

Your Bookkeeping STINKS! is the book that should have been included with your bookkeeping software. Absorb secrets from a finance pro to put an end to poor bookkeeping practices that may be putting your business AND your retirement in jeopardy!

Your Bookkeeping Stinks! Why It's Killing Your Business & Wrecking Your Plans for Retirement

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Your Bookkeeping

STINKS!

*Why It's Killing Your Business and
Wrecking Your Plans for Retirement*

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www.StinkyBooks.com
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Your Bookkeeping Stinks—Stinker #3

My do-it-yourself bookkeeping software generates bad reports and information.

Let me be the first to say that current versions of small business bookkeeping software such as QuickBooks and Peachtree are absolutely wonderful tools. The features and functionality they contain for the modest prices charged provide a truly remarkable suite of tools and reports to use in managing your business.

Unfortunately, many small business owners rush out to their local big-box retail store, make the purchase, install the CD, and think they are magically turned into bookkeepers. In reality, it simply doesn't work that way.

In my QuickBooks consulting practice, I have come across many small business owners' automated sets of books that have been unmitigated disasters. In the quest to save a few dollars, the business owner has decided to set up his or her bookkeeping system while flying solo. This is usually a big mistake. The automation just gets them bad information faster.

While the system may seem to work fine for a couple of months or even a year, the game is up when business owners hand their accountants their first set of reports to use in preparing their income taxes. In many cases, the accountant's initial response is, "What is this #\$\$%*?"

Then reality sets in, as the accountant has to do double or even triple the amount of work to make things right. In some cases, the accountant even recommends taking a stick of dynamite to the records and starting over, as they are simply too bad to work with. I don't know about you, but I prefer *not* to pay my accountant double for anything. Paying triple is out of the question!

Your accounting software can only provide quality feedback and reports if the underlying data is accurate and timely. Thinking about the problem areas we've reviewed already, you may have bad data funneling in from someone not skilled in bookkeeping, or you may have bad payroll data being created by someone not skilled in payroll. Or you may have taken some shortcuts in the early days and made some bad decisions in setting up the books. And we're just getting started. Ready for some heartburn medication?

In order to optimize the use of accounting software, you'll want to invest in professional help to get it installed and set up properly. Over 25,000 QuickBooks advisors across the country are available to assist with the setup of their software. Other packages offer professional support as well. Ensure that you coordinate the setup of your accounting system with your tax accountant, too. He or she will be

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working with the results and may have some specific thoughts on setup issues to help keep things streamlined.

Solutions

Get professional assistance when setting up your accounting software—the dividends will be enormous during the life of your business. If it's already been set up, then get a tune-up to ensure it's been done correctly.

Don't let your IT person set up your accounting software system just because he or she "knows computers."

Your Bookkeeping Stinks—Stinker #12

F-F-F-Fraud?! It couldn't happen to me—could it?

Your business doesn't have to be the size of Enron or MCI to be subjected to the very serious and potentially catastrophic problem of fraud.

Examples

- The bookkeeper for a small business was convicted of embezzling over \$40,000. She had been the bookkeeper there for over ten years.
- The dentist's accountant who never deposited the dentist's payroll taxes, even though he was paying taxes to the accountant on time.

As the owner of a small business, it is easy to get distracted by all the other issues that surface on a daily basis. Bookkeeping isn't something that typically gets the amount of attention it needs if there are customers who aren't getting their orders on time due to a shipping snafu.

It's imperative that you take the time to assess your current bookkeeping arrangement to ensure that you've taken reasonable precautions to thwart the problem of fraud. Notice I said "reasonable precautions" here. You can't design a system that is completely foolproof, as evidenced by the high-profile fraud cases in the news during the last few years.

Remember, in many cases, it is a trusted and valuable employee who steps over the line and embezzles funds or commits other acts of fraud against the employer. Some rather simple steps go a long way toward battling fraud in your business.

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Solutions

Segregate duties wherever possible. Don't let the same person who creates the checks sign them. Don't let the same person who orders your goods and services issue the checks for them.

Run some random spot checks on your bookkeeping system to verify that deposits are being made properly and that issued checks have supporting documentation.

Enlist a part-time controller or CFO to perform periodic reviews of your bookkeeping department to help identify any problems and/or make suggestions for improving the department's efficiency.

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