

QBO WORK FLOW: Dealing with Stragglers & Duplicates in the Bank Rec screen (BABY STEPS REFERENCE GUIDE)

Biggest causes of crazy, totally inaccurate, bank or credit card balances due to many duplicates getting into QBO:

- A.) BIGGEST WORK FLOW ERROR: Transactions are being **ADD** instead of **FIND MATCH** within the **Banking Feed**.
- a. If QBO already has a record of this transaction stored somewhere in the database, this work flow processing error will automatically create a duplicate transaction record in your problem account.
 - b. Transactions will get previously entered into the QBO database BEFORE you'll ever see them in the **Banking Feed**, via these common routes or data entry paths
 - i. You or the SMB create a **NEW TRANSFER** of internal funds between accounts, such as **checking to savings**, payment on a **credit card** or **line of credit** account, etc.
 1. NOTE: If you created that **NEW TRANSFER** from within the other side of the transaction's account, it is going to automatically show up here in this account too.
 2. **Transfers** may get automatically entered into the **bank rec** account you are troubleshooting in one of two ways:
 - a. You Create a **NEW TRANSFER** type of transaction in either affected account.
 - b. You select the **TRANSFER** option from within either account's **Banking Feed**.
 - ii. SMB creates a **NEW INVOICE** for a customer followed by one or more **NEW RECEIVE PAYMENT(s)** to track sales.
 1. NOTE: This data entry 2 steps (2 forms) path is used when the SMB's customer doesn't pay for their purchase on the same date as they get billed for it.
 2. In other words, the SMB is utilizing the **Accounts Receivable** functionality.
 - iii. SMB creates a **NEW SALES RECEIPT** for a customer to track sales
 1. NOTE: This data entry 1 step alternate path is used when the SMB's customer buys something and also pays for it that same day (bypassing **Accounts Receivable**)
 - iv. SMB Creates a **NEW BILL** followed by one or more **NEW BILL PAYMENT(s)** for a vendor.
 1. NOTE: This data entry 2 steps (2 forms) path is used track spending when you don't pay for something on the same date that you buy it or get billed by the vendor for it.
 2. In other words, the SMB is utilizing the **Accounts Payable** functionality.
 - v. SMB creates either a **NEW CHECK** or else a **NEW EXPENSE** for a vendor to track spending.
 1. NOTE: This data entry 1 step alternate path is used when you buy something from a vendor and you pay for it on the same day. (Bypassing **Accounts Payable**)
 - vi. SMB is using the **sales tax** feature within QBO.
 1. Think of it as a bubble within QBO that requires that entering every transaction connected to this functionality should just be kept to itself inside this little bubble.
 2. You MUST **Pay Sales Tax** from inside the **sales tax** bubble. (Found inside the **Taxes** tab in the left hand menu).
 3. Trying to create that **SALES TAX PAYMENT** from anywhere else only creates duplicates in the problem **bank rec** account that you are troubleshooting
 - vii. SMB processes **payroll** from within QBO
 1. QBO will automatically create a type **PAYROLL CHECK** for this transaction.
 2. **Payroll** has its own programming set of instructions that is totally separate from what normally happens with transactions.
 3. This is another programming bubble set of instructions within QBO that needs to be kept to itself when it comes to creating/editing those types of transactions.
 - viii. SMB has connected one or more 3rd party app(s) to automatically bring transactions in from a website store or else a 3rd party credit card processing service like Paypal or Square
 - ix. RULE OF THUMB: No matter HOW a transaction is getting into the QBO database BEFORE you see it in your **Banking Feed**, it always needs to be **FIND MATCH** not **ADD** not **TRANSFER**.

B.) PREVENTATIVE FIX: TRAIN THE SMB IN BEST PRACTICES FOR BANK FEED PROCESSING

a. Encourage the SMB to ALWAYS process the **Banking Feed** via the professional boxing athlete's 1-2-3 punch jabs approach analogy.

i. Punch # 1 – **FIND MATCH**

1. If you find it great, you are done
2. If you don't find it, go onto punch # 2

ii. Punch # 2 – **TRANSFER** (ONLY moving funds between certain, internal **COA** accounts)

1. Determine whether or not this transaction fits the requirements for an internal funds transfer, which will ALWAYS be between the following types of accounts:
 - a. **Bank** (**DEPOSITS**, **EXPENSES**, and **CHECKS** shown on the **bank statement**)
 - b. **Credit Card** (**PAYMENTS** and **CHARGES** shown on the **bank statement**)
 - c. **Liability** – can be either long term or short term
 - i. Clarification: **TRANSFER** is traditionally only used for loan payments here and only then when the interest is separately stated as an additional line item charge on the SMB's **bank statement**.
 - ii. CAUTION: If the bank breaks your payment down into an interest component and a principal component, but doesn't add a separate line item interest charge on the **bank statement** itself, **TRANSFER** is NOT appropriate to choose here because it just creates more work for yourself. Plus, it causes additional confusion for the SMB as well as for the tax accountant.
 - d. **Assets** – can be either long term or short term

iii. Punch # 3 – the KNOCK OUT punch - **ADD**

1. Make sure to put a name in the **Payee** or **Vendor/Customer** field.
2. Take the time to categorize this to the appropriate **COA** account(s), in this case by filling out the **Category** field.
 - a. Use the **SPLIT** button if it needs to go to more than one details account.
 - b. If the SMB is doing the processing in the **banking feed**, knows how to enter this transaction, but doesn't have enough information on hand at the time to completely enter it: (or wants to red flag it to remember to finish setting up the **customer** name or **vendor** name – missing address, etc.)
 - i. then you can help them shave research time plus prevent many errors of omission, by having them create a special, temporary holding bin, type **other expenses** account called **ZZ Needs some Researching**.
 1. Putting the ZZ in front of it guarantees that it is going to go to the bottom of the **expenses list** whenever the **category drop down list** is brought up and makes it easy to find i.e. this transaction is napping temporarily before finishing its journey into the QBO database, even though it has been **ADDED** with the knock out punch.
 2. Have them put in as much information as they can.
 3. Then put a note in the **description** field for the **ZZ Needs some Researching** account about what they still need to do or to know, in order to finish entering the transaction or setting the related **customer** or **vendor** name into QBO.
 4. The **amount** for this temporary holding bin account is whatever amount is needed to bring the debits and credits

into balance so that QBO will allow SMB to save the transaction. However, don't leave it blank in **amount**.

- a. At the very minimum, put it in as a \$0.01 amount, so that it will show up in your financial reports and remind SMB to finish the research needed to finalize that transaction or related party's **name**.
 - b. You can also put it in as two lines, one with a +\$0.01 amount and one to the same account with a -\$0.01 amounts if you don't want to skew the transaction amount which will prevent you from **finding** it via a **global search**. (magnifying glass in top right corner)
5. RULE OF THUMB: This special, temporary transactions holding bin should ideally be zeroed out every month by the SMB, by editing each transaction and fixing it; BEFORE you start the **bank rec** process and your other **month end duties**.
- c. If the SMB is doing the processing in the **banking feed**, and doesn't know how to enter a transaction, they should categorize it as **Ask My Accountant**.
 - i. We are limited by legal risk management and your probably unlicensed status within the SMB's local geographic state or county considerations. So, there are uber strict, Intuit standards for what you can and can not move out of this account by re-categorizing it.
 - ii. Most of the transactions that find their way into this account are going to stay there until the SMB discusses it with their tax accountant or with their CPA who knows their local laws, knows how they have reported on their tax return, has a license to practice in that community, and is the final authority on how best to enter it.
 - d. If you are helping the SMB by processing the **bank feed**, and you either
 - i. Do not agree with how the SMB has **categorized** something
 - ii. Or don't know what it is for, or else have questions about it
 - iii. Or it meets the **amount** threshold per Intuit Standard guidelines
 - iv. Then categorize it as **Uncategorized Income** – if a **deposit**
 - v. Then categorize it as **Uncategorized Expense** – if an **expense**
 - vi. This puts into a temporary holding bin account so you can find it quickly to discuss it with the SMB during your next appointment.
3. Knock this transaction over into the QBO database via **ADD**
- iv. Next step Follow-up needed, if the transaction that you just **ADDED** above was actually a **check**, according to its **Memo** field:
 1. It is not going to come over into QBO as a **Check**, but rather will come over as an **Expense**. However, we want to immediately edit the **expense** which just came over from the **Banking Feed** to add one additional piece of data to another field in it.
 2. Create a **new EXPENSE** transaction.
 3. Click on the **clock** icon in the upper left corner of the transaction.
 4. Select the transaction that was just **ADDED** – should be the top line in the list.
 5. Enter the check number in the **Ref no.** field.
 - a. [this is the corresponding **Check no.** field in the **Check** data entry form.]
 6. **SAVE and Close** that transaction.
 7. NOTE: This little detour is a huge timesaver step for both you and the SMB when it comes time to **reconcile** that account or else chase down a stale dated **check**. The

SMB who is constantly on the run, may be writing a lot of hand written checks while out and about, WITHOUT creating them NEW in QBO first and then Print Checks.

- a. Having a reference number available to you in the Ref no. field lets you know that there was NOT an original transaction already present BEFORE it hit the Banking Feed, so this transaction is NOT a duplicate.
 - b. QBO tries to be helpful, so it automatically increments each successive check by 1 after you save a check.
 - c. CONSEQUENCE OF OMITTING THIS STEP: If the SMB later does a printed check run within QBO, [such as paying multiple Bills], QBO might easily get the check numbers themselves wrong – off by 1 or more numbers. This is because it doesn't realize that there was an additional check(s) already written. When the check numbers per QBO do NOT match up to the physical check numbers per the bank statement, it can get super confusing and frustrating for you during bank recs as well as for the SMB.
- b. BONUS FOR THIS BEST PRACTICES BANKING FEED PROCESSING APPROACH:
- i. The SMB doesn't have to spend as much time categorizing transactions.
 - ii. It becomes easier for the SMB to make good management decisions.
 - iii. It also drastically reduces the amount of time that it takes you to do the bank reconciliation in the future.
- c. TEACHER'S "ASSIST" [DE-ESCALATION TECHNIQUE] – It's all in how you word it!
- i. use IF SMB RESISTS IMPLEMENTING THIS WORK FLOW BEST PRACTICES IDEA:
 - ii. The consequence of this top SMB work flow error is that your sales are going to be way too high, and your expenses might not reflect reality either. Which means that the SMB is probably going to end up paying income taxes on imaginary, "money per the paperwork" that they didn't ever actually earn.
 - iii. SMBs HATE to be told that they are wrong. They may immediately try to blame you for it.
 - iv. Make an effort to avoid using the word "but". It is blame game hot button for SMBs.
 - v. Negotiation goals for this teacher's "assist":
 1. You can quietly inform them of the natural consequence of this data processing work flow error.
 2. Remain both respectful and assertive (win-win) in your tone.
 3. Allow them to "own" and internally acknowledge their own behavioral error.
 4. Side step the likelihood that they will try to blame you for it.
 5. Provide a way for them to "save face". [not look like a bad person nor an idiot]
 6. Give them something to think about and encourage them to consider changing their behavior on their own.
 7. WITHOUT stating specifically that they are "wrong".
 8. Nor you ordering the SMB that "You HAVE to do this."
 - vi. Say something to them instead, like "Wow, you are really generous. Choosing to donate more money to the government than you might actually need to pay in taxes. That is not a choice that I would make if this was my business. However, if you want to do that, it is your right to do so. More power to you! I'm impressed by your willingness to make that donation."

C.) ADDITIONAL PREVENTATIVE FIXES THAT MIGHT BE NEEDED FOR THIS WORK FLOW ERROR:

- a. A Bank Rule is hijacking the transaction out of its FIND MATCH work flow by automatically ADD it.
- b. Have SMB get with the 3rd party app automatically entering transactions into QBO to ensure that the connection is properly set up and functioning properly.

D.) OTHER CULPRITS THAT CAN CAUSE DUPLICATES TO APPEAR IN YOUR PROBLEM ACCOUNT:

- a. SMB converted over from Desktop to QBO. While most conversions come over without a hitch, some do NOT and create additional setup / cleanup work to be done.
- b. There was a problem getting the transactions into the **Banking Feed** for some reason, and as a result
 - i. Either the transactions came over from the bank multiple times
 - ii. Or the SMB didn't realize that the **Banking Feed** is only a temporary holding pen for a report of the transactions that happened at their bank. The transactions themselves never go all the way into the QBO database until you direct them to do so via **ADD**, **FIND MATCH**, or **TRANSFER** from within the **Banking Feed**.
 1. So, transactions got manually uploaded into the **Banking Feed** via a .CSV file more than one time.
 2. OR, transactions accidentally got uploaded to the wrong account.

E.) MORE INSIGHTS ABOUT HOW THINGS COME TOGETHER IN QBO: **Banking Feed** → QBO Transactions

- a. NOTE: Some SMB subscriptions will have a **Vendor/Customer** field showing in their **Banking Feed** instead of the **Payee** field. These are the same thing.
 - i. The **Banking Feed's** **ADD** format is a little deceiving to many SMB which frustrates them.
 1. They will see the name contained within the **MEMO** field and assume that QBO has extracted and also remembers whom their **vendor** or their **customer** was in the transaction. [It does this for them in their **Receipts** tab, but not in their **For Review**.]
 2. NOTE: If they are utilizing the **Receipts** tab, they should review their uploaded **receipts** first, then **FIND MATCH** in the **For Review bank feed** tab 2nd in order to preserve the uploaded receipt image as an attachment inside the transaction stored in the QBO database.
 3. But the **Receipts** tab functionality is NOT the case in the **Bank Feed** tab, as QBO flat out ignores everything in the **Memo** field, when it "knock-out punches" the transaction over into the QBO database from the **For Review** tab found in the **Bank Feed** tab. [via creating a **new EXPENSE** or a **new DEPOSIT** transaction a programming link bond between the two different living areas for these newly created transactions and the records which were downloaded by the bank or else uploaded manually to the **account's banking feed**.]
 - a. When the "knock-out punch" **ADD** is completed via the **Banking Feed**, the result is: There is one transaction record in the **Banking Feed**, and another, completely separate transaction contained in the QBO database along with a programming link [a bridge] established between the two of them to keep them together as a matched set.
 - b. Whenever you break the link between the transaction record in the **Banking Feed**, and the transaction living in the QBO database, via a **Batch UNDO**, [dangerous] or an individual transaction's **UNDO** operation, then **FIND MATCH** will now keep trying to build a link bridge again. Hence, the pool of your available choices for **FIND MATCH** will get larger and harder for you and the SMB to get through.
 - c. To manage, control and effectively shrink the number of available choices that will show up in **FIND MATCH**, we want to keep those programmed, bonding links between the two different living areas in place as much as we can.
 - d. NOTE: Once a transaction in the QBO database has undergone the **Finalize** process over in the **Bank Rec** screen, you then won't be able to **FIND MATCH** its mate any more from within the **Banking Feed**.

- i. At that point, the only readily apparent way to clear it out of the **Banking Feed** WITHOUT creating duplicate of the transaction over in the QBO database, is to **EXCLUDE** it.
 - ii. There is a work around for this problem situation however, [given later on here in this document] but it utilizes a powerful, and yet risky ProAdvisor's tool, so you **MUST** be super careful and deliberate about how you do the workaround whenever you need it.
4. **RULE OF THUMB**: If you want your **charts**, your **graphs**, and all of your **customer** or **vendor reports** to populate correctly, then you **MUST** always assign a name to the **Payee** OR the **Vendor/Customer** field whenever **ADDING** transactions from the **Banking Feed**.
5. If the SMB is using either the Plus or Advanced QBO version, they may have the **Billable Expenses** option turned on.
 - a. To mark an **expense** that will later get put into a **customer's invoice**, a name must also be entered into the 2nd **Customer** field, and the box **Billable** must also be checked.

F.) **TRIBAL KNOWLEDGE FOR HOW OUR CLEANUP TEAM UTILIZES THE **UNCATEGORIZED ASSETS** ACCOUNT:**

- a. **UNCATEGORIZED ASSETS** is your friend and your temporary holding bin for use with internal funds **TRANSFER** type of transactions when you don't know for certain exactly which other internal **COA balance sheet** account the money went into or came out of on the other side of this **Transfer**. Use it when needed, so you don't have to stop your forward processing momentum inside the **balance sheet** account that you are doing the current **bank rec** for. You will most likely find the answer later on in another account's **bank rec** for that month.
 - i. It's a whole lot less confusing, as far as dealing with internal **Transfers** goes, if you reconcile the **balance sheet** accounts in this order utilizing **Uncategorized Assets** to swap the transactions in and out if needed, as you find them.
 1. **Paypal** or **Stripe** accounts coming in automatically from a 3rd party app.
 2. **Line of credit** accounts
 3. **Credit card** accounts
 4. **Attorney's IOLA or IOLTA** special trust accounts
 5. **Money Market** and **Savings** accounts
 6. Set aside, additional **checking** or **savings** accounts meant to only accumulate accrued payroll or sales taxes due, so that the money is always there and ready for when it comes time to pay the tax bill.
 - a. **NOTE**: It is a best practice in some states to keep the money meant to pay the taxes separated out from the rest of the firm's operating money. Then the taxes are either paid directly from that account, or else **transferred** back into the primary checking account, and then immediately gets electronically paid out to the government via **Debit Card** or and **ACH (e-check) payment**.
 - b. This holding it in its own bank account ensures you don't accidentally spend the sales tax or payroll tax elsewhere and then can't pay the taxes when they come due. = big fines and high interest penalties including the possibility of jail time if that happens.
 - c. Government can be especially brutal about this spending sales taxes collected money that doesn't belong to you – SMB firm is considered to be a **trustee** here when it comes to sales tax collected..
 7. **Primary checking** operating account.

- ii. RULE OF THUMB: When you finish your clean up, and again when you complete each subsequent month end's processing, this temporary, transaction holding account balance should ideally be zero.
- iii. NOTE: When you are processing other COA accounts' bank recs, if you can't find a TRANSFER transaction, it is usually over hanging out in UNCATEGORIZED ASSETS
 - 1. Sometimes, QBO will also internally, automatically assign this account.
 - 2. A simple, global search on the \$ amount (using the magnifying glass in the upper right hand corner of your screen) will easily find it for you.
 - 3. Once you find it, then EDIT it by double clicking on it to change its asset account from Uncategorized Assets to be the proper account.

G.) HAZARD: DO NOT USE THE BATCH UNDO TOOL WHEN REMOVING DUPLICATE TRANSACTIONS:

- a. There is a powerful tool for ProAdvisors that is located in the Banking Feed's Reviewed tab.
- b. RULE OF THUMB: It tends to create more headaches and may even cause harm to the SMB's vendor and customer relationships with its unintended ripple effects, so just DON'T USE THIS BATCH TOOL.
- c. The exception is, unless you are fixing an error that YOU just made, by ADDING transactions in the Banking Feed which should have been EXCLUDE. Make sure you only UNDO your mistaken ones.
 - i. If it was the SMB who made this error, you will catch it and address it within the bank rec.
- d. If you check on a bunch of transactions and then BATCH UNDO, it will automatically delete all of the linked, related transactions that are in the QBO database.
- e. If you had any bank recs done, indirectly deleting all those transactions will now mess up your reconciled account balance and will also create an error message on the bank rec's initial screen.
- f. All of those transactions that you just broke the bank links for and indirectly deleted the corresponding transactions found in QBO (the blue links that you will see in the Reviewed tab) will now go back over to and sit in the For Review tab.
- g. You or the SMB will now have to process them all over again in the Banking Feed.
- h. This ProAdvisors' tool is highly dangerous, because ALL subsequent edits such as split lines, comments, changing the total due via a refund or concessionary discount that the SMB may have made after it came over into the QBO database will now be lost. And losing those edits can easily anger the SMB risking Intuit's relationship with the SMB; anger the SMB's customers or vendors, harming their relationships as well; in addition to harming the SMB's cash flow.
- i. Instead, break the bank link if needed by always just individually editing that transaction.
 - i. To break the link to the Banking Feed record: From inside the data entry form's screen, click on Online Banking Matches, [this is the blue lettering in the upper left-hand corner of the transaction]
 - ii. Followed by UNDO which preserves the transaction itself as well as any subsequent edits within the QBO database.
 - iii. Save and Close
 - iv. NOTE: Sometimes you can't UNDO the link to a Banking Feed record from within the transaction itself, because it was originally FIND MATCH to more than one transaction.
- j. Teacher's "Assist": DE-ESCALATION TECHNIQUE: It's all about how you word it.
 - i. If your SMB accidentally or deliberately chooses to make this error, it can become a super hard conversation to have with your SMB. Mostly because you are so upset about all your lost work that this discussion can easily slide sideways and potentially harm Intuit's relationship with this SMB. Here are the negotiation guidelines mentioned earlier with one additional goal added instead of the first one, since it is a different scenario – this time you are annoyed as the SMB's behavior has created a problem for you and a setback for both:
 - 1. Assist them to discover the existence of and the natural consequence of this data processing work flow error on their own WITHOUT you telling them what they did.

2. Remain both respectful and assertive (win-win) in your tone.
 - a. NOTE: If you are too angry or too frustrated about what you found to be able to do this yet, you can just read them the questions in the adaptation of the after a fist fight, incident report that that the staff members at Job Corps use [Job Corps is a federally funded, live onsite, vocational program for kids age 16-24 who were NOT successful in high school for whatever reason and are now trying to pass the high school diploma equivalency exam and gain a useful vocation. The staff at Job Corps, use their version of this incident report for misbehaving kids, it is a proof document in all disciplinary actions, including getting sent home, unable to return to Job Corps.]
 - b. So if you are feeling angry about what the SMB did, (with good reason to) you just read the SMB the questions on the form, and then take the time to write down the SMB's answers until you can calm yourself down and start assertively directing the SMB's learning experience. [This adapted incident report, used with permission, is given in the next bullet point section.]
 - c. RULE OF THUMB: He or she who remains, calm, cool, collected, respectful and assertive (win-win) in tone, has basically ALL of the power in a negotiation situation.
3. Allow them to "own" and internally acknowledge their own behavioral error.
4. Side step the likelihood that they will try to blame you for it – it's not your fault.
5. Provide a way for them to "save face". [not look like a bad person nor an idiot]
6. Give them something to think about and encourage them to consider changing their behavior on their own.
7. WITHOUT stating specifically that they are "wrong".
8. Nor you ordering the SMB that "You HAVE to do this."
- ii. For example start off with, "I noticed something in your QBO file that concerns me. May I show it to you in a screen share (Glace) session?"
 1. Take them to the **bank rec** form with its big red, out of balance error message
 2. Have them click on the blue, let us help you fix it link
 3. Take them to the Audit Log report so that SMB can see it was the SMB or SMB's staff error and not yours nor Intuit's.
 4. Then take them to the **Bank Feed's For Review** tab, and let them see how many transactions they now how to re-process.
 5. Stress that you think they probably didn't intend for this natural consequence to happen; "However, it resulted in a learning experience that neither one of us liked".
 6. Ask what problem they were trying to solve that prompted them to make this decision?
 7. If they start getting defensive (may happen when they realize that they screwed up) start offering them harmless choices. – Ones where you absolutely don't care what their answer is:
 - a. For example, you have 3 other things on your notes that you want to discuss with the SMB during this appointment.
 - i. Offer them two of the topics. Ask which one they want to hit first before you will come back to this topic?
 - ii. Then offer the remaining two choices, and ask them for their opinion.

- iii. It sounds silly, but what you are really doing is assisting them to feel some sense of power and control over their situation by “ordering you around” in harmless, non-offensive ways that don’t bother you.
 - iv. This is a 2nd stress reduction technique teacher’s “Assist”. Helps them to calm down faster and become much more cooperative.
8. Remind SMB that you and they will get through this new issue together.
 9. Keep asking them for their opinion as you explore alternative data entry paths, “How do you think this idea might work out for your business? Would it be better or worse for your firm?”
 10. Preface your suggestions with the word, “Consider” every now and then.

H.) INCIDENT REPORT: [adapted from Job Corps’ After-a-fist-fight or Similar Misbehavior Incident Report]

- a. DIRECTIONS TO STAFF: DON’T SAY ANYTHING ELSE TO THE STUDENT. JUST READ THE QUESTIONS OUT LOUD TO THE STUDENT AND THEN WRITE DOWN THEIR ANSWERS UNTIL YOU HAVE CALMED YOURSELF DOWN ENOUGH TO HELP THEM LEARN HOW TO DO SOME CAUSE AND EFFECT LOGICAL REASONING TO IDENTIFY BETTER ALTERNATIVES WHICH THEY COULD HAVE CHOSEN INSTEAD.
 - i. My problem that I was trying to solve was?
 - ii. The action that I chose to use to try to solve my problem was?
 - iii. The people around me or the other person reacted to my choice of an action by?
 - iv. At the end of it, was everyone better off or worse off or subjected to some additional drama that could have been avoided if I had chosen a different action / behavior?
 - v. If applicable my action caused me to experience unnecessary drama (which makes things harder for me) by?
 - vi. Other alternatives (keys to solve my problem) that were available to me at the time (but I chose not to use them) were?
 - vii. If this exact same issue happened again in the future, I would probably get better results for myself if I chose instead to?
- b. NOTE: Additional instructions to the staff / moderator / facilitator:
 - i. The student should be assisted to work through and verbalize the answers to these questions on his or her own. The goal is to have the student identify at least one other alternative that was available to them at the time that would likely produce a whole lot better (better meaning mutually respectful and win-win assertive situation outcome) results than the behavior that was chosen to try to solve their problem. Try to avoid the use of the words “you should”, “you must”, “but”, or appearing to boss them around – which escalates things. Instead use calming phrases such as “it seems to me”, “one possibility that I see is”, “how did that choice work out for you?”, “is there something that you could have done that would have worked out better for you?” etc.

I.) UNDEPOSITED FUNDS feature

- a. Make sure that the account **Undeposited Funds** is present and correctly set up every time you get assigned a new SMB. QBO will only let you benefit from the functionality if it is correctly setup inside the **Chart of Accounts**.
- b. It will automatically get created by QBO the first time that the SMB creates a **NEW INVOICE**.
 - i. But if they only use **NEW SALES RECEIPT** and never create a **NEW INVOICE** followed up later with a **NEW RECEIVE PAYMENT**; this account that is your time saving friend will be missing.
- c. **Edit** or Create **NEW** that huge timesaver account from within the **Chart of Accounts**.
 - i. Must be **Type = Other Current Asset**.
 - ii. Must be **Detail Type = Undeposited Funds**
 - iii. Account’s **Name** must be correctly spelled.

J.) OVERCOMING OBJECTIONS TO USING UNDEPOSITED FUNDS:

- a. Often, when you first encourage the SMB to always make their RECEIVE PAYMENT or their SALES RECEIPT go into Undeposited Funds, instead of directly to a bank account, they can't visualize how this will work without becoming just extra busy work to do, and they may resist your suggestion.
- b. Some SMB may also worry that they will no longer be able to tell cash payments from customers' credit card payments from checks if everything goes into one big bucket.
- c. Gently probe this resistance a little bit if you encounter it with the SMB. Ask them if it will work in their firm, ask them why or why not, ask them what their concerns about it are.
 - i. LESSON LEARNED: Strong emotional reactions either way, about some suggestion or some process are a huge indicator for the ProAdvisors and management consultants about how to help heal SMB cash flows.
 1. Pride, satisfaction, usually indicate personal job skill strengths or a competitive advantage for the firm.
 2. Anger, frustration, refusing to cooperate usually mean that either a.) there is an unmanaged cash bleed out point lurking somewhere in the immediate vicinity of this process or b.) the SMB is simply so exhausted and/or stressed out that they need a mental break from what you are doing in your phone call with them [means you should probably reschedule or else just ask the SMB if you can take a 2 minute break to stand up and walk around to get the blood flowing in your legs again which gives them that 2 minutes too so that they can calm themselves down or else handle their interruption. Make sure you put why that break in your SF case notes]
 - a. It can also indicate that this is a pain point for the SMB, and prior efforts to solve that issue were overly expensive, or frustrating or super painful to go through and they flat out don't want to reopen that can of worms.
 - b. Ask the SMB to tell you why they feel as strongly as they do. What is the reason why behind the way they are doing things now?
 - c. There are almost always two or more different paths to get to compliance in QBO. Sometimes, you just need to refer them to their tax accountant to find the best method for the SMB given their current situation.
- d. You can ease their fears about switching over to utilize Undeposited Funds by showing them that no matter what bank account they are in, the Undeposited Funds functionality works the same and will bring up all available open Undeposited Funds entries, provided this account is correctly set up.
- e. Another way to ease their fear of all their cash and customers' credit card transactions getting lost in the shuffle is to encourage them to utilize the Reference no. field within the Receive Payment, as well as the Sales Receipt no. field within the Sales Receipt to indicate when the customer paid via credit card or paid cash.
 - i. There is already a Payment Method field in both forms, but it is buried deep within the transaction itself, and that field doesn't show up in the Undeposited Funds available transactions list when you are processing the Banking Feed, so you can't easily tell which sales channel route (credit card, cash, paper check, website sales) the transaction came from.
 - ii. For customers paying via credit cards, enter CC followed by the date in the Reference no. field for a Receive Payment, or else enter the same information in the Sales Receipt no. field for a Sales Receipt.
 - iii. For cash payments, enter cash followed by the date in these same fields.
 - iv. Then remember to make a deposit to the Cash on Hand or the Petty Cash account at least once a month to clear those cash payments out of Undeposited Funds.

- f. If the customer paid with a paper check, it is best practice to enter the name and address printed on the check inside the **Memo** field when you are Adding transactions in the **Banking Feed**. That way, If there is ever a question about this check in the future, such as getting accidentally posted to the wrong customer name, you can easily **global search** the **Memo** field for the check writer's name.
- K.) **CUSTOMER CREDIT CARD PAYMENTS NOT MATCHING THE DEPOSIT AMOUNT PER THE BANK STATEMENT:**
- a. Sometimes, such as when the SMB utilizes the Square vendor for processing **customers' credit card payments**, the amount that the **customer** paid won't match the amount that got **deposited** into the SMB's **bank** account.
 - i. This is because a credit card processing **bank fee** has been automatically deducted from the amount that the customer paid and you may need to train the SMB in how to resolve the difference so that QBO will let them **ADD** the transaction correctly.
 - ii. If the SMB has not attached the 3rd party Square app, to automatically enter the **Receive Payments**, and the corresponding **bank fees** or **merchant processing fees**; then the **deposit** must always be manually adjusted to make the amounts come out correctly and ensure that it will fully close out that customer's **Invoice**.
 - iii. The SMB should enter the **Receive Payment** for the FULL amount that the customer paid.
 - iv. When **FIND MATCH**, in the **Banking Feed**, select the full payment **Undeposited Funds** line item.
 - v. QBO won't include the full amount in the **Payment** field for that line, only the amount that hit the bank account as a **deposit**. So, you must edit that field's amount to be the full amount that the customer actually paid.
 1. This will make the top section of the **deposit's** subtotal greater than the **deposit** amount, and a difference amount will show at the bottom of the transaction, just above the **transaction total**.
 2. RELATED CUSTOMER OPEN BALANCE ISSUE: If the SMB doesn't remember to change the amount in the **Payment** field to be the full amount that the customer actually paid when processing the **BANK FEED**, you are going to see a bunch of random small amounts still showing as open on the customer's **Invoices**. The SMB will tell you the customer doesn't owe that amount per real life.
 - a. NOTE: You will see the same **open Invoice** little straggler problem if the SMB enters the **Receive Payment** for ONLY the amount that actually got **deposited** into the **bank** account.
 - vi. Then click on the **Resolve** toggle button near the transaction total at the bottom of the **deposit**.
 - vii. Enter the account that the SMB uses for **bank charges** or **merchant processing fees** in the bottom **detail** section of the **deposit**.
 - viii. Enter the difference as a – dollar amount. Doing so will return the transaction total to the amount that matched the bank **deposit** as shown on the **bank statement**.
 1. ODD BALANCES SHOWING IN THE BANK FEED. If the SMB does adjust the amount in the **Payment** field to be the full amount that the customer's credit card got charged, but then forgets to **Resolve** the difference between what the customer paid and what got **deposited** into the **bank** account, when **ADDING**, from the **Bank Feed**, then you will see odd little amounts showing up as still needed to be **FIND MATCHED** in the **Bank Feed**.
 2. Having the **Reference no.** field flagged with the CC and date number in the **Receive Payment** or **Sales Receipt** form, as mentioned in the section above can go a long way towards helping you rapidly troubleshoot where these random little open

amounts in the **Bank Feed** are coming from and what needs to be done to fix them. (**Edit** the **deposit** as needed.)

3. However, if the **deposit** itself has been **finalized** as **reconciled** in a **bank rec**, then **FIND MATCH** will fail, and you will have to just **Exclude** that tiny little open amount remaining to be matched from the **Banking Feed**.

WORK FLOW FOR PROBLEM (CLEANUP) BANK RECONCILIATIONS:

1.) TROUBLESHOOTING REPORT:

a. WHAT IT SHOWS:

- i. Will give you a bird's eye, whole picture overview of how the SMB is doing the data entry overall, and what their current work flow path is as far as how they are processing stuff inside their **Banking Feed**.
- ii. Shows you immediately if the top, most common, SMB work flow error [= **ADD** when should have **FIND MATCH** or **TRANSFER** from within the **Banking Feed** instead] is present.
- iii. Also shows whether or not they are always entering a **customer** or **vendor** name into the **Payee** field, which is an Intuit QBL standard. Unfortunately, precious few SMB have been in the habit of always entering a name in that field when they first sign up for QB Live.

b. CAUTION: This is a BIG report. So NEVER run it for more than one month at a time. Takes too long to create it. Plus, the sheer number of transactions can be overwhelming for you to try to read it.

c. Shows the traditional bookkeeping format containing all the debits and the credits for each transaction, along with how it is getting processed by the SMB from within the **Banking Feed**.

d. ONBOARDING FYI: An Excel export of this report, along with an Excel export of the other **For my accountant** section report, **General Ledger** [**customized run** with all the possible field options checked] makes an excellent state of the database audit tool and backup resource, if the SMB is interested to regularly and inexpensively keep a local backup of their QBO file.

- i. NOTE: Sometimes, when new customers for Intuit are hesitant about using cloud technology like QBO, being shown how they are able to create this monthly backup report duo [which they can then store on their own computer and update easily whenever they want to], will go a long way towards easing their "loss of my financial data" concerns.
- ii. TIP: keep each exported Excel spreadsheet to only one month in length. In the programming realm, they together become what is known as a "database dump", or a current state of the accounting database "backup image".

e. HOW TO CREATE THE TROUBLESHOOTING REPORT:

- i. **Reports** tab in the left side menu.
- ii. Make sure you are on the **Standard** tab.
- iii. Scroll down to the **For my accountant** section.
- iv. Report = **Journal**.
- v. Click on the **Customize** button in the upper right hand corner.
- vi. Set the appropriate begin and end dates for the month.
- vii. Make sure the diamond in the **Rows/Columns** section is pointing downwards, otherwise, you will not be able to see the next step's function.
- viii. **Change Columns**

- ix. Add a check mark to the following fields.
 - 1. NOTE: as you mark it, the field will jump up above the line to the included fields section.
 - 2. Open Balance
 - 3. Client
 - 4. Vendor
 - 5. Clr
 - 6. Online Banking
 - x. Click on the Run Report green button.
 - xi. Click on the Save Customization green button in the upper right hand corner.
 - xii. It is up to you what you call this report.
 - xiii. Click on the Save button.
 - f. Whenever you want to pull it up again, you can find this report in your Custom Reports tab.
 - g. NOTE: In the Online Banking column of this report,
 - i. The green square means that it has gone through the Banking Feed and there is a corresponding link to that downloaded bank feed transaction in the Banking Feed's Reviewed tab.
 - ii. If there is a green + sign there too, it was automatically added via a Bank Rule and there is the strong possibility that the SMB may have never even viewed it.
- 2.) FIRST TIME reconciling this bank or credit card or line of credit [balance sheet] account:
- a. Determine beginning of year balance per the bank statement and write it down.
 - i. If the bank statement does NOT begin on the first of the month, you can usually find a daily balance amount section somewhere in the bank statement, [often located at the bottom of it] that gives this number.
 - ii. If this daily balance section is missing you are going to have to back into it analytically via creating an Excel spreadsheet [glorified calculator]
 - 1. Line 1
 - a. Column A heading
 - i. Entered based on type of account you are reconciling
 - 1. Deposit [this is a traditional debit for account type = bank]
 - 2. payment [this a traditional debit for account type = credit card]
 - b. Column B heading
 - i. Entered based on type of account you are reconciling
 - 1. expense [this is a traditional credit for account type = bank]
 - 2. charge [this is a traditional credit if account type = credit card]
 - c. Column C heading = balance
 - 2. Line # 2 is reserved for entering the starting point amount from the bank statement
 - a. It's your judgement call as to whether this is the bank statement's beginning balance or else is its ending balance.
 - 3. Line # 3:
 - a. So you will start entering your calculations in line # 3
 - 4. Formula for column C (begins with line # 3)
 - a. Decide if there are fewer transactions in the previous year or in the new year
 - b. choose the year that will have fewer transaction amounts to type in
 - i. 2018 has fewer transactions

1. Amount to enter in cell C2 = beginning balance from the **bank statement**
 2. Formula for cell C3 and down column C:
 - a. If the account you are reconciling is type **bank**

$$=C2+A3-B3$$
 - b. If the account you are reconciling is type **credit card**

$$=C2-A3+B3$$
- ii. 2019 has fewer transactions
1. Amount to enter in cell C2 = ending balance from the **bank statement**.
 2. Formula cell C3 and down column C:
 - a. If the account you are reconciling is type **bank**

$$=C2-A3+B3$$
 - b. If the account you are reconciling is type **credit card**

$$=C2+A3-B3$$
- c. Enter all of the transactions on the **bank statement** for that year
- i. Be sure to place in the appropriate debit or credit column
 - ii. Only one transaction per line
 - iii. Copy down the formula from cell C3 for as many lines as needed.
 - iv. The last amount in column C is your derived beginning of year balance. That is the amount to use in the initial **bank rec**.
- b. Check for presence of future transactions which have been manually marked as **Reconciled** from within the **Chart of Accounts' register**.
- i. Remove that **Reconciled** status if you find any.
 - ii. We want to see whether or not SMB is using a super dangerous method to try to do their **bank reconciliations**. This method is for the certified ProAdvisors use to fix errors that have occurred, and you have to really know what you are doing and also think critically about it each step of the way; or else it can greatly screw things up and quickly fly the **account** balances sideways in unexpected ways.
 - iii. If you determine that the SMB has been doing this in the **bank register**, you need to have a conversation about this work flow error with the SMB, and if possible, they also need to be stopped from using this risky tool in the future.
 1. TEACHER's "ASSIST": DE-ESCALATION TECHNIQUE FOR PERSUADING SMB TO CHANGE BEHAVIOR
 - a. Say something along the lines of "This is a very dangerous method to do. It's a tool that the ProAdvisors need every once in awhile. It's powerful and may result in unexpected ripple effects, so I personally choose NOT to use it, unless it is a last resort to fix an error. I'm worried that if you continue to routinely use this tool, it will only end up making both of us spend a whole lot more time on your recordkeeping than we would have to otherwise. Consider using the **bank reconciliation** screen I'm about to show you instead. Is it okay if I take you to the other **reconciliation screen**, which has some sweet timesavers which this tool doesn't have, built into that other screen, now?"

- i. Teaching strategy:
 - 1. Explain indirectly that it is a ProAdvisor only tool, usually, which means that it can be dangerous, if you don't understand exactly what you are doing, even if you are a ProAdvisor.
 - 2. Explain that you choose not to use it unless it is a last resort.
 - 3. Use an I statement to explain your concern, and the consequence – going to get expensive if keep using it
 - 4. Make a non-escalating type of suggestion – which encourages the SMB to make a harmless choice, or at least give you their permission to train them.
 - ii. NOTE: You won't get anywhere with the SMB until you have gained their permission to train them. Crazy but true little fact about training adults, and it has to be re-gained for every meeting.
 - iv. RULE OF THUMB: NEVER **reconcile** or **unreconcile** transactions directly from inside the bank account's **Chart of Accounts register** unless you are trained in finances, and it is a deliberate use of the tool or else a last resort to fix an error.
 - c. **BATCH EXCLUDE** all old, prior year transactions found within the **Banking Feed's FOR REVIEW** tab.
 - d. Clear out all **Undeposited Funds** lines that are still open when you do a **NEW Deposit**.
 - i. Create as many **NEW DEPOSIT** transactions as needed (do with 50 line batches)
 - 1. Just **check mark** up to 50 **Undeposited Funds** lines in the top section of the **deposit**.
 - ii. It's something called a zero-dollar **deposit** because the amount it actually changes the **bank account** balance itself by is zero [i.e. the transaction total is also zero when you are done].
 - iii. All batch **DEPOSITS** are dated 12/31/2018
 - iv. In the over / under resolution section (at the bottom of the **Deposit**) Enter the **subtotal** amount of the check marked Undeposited Funds as a – \$ amount to create a reversal back out and leave the account balance itself untouched.
 - e. Do one **bank rec** dated as of 12/31/2018 to establish correct beginning of year bank balance.
 - i. If any **bank reconciliations** have been done by the SMB for later months, but you don't have a good beginning of year balance, or else there are still many open transactions hanging out in the **bank rec screen** from earlier years, you will have to **UNDO** all the bank recs from 2019 forward. You **MUST** have good opening balance for the beginning of year 2019.
 - ii. **Check mark** all prior years' Stragglers that still are showing up in the **bank rec** screen.
 - iii. Make sure to also **check mark** ALL zero amount transactions dated in 2018 or earlier.
 - iv. **Force the reconciliation** – don't care if it isn't all the way to zero – most likely won't be.
 - v. **Global adjustment** goes to type **Other Expense** account **Reconciliation Discrepancies**.
- 3.) **SUBSEQUENT BANK RECS:**
- a. Clear out the **Banking Feed** first for that month.
 - i. If you are seeing lots of little, random amounts in the **bank feed** that don't seem to belong anywhere, it is most likely a problem with the way the **customers' credit card payments** have been processed from within the **Banking Feed**. Refer to the troubleshooting section earlier for guidance on how to recognize / fix this problem.

- b. Best transactions to keep, versus duplicates to get rid of:
 - i. Keep the original transaction, the one that was entered into the QBO database BEFORE it ever hit the Banking Feed and then got duplicated, as often as you can.
 - ii. If one of the transactions has a **customer name** attached to the **Customer Field** in the detail lines (Means SMB has turned on the billable expenses option in either the Plus or the Advanced QBO version) keep the one with the **customer name**.
 - iii. If one of the transactions has been manually categorized to a **specific account(s)**, and the other one is going to **Uncategorized Income** or **Uncategorized Expense**, keep the one that has been manually categorized inside the details section.

- 4.) **Reconcile** each month's **bank statement** in 3 passes – beginning with January 2019.
 - a. NOTE: Sometimes, you don't have to **UNDO** all the **bank recs** for the year, just deal with the stragglers that never got marked as **cleared** nor **reconciled**. In this case, you can go right to pass # 2, using the last **bank statement's ending date** and **ending balance** again.
 - b. 1st pass.
 - i. Check off **ONLY** the transactions appearing on the **bank statement**, but Do NOT try to adjust anything else in this pass. That will be done in the later passes.
 - 1. GOAL # 1: Try to check mark the ORIGINAL transactions; the ones that were in QBO BEFORE a duplicate got introduced via the **Banking Feed** [as much as you can easily spot].
 - 2. GOAL # 2: Try to always mark the higher priority to the SMB **critical 3** ones here during this pass if you can
 - a. Transaction type = **receive payment** (customer function)
 - i. Duplicate coming in from **ADD** in **bank feed** = usually as a **deposit** to an **income account**
 - ii. So the duplicate has much **lower** worth to the SMB than the **receive payment** does
 - b. Transaction type = **sales receipt** (customer function)
 - i. Duplicate coming in from **ADD** in **bank feed** = usually as a **deposit** to an **income account**
 - ii. So the duplicate has much **lower** worth to the SMB than the **sales receipt** does.
 - c. Transaction type = **bill payment** (vendor function)
 - i. Duplicate coming in from **ADD** in **bank feed** = usually as an **Expense** with a mention of the **check number** in the **MEMO field**.
 - d. CRITICAL 3 TYPES OF TRANSACTIONS: Should NEVER be deleted nor voided until AFTER the SMB has worked through
 - i. all 3 of the **Open Invoices report**, the **Invoices and Received Payments report**, and the **Transaction List by Client report** (for **customers**);
 - ii. both the **Bills and Applied Payments report** and the **Transactions List by Vendor report** (for **vendors**).
 - iii. The LAST step in the cleanup process is for the SMB to make sure that all open **vendor** and **customer** balances reflect real life status.
 - 3. Try the **auto clear** feature. This rarely if ever will balance to within the Intuit Standard, when you have duplicates present. If there are a lot of errors, the **global auto clear** feature may preserve transactions that it shouldn't. This is a judgement call whether or not to accept the auto clear results.
 - a. **Global select** every transaction to **clear** it.

4. If you decide not to accept the auto clear feature, then **Global select** every transaction to **unclear** it.
5. Then go line by line through the **bank statement**, **check marking** each transaction in QBO as you find it.
 - a. If you notice that a transaction needs to be edited to add the **Payee** field, or to fix the **check number** appearing in the **Reference no.** field, or in the **Check no.** field, or else to change the **categorization**; **CHECK MARK IT FIRST**, then **Edit** it 2nd.
 - i. This hint is because when you **save and close** it, you will get bumped right back up to the top of the transactions list and you will lose your place in the **bank rec.**
 - b. It's a ton easier to keep track of where you are in the bank statement, if you download that SMB's bank statement from BOX onto your laptop, then open it in Adobe Reader.
 - i. There is a highlight pen feature in Adobe Reader that you can use to highlight pen mark off every transaction on the **Bank Statement** as you have **check marked** it as cleared within QBO.
 - ii. If you have highlight pen lined through the **bank statement** in Adobe, when IEP times out and kicks you out, you won't lose your place. It's a whole lot less frustration for you.
 - iii. NOTE: There is also a count down timer app installed on your laptop that you can use to remind yourself to go and click around in IEP every 30 minutes so you don't get timed out of the IEP and booted out of QBO at the same time.
 - c. Take your time here. Do it only once, and do it right the first time.
 - d. If the sheer number of transactions to be worked through is overwhelming, you can **filter** the **bank rec screen** by **deposits** only, by **expenses** only, and also by **date** to only show those transactions within a few days or a week at a time.
 - e. As you come to a **deposit** that went straight to an **income account**, **edit** it to bring in as many straggler, **Undeposited Funds** lines as you can.
 - i. The **automatic search** here inside the **Deposit** form will bring up **open invoices** as well as **open receive payments**. Make sure to only **check mark** the type **payments** off as it is an Intuit standard, that generally ONLY the SMB marks an **invoice** as paid.
 1. Also make sure that you don't go past the **transaction date** when **checking off** the straggler **Undeposited Funds** lines.
 - ii. Make sure to also adjust the income account's **amount** that appears in the **over and under resolution section**. [found at the bottom section of the **deposit**] with a + or a - amount in order to preserve the original **deposit amount** as the deposit's **Total \$**.
 - iii. You aren't going to waste your time trying to figure out exactly which **Undeposited Funds** line items actually went to each **deposit**. We are just going to make the assumption here that if a **Receive Payment** was created by the SMB it DID get physically deposited at the bank at some point during the cleanup period.
 - iv. This is called force allocating **Undeposited Funds**.
 - v. Just make sure that when you are through **editing** this deposit, that its **total amount** has NOT changed from what it was originally.

- f. If the SMB has not been utilizing the **Undeposited Funds** functionality, but rather just sent every **Receive Payment** and every **Sales Receipt** directly to the **bank account** instead as a mini **deposit** component, you have a different problem. Now it is unclear what original transaction **payment** component line belongs to which **deposit**.
- i. CAUTION: It is super tempting to just **check mark** the duplicate transaction coming over from the **bank feed** as those amounts will exactly line up with the **bank statement's deposit** amounts. DO NOT DO THAT! Leave the duplicate that came over from the **Banking Feed unchecked** for this pass.
 1. Doing so can greatly harm the SMB's relationships with its **customers** because it pulls the customer **accounts receivable** balances out of whack.
 2. Doing so can also damage Intuit's relationship with the SMB as a result.
 - ii. You can create another glorified calculator in Excel to help you keep track of how many component lines for a **deposit** you've arbitrarily "force allocated" to each **deposit** amount given on the **bank statement**.
 1. The amount of the first **deposit** shown on the **bank statement** goes into cell B1.
 2. The formula for the rest of the cells in column B is

$$=B1-A2$$
 3. Copy this formula down Column B.
 4. Then just enter each **Receive Payment** or **Sales Receipt** amount 1 per line into column A, starting with cell A2 immediately after you have **check marked** it in QBO.
 5. Don't worry about getting the component lines you've checked off to exactly match the remaining amount of the deposit left to allocate [as shown in Column B]. They hardly ever will get all the way to zero. Just get the forced allocation as close as you can.
 6. When you have allocated as much as you can for that deposit, skip one line and enter the \$ amount of the next deposit that you are force allocating as a – number in column A.
 7. Just carry down the over and under amounts down in column B. Copy the formula down for as many lines as you need.
 8. When you get to the end of the **bank statement**, whatever unallocated amount remains in in the last line of column B of your Excel spreadsheet will be adjusted off to match the **total amount of deposits** as shown on the **bank statement**, with an **adjusting** general **Journal** entry.
 9. Remember to properly number this **adjusting Journal** entry in QBO per Intuit's naming convention standard,
 10. Also remember to properly document this **adjusting** general **Journal** entry for QBL supervisory review purposes within

your **General Journal Entries** Excel spreadsheet. [Each client has their own file in Box].

- g. When you come to a **check**, take the time to edit the check number contained in that transaction's **Check no.** field to match the check number as shown on the **bank statement** if needed, AFTER you check mark it as cleared.
- h. Also, **edit** the **expense** that was really a paper check but didn't get entered into QBO until it came through the **Bank Feed**, to put the check number given in the Memo field into the **Reference no.** field of the transaction.
 - i. This is a huge timesaver down the road when you are chasing stale dated checks, or else when the SMB is answering vendor billing issue questions.
- ii. When you finally get the difference to zero, go on to 2nd pass, WITHOUT **finalizing** the bank rec.
- c. 2nd pass – look at every **unchecked** transaction in the **bank rec**
 - i. If it has higher priority (worth more) to the SMB, **check** it instead, [and then **uncheck** the duplicate]
 1. Pay attention to the 2nd **Customer** field contained in the **detail lines section**.
 - a. If there is a **Customer** name in that field, this is the original transaction most likely.
 2. As you identify which one is the duplicate: After you've **unchecked** it, take the time to **edit** it and put a Z into the **Reference no.** field or else the **Check no.** field.
 - a. This hint makes it a lot easier to keep track of which transaction you intend to keep, and which one is the duplicate which will be removed.
 - b. DO NOT DELETE NOR VOID ANY TRANSACTIONS though as there is a faster way to clear them out, which will be done in the 3rd pass.
 3. If it is a stale dated, uncashed **CHECK** or **PAYROLL CHECK**, add a \$0.01 line to **Uncategorized Expenses** for a reminder to discuss with the SMB. Then, add a \$-0.01 line to **Reconciliation Discrepancies** to preserve the original amount. Leave it UNCHECKED.
 - a. NOTE: This temporary red flag, piggy backed, journal entry will be removed after being discussed with SMB, as you handle it per SMB's direction.
 - ii. **Finalize** the **bank reconciliation** to clear out all the ones still checked via 1st and 2nd pass.
- d. 3rd Pass. – Do a new **bank rec**, same closing date and same closing balance as the one you just **finalized**. If there are stragglers from more than one month, you will do one 3rd pass **bank rec** for each month that has stragglers lingering around.
 - i. Try to find the duplicate for all **CRITICAL 3** types **RECEIVE PAYMENT**, **BILL PAYMENT** and **SALES RECEIPTS** that still are stragglers in the **Bank Rec** screen.
 1. Do a **global search** on the transaction **amount**, including the 2 decimal places. [magnifying glass in the upper right hand corner of your screen.]
 - a. If this is a paper **check**, you may also need to do a **global search** on the **check number**, (no decimal places)
 2. If it doesn't bring it up, or you can't rapidly identify a duplicate, from the list that does come up
 - a. **UNDO** the online banking feed link from within the transaction.
 - i. Click on the blue **Online banking** link,
 - ii. and then on **UNDO**.
 - b. Move the transaction over to a temporary research holding type **bank** account, **ERRORS TO BE RESEARCHED**

- i. Make sure you are changing the **bank account** at the top of the form and NOT in the **categorization detail** lines section.
 - c. Then go to the **For Review** tab in the **Bank Feed** and temporarily **Batch Exclude** this record.
 - i. NOTE: After the SMB has reviewed it and decided what to do with it, then you can **UNDO** from the **Bank Feed's Excluded** tab and **re-link** by **FIND MATCH** it back up with the correct transaction in QBO if needed.
3. If you DO successfully find the duplicate but it has already been reconciled:
 - a. Manually go into the **Chart of Accounts bank register**, and do another **search** on the **amount**.
 - b. **Mark** that duplicate transaction as **uncleared** [should be blank, not a C for **cleared** but not yet **finalized**, not a R for **finalized** and **reconciled**.] from inside the **bank register**.
 - c. **Edit** the duplicate. Make sure that there is NOT a **customer name** in the 2nd **Customer** field which isn't also in the original transaction.
 - i. Write this **customer name** including **sub customer name** if there is one given here in the duplicate. You will want to add that **name** to the original transaction if needed, in a moment.
 - d. Break the duplicate's programmed link to the mate record that is sitting over in the **Bank Feed's Reviewed** tab.
 - i. **Click** on the **blue Online Banking** link in the upper left corner
 - ii. **Click** on **UNDO**
 - iii. This will send the mate record back to the **For Review** tab in the **Bank Feed**.
 - e. **Void** this duplicate transaction.
 - f. Go into the **banking feed**, and **FIND MATCH** to establish a new programming link between that mate record sitting in the **Bank Feed**, and the correct transaction to be kept that is sitting in the QBO database.
 - g. Look at the straggler line sitting in the **bank rec** screen, it should now have the **banking feed link symbol** attached to it and also be **check marked**.
 - i. Make sure that you have entered the **name** in the 2nd **Customer** field in the detail categorization lines if it isn't already there.
 - h. Go back into the **Chart of Accounts register**, find the transaction to be kept, and manually **mark it** as **reconciled** from within the **register**. [change from C to R]
 - i. If you've done this edit sequence right, you will NOT get an error message when you go to **reconcile** the **bank account** again. The **beginning balance** per the **bank rec** also should NOT have changed.
- ii. When you have all of the **critical 3 types** transactions out of the **uncleared bank rec** screen, then run a **Profit Loss statement**, as well as a **Balance Sheet report** as of the month end date, to document the BEFORE state of the accounts prior to you creating the **adjusting** month end **Journal** entry.
 1. Save both reports as a .PDF file, and upload them to Box.
- iii. Now go into the **Chart of Accounts bank register** to create the **report** therein to export to Excel which is needed to properly document everything that is a duplicate transaction and is getting written off in a month end **adjusting journal** entry.
 1. **Filter** the **register** by the **applicable dates**
 2. **Filter** the **register** by the **status unreconciled**

3. Export this report to Excel
- iv. Edit this new report in Excel.
 1. Delete all the transaction lines that belong to the stale dated checks which the SMB has not yet decided upon. – these lines need to stay open in the **bank rec.**
 2. Delete all the lines that belong to transactions which are dated within the last five calendar dates of the current month. These lines need to stay open in the **bank rec.**
 - a. They may clear next month. If not, then you can adjust them off with the next month end **adjusting** general **Journal** entry.
 3. DATA Sort the remaining transaction lines
 - a. First by account name
 - b. Then by date
 4. DATA Subtotal the transaction lines
 - a. At every change in Account
 - b. Sum the fields with the debit and the credit amounts.
 - i. Could be deposits and expenses for a type bank account.
Versus charges and payments for a type credit card account.
 - c. These subtotals give you the amounts and the individual accounts which need to be adjusted off.
- v. Begin the 3rd pass bank reconciliation.
 1. Check mark every transaction for the applicable dates that is NOT a stale dated check and is also NOT dated within the last 5 calendar dates of the current month being reconciled.
 2. Start the **adjusting Journal** entry in QBO.
 - a. Use **Uncategorized Expenses** as the adjusting account and use the out of balance amount shown on the **bank rec screen** for this **Journal** entry.
 3. When you have the **out of balance amount** to zero, then go back into the **journal** transaction and use your Excel spreadsheet calculated amounts to replace **Uncategorized Expenses** with the proper account names and account amounts to write down those account balances where the duplicates are **categorized** to.
 4. Finalize the **bank rec.**
 5. **Print** out the **bank reconciliation report** by **saving** it as a .PDF file.
 6. Upload both the backup audit trail documentation spreadsheet and the reconciliation report to Box.
 7. Complete the documentation of adjusting journal entries in your adjusting journal entries spreadsheet.
 8. Upload the bank reconciliation report and the updated general journal entries spreadsheet for supervisory review to Box.

FUTURE WORK NEEDED:

SMB must verify which transactions belong to the customer per real life. You have already adjusted the account balances, but actually **voided** very few transactions with this cleanup method. Hence, if a transaction does NOT belong to the **customer** or **vendor** because it is a duplicate, just edit it and change the **Payee** name / or else the Customer name in the 2nd **Customer** field for billable expenses.

LEGEND

Color	What it means
RED	This is a click button function or tab on your screen, or is a processing command for QBO
GREEN	This is a functional area within QBO. Think of QBO as a wall constructed of the child's play toy, LEGO bricks. Each LEGO brick represents a different capability of QBO and is where you are located within the product.
PURPLE	This is the name of a data entry form, or else is a transaction type
GOLD	This is the name of a data entry field, or is an account name, or else is the name of a report
BLUE	This is an actual Excel formula, which is what you should type in that cell.
HOT PINK	The SMB has provided you with this bookkeeping source document.