



The Monthly Bookkeeping Health Checklist

A 10-Step Routine to Keep Your Business Financials Clean, Accurate, and Stress-Free

As a small business owner, keeping your financial records clean doesn't have to be overwhelming. Spending just 30 to 60 minutes once a month running through these 10 steps will ensure your books stay accurate, your cash flow remains clear, and you are completely prepared for tax season.

Monthly Checklist Steps

1. **Separate Personal and Business Accounts**

Review all transactions from the past month. Ensure absolutely no personal expenses were paid out of the business account, and no business expenses were accidentally paid from personal cards. If a mix-up happened, note it immediately so it can be classified correctly.

2. **Capture and Organize Every Receipt**

Gather all physical receipts, digital invoices, and email confirmations from the month. Upload them to your accounting software or store them securely in a digital folder organized by month. *Rule of thumb: If it's a deduction, you need the receipt to back it up. IRS will need receipts for items \$75 and greater.*

3. **Match and Categorize All Transactions**

Log into your accounting software (like QuickBooks or Xero) and clear out your banking feed. Assign every single income and expense transaction to its proper account category. Avoid using generic buckets like "Miscellaneous"—be specific. Also ensure that every transaction has a Payee.

4. **Reconcile All Bank and Credit Card Accounts**

This is the most critical step. Compare your bank and credit card statements against your accounting software. The ending balance on your monthly statement must match the balance in your software down to the penny.

5. **Check for Duplicate Transactions**

Look out for accidental double-entries, which frequently happen with automated software feeds or when manual receipts are entered twice. Look closely at identical amounts occurring on or near the same date.

6. **Review Outstanding Customer Invoices (Accounts Receivable)**

Run an "Aging Receivables" report. Look at who owes you money and how long those invoices have been unpaid. Send polite, automated payment reminders for any invoices that are 15, 30, or 60 days past due to keep your cash flowing.

7. Review and Pay Outstanding Bills (Accounts Payable)

Check what bills your business owes to vendors and suppliers. Ensure upcoming due dates are tracked so you can schedule payments, avoid late fees, and maintain excellent relationships with your vendors.

8. Reconcile Sales Platform Splits and Fees

If you accept payments through third-party processors (like Square, Stripe, Shopify, or reservation platforms), make sure you aren't just recording the net cash deposit. Ensure you record the **gross sales** and properly break out the processing fees as a separate expense line item.

9. Run and Review Your Profit & Loss (P&L) Statement

Generate a Profit & Loss report for the month. Look closely at your total revenue versus your total expenses. Are there any categories where spending spiked unexpectedly? Comparing this month to last month is a great way to catch anomalies or data entry errors.

10. Back Up and Lock the Month

Once everything balances perfectly, save a digital copy of your monthly bank statements and financial reports in a secure cloud folder. If your software allows, close or lock the period to prevent any accidental changes to past data.

Need Professional Support?

If your accounts aren't balancing, your software is acting up, or you simply want to hand this monthly routine off to a professional so you can focus on growing your business, let's talk. Schedule a free consultation to get your bookkeeping completely optimized.

For a free consultation go to our website to schedule a free consultation.

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