

QBO Cleanup: The diagnostic skills every bookkeeper should know

Veronica Wasek



Veronica Wasek

Unstoppable Introvert

- **Founder: 5MB Academy**
- **Started and ran bookkeeping firm for 15 years.**
- **Sold firm to key employees in 2024.**
- **Farm owner**

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What we'll cover:

Why diagnostic skills
are a game-changer for
bookkeepers

Building a strong
foundation:
Understanding QBO
workflows

Solving the mystery of
Undeposited Funds in
QBO

Q&A

Why diagnostic skills are a game changer

The PROBLEMS bookkeepers see

Hundreds of uncleared banking transactions

Old transactions in Undeposited Funds

Uncategorized income and expenses

Opening balance equity

Miscategorized expenses

Unapplied Cash Payment Income / Expenses

App integrations & AI gone wild

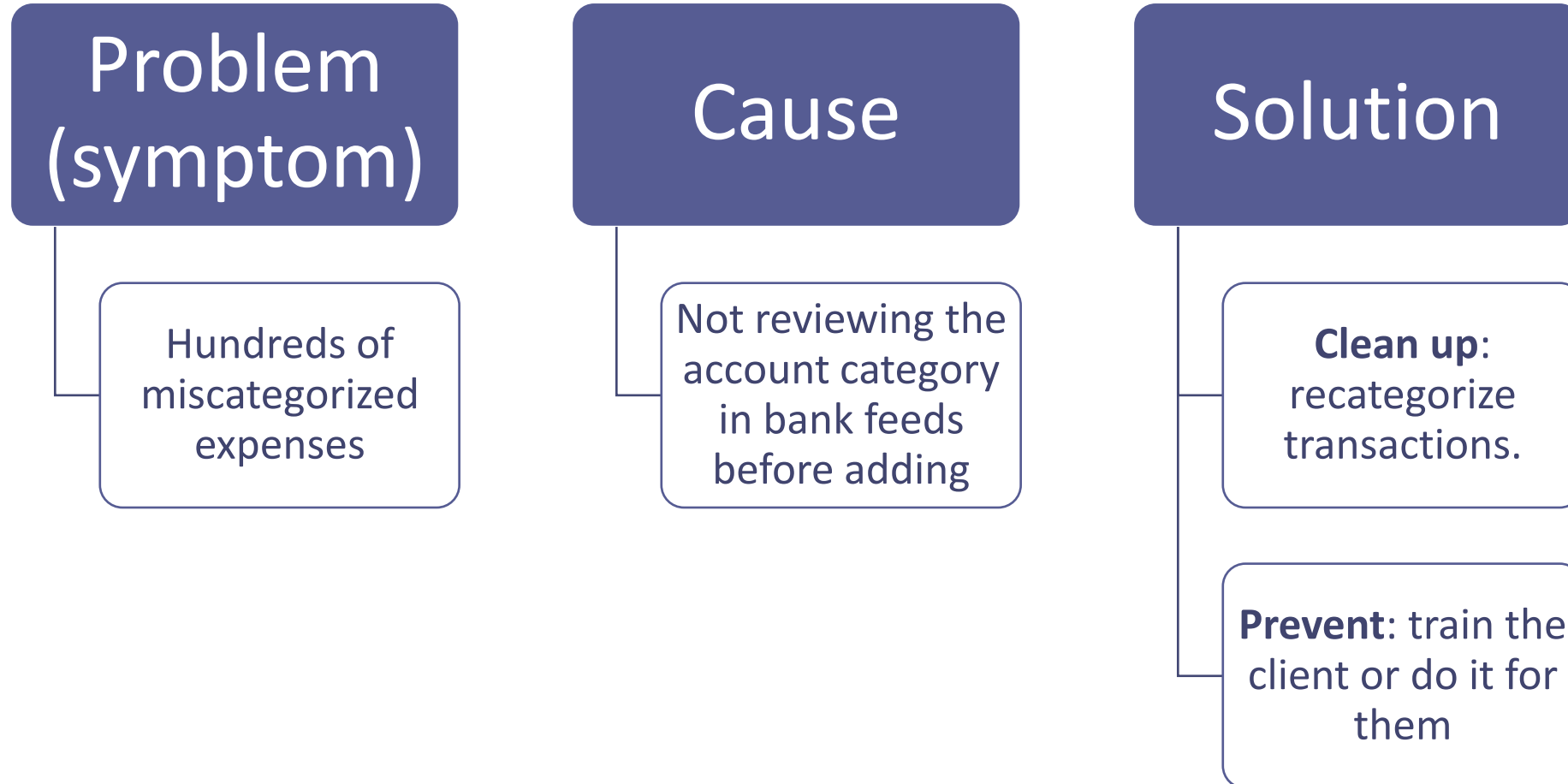
**Bookkeepers see the
SYMPTOM of the
PROBLEM**

Trend toward “AI” and “app” cleanups

The Diagnosis Formula



The Diagnosis Formula - example



Solution – solve the problem



Understanding QBO workflows

**There's more to QBO than
working on the bank feeds
(or using AI)**

The root “cause” of the problem

**Not understanding QBO
workflows**

QBO expense workflows

QBO expense workflows – Vendor Bills



Cause of the problem: wrong workflow

Vendor Bill and
Bill Payment were
entered in QBO



Expense was
added in the
bank feed

Symptom of the problem: Duplicated expenses

Report period

Custom dates

From

01/01/2025

To

02/05/2025

Accounting method

Accrual

View options

Jump to Last

More actions

Save As

Columns 10

Filter 2

Group by 1

General options

Transaction Report

January 1-February 5, 2025

Refresh report

Last updated a few seconds ago

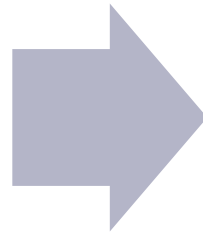
te ↑	Transaction type	Num	Name	Memo/Description	Account full name	Account	Amount
Affiliate payouts (7)							
01/02/2025	Deposit	-				Checking (5008)	
01/02/2025	Deposit	-				Checking (5008)	
01/05/2025	Expense	-				Checking (5008)	
01/24/2025	Bill	-				Accounts Payable (A/P)	
01/28/2025	Expense	-				Checking (5008)	\$449.69
01/29/2025	Bill	-				Accounts Payable (A/P)	\$449.69
02/05/2025	Bill	-				Accounts Payable (A/P)	
Total for Affiliate payouts							

What untrained users think

QuickBooks
“did something”

Cleanup solution:

Delete the
Expense
transaction



Go to the bank
feed and Match to
the Bill Payment

Delete the expense transaction

Expense

Give feedback

1 online banking match

Payee

Payment account

Checking (5008)

Balance \$41,299.89

AMOUNT

\$449.69

Payee Details

Payment Date

01/28/2025

Payment Method

Ref no.

Tags ?

Start typing to add a tag

Manage tags

#	CATEGORY	DESCRIPTION	AMOUNT
1	Affiliate payouts	FORWARDLY Electronic Debit	\$449.69
2			
Total			\$449.69

Add lines

Clear all lines

Export CSV

Memo

FORWARDLY Electronic Debit

Attachments

Add attachment

Max file size: 20

Copy To...

Copy

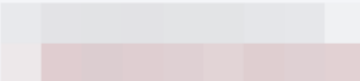
Void

Delete

Transaction journal

Audit history

Match to the Bill Payment in the bank feed

☐	DATE ▼	DESCRIPTION	PAYEE	CATEGORIZE OR MA	SPENT	RECEIVED		ACTION
☐	▼ January 2025 (1)							
☐	01/28/2025	 / ELECTRONIC DEB		1 match found Bill Payment 01/31/2025 -\$449.69	\$449.69			Match



Caution

Consider whether transactions have already been reconciled in the bank account reconciliation.

Deleting reconciled transactions will affect the bank reconciliation.



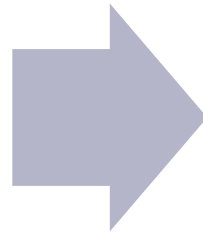
QBO workflows

QBO expense workflows – Vendor Bills



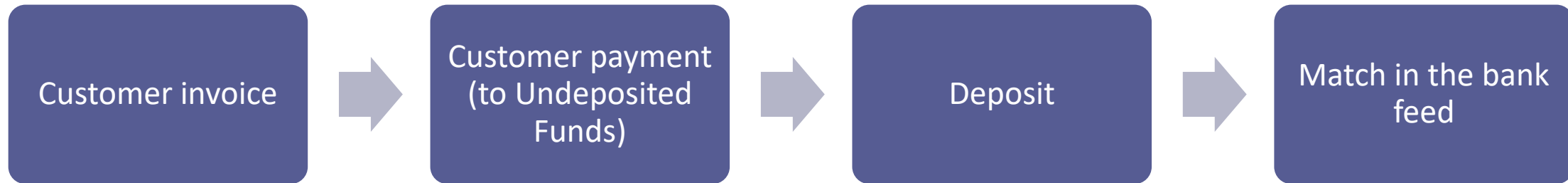
QBO expense workflows – Expenses & checks

Add in the
bank feed



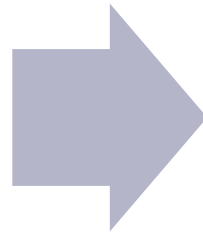
Expense or
check

Customer invoices – Undeposited Funds workflow



Sales receipt (basic workflow)

Sales receipt



Match in the
bank feed

QBO income workflows

Income stream	Payment	Workflow
Invoices	Check, cash	Undeposited Funds
Invoices	QuickBooks Payments	Automated...but, not always. You may need to apply in Undeposited Funds when QBO doesn't automatically apply the payment.
Invoices	Third party merchant service	Undeposited Funds
Invoices	Third party app	Understand how the app is posting customer payments (it may use Undeposited Funds)
Invoices	Stripe, PayPal, other	Undeposited funds, unless app is connected. Be sure to deduct fees. Big source of problems. You should understand the workflow.
Third party app	Square, Stripe, PayPal, other	Daily sales method or app integration.
Point of sale system	Varies	Daily sales method or app integration.
Cash	Cash	Good luck!

QBO income workflows

Income stream	Payment	Workflow
Amazon or Shopify	Amazon Payments, Shopify Payments, PayPal, other payment processors	Use A2Xaccounting to integrate with QBO
Other e-commerce channels	PayPal, Stripe, other	Daily sales method or app integration.

Beware

Beware of...

- App integrations
 - Data dumps
 - Not sure how transactions are integrated with QBO
- AI integrations
 - How is the AI sending transactions over to QBO



Undeposited Funds

Scenario

- Company provides graphic design services
- They invoice customers and receive payments via ACH, check, and QB Payments
- They enter customer payments to Undeposited Funds

Problem

Old transactions in
Undeposited Funds account

Income appears to be
duplicated (accrual basis)

nt Suite

Caroline's Graphic Design

Q

Navigate. Find transactions, contacts, h...

Sales

Vendors

Team

Projects

Other

Invoice

Expense

Payroll

Project

Task

Receive payment

Check

Single time activity

Project estimate

Bank deposit

Statement

Bill

Weekly timesheet

Transfer

Estimate

Pay bills

Review time

Journal entry

Sales order

Purchase order

Contractor

Inventory qty adjustment

Credit memo

Vendor credit

Batch transactions

Sales receipt

Credit card credit

Pay down credit card

Recurring payment

Print checks

Product/service

Old transactions in Undeposited Funds

Bank Deposit

Account

Checking *1234

▼

Balance \$39,437.15

Date

12/31/2025

Select the payments included in this deposit

☐	RECEIVED FROM	DATE ▲	TYPE	PAYMENT METHOD
☐	Elevate Marketing Co	01/02/2025	Payment	Other
☐	Elevate Marketing Co	05/01/2025	Payment	Other

Invoices (on an accrual basis)

Caroline's Graphic Design							
Transaction Report							
January-December, 2025							
						\$4,575.00	
Transaction date	Transaction type	Num	Name	Description	Full name	Item split account	Amount
▼ Graphic Design Revenue (44)							
01/05/2025	Invoice	2501	MoJane Inc		Graphic Design Revenue	Accounts Receivable	1,200.00
01/09/2025	Invoice	2502	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	1,500.00
01/13/2025	Invoice	2503	Luna Boutique		Graphic Design Revenue	Accounts Receivable	750.00
01/16/2025	Invoice	2504	Sophie Bennett		Graphic Design Revenue	Accounts Receivable	1,500.00
01/27/2025	Invoice	2506	Michael Carter		Graphic Design Revenue	Accounts Receivable	375.00
02/09/2025	Invoice	2508	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	1,200.00
02/16/2025	Invoice	2510	Thrive Wellness Studio		Graphic Design Revenue	Accounts Receivable	500.00
02/27/2025	Invoice	2512	Horizon Tech Solutions		Graphic Design Revenue	Accounts Receivable	1,500.00
03/09/2025	Invoice	2514	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	375.00
03/16/2025	Invoice	2516	Graceful Events		Graphic Design Revenue	Accounts Receivable	1,500.00
03/27/2025	Invoice	2518	Sophie Bennett		Graphic Design Revenue	Accounts Receivable	750.00
04/05/2025	Invoice	2519	MoJane Inc		Graphic Design Revenue	Accounts Receivable	500.00
04/09/2025	Invoice	2520	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	1,500.00

Deposit for the same amount

From

To

Accounting method

01/01/2025

12/31/2025

Cash Accrual

Customize

Compact | 100%

Ask a question BETA

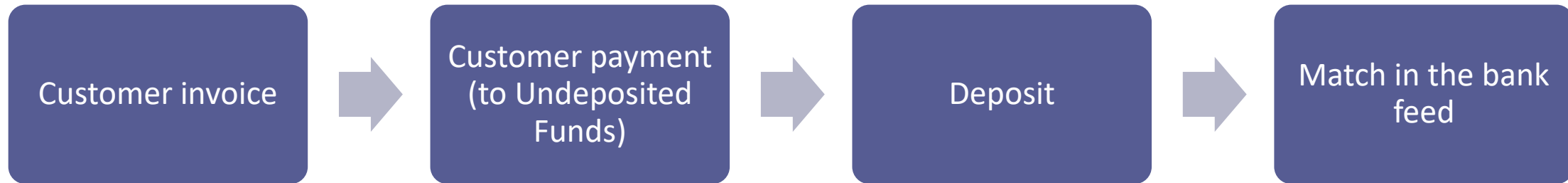
Caroline's Graphic Design

Transaction Report

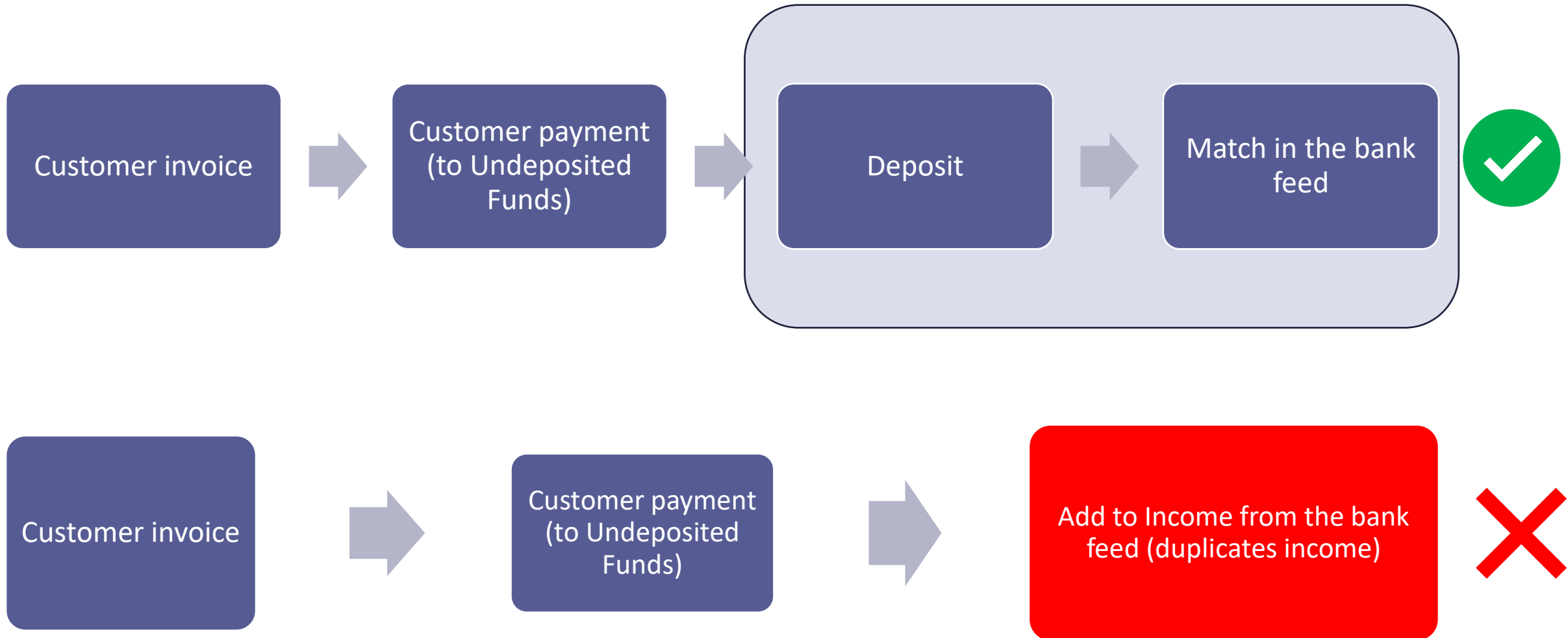
January-December, 2025

Transaction date	Transaction type	Num	Name	Description	Full name	Item split account	Amount	Balance
Services (3)								
01/02/2025	Deposit		Elevate Marketing Co	Deposit - Elevate Marketing	Services	Checking *1234	3,450.00	3,450.00
05/01/2025	Deposit		Elevate Marketing Co	Deposit - Elevate Marketing	Services	Checking *1234	4,575.00	8,025.00

Correct Undeposited Funds workflow



Undeposited Funds workflows – side by side



Duplicated income

Caroline's Graphic Design

Transaction Report
January-December, 2025

\$4,575.00

Transaction date	Transaction type	Num	Name	Description	Full name	Item split account	Amount
▼ Graphic Design Revenue (44)							
01/05/2025	Invoice	2501	MoJane Inc		Graphic Design Revenue	Accounts Receivable	1,200.00
01/09/2025	Invoice	2502	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	1,500.00
01/13/2025	Invoice	2503	Luna Boutique		Graphic Design Revenue	Accounts Receivable	750.00
01/16/2025	Invoice	2504	Sophie Bennett		Graphic Design Revenue	Accounts Receivable	1,500.00
01/27/2025	Invoice	2506	Michael Carter		Graphic Design Revenue	Accounts Receivable	375.00
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02/27/2025	Invoice	2512	Horizon Tech Solutions		Graphic Design Revenue	Accounts Receivable	1,500.00
03/09/2025	Invoice	2514	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	375.00
03/16/2025	Invoice	2516	Graceful Events		Graphic Design Revenue	Accounts Receivable	1,500.00
03/27/2025	Invoice	2518	Sophie Bennett		Graphic Design Revenue	Accounts Receivable	750.00
04/05/2025	Invoice	2519	MoJane Inc		Graphic Design Revenue	Accounts Receivable	500.00
04/09/2025	Invoice	2520	Elevate Marketing Co		Graphic Design Revenue	Accounts Receivable	1,500.00

Customize



Compact | 100% ▼



Ask a question

BETA

Caroline's Graphic Design

Transaction Report
January-December, 2025

Transaction date	Transaction type	Num	Name	Description	Full name	Item split account	Amount	Balance
▼ Services (3)								
01/02/2025	Deposit		Elevate Marketing Co	Deposit - Elevate Marketing	Services	Checking *1234	3,450.00	3,450.00
05/01/2025	Deposit		Elevate Marketing Co	Deposit - Elevate Marketing	Services	Checking *1234	4,575.00	8,025.00

Solution: Cleanup methods

Fix source transactions

Negative deposit method (NEW)

(Make sure that bank accounts are reconciled before cleaning up Undeposited Funds)

Fix source transactions: Most accurate & most time consuming

Must have source documentation

Copies of checks deposited together with deposit slip, merchant payments, payment processor payments

Must be able to correctly record all source documents

Invoices, sales receipts, customer payments, and deposits

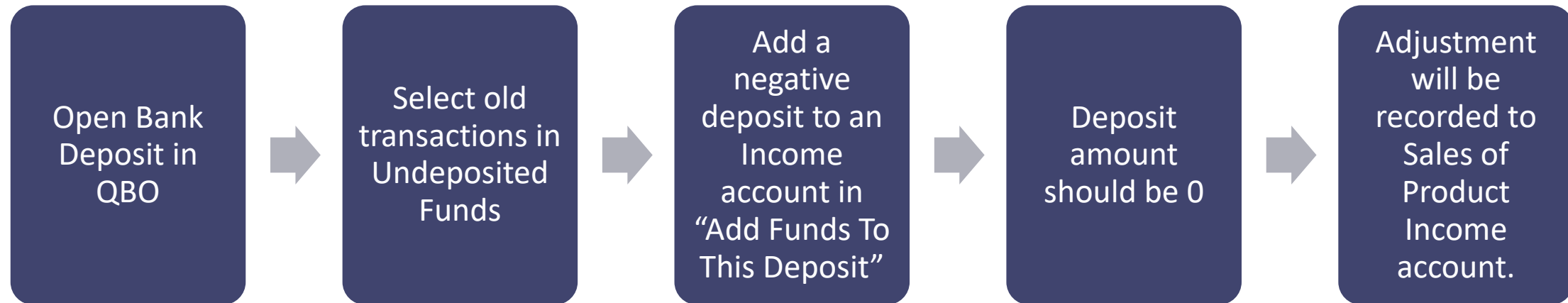
Negative deposit method

Quick way to clean up Undeposited Funds when source transactions don't exist

Less accurate

Assumes that income was duplicated

Negative deposit method workflow



nt Suite Caroline's Graphic Design Q Navigate. Find transactions, contacts, h...				
Sales	Vendors	Team	Projects	Other
Invoice	Expense	Payroll	Project	Task
Receive payment	Check	Single time activity	Project estimate	Bank deposit
Statement	Bill	Weekly timesheet		Transfer
Estimate	Pay bills	Review time		Journal entry
Sales order	Purchase order	Contractor		Inventory qty adjustment
Credit memo	Vendor credit			Batch transactions
Sales receipt	Credit card credit			Pay down credit card
Recurring payment	Print checks			Product/service

Negative deposit method

🕒 Bank Deposit

💬 Feedback



Account

Checking *1234

▼

Balance \$39,437.15

Date

12/31/2025

📅

AMOUNT

\$0.00

Select the payments included in this deposit

☒	RECEIVED FROM	DATE ▲	TYPE	PAYMENT METHOD	MEMO	REF NO.	AMOUNT
☒	Elevate Marketing Co	01/02/2025	Payment	Other			\$3,450.00
☒	Elevate Marketing Co	05/01/2025	Payment	Other			\$4,575.00

1-2 of 2 < 1 >

Select all Clear all

Total 8025.00
Selected Payments Total 8025.00

▼ Add funds to this deposit

#	RECEIVED FROM	ACCOUNT	DESCRIPTION	PAYMENT METHOD	REF NO.	AMOUNT	
1		Services	Clean up old undeposited funds			-\$8,025.00	🗑️
2							🗑️

Takeaways



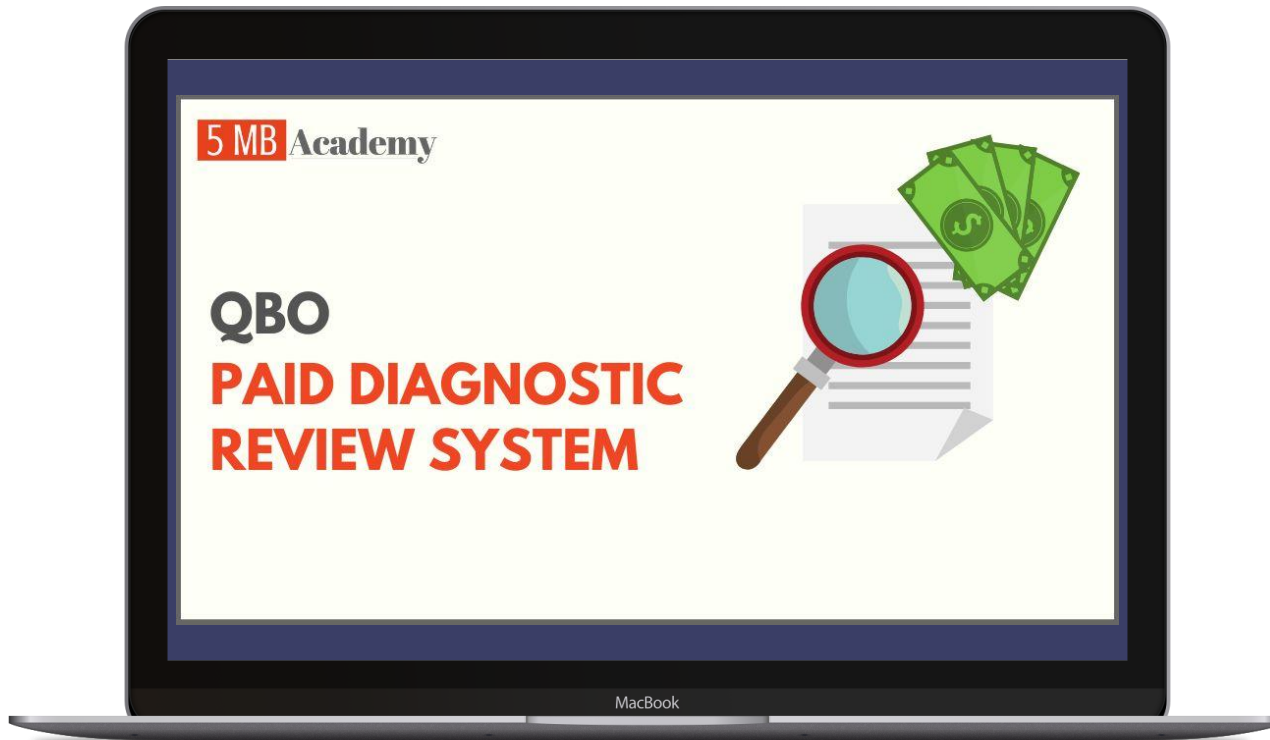
Resources:

YouTube channel <https://5mbvideo.com>

Sign up to be notified about my latest content, webinars, and courses
<https://veronicawasek.ck.page/content>

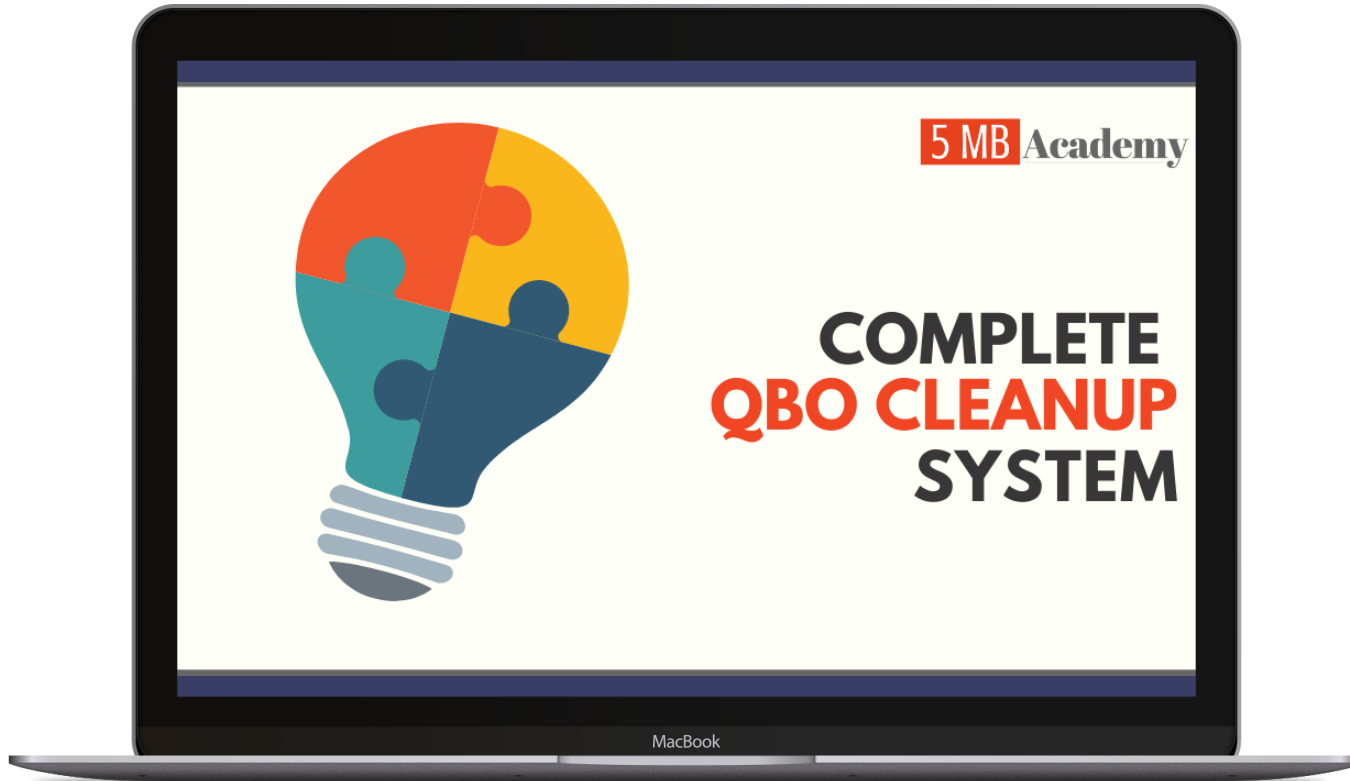


QBO Paid Diagnostic Review System



- **Step-by-step diagnostic workflow and review checklist**
- **How to identify errors, red flags, and root causes in QBO**
- **How to document findings and create clear recommendations**
- **Checklists, templates, and reports**

Complete QBO Cleanup System



- How to confidently price and sell cleanups
- Where to start a QBO cleanup & order of cleanup
- Step by step cleanup workflow
- Balance Sheet reconciliation to Schedule L
- Common cleanup problem areas and tutorials on how to fix them
- How to identify source problems and cleanup solutions

Two-course bundle for the best pricing



Confidently
clean up messy books

 **QBO
PAID DIAGNOSTIC
REVIEW SYSTEM**

 **COMPLETE
QBO CLEANUP
SYSTEM**

**DIAGNOSTIC
& CLEANUP
BUNDLE**

5 MB Academy

Private student group

- **Direct access to Veronica**
- **Ask questions while working on diagnostics and cleanups**

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Q&A