GOLDEN STAR
BOOKKEEPING

CLEANUP SUPPORT

The Bookkeeping Cleanup Guide

Up to Date Doesn't Mean Accurate. Here's How to Tell.

A clear look at signs your books may need attention, what a bookkeeping Cleanup can involve, and how the appropriate next step is determined.

Up to Date Doesn't Mean Accurate

It's easy to assume that if your bookkeeping is up to date—transactions are entered, accounts are reconciled, and there's nothing left to catch up on—your books must be in good shape.

But being caught up and being accurate are two different things.

Books can be completely up to date and still contain problems. Personal and business expenses may be mixed together. Transactions may be filed under the wrong categories or left sitting in catch-all accounts. Accounts can even be marked “reconciled” without the underlying activity being properly reviewed.

None of these issues show up as “behind.” Instead, they show up as financial reports you can't fully rely on.

CAUGHT UP / UP TO DATE

The bookkeeping has been completed. Nothing is outstanding and no periods are missing.

ACCURATE

The bookkeeping correctly reflects what actually happened in the business.

Three Terms Worth Separating

Catch-Up	Bookkeeping has fallen behind and missing periods need to be completed so the books are caught up and up to date.
Cleanup	Bookkeeping has been completed, but existing records contain errors, inconsistencies, incorrect balances, historical issues, or other problems that need correcting.
Diagnostic Review	The assessment Golden Star Bookkeeping uses with every new client to understand the condition of the books, identify what needs attention, and determine the appropriate scope and next step.

Catch-Up and Cleanup are not interchangeable, and questionable books don't automatically mean Cleanup is required. A Diagnostic Review is what determines the work that's actually needed.

This guide walks you through how to recognize when your books may contain problems and what correcting them can involve.

Signs Your Books May Need a Closer Look

Personal and business expenses are mixed together
Even occasional crossover can make it harder to understand what the business actually spent and can complicate the bookkeeping.

Transactions are miscategorized
Expenses filed under the wrong category—or accumulated in accounts such as “Miscellaneous” or “Ask My Accountant”—can reduce the usefulness of your financial reports.

Accounts are reconciled, but other questions remain
Seeing an account marked as reconciled doesn't necessarily tell you whether everything else in the bookkeeping was handled correctly. Transaction categorization, adjustments, or historical balances may still need a closer look.

Your reports don't reflect what you know is happening
If your financial reports consistently don't match what you know is happening in the business, it's worth investigating why.

You inherited the books from someone else
A prior bookkeeper, software migration, or period of DIY bookkeeping can leave historical issues that continue carrying forward even when the current bookkeeping is up to date.

Where Cleanup Issues Tend to Sit

Cleanup issues can take many forms. These are examples only—no two sets of books contain the same combination.

- Incorrect or inconsistent transaction categorization
- Accounts receivable or payable that don't reflect reality
- Incorrect balance-sheet balances
- Personal and business transactions that have been mixed
- Unresolved bank or credit-card reconciliation differences
- Payroll or sales-tax issues
- Opening balance or historical issues
- Problems inherited from previous bookkeeping periods

What a Bookkeeping Cleanup May Involve

Every Cleanup is different. The work required depends on what is happening in the books and what the Diagnostic Review uncovers. These are some of the key areas that may need attention.

Gathering and reviewing supporting records

Bank and credit-card statements, tax filings, payroll records, loan statements, invoices, and bills help establish what was actually recorded.

Reviewing and correcting reconciliations

Comparing the books to actual bank and credit-card activity can surface missing transactions, duplicates, incorrect amounts, and unexplained adjustments.

Separating personal and business activity

Where activity has been mixed, each transaction needs to be identified and recorded so the books reflect the business properly.

Correcting transaction categorization

Accurate categorization helps make the Profit & Loss Statement and other financial reports more useful by ensuring transactions are recorded in the appropriate accounts.

Reviewing receivables and payables

Where relevant, outstanding invoices and bills are reviewed to confirm they reflect what is genuinely owed to and by the business.

Reviewing payroll and sales-tax accounts

Where these accounts are involved, recorded amounts are reviewed against filings and remittances.

Investigating balance-sheet and historical balances

Unexplained or carried-forward balances often need to be traced back to their origin before they can be corrected.

Reviewing the Chart of Accounts

Where appropriate, the account structure is reviewed so future bookkeeping is recorded consistently.

Reviewing financial statements after corrections

Once underlying issues are addressed, the Profit & Loss Statement, Balance Sheet, and key balances are reviewed for anything still unusual.

Documenting findings and corrections

A Cleanup shouldn't end with a corrected file and no explanation. What was found, what was corrected, and what still needs attention should be clear.

Cleanup is based on what the books actually need. Not every area above applies to every business.

Why Accurate Books Matter

It's tempting to leave things alone when the bookkeeping is up to date and nothing looks obviously wrong.

The difficulty is that unreliable financial information affects the everyday work of running a business:

- **Decisions based on unreliable numbers**
  Pricing, hiring, spending, and growth decisions are harder to make with confidence when the underlying figures may not be correct.
- **Difficulty understanding true profitability**
  When income and expenses aren't recorded consistently, it's hard to see which parts of the business are actually performing.
- **Tax or filing surprises**
  Problems that aren't obvious during the year may surface when the books are reviewed for year-end or tax preparation.
- **Unexplained balances**
  Balances no one can account for tend to carry forward from period to period until someone traces their origin.
- **Reduced confidence in financial reports**
  When reports repeatedly contain numbers you don't trust, they become much less useful for understanding and managing the business.

Accurate books provide a stronger foundation for understanding your numbers, using your financial reports with confidence, and making informed business decisions.

DIY vs. Getting Help

Not every bookkeeping issue calls for professional Cleanup. Whether it makes sense to correct something yourself depends on the extent of the issue, your bookkeeping knowledge, and how clearly you understand what caused it.

DIY may be appropriate when:

— The issue is small and clearly understood.
— There are only a few identifiable corrections.
— You understand what caused the issue and how to correct it.
— You're comfortable working in your bookkeeping software.

A professional assessment may be more appropriate when:

— Problems span multiple accounts or periods.
— Reconciliations contain unexplained differences.
— Balance-sheet accounts don't make sense.
— Payroll, sales tax, AP, AR, or historical balances may be involved.
— You're not sure what is wrong.
— Correcting one area may affect other areas of the books.

Start With the Diagnostic Review

You don't need to start changing transactions or rebuilding accounts before you understand the condition of the books.

Every new Golden Star Bookkeeping client begins with a Diagnostic Review. It is an assessment, not the correction work itself—no transactions are changed during the review.

THE DIAGNOSTIC REVIEW DETERMINES

- What is accurate
- What needs attention
- The appropriate scope of work
- Whether Cleanup is required
- Whether Catch-Up is required
- The recommended next step

Understand the condition of the books first. Then determine what work is actually needed.

Not Sure What's Really in Your Books?

If you're not confident your books accurately reflect what's happening in your business, the first step is understanding their current condition.

Every new client begins with a Diagnostic Review. We'll assess the books, identify what needs attention, and determine the appropriate next step.

GET STARTED →