



QuickBooks Live Expert Cleanup: Standards & Scope of Service

- **Account Setup and Customizing Chart of Accounts in QuickBooks Online (QBO):** We handle the initial setup of your client's account in QuickBooks Online (QBO), tailored to their specific industry and entity type. Our process includes:
 - **Tailored Setup:** We'll set-up your client's Chart of Accounts based on their industry and entity type, and specific business needs. If your client has already worked with you to develop a Chart of Accounts, we will utilize that existing structure.
 - **Bank and Credit Card Connections:** We guide clients through the process of securely connecting their bank and credit card accounts to QBO. This enables the automatic importing of bank feed transactions and statements, streamlining the reconciliation process and ensuring accuracy.
 - **Account Cleanup and Consolidation:** We review existing accounts to identify and eliminate duplicates, ensuring a clean and organized Chart of Accounts. Where appropriate, we consolidate accounts where detailed information isn't necessary, simplifying reporting and improving overall clarity (e.g., combining "Office Supplies" and "Office Expense").
- **Transaction Processing:** We meticulously manage your client's transactions within QBO to ensure accuracy and efficiency. Our services include:
 - **Bank Feed Review and Categorization:** We review the bank feed's imported transactions and categorize accordingly, ensuring they are appropriately classified within the Chart of Accounts.
 - **Rule Creation and Automation:** To streamline the process and improve efficiency, we create rules within QBO to automate the categorization of recurring transactions. This reduces manual effort and minimizes the risk of errors.
 - **Transaction Matching:** We verify that transactions are correctly matched to existing data in QBO. For example, a transaction from the bank feed is matched to a manually entered transaction, maintaining accurate records.
 - **Duplicate Transaction Prevention:** We proactively check for and eliminate duplicate transactions. This includes identifying and removing duplicates caused by bank transfers, as well as those arising from manual entries with differing dates compared to the actual clearing date of the transaction.
 - **Missing Transactions:** We'll enter any missing transactions identified through the bookkeeping process. These can occur when there are gaps within the bank feed import, if the client has purchased something with cash or their personal account for the business and notifies us, or if we find them during reconciliations.
- **Fixed Asset Handling:** We capitalize fixed assets >\$2,500, or according to the client's capitalization policy if they have one. However, the final treatment of capitalized assets rests with the client's tax preparer. Depreciation adjustments are posted when provided by the client.
- **Bank and Credit Card Reconciliation:** We perform reconciliations using an 'annual sweep' process, comparing the starting and ending balances for the entire cleanup period, instead of reconciling each month individually. We'll work with your client to ensure their bank connections are maintained for the ongoing import of transactions and bank statements. We also reconcile opening balances for the bookkeeping year against supporting documentation to ensure accurate starting balances.

- **Resolving Outstanding Items:**
 - **Uncleared Transactions >90 Days:** During the period-end close process, we notify clients of any uncleared transactions older than 90 days. We advise them to follow up on these and inform us if any should be voided.
 - **Discrepancies <\$5:** These are posted to a "Reconciliation Discrepancy" account.
 - **Discrepancies >\$5:** We investigate the cause. This may involve:
 - Reviewing the bank feed for missing transactions.
 - Requesting a CSV file from the client if manual entry of missing transactions exceeds our limits (20 transactions).
 - Consulting with you or the client to identify and correct prior period accounting errors.
- **Error Handling:** If a historical error is found during the bookkeeping process, we'll assess it based on a 5% materiality threshold of net income.
 - **Errors below 5% of annual net income:** These errors are generally not addressed unless they impact the current period's reconciliations or are related to payroll or sales tax. They are noted in the client's files.
 - **Materiality Determination:** While the 5% threshold provides initial guidance, the final determination of materiality requires the bookkeepers professional judgment. Factors such as the nature of the error, the client's specific circumstances, and potential tax implications are considered. In cases where there is uncertainty, the client is advised to discuss with their tax advisor.
 - **Tax Filing Impact:** If a historical error is discovered after a tax return has been filed, we will advise the client to consult with their tax advisor to determine the best course of action. This may include amending the tax return or adjusting the current year's bookkeeping to account for the error. The final decision on how to proceed rests with the client and their tax advisor. We do not assist with amending tax returns, but we can provide the client with the necessary information, such as documentation of the error.
- **Journal Entries:** We will post journal entries that you provide, and we'll gather any necessary journal entries (JEs) during the onboarding process.
- **Financial Reporting:** We provide period end financial reports (Balance Sheet and Profit & Loss) through QBO, typically within 30 days from service start. Our standard package includes a balance sheet and profit and loss statement; however, these reports can be customized to include specific metrics or KPIs, and additional reports are available upon request.

SERVICES NOT IN SCOPE

- **Payroll, Sales Tax, and Tax Services:** We do not handle any payroll processing, payroll tax reporting, sales tax calculations/filings, or provide any tax preparation or other tax-related services.
- **Advisory Services:** We do not offer financial, tax, or business advisory services.
- **Accounting Attest Services:** We do not conduct audits, reviews, or compilations.
- **GAAP/Accrual Accounting:** We do not handle GAAP accounting or accrual methods. We provide cash and modified cash bookkeeping services.
- **Accounts Receivable/Payable:** We do not manage accounts receivable or accounts payable.
- **1099 Processing:** We do not manage or process 1099s.
- Support for users with foreign bank accounts, multi-currency, cryptocurrency, full accrual accounting, commingled funds, more than one business, and more than three real estate properties.

See [QuickBooks Terms of Service](#) for additional terms, exclusions and eligibility requirements.