

Accountant's Copy changes, 427-430

chart of accounts, 40-48
 files, Accountant's Copy, 445-446
 report templates, 502

inactivating accounts, restrictions, 426

inactive items, marking, 52-53, 78-80

income

accounts, 39
 Net Income report, 98
 sales tax, 340-341

Income and Expense

Trend Graph company snapshot, 486

Income Breakdown company snapshot, 486

interest earned dates, restrictions, 427

interest. *See* equity

Intuit Payroll Services, 366-367

Intuit Interchange Format. *See* IIF

Intuit Statement Writer. *See* ISW 2010

inventories

balances, 238-250
 errors, 249-252
 item types, 66
 negative, 253-259
 overview of, 230-231
 preferences, 232, 235
 processes, 236
 values, 354-356

Inventory balances, reviewing, 91

Inventory Valuation Detail report, 243, 254

Inventory Valuation Detail reports, 259

invoices

credit memos, correcting, 176-178
 entering, 30
 MakeDeposits form to the Customer Invoice, 181
 multiple sales tax rates on one, 343-344
 numbers, duplicating, 267
 open, creating, 26
 open balances, removing, 165-172
 payments
 correcting, 172-175
 creating item types, 28
 printing, 185

ISW (Intuit Statement Writer) 2010, 450

benefits of, 451

Cell Properties task, 460
 Column Properties task, 458-459

converting FSD (Financial Statement Designer) documents, 450, 463
 cost of, 452

Excel compatibility, 450

icons in, 452-455

launching, 461

preferences, setting, 463-465

Report Properties task, 455-456

reports

adding columns, 468-469

adding rows, 469-471

changing column dates, 467

changing date and basis, 466

combining account rows, 471-473

creating, 461-463

deleting rows/columns, 475-476

formatting, 465-466

printing/exporting, 483-484

recognizing new accounts, 474-475

separating account rows, 473-474

viewing missing accounts, 476-477

Row Properties task, 457-458

Statement Properties task, 456-457

Statement Writer pane, viewing, 453

supporting documents, 477
attaching to reports, 482

creating, 478, 481-482

editing, 479-481

troubleshooting, 450

ISW toolbar in Word, viewing, 478-479

Item lists

chart of accounts, 62

classes, 63-64

customer types, 65

errors, 74-81

items, 63, 66-68
 overview of, 62
 sales tax, 326

item types
 configuring, 281-283
 creating payments, 28
 editing, 262-263
 errors, 69-73
 restrictions, 426
 Sales by Item Summary
 reports, 97
 sales tax, 316-324
 tracking, 63

J-K-L

job payments, correcting,
 172, 174-175

Jobs & Estimates
 Preferences, Accounts
 Receivable, 150

journal entries
 adjusting, 105, 298-301
 recording, 170-172
 sales tax, correcting
 errors, 339
 year-end, recording, 186

keyboard shortcuts, 117-118

Last In First Out (LIFO), 230

liabilities
 Balance Sheet reports, *See*
 Balance Sheet, reports
 sales tax, 337-340

liability adjustment
 (payroll) forms, 371

LIFO (Last In First Out), 230

lists
 chart of accounts, 62
 customers, 325
 items, 63, 326
 correcting, 74
 formatting subitems,
 81-82
 marking inactive, 78-80
 merging, 81
 one-sided items, 74-78

Memorized Transaction,
 225

overview of, 62
 restrictions, 426
 sales tax codes, 321
 Transaction List by Date
 report, 118-120

loans. See also Employee
Loans account
 employee payment checks
 (advances), 403-408
 paychecks, deducting,
 221-223

Long Term Liability
accounts, 39

lost checks, reprinting,
 396-398

M

MAC, converting from, 21

Make Deposits form,
 editing, 211

Make Deposits form to the
Customer Invoice, 181

managing report groups,
 498-499

mapping, 44

marking
 accounts inactive, 52-53
 items inactive, 78-80

Memorized Transaction
list, 225

memorizing
 recurring transactions, 308
 reports, 133, 498, 500

memos, credit, 345-346

menus, Help, 316

merging
 duplicate accounts, 53-54
 items, 81
 restrictions, 426

mid-year 1099 balances,
 entering, 305-306

mid-year payroll setup,
 398-402

Missing Checks report,
 125-126

Missing Customer Invoices
report, 160-162

Modify Report button,
 494-495

Modify Report dialog box,
 198, 215

month banks reconcilia-
tions, 128-129

moving
 chart of accounts, 40-43,
 46, 48
 report groups in list,
 496, 499

multiple reports. See report
groups

multiple sales tax rates,
 tracking, 341-346

Multiple Unit of
Measure, 235

multiple year bank
reconciliations, 128-129

My Preference setting
 (Reporting Preferences),
 490

N

Name field (Excel
spreadsheets), 41

negative inventory, 253
 average cost from prior
 transactions, 253-254
 Inventory Valuation
 Detail reports, 258
 prior average cost, 255-259
 troubleshooting, 258

Net Income report, 98

New Customer dialog, 25

non-inventory part item
types, 67

notes
 accountant's, 428

Number field (Excel
spreadsheets), 41

numbers
 accounts, 271
 credit cards. *See* credit cards
 invoices, duplicating, 267

O

Office Accounting,
 converting from, 18-20

old dated payments,
 removing, 204-208

one-sided items, correcting,
 74-78

open balances, removing,
 165-172

open invoices, creating, 26

Open Invoices, Undeposited
Funds account, 200-201

open item receipts,
 reviewing, 243-247

open vendor bills,
 creating, 32

opening EasyStep
Interview, 6

Opening Balance Equity
account
 accrual basis startup
 records, 357-358
 bank reconciliation
 adjustments, 356-357

- bank statement ending
 - balances, 350-351
 - closing, 360-362
 - configuring closing dates/
 - passwords, 363-364
 - entering inventory
 - values, 354-356
 - opening balances, 351-354
 - reviewing, 348
 - transactions, 348-358
 - troubleshooting, 358-359
- Opening Balance field (Excel spreadsheets), 25, 42**
- Other Assets accounts, 38**
- Other Current Asset accounts, 38, 92-93**
- Other Current Asset section (Balance Sheet), 214**
 - creating unique, 219-228
 - troubleshooting, 214-219
- Other Current Liability accounts, 39**
- Outlook, syncing with QuickBooks, 506**
- outside documents, 215**

P

- parts, inventories, 231**
- passwords**
 - configuring, 106
 - EasyStep Interview, 10-11
 - formatting, 425
 - Opening Balance Equity
 - accounts, 363-364
- Pay Sales Tax dialog box, 334**
- paychecks**
 - forms, 370
 - loans, 221-223
- payments**
 - bills, 270
 - correcting, 172, 174-175
 - employee loan payment
 - checks (advances), 403-408
 - grouping, 210
 - item types, 28, 67
 - Receive Payment form, 179-180
 - removing, 204-208
 - sales tax, 316, 330-341
 - viewing, 208
- Payments Preferences, Accounts Receivable, 145-146**

- payroll**
 - bonuses, paying, 402-403
 - calculating automatically, 366
 - checks
 - employee loan payment checks (advances), 403-408*
 - making adjustments to, 409-410*
 - reprinting lost checks, 396-398*
 - deposit refund for
 - liabilities forms, 371
 - employee preferences, 368-369
 - error handling, 375-392
 - liabilities, 395-396
 - paycheck forms, 370
 - payroll liability
 - adjustment forms, 371
 - Payroll Services (Intuit), 366-367
 - Payroll Setup tool, 373-375
 - preferences, 368-369
 - Run Payroll Checkup
 - diagnostic tool, 375-388
 - scheduling, 394-395, 398-402
 - setting up, 373
 - taxable bonuses, paying, 402-403
 - workflow, 371-372
- Payroll Expense report, 97**
- Payroll Item Listing reports (Run Payroll Checkup diagnostic tool), 383-384**
- Payroll Liabilities accounts, 389-392**
- Payroll Liabilities balances, 94-95**
- Payroll Liabilities Balances reports (Run Payroll Checkup diagnostic tool), 384-388**
- payroll liability adjustment forms, 371**
- Payroll Services, 366-367**
- Payroll Setup tool. See Run Payroll Checkup tool**
- Payroll Summary report, 96-97, 388**
- Peachtree, converting from, 18-20**
- periods, closed accounting, 105-108, 110**

- physical inventory counts, 238**
- portability, QBM file type, 417**
- power reports, 102. See also reports**
- preferences**
 - Accounts Payable, 268-275
 - Accounts Receivable, 144-157
 - chart of accounts, 48-49
 - classes, 63-64
 - inventories, 232, 235
 - ISW 2010, setting, 463-465
 - sales tax, 314, 316
 - Undeposited Funds
 - account, 194-196
- prepaid expenses, recording, 224-225**
- prepayments, 303-304**
- previewing Excel imports, 45**
- previous reconciliation reports, reviewing, 134**
- Previous Year Expense Comparison company snapshot, 485-486**
- Previous Year Income Comparison company snapshot, 485**
- printing**
 - checks, 396-398
 - invoices, 185
 - report groups, 497-498
 - reports (ISW 2010), 483-484
- prior year balances, 87**
- processes, inventories, 236**
- products, assigning codes, 322-323**
- Profit & Loss accounts, 62**
- Profit & Loss statements**
 - creating, 97
 - reporting basis, 86. *See also* reporting basis
 - sales tax, correcting errors, 340-341
- Profit & Loss summary reports, 72-73**
- profitability reports, 264**
- Profit & Loss Standard report, 96-97**
- purchase documents, replenishing, 259**
- purchase orders, forms, 264**

Q-R

- QBA file type, 418
- QBB file type, 416
- QBM file type, 417
- QBW file type, 416
- QBX file type, 417
- QBY file type, 418
- quantity adjustments, 249
- QuickBooks
 - versions , 415
 - Online Edition, 20
 - syncing with Outlook, 506
- QuickBooks Pro, 21
- Quicken, 16-18
- QuickReports, 115-117
- receipts, open item, 243-247
- Receive Payment form, 179-182
- Reconcile-Account dialog, 128
- Reconcile dialog box, 218
- reconciling
 - adjustments, 356-357
 - bank accounts, 124, 426
 - completing multiple year/month reconciliations, 128-129
 - creating adjustments, 139-140
 - identifying uncleared transactions, 127
 - locating discrepancies, 135-136
 - restarting reconciliations, 137
 - reviewing previous reconciliation reports, 134
 - reviewing uncleared transactions, 131-133
 - troubleshooting reconciliations, 130-138
 - undoing reconciliations, 137-138
 - validating transactions, 125-126
 - verifying, 125
 - Voided/Deleted Report, 136
 - bank reconciliation discrepancies, 98
 - bank registers with bank statement's deposits, 208-212
 - Employee Loans accounts, 217
 - liabilities to Balance Sheets, 329-330
 - Other Current Assets accounts, 217-219
 - sales to total income, 327-329
 - Undeposited Funds account, 197
- recording
 - account numbers for vendors, 271
 - bounced checks, 190-191
 - credit card bills, 310
 - credit memos, 169
 - debit balances, 303
 - discounts, 167
 - expenses, 264
 - journal entries, 170-172
 - prepaid expenses, 224-225
 - prepayments, 303-304
 - trading services, 187-190
 - year-end journal entries, 186
- records, startup, 357-358
- recurring transactions, memorizing, 308
- refunds
 - depositing, 309
 - payroll liabilities, 395-396
- registers
 - deposits, 202-203, 208-212
 - sales tax, viewing payments, 332
- relationships, subaccounts, 57-59
- Reminder preferences, 273
- Reminders company snapshot, 486
- remote access, for accountants, 445
- Remove Restrictions warning, 432
- removing
 - accounts, marking inactive, 52-53
 - aged transactions, 296-298
 - old dated payments, 205-208
 - open balances, 165-172
- repayments, loans, 221-223
- replenishing purchase documents, 259
- Report Center, 487-489
- report groups
 - creating, 495-496
 - managing, 498-499
 - moving in list, 496, 499
 - viewing/printing, 497-498
- Report Properties task (ISW 2010), 455-456
- report templates, 501-502
- Report window, modifying options available, 493-494
- reporting basis. *See also*
 - accrual basis reporting;
 - cash basis reporting
 - Accounts Payable, 29-33
 - Accounts Receivable, 25-29
 - bank accounts balances, 34-35
 - changing, 466
 - formatting, 22-24
 - selecting, 85-86
 - uncleared checks, 36
- Reporting Preferences, 490-493
- reports. *See also* statements
 - A/P Aging Summary, 277
 - Accounts Payable, 275-277
 - adjusting journal entries, 298-301
 - Aged Open Item Receipts, 279-280
 - Aged Open Item Receipts errors, 279-280
 - cash basis Balance Sheets, 283-286
 - checking account errors, 290-295
 - checking errors, 290-295
 - errors, 275-277
 - printing tax forms, 287, 290
 - reassigning vendor credits, 295
 - removing aged transactions, 296-298
 - troubleshooting, 290
 - troubleshooting item setup, 281-283
 - Unpaid Bills Detail, 278-279
 - Unpaid Bills Detail errors, 278-279
 - Accounts Receivable, 157
 - A/R Aging Summary, 157
 - cash basis, 162-164
 - Missing Customer Invoices, 160-162
 - Review Open Invoices, 159
 - aging, 274
 - Balance Sheet
 - Accounts Payable balances, 93
 - Accounts Receivable balances, 89

- bank account*
 - balances, 89*
 - credit card balances, 94*
 - editing account types, 87, 89*
 - equity, 96*
 - fixed assets, 93*
 - Inventory balances, 91*
 - Other Current Assets account balances, 92-93*
 - Payroll Liabilities balances, 94-95*
 - prior year balances, 87*
 - reviewing, 86*
 - Sales Tax Payable balances, 95-96*
 - Standard report, 276*
 - Undeposited Funds, 90-91*
 - Balance Sheet
 - Standard, 358
 - bank reconciliation
 - discrepancies, 98
 - beginning balance
 - differences, 102-103
 - Audit Trail, 110-111*
 - Credit Card Audit Trail, 111-114*
 - Ctrl+Y keyboard shortcut, 117-118*
 - documenting changes, 120, 122*
 - Retained Earnings QuickReport, 115-117*
 - tracking changes, 105-110*
 - Transaction List by Date, 118-120*
 - Voided/Deleted Transactions Summary, 114-115*
 - Working Trail Balance window, 103-104*
 - cash basis balance sheets, 98-100
 - Company Snapshot, 484-487
 - Custom Transaction Detail, 126-127, 215-217, 408
 - Deposit Detail, 180
 - emailing, 504-506
 - exporting to Excel, 503-504
 - filtering, 495
 - Inventory Valuation
 - Detail, 254
 - Inventory Valuation
 - Detail reports, 258
 - Inventory Valuation
 - Summary, 239-241
 - ISW 2010. *See* ISW 2010
 - Item listing, 70-71
 - memorizing, 133, 498, 500
 - Missing Checks, 125-126
 - modifying, 493-495
 - Net Income, 98
 - Payroll Expense, 97
 - Payroll Item Listing
 - (Run Payroll Checkup diagnostic tool), 383-384
 - Payroll Liabilities
 - Balances (Run Payroll Checkup diagnostic tool), 384-388
 - Payroll Summary, 96-97, 388
 - previous reconciliation,
 - reviewing, 134
 - Profit & Loss Standard, 96-97
 - Profit & Loss summary, 72-73
 - profitability, 264
 - Reporting Preferences, 490-493
 - Sales by Item Summary, 97
 - sales tax, 324
 - assigning codes, 322-324*
 - codes, 320-322*
 - configuring preferences, 314-316*
 - correcting, 335-341*
 - correcting payment methods, 330*
 - customer lists, 325*
 - group items, 319-320*
 - Item lists, 326*
 - items, 318-319*
 - paying, 331-335*
 - reconciling liabilities to Balance Sheets, 329-330*
 - reconciling sales to total income, 327-329*
 - transactions, 341-346*
 - troubleshooting, 324*
 - summary, 274
 - Uncleared Transaction
 - Detail, 131-132
 - Undeposited Funds
 - account, 197-204
 - Unpaid Bills Detail, 247
 - viewing in Report Center, 487-489
 - Voided/Deleted, 136
 - Reports & Graphs
 - Preferences, Accounts
 - Receivable, 150-153, 274
 - residual interest, 39. *See also* equity
 - retainage, tracking, 226-228
 - retained earnings, 360-362
 - Review Open Invoices
 - report, 159
 - revisions, mapping, 44
 - rights, security, 430, 446
 - row labels, changing
 - text, 458
 - Row Properties task
 - (ISW 2010), 457-458
 - rows for reports (ISW 2010)
 - adding, 469-471
 - combining account rows, 471-473
 - deleting, 475-476
 - separating account rows, 473-474
- ## S
- Sales & Customers
 - Preferences, Accounts
 - Receivable, 146-148
 - Sales by Item Summary
 - report, 97
 - sales tax
 - applying as item types, 68
 - codes, 320-324
 - correcting, 335-341
 - customer charges,
 - determining, 314
 - group items, 319-320
 - items, 68, 318-319
 - paying, 331-335
 - preferences, 314-316
 - reports, 324-330
 - state requirements,
 - researching, 318
 - tracking, 314
 - transactions, 341-346
 - Sales Tax Payable
 - balances, 95-96
 - Sales Tax Preferences,
 - Accounts Receivable, 153
 - Sales Tax task group,
 - 534-537
 - Save Accountant's Copy
 - dialog box, 422
 - Save Backup Copy dialog
 - box, 429
 - Schedule Memorized
 - Transaction dialog box, 308

scheduling
 payroll, 394-402
 payroll liabilities, 395
 sales tax payments, 316

security
 files, 423
 rights
 reviewing, 446
 viewing, 430
 users
 Company Snapshot, 487
 configuring, 107-108

security warning for reports (ISW 2010), 462

Send Forms Preferences, Accounts Receivable, 154

sending
 files (Accountant's Copy method), 423
 reports via email, 504-506

separating account rows for reports (ISW 2010), 473-474

service change dates, restrictions, 427

services
 item types, applying, 66
 sales tax, assigning codes, 322-323
 trading, 187-190

Set the Dividing Date dialog box, 422

sharing data, 412. See also Accountant's Copy feature
 accountant benefits, 413
 for accountants, 432-434
 business owner benefits, 412-413
 with business owners, 418-420
 files, 413
 methods of, 416-417
 QuickBook version's effects on, 415

shortcuts, keyboard, 117-118

Single Unit of Measure, 235

Skip Interview, 6

Small Business Accounting, converting from, 18-20

software, converting, 15-21

sorting transactions, 133

Spelling Preferences, Accounts Receivable, 154-155

spreadsheets (Excel), 41-42

start dates, EasyStep Interviews, 11-12

startup records, accrual basis, 357-358

Statement Properties task (ISW 2010), 456-457

Statement Writer pane, viewing, 453

statements. See also reports
 bank accounts
 completing multiple year/month reconciliations, 128-129
 creating adjustments, 139-140
 ending balances, 350-351
 identifying uncleared transactions, 127
 locating discrepancies, 135-136
 opening balances, 351-354
 reconciling, 124
 restarting reconciliations, 137
 reviewing previous reconciliation reports, 134
 reviewing uncleared transactions, 131-133
 troubleshooting reconciliations, 130-138
 troubleshooting reconciliations, 132
 undoing reconciliations, 137-138
 validating transactions, 125-126
 verifying reconciliations, 125
 Voided/Deleted Report, 136
 dates, 427
 deposits, reconciling, 208-212
 Profit & Loss, 86, 340-341
states, sales tax, 318, 341-342

subaccounts
 relationships, 57-59
 restrictions, 426

subitems, formatting, 81-82

subscriptions, Payroll Services (Intuit), 366-367

subtotals, item types, 67

summaries
 Inventory Valuation Summary, 239-241
 Payroll Summary report, 96-97
 Profit & Loss reports, 72-73

Sales by Item Summary, 97
 Voided/Deleted Transactions Summary, 114-115

summary accounts, COGS, 40

summary reports, basis, 274

supporting documents (ISW 2010), 477
 attaching to reports, 482
 creating, 478, 481-482
 editing, 479-481

syncing QuickBooks and Outlook, 506

T

task groups. See individual names of task groups
taxes
 forms, printing, 287, 290
 paying taxable bonuses, 402-403
 sales. See sales tax

templates, report, 501-502

text, changing in row labels, 458

Time and Expenses Preferences, Accounts Receivable, 155-157

Top Customers by Sales company snapshot, 486

Top Vendors by Expense company snapshot, 486

Total Value inventory items, adding, 354-356

tracking
 accounts, 225
 changes to closed accounting periods, 105-110
 classes, 63-64
 customer types, 65
 customers, 226-228, 264
 inventories
 accounts payable, 248-250
 calculating average cost, 242-243
 correcting errors, 249
 Inventory Valuation Summary, 239-241
 open item receipts, 243-247
 overview of, 230-231
 physical counts, 238
 preferences, 232, 235

- processes, 236
- quantity adjustments, 249
- troubleshooting, 238
- value adjustments, 251-253
- items, 63
- loan repayments, 221-223
- loans, 221-223
- Other Current Asset
 - section (Balance Sheet), 214-228
 - sales tax. *See* sales tax
- trading services, 187-190**
- Transaction List by Date report, 118-120**
- transactions**
 - Accounts Payable, 301
 - automating discounts, 306-307
 - bartering, 301-303
 - depositing refunds, 309
 - entering mid-year 1099 balances, 305-306
 - formatting, 29-33
 - memorizing recurring transactions, 308
 - prepayments, 303-304
 - recording credit card bills, 310
 - Accounts Receivable, formatting, 25-29
 - aged, removing, 296-298
 - average cost from prior, 253-254
 - bank accounts, cash/accrual basis startup transactions, 34-35
 - bounced checks, 190-191
 - checks, creating Missing Checks reports, 125-126
 - Custom Transaction
 - Detail report, creating, 126-127, 215-217
 - dividing dates, configuring, 420
 - errors, 78
 - Memorized Transaction list, 225
 - Opening Balance Equity accounts, 348-349
 - accrual basis startup records, 357-358
 - bank reconciliation adjustments, 356-357
 - bank statement ending balances, 350-351
 - entering inventory values, 354-356
 - opening balances, 351-354
 - Other Current Asset
 - accounts, correcting, 219-221
 - prior average cost, 255-259
 - restrictions, 426
 - sales tax, correcting, 341-346
 - sorting, 133
 - trading services, 187-190
 - uncleared, 127, 131-133
 - validating, 125-126
 - Voided/Deleted Transactions, 114
 - Voided/Deleted Transactions Summary, 115
 - Working Trail Balance window, 103-104
- trial balances, reviewing, 446**
- Troubleshoot Account Balances, 103**
- troubleshooting**
 - Accounts Payable, 290
 - adjusting journal entries, 298-301
 - Aged Open Item Receipts reports, 279-280
 - cash basis Balance Sheets, 283-286
 - checking errors, 290-295
 - printing tax forms, 287, 290
 - reassigning vendor credits, 295
 - removing aged transactions, 296-298
 - reports, 275-277
 - reviewing item setup, 281-283
 - transactions, 301-310
 - Unpaid Bills Detail reports, 278-279
 - Accounts Receivable, 165
 - A/R Aging Summary reports, 157
 - bounced checks, 190-191
 - cash basis reports, 162-164
 - Checking Preferences, 148-149
 - credit memos, 176-178
 - deposits, 179-182
 - Finance Charge Preferences, 149
 - forms and workflow, 142-143
 - grouping deposits, 182-183
 - Jobs & Estimates Preferences, 150
 - Missing Customer Invoices reports, 160-162
 - payments, 172-175
 - Payments Preferences, 145-146
 - preferences, 144-145
 - printing invoices, 185
 - recording year-end journal entries, 186
 - removing open balances, 165-172
 - reports, 157
 - Reports & Graphs Preferences, 150-153
 - Review Open Invoices reports, 159
 - Sales & Customers Preferences, 146-148
 - Sales Tax Preferences, 153
 - Send Forms Preferences, 154
 - Spelling Preferences, 154-155
 - Time and Expenses Preferences, 155-157
 - trading services, 187-190
- beginning balance differences
 - Audit Trail report, 110-111
 - Credit Card Audit Trail report, 111-114
 - documenting changes, 120-122
 - reports, 102-103
 - Retained Earnings QuickReport, 115-117
 - tracking changes, 105-110
 - Transaction List by Date report, 118-120
 - Voided/Deleted Transactions Summary, 114-115
 - Working Trail Balance window, 103-104
- chart of accounts, 51-59

inventories, 238
accounts payable,
 248-250
calculating average cost,
 242-243
correcting errors, 249
*Inventory Valuation
 Summary*, 239-241
open item receipts,
 243-247
physical counts, 238
quantity adjustments, 249
value adjustments,
 251-253
 ISW 2010, 450
 item errors, 69-73
 Opening Balance Equity
 accounts, 358-359
 Other Current Asset
 section (Balance Sheet),
 214-219
 Other Current Assets
 account, 214-228
 payroll. *See* payroll
 reconciliations, 130-138
 sales tax, 316
correcting, 335-341
*correcting payment
 methods*, 330
customer lists, 325
Item lists, 326
paying, 331-335
*reconciling liabilities to
 Balance Sheets*, 329-330
*reconciling sales to total
 income*, 327-329
reports, 324
transactions, 341-346
 Undeposited Funds. *See*
 Undeposited Funds
 account
**Type field (Excel
 spreadsheets)**, 41

U

uncleared checks,
**cash/accrual startup
 transactions**, 36
**Uncleared Transaction
 Detail report, creating**,
 131-132
uncleared transactions
 identifying, 127
 reviewing, 131-133

Undeposited Funds account
 balances, 197
 customizing, 194, 196
 Deposit Detail report,
 203-204
 detail reports, 197-199
 errors, correcting, 204-212
 General Ledger reports,
 199-200
 Open Invoices reports,
 200-201
 reviewing, 90-91
 viewing deposits in bank
 registers, 202-203
Unpaid Bills Detail report,
 247, 278-279
User List dialog box, 107
users
 creating External
 Accountant Users,
 566-567
 security
Company Snapshot, 487
configuring, 107-108

V

validating transactions,
 125-126
**valuation, calculating
 average cost**, 242-243
values
 adjustments, 250-252
 inventories, entering,
 354-356
vendors
 account numbers,
 assigning, 271
 bartering, 301-303
 bills, creating open, 32
 checking accounts,
 290-295
 discounts, automating,
 306-307
 entering, 30
 expense accounts,
 assigning to, 310-311
 managing, 266-268
 prepayments, recording,
 303-304
 refunds, depositing, 309
 tax forms, printing,
 287, 290
**Vendors to Pay company
 snapshot**, 486

**versions, reconciling
 adjustments in older**,
 356-357
viewing
 accountant's changes, 428
 Deposit Detail report,
 203-204
 deposits in bank registers,
 202-203
 ISW toolbar in Word,
 478-479
 missing accounts in
 reports (ISW 2010),
 476-477
 payments, 208
 report groups, 497-498
 reports in Report Center,
 487-489
 sales tax payments, 332
 security rights, 430
 Statement Writer
 pane, 453
 Working Trail Balance
 window, 103-104
Voided/Deleted Report, 136
**Voided/Deleted
 Transactions Summary**,
 114-115

W-Z

warnings
 bills with same
 reference, 267
 invoices, duplicating
 numbers, 267
 reinstating, 439
 Remove Restrictions, 432
Windows, converting from,
 20-21
Word ISW toolbar, viewing,
 478-479
workflow
 Accounts Payable forms,
 262-268
 Accounts Receivable,
 142-143
working files, 418
**Working Trail Balance
 window**, 103-104
year-end journal entries,
 recording, 186
year-end tax forms,
 printing, 287, 290