

SMALL BUSINESS ACCOUNTING CHECKLIST

YOUR GUIDE TO
IMPROVING EFFICIENCY THIS YEAR



Daily Tasks



Weekly Tasks



Monthly Tasks



Quarterly Tasks



Annual Tasks

AS A SMALL BUSINESS
OWNER, THINK BACK TO
THE DAYS WHEN YOUR
ENTREPRENEURIAL
VISION STARTED
COMING TOGETHER AND
ASK YOURSELF THIS
QUESTION —

**WHAT MOTIVATED
YOU TO BUILD
SOMETHING FROM
THE GROUND UP?**

If you're anything like most entrepreneurs, those dreams started with a passion. Cars fascinated you so much that you couldn't see yourself working in anything other than your own auto repair shop; nothing brings you more joy than sharing your culinary creations with friends and family, so you opened a restaurant; you care about making people look and feel their best, leading to the creation of your very own salon.

Whatever the case, businesses are born from passions, skills, and talents — not the longing to agonize over spreadsheets, numbers, and finances.

But what happens when everyday details and distractions get in the way? For many of us business owners, it can be difficult to conquer those pesky tasks and anxious feelings that prevent us from actually loving the work we were once so zealous about.

Managing your finances is often one of those worrisome, stress-inducing tasks that leaves you wondering why you even started a business in the first place. Whether it be failed attempts to get control over a messy book or the looming frustration of tax season around the corner, small business accounting can seem like a never-ending circle of discouragement.

There's some good news to be had, though — it doesn't have to be this way!

Organize Accounting, Improve Efficiency

All business owners want to improve efficiency — *duh*. But wanting something and creating a plan to actually achieve it are two entirely separate things. Without realizing it, an unorganized book may be one of the largest contributing factors to your lack of efficiency.

Whether you are still managing your accounting and bookkeeping processes yourself or you have hired internal help, there are plenty of ways to streamline your small business accounting to benefit the organization as a whole. This process ensures that tasks are completed in a timely manner, and, more importantly, that these tasks are recorded and organized throughout the year.

The result? You spend less time fixing the negative ramifications that an unorganized book creates for a business and more time creating workflows and practices that actually help you grow.

To help you stay organized in your accounting efforts, we have compiled a small business accounting checklist full of items to keep in mind on a daily, weekly, monthly, quarterly, and annual basis.

Reference this checklist when crafting your accounting plan this year to get ahead of your finances — and make this the year you rediscover your business passions.

DAILY³⁶⁵

Maintaining organized bookkeeping and efficient accounting processes starts from square one — what do you do on a daily basis to ensure that you aren't falling behind on your bookkeeping? If you neglect simple daily tasks, these can eventually balloon into much more difficult problems to tackle.

Maintain Financial Data

Updating your financial data on a daily basis is the first step to improving your accounting processes. Accounting softwares automatically sync with your bank account and POS system to keep track of your costs and revenue. Simply **checking your reports each morning** only takes minutes and gives you a clear look at the previous day. This also allows you to verify cash balances so you can make educated purchases.

Track Accounts Receivable & Payable

Staying up to date on your financial data, transactions, and cash balances makes it significantly easier to track accounts receivable and payable. When you **understand your existing cash position**, you are better able to make immediate spending decisions to benefit your company. If you're unaware of your daily financial data, you could make uninformed purchases or neglect to make affordable investments.

WEEKLY⁵²

While daily responsibilities are largely limited to educational and informational duties, weekly accounting tasks are a bit more involved and require concrete action steps. Falling behind on weekly tasks is sure to cause you more headaches on a monthly, quarterly, and annual basis, so keep these steps in mind to ensure a smooth accounting process.

Bill Clients

Some small business owners without appropriate accounting assistance will attempt to make this a monthly task. However, **invoicing clients and recording payments every week** allows you to stay ahead of missed payments and other difficulties. Take the time to invoice clients every week and record their payments. This protects you and your business, making sure you are paid in an appropriate time span.

Pay Vendors

Just like you need your clients to pay you, your vendors and suppliers need you to pay them in a timely, trustworthy manner. **Paying your vendors on a weekly basis** — or at the very least scheduling your payments over the course of a month — shows your vendors you are trustworthy and creates a sound working relationship. Plus, some vendors offer early payment discounts, and this system allows you to take advantage of them.

File Receipts

While making and receiving payments to clients and vendors is crucial, recording these transactions is just as important. **Sorting and filing receipts every week** might seem like a tedious process, but when you compare it to the alternative (stashing everything in an unorganized folder and putting it off until tax season), its value really shows. Whether you keep paper or electronic receipts, sorting and recording your payments is a must so you can remember specific details and enter tax season as organized as possible.

Review and Verify Employee Hours

Even for businesses on a biweekly or semimonthly pay schedule, **reviewing employee timesheets on a weekly basis** keeps you organized and your employees happy. Use your accounting and payroll system to verify hours and create payroll reports. While this may seem like overkill, it's important to stay ahead of any payroll snafus, both for you and your employees.

Your team members make your business run, and if there are any hiccups in their payment, it could lead to frustrated employees and impact their life more than you may realize. On the other hand, you want to avoid any surprise overtime liabilities you are responsible for. Even if an employee is not authorized to work more than 40 hours per week, you are responsible for their overtime payment once they do. Reviewing timesheets on a weekly basis allows you to prepare for the unexpected.

Forecast Future Cash Flow

Remember the point above that mentioned the importance of at least being aware of your cash balances on a daily basis? This is where that becomes especially handy. **Reviewing projected cash flow and requirements on a weekly basis** is crucial for any small business. Generating cash flow statements gives you a clear projection of how much you can expect to earn and spend in the following week. In turn, you can confidently pay bills and make purchases understanding those decisions align with your projections.

Backup Your Data

While many cloud-based accounting softwares automatically backup your data, it's vital to verify this is actually happening every week. Technology malfunctions are unpredictable and potentially disastrous, and you can't rely on technology alone to ensure that your information is safe. **Manually backing up your data** gives you the peace of mind that some of your most valuable assets are safe and secure.

MONTHLY¹²

As we continue down the list of small business accounting tasks, monthly requirements might just be the most pivotal when it comes to staying ahead of your book. These are duties that newly established and longstanding businesses alike must master to simplify their accounting processes and improve their efficiency.

Compare P&L and Prior YTD

Make sure you are monitoring your financial decisions and business performance. One way to do this is **comparing your current year-to-date profit and loss statement with that of the prior year at the same time**. Since many of your financial decisions were likely based on the previous year's performance, comparing your yearly change is a great way to measure progress. It gives a clear snapshot of areas you are spending too much or not enough.

Balance Your Checking Account

Smart spenders reconcile their personal bank account and checkbook frequently to ensure that expenses are correct and accounted for, and small business financials are no different. Ensuring that business transactions are accurate allows you to better understand your cash position, thus making it easier to plan for future expenditures. By **balancing your account manually**, you can more precisely understand incoming and outgoing payments that are otherwise not included in your monthly statement.

Record Inventory

Reviewing inventory monthly confirms that you have the goods you need when you (and your clients) need them. **Schedule time each month to review your inventory counts**, thus allowing you to place orders in a timely manner and ensure everything you need is in stock. Likewise, when you receive a new shipment of inventory, record it so you can easily keep track of all this information. Different suppliers work and ship goods at different speeds, so having an updated book of inventory allows you to plan orders accordingly.

Analyze Inventory

Recording inventory on a weekly basis sets you up for proper analysis every month. While weekly records show what you're running out of, **monthly analysis allows you to make better business decisions moving forward**. If you notice products staying on the shelves longer than anticipated, it might be time for a markdown. On the other hand, if something is selling out quickly, consider placing more orders for the following month.

Review Aged Receivables

Think back to the weekly section and our suggestion to send invoices on a weekly rather than monthly basis. That comes in handy at the **end of the month when you can look back at the previous month** and clearly see the invoices that are past due. Not only will this practice help you keep track of the money you are owed, but it also provides a snapshot of any past-due payments that need to be made from your end.

Pay State and Local Sales Tax

Minnesota applies a sales tax to almost all retail goods and some services, and it's vital that you **make appropriate sales tax payments on a monthly basis** to avoid penalties. The more organized you are leading up to end-of-month requirements, the easier and more efficient the entire process will be.

Meet Payroll Tax Requirements

Meeting payroll tax requirements at the federal, state, and local level can become difficult without proper preparation and organization. While you likely have an employee payment schedule in place, that doesn't always correlate with payroll tax deadlines. It's crucial for you to **stay organized and withhold, report, and deposit payroll taxes by specific due dates** for Medicare, disability, income, and social security.

QUARTERLY⁴

Staying on top of your accounting tasks daily, weekly, and monthly is a great start, but if you become unorganized at the end of any quarter, it could unravel all of your hard work and set you up for a tumultuous end of the fiscal year. These big picture tasks are crucial when it comes to your overall accounting success.

Quarterly Payroll Taxes – Make Payments & File Returns

Like most states, **Minnesota requires quarterly withholding tax payments**. Our quarterly payments are due on the final day of the month following the end of the quarter. Keeping up with these dates on a monthly basis (as we proposed above) makes it easier to plan for due dates.

Revisit Your P&L Statement

Monitoring your profits and losses on a monthly basis — and comparing them against previous YTD and your annual budget — sets the stage for a **quarterly reassessment**. For better or worse, things change during the year, and your ability to meet your budget and goals is no different. This evaluation lets you dive deep into revenue versus expenses, profit spending tendencies, and why you are underperforming or overachieving.

Estimate Income Tax

Reviewing and potentially revising your P&L statement is a crucial step to take prior to estimating and paying quarterly income tax. **Staying on top of your P&L** allows you to estimate your gross income and deductions more accurately throughout the course of a year. In turn, you can know if you owe any estimated income taxes for the quarter.

Internal Updates

Depending on the size of your company, we recommend **quarterly internal updates**. For any small business looking to foster a tight-knit relationship, it's so incredibly important that employees are connected to the company from a holistic standpoint. The best part about this is you make it your own! If a deep dive into revenue and expenditure would benefit you and your employees, take the time to schedule a meeting to make sure they are informed about the health of your company. This increases employee satisfaction and allows them to see their worth in a big-picture standpoint.

ANNUALLY¹

Alas, the end is near! But there's still some work to be done to ensure a smooth close to the year. At this point, you've prepared enough to make your life as easy as possible; now it's time to make good use of your preparation to finish the year strong and without hassle.

Finalize Past-Due Invoices

You've been tracking them on a weekly and monthly basis — now it's time to **decide your final action**. If you have an outstanding aged receivable from a few months ago, it might be time to write it off as a deduction or hire a collection agency to fulfill the bill. If you are confident that an outstanding invoice will be paid, you can treat it as you would a monthly task and keep tabs on it in the following months.

Fulfill Year-End Inventory

Weekly and monthly inventory assessments aren't without reward — now comes the fun part. **Year-end inventory analysis** does more than show you what you need to order to hit the ground running in the new year. More importantly, it spotlights the items that *did not perform* throughout the year. Why is this important? It allows you to deem these items unsellable, resulting in a write-down of the inventory and a deduction on your year-end taxes. If you do not track unsellable inventory, you will end up paying more taxes than you owe.

Report W-2 and 1099 Earnings

Small businesses are required to **submit annual earnings** for both full-time and contracted employees to the IRS. Make sure to mail out W-2 forms to your full-time employees and 1099 forms to contracted workers who earned more than \$600 with you. We recommend taking advantage of early e-filing services beginning in November for independent contractors to avoid the January rush.

Approve and Close Year-End Books

As tax season rolls around, make sure to **review full-year financial information**, including your year-end balance sheet, P&L statement, and cash flow statement. It's paramount that you review your tax return closely before signing and returning it to be as accurate as possible. One small misstep could lead to underpayment of taxes and create an IRS conflict that could have been avoided.

Make This Your Most Efficient Year Yet

That's it! Sounds like a walk in the park, right? Yeah, maybe not.

There are no shortcuts to improving business efficiency through streamlined small business accounting. It takes hours of work, organization, and dedication, and we're willing to bet you already have enough on your plate as it is.

With that in mind, there are plenty of resources available to help you handle these small business accounting tasks in a more efficient manner. That begins with the correct accounting software and automation tools, but even then you are still tied to the commitment yourself.

Remember when we started this piece discussing ambitions and passions during the onset of your entrepreneurial vision?

Well, the same thing can be said about our team at CSI Accounting & Payroll — the only difference is that our passion is your nightmare.

You need time to focus on big-picture items that help your company scale revenue, so **leave the monotony of accounting and bookkeeping to us** — it's what we love. We understand what small business means to our Minneapolis community and the entire country, and it's a great privilege to help small business owners like you thrive.

Ready to put your small business accounting woes to rest and make this your most efficient year ever? Take the time to prioritize this checklist into your schedule, and remember that we're always here to help along the way.