



Behind on bookkeeping? Here's how to get back on track

Running a business requires juggling countless responsibilities. Not surprisingly, bookkeeping tasks often end up on the bottom of to-do lists. The good news is that falling behind doesn't necessarily mean your financial records are beyond repair. With a disciplined approach and the right support, you can regain control.

Recognize the issue

Many business owners don't realize how far behind they've fallen until they need, for example, to file a tax return or complete a loan application. Take notice if you:

- Haven't reconciled bank and credit card accounts in months,
- Have unfiled tax returns or unanswered tax notices,
- Are missing receipts or have incomplete expense records,
- Are uncertain about cash flow or profitability,
- Can't generate accurate, timely financial reports, or
- Spend significant time searching for basic financial information.

If these issues sound familiar, you're not alone. Growing businesses often outpace the systems and processes that once worked well. Acknowledging the problem is the first step toward solving it.

Start with the basics

When recordkeeping lags and you try to catch up, it's tempting to focus on everything at once. A more effective approach is to prioritize the essentials, starting with key financial documents. First, gather bank and credit card statements, invoices, payroll records, and tax filings. Organizing these records by month can make the cleanup process more manageable.

Next, identify which bookkeeping tasks are incomplete. For instance, you may need to reconcile accounts, categorize transactions, record outstanding invoices or update payroll information. Creating a checklist can help you tackle the work systematically and avoid overlooking important items. Technology may also help streamline the process. QuickBooks® and other accounting platforms can automate routine tasks and simplify account reconciliations.

Address tax issues promptly

If your tax filings or payments aren't up-to-date, address the situation as soon as possible. Delays can increase IRS penalties and interest, as well as complicate administration.

Begin by determining which returns have been filed and which obligations remain outstanding. If you've received notices from the IRS or other taxing authorities, review them carefully and respond within the required time frame. This can help limit penalties and prevent small problems from becoming major ones. Accurate bookkeeping plays an important role here. If your records are current, it will be easier to prepare returns, substantiate deductions and respond to questions.

View cleanup as an opportunity

Updating records does more than fix past issues. The process can also provide valuable insight into your business's current financial position and future growth opportunities.

Once your books are current, you'll be better equipped to evaluate cash flow, monitor profitability and make informed business decisions. Clean books provide the foundation for reliable budgeting and planning. Updating records may also reveal opportunities to improve efficiency and focus your business strategy on the most profitable activities.

Ask for help

You might be able to address minor bookkeeping issues yourself, but more complex situations call for professional assistance. Don't wait until the next tax deadline or business opportunity exposes the problem.