

Checkpoint Contents

Accounting, Audit & Corporate Finance Library

Editorial Materials

Accounting Services

QuickBooks Solutions

Chapter 1 Getting Started

100 Providing QuickBooks Accounting Services

100 Providing QuickBooks Accounting Services

100.1 Over the past several years QuickBooks has become one of the most popular accounting software programs for small businesses. In addition, Intuit reports that it has 1.3 million small businesses using QuickBooks Online and that the growth of QuickBooks Online is outpacing QuickBooks desktop software. Many practitioners are developing thriving practices that focus on providing QuickBooks accounting services. Other practitioners are finding ways to incorporate QuickBooks services into their existing accounting and tax practices. Still other practitioners have no interest in providing QuickBooks services but feel they must have a working knowledge of the software since so many of their clients have purchased it. In fact, Intuit has marketed QuickBooks so successfully that many clients buy the program without first consulting with practitioners. In many cases, QuickBooks may not be the program the practitioner would have recommended for the client's business. In addition, many clients buy the program thinking it will be so easy to use that they will not need the services of practitioners in setting up and running the program. However, most of those clients quickly realize that they still need the services of practitioners. Even clients that can process routine activities such as customer sales and vendor payments correctly using QuickBooks realize that they still need assistance with more complex accounting transactions and financial reporting.

100.2 Recognizing that many practitioners enthusiastically provide QuickBooks services while others are more reluctant about providing those services, this *Guide* has been written for all types of practitioners supporting clients using QuickBooks. The primary objective of the *Guide* is to provide practitioners with practical guidance for providing QuickBooks accounting services efficiently and effectively. The numerous practice aids at the end of the chapters give step-by-step instructions for many QuickBooks procedures.

100.3 Practitioners can provide a wide variety of services to clients using QuickBooks. Some clients may ask their practitioners up front, "Which QuickBooks product is right for my business?" Some practitioners may be involved in providing other up-front services such as installation, setup, and training, while others may become involved at a later date when clients realize they still need assistance with accounting and financial reporting. Even practitioners who are not interested in providing QuickBooks services need to understand the software since they likely will have clients that send them QuickBooks financial information for use in preparing financial statements or tax

returns. Practitioners will find that each QuickBooks engagement is unique and requires its own combination of services. This *Guide* discusses the following QuickBooks services that practitioners might provide to their clients:

- Recommending the appropriate QuickBooks accounting product to clients. (See section 102.)
- Installing QuickBooks and setting up a company in QuickBooks. (See paragraph 100.4.)
- Solving QuickBooks problems. (See paragraph 100.5.)
- Analyzing and adjusting QuickBooks financial data. (See paragraph 100.6.)
- Preparing financial statements using QuickBooks data (including exporting reports to Excel and using QuickBooks data for write-up services). (See paragraph 100.7.)
- Performing AR-C 70, *Preparation of Financial Statements* engagements.¹ (See paragraph 100.8.)
- Training clients. (See paragraph 100.9.)
- Customizing QuickBooks for special industries. (See paragraph 100.12.)

Installing QuickBooks and Setting up a Company in QuickBooks

100.4 One of the most useful ways in which practitioners can help their QuickBooks clients is installing QuickBooks and setting up company files. While installation is an easy and automated process, setting up QuickBooks files is much more complex. Some of the ways in which practitioners may assist their clients in setting up company files include:

- *Creating the Company in QuickBooks*. Section 201 provides guidance on determining the QuickBooks start date, gathering information needed to set up the company in QuickBooks, using the “EasyStep Interview” in QuickBooks desktop versions, selecting QuickBooks company preferences (company settings in QuickBooks Online), setting up lists in QuickBooks,

entering opening account balances, upgrading from earlier versions of QuickBooks or Quicken, and converting other accounting software data.

- *Creating and Customizing the Chart of Accounts.* Section 202 provides guidance on using a QuickBooks predefined chart of accounts for a particular industry; using account numbers; adding and deleting accounts; and creating subaccounts.
- *Setting up and Adjusting Other Areas of QuickBooks.* Section 203 provides detailed guidance on setting up budgets in both QuickBooks desktop versions and QuickBooks Online, service items, price levels, vehicle mileage tracking, sales tax information in both QuickBooks desktop versions and QuickBooks Online, and inventory in both QuickBooks desktop versions and QuickBooks Online and on adjusting the “Opening Balance Equity” account.
- *Setting up Payroll.* Section 204 provides detailed guidance on setting up payroll in QuickBooks, recommending a payroll option (such as manual processing, using the QuickBooks Basic Payroll, Enhanced Payroll, Enhanced Payroll for Accountants, Assisted Payroll, Full Service Payroll, Intuit Online Payroll, or Payroll for QuickBooks Online) selecting payroll preferences, setting up payroll schedules, setting up payroll items and employees, and entering year-to-date payroll amounts.
- *Entering Historical Transactions.* Section 205 provides guidance on entering transactions occurring between the QuickBooks start date and the set-up date and entering bank transactions before the start date.
- *Setting up Classes and Lists.* Section 206 provides guidance on using classes in QuickBooks desktop and QuickBooks Online to classify income and expenses and on setting up lists in QuickBooks desktop and QuickBooks Online.
- *Defining Preferences.* Section 207 provides guidance on defining preferences in QuickBooks desktop versions and defining company settings in QuickBooks Online.
- *Verifying the QuickBooks Setup.* Section 208 provides guidance on printing financial reports to verify the beginning balances in QuickBooks.

- *Establishing a Control Environment for Users.* Section 209 provides guidance on setting up users (including the QuickBooks Administrator and the External Accountant user in QuickBooks desktop and Master Administrator and Accountant User in QuickBooks Online) and assigning access permissions to users. The section also discusses QuickBooks backup procedures and disaster recovery planning.

In addition to the preceding guidance, the appendixes to Chapter 2 include checklists for gathering information for setting up a company in QuickBooks, installing QuickBooks, setting up a company in QuickBooks, setting up payroll, setting up sales tax information, and setting up inventory. Practitioners can use those checklists or provide them to clients for their use. The appendixes also include sample charts of accounts for various types of entities and industries. Exhibit 1-1 lists each of the practice aids and checklists included in this *Guide*.

Exhibit 1-1

Practice Aids Included in This *Guide*

Name of Practice Aid	Purpose	Location Reference
Client Information Form	Documents basic business information about the QuickBooks client.	Appendix 1A
Setup Information Checklist	Lists the information needed to set up a new company in QuickBooks.	Appendix 2A
QuickBooks Desktop Installation Checklist	Provides guidance for installing QuickBooks.	Appendix 2B
General Setup Checklist	Lists procedures for setting up a new company in QuickBooks.	Appendix 2C
Payroll Setup Checklist	Lists procedures for setting up payroll in QuickBooks.	Appendix 2D
Sales Tax Setup Checklist	Lists procedures for setting up sales tax information in QuickBooks.	Appendix 2E
Inventory Setup Checklist	Lists procedures for setting up inventory in QuickBooks.	Appendix 2F

Sample Charts of Accounts	Provides example charts of accounts for various types of entities and industries.	Appendix 2G and Appendix 7A
Paying Payroll Liabilities Checklist	Lists procedures for paying payroll liabilities in QuickBooks.	Appendix 3A
1099 Preparation and Reporting Checklist	Lists procedures for preparing and reporting 1099 information in QuickBooks.	Appendix 3B
Maintaining, Charging, and Paying Sales Tax Checklist	Lists procedures for maintaining, charging, and paying sales tax in QuickBooks.	Appendix 3C
Bank Reconciliation Checklist	Lists procedures for reconciling bank statements in QuickBooks.	Appendix 3D
Illustrative Engagement Letters	Provides example engagement letters that could be used for QuickBooks engagements.	Appendix 4A
Accounting and Engagement Issues Form	Documents compliance with applicable quality control requirements.	Appendix 4B
Engagement Independence Compliance and Nonattest Services Documentation Form	Documents the understanding with the client about the performance of nonattest services other than in the engagement letter.	Appendix 4C
Engagement Acceptance Form	Documents acceptance and continuance considerations, including any significant issues discovered in the process.	Appendix 4D
Sample Marketing Letter—Existing QuickBooks users	Provides example marketing letter that could be used in a QuickBooks direct mail campaign targeting QuickBooks users.	Appendix 6A
Sample Marketing Letter—Non-QuickBooks users	Provides example marketing letter for a direct mail campaign targeting non-QuickBooks users.	Appendix 6B
Design Considerations for Marketing Pieces	Lists general design considerations for marketing pieces.	Appendix 6C
Referral Thank You Letter Drafting Form	Provides drafting form for use in sending thank you letters for referrals.	Appendix 6D

Seminar Planning Checklist	Lists considerations for ensuring a seminar's success.	Appendix 6E
Webinar Planning Checklist	Lists considerations for a successful webinar.	Appendix 6F

Solving QuickBooks Problems

100.5 Many practitioners provide troubleshooting services to their clients with QuickBooks problems. Even practitioners who choose not to offer those services have clients who expect them to understand QuickBooks and answer questions about common problems. Consequently, practitioners with QuickBooks clients should be aware of common QuickBooks problems and know how to solve those problems efficiently. Chapter 3 of this *Guide* provides practitioners with guidance for solving common problems, as well as for avoiding the problems. The chapter focuses on the following selected QuickBooks applications with which practitioners are most likely to become involved:

- *Payroll Preparation and Reporting.* Section 301 provides guidance on paying employees; voiding versus deleting paychecks; payroll and travel advances; expense reimbursements; tracking workers compensation; maintaining employee information for inactive employees; deleting employee deductions; maintaining general ledger payroll accounts; calculating, paying, and adjusting payroll liabilities; and preparing and correcting payroll tax forms [Forms 940, Schedule A (Form 940), 941, Schedule B (Form 941), 941-X, 943, 943-A, 944, 945-A, W-2, W-3, W-2c, and W-3c, as well as state payroll tax forms].
- *Income Tax and 1099 Preparation and Reporting.* Section 302 provides guidance on income tax tracking and linking general ledger accounts to lines on income tax forms; generating income tax reports for use in preparing tax returns; setting up 1099 preferences and vendors; maintaining and verifying 1099 information; printing and correcting 1099s; and printing Form 1096.
- *Sales Tax Preparation and Reporting.* Section 303 provides guidance on maintaining customer sales tax information; using sales tax codes; charging sales taxes; verifying sales tax balances; and paying sales taxes.
- *Inventory.* Section 304 provides guidance on distinguishing inventory and noninventory parts;

calculating inventory values; physical inventory counts; inventory adjustments; using inventory assemblies; and inventory reports.

- *Cash Transactions and Bank Reconciliations*. Section 305 provides guidance on entering beginning cash balances; transferring cash between accounts; voiding vs. deleting checks; recording bounced checks; correcting deposits; and making petty cash transactions, credit card transactions, and bank statement reconciliations.
- *“Cleaning up” the Chart of Accounts*. Section 306 provides guidance on deleting, merging, and inactivating accounts; changing the account type; collapsing accounts; the “Require accounts” preference; uncategorized expenses and income accounts; and use of the “Ask My Accountant” account.
- *Posting Transactions*. Section 307 provides guidance on date sensitivity and changing source documents in QuickBooks.

In addition to the preceding guidance, the appendixes to Chapter 3 include checklists for paying payroll liabilities, 1099 preparation and reporting, charging and paying sales taxes, and reconciling bank statements. Practitioners can use those checklists or provide them to clients for their use. Exhibit 1-1 lists each of the practice aids and checklists included in this *Guide*.

Analyzing and Adjusting QuickBooks Financial Data

100.6 Since so many small businesses are using QuickBooks, practitioners likely will become involved in analyzing and adjusting QuickBooks financial data even if they choose not to provide any of the QuickBooks services discussed in the preceding paragraphs. Chapter 4 of this *Guide* provides the following guidance to practitioners when working with a client's QuickBooks data, including QuickBooks Online data:

- *Accessing Client Data*. Section 401 provides guidance on supporting clients using different versions and/or varieties of QuickBooks or QuickBooks Online, converting files, downloading maintenance releases and other updates, transmitting QuickBooks data back and forth between the client and the practitioner, using the accountant's copy, backing up and restoring QuickBooks files, and cleaning up data.
- *Analyzing and Adjusting QuickBooks Data*. Section 402 provides guidance (for both QuickBooks desktop versions and QuickBooks Online) on maintaining an audit trail; monthly

monitoring of financial statement accounts; the Accountant Center; the client data review feature; the working trial balance feature; detail account analysis; uncategorized income and expenses; journal entries; maintaining certain balance sheet accounts (fixed assets, loans and notes payable, and opening balance equity); performing a year-end close with QuickBooks; adjusting year-end balances; automatic year-end adjustments; retained earnings and other equity accounts; restricting access to prior-period data; setting the closing date; setting up access permissions; detecting changes in prior year data; backing up QuickBooks files; condensing prior year data; performing review analytics on client's data; and document management.

Preparing Financial Statements Using QuickBooks Data

100.7 Many practitioners prepare financial statements using QuickBooks data. Those practitioners have several options:

- *Generate QuickBooks Financial Reports.* The discussion beginning in paragraph 403.1 provides guidance on generating balance sheet, income statement, budget, forecast and cash flow projections, and other financial reports using QuickBooks desktop versions or QuickBooks Online. It also discusses the limitations on using those reports for GAAP financial reporting purposes and the difference between accrual and cash basis reports in QuickBooks. It also explains how to customize, format, filter, collapse and expand, subtotal, and memorize QuickBooks financial reports. This section also discusses QuickBooks Statement Writer.
- *Export QuickBooks Reports to Excel.* Due to the difficulty in manipulating data in QuickBooks financial reports, many practitioners export QuickBooks reports to Excel spreadsheets. However, as discussed beginning in paragraph 403.62, the QuickBooks Statement Writer allows greater flexibility when customizing financial statements. The discussion beginning in paragraph 403.53 explains how to export and customize those reports.
- *Use QuickBooks Data with Write-up Software.* Many practitioners enter their clients' QuickBooks data into their write-up software and use the write-up software to adjust the data and produce financial statements. The discussion beginning in paragraph 403.81 provides guidance on entering QuickBooks data into the practitioner's write-up software.

Performing AR-C 70, Preparation of Financial Statements Engagements

100.8 One of the most difficult issues for many practitioners who provide QuickBooks accounting services is determining whether the SSARS apply to those services. Section 404 gives a brief overview of AR-C 70, *Preparation of Financial Statements* engagements performed under the

SSARS. Specifically, this section discusses:

- *When Does AR-C Section 70 Apply?* The discussion beginning in paragraph 404.6 provides guidance to help determine when AR-C 70 applies.
- *Determining Whether to Provide Preparation Services.* The discussion beginning in paragraph 404.12 provides general guidance on determining whether to provide preparation services.
- *Preconditions for Engagement Acceptance.* The discussion beginning in paragraph 404.15 discusses preconditions for engagement acceptance.
- *Client Acceptance and Continuance.* The discussion beginning in paragraph 404.16 provides guidance on evaluating engagement acceptance and continuance.
- *Engagement Letters.* The discussion beginning in paragraph 404.17 provides guidance on what should be included in an engagement letter for AR-C 70, *Preparation of Financial Statements* engagements.
- *Financial Statement Legends.* The guidance beginning in paragraph 404.19 discusses the SSARS requirement for a reference (or legend) on each page of the financial statements.
- *Alternatives to Full Disclosure GAAP Financial Statements.* The guidance beginning in paragraph 404.25 discusses alternatives to full disclosure GAAP financial statements.
- *Independence.* The guidance beginning in paragraph 404.31 discusses independence issues related to compilation engagements.
- *Quality Control Standards.* The guidance beginning in paragraph 404.40 discusses the AICPA's quality control standards for CPA firms.
- *Other Practice Issues.* The guidance beginning in paragraph 404.43 discusses other practice

issues that practitioners might encounter when performing QuickBooks services.

In addition to the preceding guidance, the appendixes to Chapter 4 include illustrative engagement letters for QuickBooks services and AR-C 70, *Preparation of Financial Statements* engagements, an Engagement Independence Compliance and Nonattest Services Documentation Form, an Accounting and Engagement Issues Form, and an Engagement Acceptance Form. Exhibit 1-1 lists each of the practice aids and checklists included in this *Guide*. Practitioners desiring additional guidance and practice aids for use in performing an AR-C 70, *Preparation of Financial Statements* engagement may consult *PPC's Guide to SSARS Preparation Engagements*. That *Guide* may be purchased by calling (800) 431-9025 or visiting tax.thomsonreuters.com/store.

Training Clients

100.9 Practitioners can provide valuable QuickBooks services by training their clients on how to use QuickBooks accurately and efficiently. Practitioners providing training services should be able to help clients understand QuickBooks' key features and teach them how to perform the accounting tasks that are most critical to the daily operations of their business. This *Guide* (particularly Chapter 3) contains many topics that can assist practitioners when training their clients. Practitioners also may wish to provide copies of several of the checklists in the appendixes to Chapters 2 and 3 to their clients for use in setting up and maintaining key information in QuickBooks.

Using QuickBooks with Other Applications

100.10 When providing QuickBooks services, practitioners should be aware that clients can use QuickBooks with other applications. Chapter 5 of this *Guide* provides the following guidance on using QuickBooks with other applications:

- *Importing External Data into QuickBooks*. Section 501 provides guidance on importing lists from other software applications and from other QuickBooks company files. For example, practitioners can use this guidance to export a chart of accounts from Microsoft Excel to a client's QuickBooks file.
- *Exporting QuickBooks Data*. Section 502 provides guidance on extracting QuickBooks data and exporting it to TurboTax, Microsoft Excel, and Microsoft Word.
- *Performing Online Banking and Payment Processing with QuickBooks*. Section 503 provides guidance on using QuickBooks to perform online banking (referred to as bank feeds in QuickBooks 2014 and later), bill payment, and collections.

- *Integrating QuickBooks with Third-party Software.* Section 504 provides guidance on integrating QuickBooks with specific industry applications.

Marketing QuickBooks Services

100.11 Chapter 6 of this *Guide* provides practical guidance to help practitioners market QuickBooks services to existing clients as well as new clients. Section 601 provides guidance on expanding or establishing a QuickBooks services practice, including guidance on evaluating the firm's capabilities and analyzing the competition for QuickBooks services. Section 602 discusses marketing strategies, including consultations with existing accounting and tax clients and explaining to those clients why they still need the practitioner's services after they buy QuickBooks. Section 602 also discusses the QuickBooks ProAdvisor, QuickBooks ProAdvisor Certification, QuickBooks Advanced Certification, QuickBooks Point-of-Sale Certification, QuickBooks Enterprise Certification, QuickBooks Online Certification and QuickBooks Affiliate, in addition to discussing the use of direct mail campaigns, referrals, QuickBooks seminars and/or webinars, newsletters, websites, and social media in marketing QuickBooks services. Finally, section 603 discusses the use of hourly rates, fixed fees, and value billing when billing for QuickBooks services. That section also provides guidance on establishing billing rates for QuickBooks services. The appendixes to Chapter 6 include sample marketing letters that can be used in a direct mail campaign to registered QuickBooks users or non-QuickBooks users, general design considerations for marketing pieces, a referral thank you letter drafting form, and a seminar planning checklist. Exhibit 1-1 lists each of the practice aids and checklists included in this *Guide*.

Customizing QuickBooks for Special Industries

100.12 Some practitioners help their clients install and set up QuickBooks. Others become involved when clients need assistance with accounting and financial reporting. Regardless, practitioners should be aware of unique industry requirements that may affect the company setup in QuickBooks and the way transactions are recorded. Chapter 7 includes industry-specific guidance for company setup and solutions to common problems for the following industries:

- 701—CPAs, Attorneys, and Other Professional Firms.
- 702—Nonprofit Organizations.
- 703—Construction Contractors.
- 704—Restaurants and Bars.

In addition to the preceding guidance, Appendix 7A includes sample charts of accounts for the industries discussed.

Complying with Professional Standards

100.13 Consulting Services

Practitioners should be aware that QuickBooks accounting services may be considered consulting services and, thus, subject to the requirements of Statement on Standard for Consulting Services (SSCS No. 1). CS 100.05 defines *consulting services* as “professional services that employ the practitioner's technical skills, education, observations, experiences, and knowledge of the consulting process.” *PPC's Guide to Small Business Consulting Engagements* contains a discussion of the professional standards that are applicable to a practitioner in public accounting practice who provides consulting services to clients.

100.14 AICPA Requirements When Providing Both Consulting and Attest Services

AICPA *Code of Professional Conduct* ET 1.295, discusses the types of nonattest services that impair a practitioner's independence on an attest engagement.²

Accounting Services

100.15 Over the last few years, many accounting firms nonattest services practices, including QuickBooks services, have significantly grown in both fees and volume by providing firm employees who function as staff accountants, bookkeepers, controllers, and CFOs by performing various accounting services for the firm's clients. This growth is being driven by the following:

- Highly regulated industries need employees who know the regulations.
- Small businesses need employees who can perform multiple roles. Employees who excel at all of the tasks that are required of them are rare.
- Many small business owners do not have tremendous financial acumen.
- Clients have needed these services.
- The internet has allowed these services to be more easily provided remotely.

100.16 Much of the growth is from internal referrals. The firm often gives up the attest service engagement and performs the nonattest services, rather than trying to maintain their independence. The nonattest services are usually long term services that provide more value to the clients than the attest service would. The bulk of this work is generally done at the client location, but it may be provided through online services such as QuickBooks Online. (See discussions at paragraph 103.1.) In many instances, the accountants become part of the management team. Many of these services are provided to nonprofit organizations, but may also be provided to credit unions, community banks, agricultural businesses, manufacturing/distribution companies, construction contractors, health care services, IT consultants, law firms, and dealerships.

100.17 In some instances, the accounting firm will do both the nonattest service and the attest service for a client. However, special precautions should be taken to ensure that independence is maintained. (See the discussion of independence at section 404.) QuickBooks services tend to be more cost effective, generate higher gross revenue, and provide more value to the clients than attest services. Although the gross margin is lower, the net is usually higher. The contracts that the accounting firms have with their clients for these QuickBooks services are usually month-to-month contracts; however, the relationships are usually long term. Clients who terminate the relationship are usually those who outgrow the need for such services and bring the work in house.

100.18 Examples of such QuickBooks services are as follows:

- a. Preparing a working trial balance.
- b. Processing payroll.
- c. Assisting in adjusting the books of account.
- d. Doing budgeting and forecasting.
- e. Consulting on accounting, tax, and similar matters.
- f. Preparing tax returns.
- g. Providing various manual or automated bookkeeping or data processing services *unless the output is in the form of financial statements.*

h. Monitoring key business metrics.

¹ In October 2014, the Accounting and Review Services Committee (ARSC) issued SSARS No. 21, *Statements on Standards for Accounting and Review Services: Clarification and Recodification*, which is effective for periods ending on or after December 15, 2015, with early implementation permitted. SSARS No. 21 introduced a new level of service—the financial statement preparation service.

² An attest engagement is an engagement that requires practitioner independence. Consequently, attest services include audits, examinations, reviews, compilations, and agreed-upon procedures services.

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QuickBooks Solutions

Chapter 1 Getting Started

101 QuickBooks Features, Capabilities, and Limitations

101 QuickBooks Features, Capabilities, and Limitations

101.1 Practitioners who provide QuickBooks services need to understand the differences between QuickBooks Pro, QuickBooks Premier, QuickBooks Accountant Desktop, industry-specific editions of Premier, QuickBooks Online, QuickBooks Enterprise Solutions, QuickBooks Pro for Mac, and Quicken since clients may ask them to recommend a specific product or inquire about upgrading. (Section 102 discusses factors to consider when recommending an accounting product to clients.) Practitioners also need to understand the differences between the different versions of QuickBooks Pro and QuickBooks Premier to help support their clients who use those products. In addition, practitioners should be familiar with the hardware and system requirements needed to run QuickBooks Pro, industry-specific editions of QuickBooks Premier, QuickBooks Accountant Desktop, and QuickBooks Online. The following paragraphs provide guidance on each of those topics.

Distinguishing between QuickBooks Accounting Products

101.2 Practitioners providing QuickBooks services may have clients that use various Intuit accounting products. Practitioners should understand the basic differences between each of the following products:

- *QuickBooks Pro*. QuickBooks Pro is for small businesses looking for a simple way to manage the most common business tasks, such as money coming in and money going out, and maintaining records such as customer and vendor data. It also includes time tracking and billing, fixed asset tracking, loan manager, cash flow projector, advanced job costing, estimating, integration with Microsoft Word and Excel, integration with other software applications, and a document management feature. QuickBooks Pro also allows up to five users to access a company file at the same time.

- *QuickBooks Premier*. QuickBooks Premier is essentially the same software as QuickBooks Pro, but it includes some additional features. Those include easier reconciliation reporting, forecasting and business planning, inventory assemblies, and more journal entry options..
- *QuickBooks Professional Bookkeeper*. QuickBooks Professional Bookkeeper is customized for bookkeepers who primarily do data entry work, rather than finding and fixing errors. Intuit discontinued QuickBooks Professional Bookkeeper and it is outside the scope of this *Guide*.
- *QuickBooks Accountant Desktop*. QuickBooks Accountant Desktop is customized for accounting professionals with multiple QuickBooks clients. QuickBooks Accountant Desktop is essentially the same software as QuickBooks Premier, but it includes some additional features. Those include QuickBooks Statement Writer, ability to email journal entries, client collaborator, journal entry auto-reverse functionality, multiple journal entry view, Fixed Asset Manager, and ability to work with accountant's copy. QuickBooks Accountant Desktop was formerly titled QuickBooks Premier-Accountant.
- *Industry-specific Editions of QuickBooks Premier*. The industry-specific editions of QuickBooks Premier are essentially the same software as QuickBooks Premier, but they include some additional features customized for the particular industry. QuickBooks Premier-Contractor simplifies estimating, invoicing, job costing, and paying bills. It also includes additional contractor-specific reports. QuickBooks Premier-Manufacturers & Wholesalers simplifies inventory tracking, pricing, and sales order and work order processes. It also includes additional manufacturing and wholesale-specific reports. QuickBooks Premier-Nonprofit has additional features that streamline accounting for fundraising efforts. It also includes specialized reports for the nonprofit industry, including a "Statement of Functional Expense" report. QuickBooks Premier-Professional Services simplifies time tracking and invoicing. It also includes additional industry-specific reports. QuickBooks Premier-Retail simplifies tracking sales and contains retail-specific reports.

NOTE

The file structure is the same in QuickBooks Pro, QuickBooks Premier, QuickBooks Accountant Desktop, and the industry-specific editions of Premier. Therefore, data can be shared easily between the programs.

- *QuickBooks Online Edition*. QuickBooks Online Simple Start, Essentials, and Online Plus are

accounting programs intended for use by small businesses with simple accounting needs. They are accessed via the internet and available by monthly subscription. Clients can use any of the online products to perform functions such as billing customers, receiving payments, paying bills, computing sales tax and processing payroll. Payroll for QuickBooks Online integrates with QuickBooks Online Essential and Online Plus. Clients that need to perform activities such as batch invoicing, job costing, or integrating with Microsoft Word or Outlook should use QuickBooks Pro, QuickBooks Premier, or QuickBooks Accountant Desktop. (See section 103.)

- *QuickBooks Online Accountant*. QuickBooks Online Accountant is a version of QuickBooks Online for practitioners to support their QuickBooks Online clients. It is essentially the same as QuickBooks Online Plus, but it includes some additional accountant-specific features. Practitioners can access their client's files from a single client list. (See section 103.)
- *QuickBooks Enterprise Solutions*.³ QuickBooks Enterprise Solutions has not only all the features of QuickBooks Pro, Premier, and Accountant Desktop, but also includes some additional features. QuickBooks Enterprise Solutions is designed for businesses that have outgrown QuickBooks. It has greater capacity, improved performance, and the ability to support up to 20 simultaneous users.
- *QuickBooks Pro for Mac*. QuickBooks Pro for Mac is the only QuickBooks product designed specifically for Mac users. The Windows and Mac versions have most of the same features, including multi-user capabilities. QuickBooks for Mac uses the same menus as the Windows edition.
- *Quicken*. Quicken should be used to track personal finances. It is not designed for use by businesses. Business clients using Quicken may be interested in upgrading to QuickBooks. Clients that need to perform functions such as preparing invoices, processing accounts receivable or accounts payable, or tracking inventory should use QuickBooks desktop version or QuickBooks Online rather than Quicken.

Distinguishing between Different Versions of QuickBooks

101.3 More than likely, practitioners will encounter clients using older versions of QuickBooks. Section 401 provides guidance for practitioners supporting clients using different versions of QuickBooks. The following information summarizes the key differences between the various versions.⁴

101.4 Windows Versions

QuickBooks 2015 is the 23rd version of QuickBooks for Windows. The Windows versions of QuickBooks desktop versions include the following:

- *QuickBooks 2.0, 3.0, 3.1, 4.0, 5.0, 6.0, 99, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012.* Intuit no longer supports QuickBooks Version 2011 and earlier and will no longer support Version 2012 as of May 31, 2015.
- *QuickBooks (Pro, Premier, and Premier-Accountant) 2013.* QuickBooks (Pro, Premier, and Premier-Accountant) 2013 added features such as changes in the user interface, improved Centers, and such features as additional tabs and multiple notes. QuickBooks Premier-Accountant 2013 added the ability to send single general journal entries to clients via email and to batch enter large numbers of checks, credit card charges, or deposits.
- *QuickBooks (Pro, Premier, and Premier-Accountant) 2014.* QuickBooks (Pro, Premier, and Premier-Accountant) 2014 added features such as changes in the user interface, QuickBooks client collaboration feature, improved email capabilities, an improved online banking process (referred to as bank feeds in QuickBooks 2014 and later), and a bounced check feature. QuickBooks Premier-Accountant improved the client data review feature and improved the ability to enter batch transactions.
- *QuickBooks (Pro, Premier, and Accountant Desktop) 2015.* QuickBooks (Pro, Premier, and Accountant Desktop) 2015 is the most recent version and the focus of this *Guide*. The changes in this version are mostly small changes and improvements to existing features. Some of those changes and improvements include income tracker improvements, a new dashboard that is added to the Home Page, pinned notes, commenting on reports, and many other minor changes.

101.5 Exhibit 1-2 compares the features of the 2015 versions of QuickBooks Online Plus, QuickBooks Pro, QuickBooks Premier, and QuickBooks Accountant Desktop.

Exhibit 1-2

Comparison of QuickBooks 2015 Products

Features	QuickBooks Online Plus ^a	QuickBooks Pro	QuickBooks Premier	QuickBooks-Accountant Desktop
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QuickBooks		X
Statement Writer		
Create compilation reports		X
Working trial balance		X
Multiple journal entry view		X
Email journal entries		X
Reports with one-line transaction summaries		X
Track and print change orders		X
General journal auto-reverse		X
Accountant Menu		X
Closing date exception report		X
Fixed Asset Manager		X
“Toggle” Feature		X
After-the-fact payroll		X
Accountant's copy		X
Work in two different company files at the same time		X
Create a balance sheet by class		X
Accountant Center		X
Remote Access service	X	X
Specialized report templates	X	X
Create a forecast	X	X
Create a business plan	X	X
Track sales orders	X	X

Track inventory assemblies		X	X
Invoice multiple customers with batch invoicing	X	X	X
Email invoices from Yahoo, Gmail, or Hotmail	X	X	X
Document Management feature	X	X	X
Supports Multiple Currencies	X	X	X
Client Data Review	X	X	X
Track billable hours from Microsoft Outlook	X	X	X
Download data for accountant with one-click	X	X	X
Voided/deleted transactions reports	X	X	X
Create multiple and duplicate estimates	X	X	X
Integrate with Microsoft Outlook and ACT!	X	X	X
Integrate with Microsoft Word and Excel	X	X	X
Formatted Microsoft Excel import template	X	X	X
Estimating, time tracking and job costing	X	X	X
Customized price levels	X	X	X
Fixed Asset Tracker	X	X	X
Cash Flow Projector	X	X	X

Loan Manager		X	X	X
Vehicle Mileage Tracker		X	X	X
Print packing slips and shipping labels		X	X	X
QuickBooks credit check service		X	X	X
Print blank timesheets		X	X	X
Report finder		X	X	X
Backup wizard		X	X	X
Google marketing tools		X	X	X
Automatically classify common expenses		X	X	X
Serial/lot tracking		X	X	X
Retained earnings QuickZoom		X	X	X
Batch print reporting		X	X	X
"Undo" bank reconciliation		X	X	X
Password Protect Close Date	X	X	X	X
Simultaneous user capabilities, including QuickBooks Administrator and External Accountant user	X	X	X	X
Create a budget	X	X	X	X
Email invoices, statements, and estimates	X	X	X	X
Always on audit trail/Online Activity Log	X	X	X	X
Payroll processing	X	X	X	X

and direct deposit

Create and track purchase orders and inventory	X	X	X	X
--	---	---	---	---

Transfer data from earlier versions of QuickBooks	X	X	X	X
---	---	---	---	---

Integrate with other software applications	X	X	X	X
--	---	---	---	---

In-product interactive tutorials	X	X	X	X
----------------------------------	---	---	---	---

“Find” feature	X	X	X	X
----------------	---	---	---	---

Comprehensive help and support center	X	X	X	X
---------------------------------------	---	---	---	---

Customer payment tracking	X	X	X	X
---------------------------	---	---	---	---

Customization of email forms	X	X	X	X
------------------------------	---	---	---	---

Automatic “Paid” Stamp on invoices	X	X	X	X
------------------------------------	---	---	---	---

Data protection with online backup	X	X	X	X
------------------------------------	---	---	---	---

Spell Check	X	X	X	X
-------------	---	---	---	---

Bill payment with online billing	X	X	X	X
----------------------------------	---	---	---	---

Accepts payments online	X	X	X	X
-------------------------	---	---	---	---

Print deposit slips	X	X	X	X
---------------------	---	---	---	---

Set user-specific permissions	X	X	X	X
-------------------------------	---	---	---	---

Generate and print reports	X	X	X	X
----------------------------	---	---	---	---

Send recurring invoices	X	X	X	X
-------------------------	---	---	---	---

Create and customize invoices	X	X	X	X
-------------------------------	---	---	---	---

Handle cash or credit sales and	X	X	X	X
---------------------------------	---	---	---	---

accept payments				
Print checks and track expenses	X	X	X	X
Business checklist	X	X	X	X

Notes:

^a This table compares the features of QuickBooks Online Plus. QuickBooks Online Simple Start and Online Essentials have fewer features. For further discussion of the differences between the Online products see section 103 and Exhibit 1-3.

101.6 Macintosh Versions

QuickBooks 2015 for Mac allows Windows users and Mac users to share QuickBooks data. Therefore, if a client uses that operating system and the practitioner uses a current Windows version, the client can send the Mac data to Windows, and the practitioner can make changes and send the data back to the Mac. Due to the limited number of users, Mac versions are not discussed in detail in this *Guide*.

QuickBooks Hardware Requirements

101.7 The following are the recommended hardware and system requirements for installing and using QuickBooks Pro, QuickBooks Premier, and QuickBooks Premier-Accountant 2015:

- Windows Vista (Service pack 2), 7, or 8.
- 2.4 GHz Pentium 4 computer recommended (2.0 GHz Pentium or higher minimum).
- At least 2 GB RAM is needed.
- 70 MB is required for Internet Explorer 6.0, and an additional 9 MB is needed for the optional “Timer.”
- 2.5 GB of additional disk space is needed for data files.

- Internet Explorer 9 or later. Payroll updates and all online features/services require a high-speed internet connection (DSL, cable modem, or higher). However, some versions and features of QuickBooks may not be compatible with Internet Explorer 9, 10, and 11, depending on the operating system and version of QuickBooks.
- Optimized for 1024 × 768; supports 800 × 600.
- Optional sound card: 8 bit or 16 bit is needed to use the sound features.
- Printer supported by Windows Vista, 7, or 8.
- 4 × CD-ROM (double speed or higher) if installing QuickBooks from a CD.

101.8 Microsoft Word and Microsoft Excel integration requires Version 2007 or higher, and Outlook synchronization requires Microsoft Outlook 2007 or higher. QuickBooks Statement Writer is compatible with Microsoft Excel 2007 and higher. ACT! synchronization requires Symantec ACT! 3.08 or higher.

Multi-user Installation Requirements

101.9 Using QuickBooks desktop versions on a network is basically the same as using QuickBooks desktop versions on a single computer, with a few exceptions. For most daily tasks, up to five users can access the company file at the same time. When users are allowed to work simultaneously in a company file, the file is in *multi-user mode*. However, there are some activities in QuickBooks desktop versions that allow only one person at a time to be in the company file, and are referred to as *single-user mode*. The activities are:

- Accountant's copy activities.
- Backing up a data file.
- Changing or setting up company preferences.

- Changing company information.
- Condensing a data file.
- Converting a data file.
- Defining custom fields.
- Deleting list items.
- Editing the closing date.
- Editing a field on a list item that interacts with another list.
- Importing and exporting data.
- Mapping a network drive.
- Merging list items.
- Printing Forms 1099 and 1096.
- Rebuilding data files.

- Re-sorting lists.
- Restoring data files.
- Updating a data file.
- Linking QuickBooks from Turbo Tax.

101.10 After the software has been installed on a server, all user workstations must be installed from the workstation itself. In addition to the hardware requirements required for QuickBooks, the multi-user requirements are:

- Maximum of five simultaneous licensed users. (An unlimited number of users may have access to the company's data files, but only five users may work with the data at the same time.)
- A separate copy of the same version of QuickBooks desktop version for each user.
- Read/write access to the directory where the company file is located for each user.
- Windows Server 2003 for Client-server Networks. Windows Vista, 7, or 8 for a peer-to-peer network.

The user must have administrator rights to install the NT systems software.

3 QuickBooks also offers QuickBooks Enterprise Solutions: Accountant Edition 15.0. This software is intended to allow an accountant to help his or her clients manage files created in Enterprise Solutions. It should not be used to open QuickBooks files created using other varieties of QuickBooks, because once files are converted to the Enterprise Solutions format they cannot be used in other varieties of QuickBooks.

4 Practitioners can quickly identify which version of QuickBooks their client is using by placing their cursor over the client's QuickBooks file. A message box appears showing the version, size, and date when the file was last modified.

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Chapter 1 Getting Started

102 Recommending the Appropriate QuickBooks Accounting Product

102 Recommending the Appropriate QuickBooks Accounting Product

102.1 Clients often ask their practitioners for a recommendation on which QuickBooks accounting product is right for their business. Paragraph 101.2 discusses the basic differences between each of the QuickBooks accounting products. However, practitioners can provide a valuable service, if, in addition to understanding the differences, they can also recommend the right solution to their clients. The right accounting product will depend on several factors, including the client's industry, business requirements, level of sophistication, and need for training and support. The following paragraphs give practitioners a starting point from which to begin the process of recommending an accounting product; however, a thorough evaluation of the client's needs should be made.

102.2 QuickBooks generally is designed for use by a small business with annual revenues of less than \$2 million and less than 20 employees. Consequently, QuickBooks may not be appropriate for the following companies:

- Large companies with high transaction levels. ⁵
- Companies that need to have more than five users access company files at the same time. ⁵
- Manufacturing companies that require a process cost system. Practitioners can help clients assess whether QuickBooks should be used by manufacturing clients. QuickBooks Pro and QuickBooks Online cannot track inventory items for which a company buys materials or parts and then assembles into a product to sell. Since QuickBooks cannot track the costs of inventory items that are assembled, it is not suited to manufacturers or other businesses that add labor or repackaging costs to purchased items. ⁶ QuickBooks *cannot* handle work in process (WIP) inventory or calculate cost per unit produced. In addition, QuickBooks should not be used to track one-of-a-kind items that must be tracked by serial numbers or other unique

identification; rental, lease, or consignment items; items sold via a point-of-sale scanning system; or items valued using LIFO or FIFO.⁷ (As discussed in section 304, QuickBooks desktop versions value inventory using the average cost method. QuickBooks Online values inventory using the FIFO method.)

- Companies, such as retailers, that utilize a point-of-sale (POS) system other than QuickBooks Point of Sale. QuickBooks Point of Sale software tracks prices and stock levels, buys points of inventory, and allows the user to transfer the sales and inventory information to QuickBooks desktop versions. So, retail companies that choose to use QuickBooks Point of Sale software may find QuickBooks desktop versions easy to use. Retail companies that use other POS systems can use QuickBooks to maintain their accounting records by generating detailed daily reports with their POS system and then creating journal entries in QuickBooks to record the information in the general ledger. However, companies that are not willing to convert to the QuickBooks Point of Sale software may also determine that QuickBooks does not meet their needs for an integrated financial management system.⁸

- Companies with a large number of employees.

- Companies that have a large number of vendors, customers, or general ledger accounts. Each list in QuickBooks has a maximum number of items it can contain. For example, the vendors list, customers list, or chart of accounts list can only have 10,000 items per list. (The name lists combined cannot exceed 14,500.)⁹

In addition, Intuit provides maintenance releases and free updates (e.g., payroll updates) to QuickBooks users via the internet. Therefore, QuickBooks may not be appropriate for businesses without access to the internet.

102.3 As discussed in paragraph 101.1, Intuit offers several different QuickBooks products. Understanding what each of the products offer will help practitioners determine which product best fits the needs of their clients.

QuickBooks Pro

102.4 QuickBooks Pro is recommended for clients who need to track time and bill for that time, for example, contractors and professional service firms. It is also recommended for clients who need to track fixed assets, need job costing and estimating, would like to integrate with other software applications, and who will have more than one simultaneous user. This solution is *not* recommended for clients that will have more than five simultaneous users, wish to track inventory assemblies, or are interested in planning and analysis.¹⁰

QuickBooks Premier

102.5 If the client wants capabilities beyond just managing finances, such as forward-looking analysis, planning, and inventory assembly capabilities, the practitioner should recommend QuickBooks Premier. If applicable, the practitioner should recommend one of the industry-specific editions. The industry-specific versions are the same price as the generic General Business edition version and are tailored for the particular industry. If the client's business does not fall into one of the industries offered, the practitioner may choose to suggest Accountant Desktop, whose additional features are beneficial to the practitioner (i.e., QuickBooks Statement Writer, journal entry auto-reverse, multiple journal entry view, Fixed Asset Manager, Accountant's Copy, Client Data Review, and client collaborator).

QuickBooks Accountant Desktop

102.6 QuickBooks Accountant Desktop (formerly known as QuickBooks Premier-Accountant) is specifically designed for professional accountants. It contains tools to help practitioners support their clients more efficiently, including the QuickBooks Statement Writer that enables unlimited customization of financial statements and a document editor that creates title pages, compilation letters, and accompany notes to the financial statements.

QuickBooks Premier—Industry-specific Editions

102.7 The industry-specific editions of Premier should be recommended to clients that want the capabilities of QuickBooks Premier, along with the industry-specific functionality. The industry-specific editions are the same price as the generic Premier—General Business. They are for clients who want industry-specific reports, forms, and help menu content; need advanced job costing features (Contractor); need to track change orders (Contractor); or need to track multiple billing rates per employee (Contractor and Professional Service). The industry-specific editions have capabilities, pre-built reports, and customized terminology specialized for each industry; therefore, there is no need to create workarounds. For example, nonprofit organizations work with donors not customers, contractors need job costing, and professional service firms need flexibility in time billing. However, QuickBooks Pro may be more appropriate for some small businesses with simple or basic needs, even if an industry-specific version is available. The following industry-specific editions are available from Intuit:

- QuickBooks Premier-Manufacturing & Wholesale.
- QuickBooks Premier-Contractor.
- QuickBooks Premier-Nonprofit.

- QuickBooks Premier-Retail.
- QuickBooks Premier-Professional Services.

QuickBooks Enterprise Solutions

102.8 QuickBooks Enterprise Solutions should be recommended for clients that consistently need more than five simultaneous users, have revenues over \$2 million, and have rapid data-file growth. QuickBooks maintains all of a company's transactions in a single data file. Therefore, a company that generates a large number of transactions will find that the speed of QuickBooks Pro and QuickBooks Premier may slow down as the size of the data file increases. If a company's annual data file growth is more than 15 MB, the practitioner should recommend QuickBooks Enterprise. It would also be appropriate to recommend QuickBooks Enterprise for clients that would like enhanced access controls, more list capacity, and faster performance. This solution could also be recommended for clients that are currently using a middle-market solution or thinking about purchasing a middle-market solution such as Microsoft Dynamics GP.

QuickBooks Online

102.9 There are three versions of QuickBooks Online—Online Simple Start, Online Essentials, and Online Plus. All three of the Online plans are recommended for small businesses whose practitioner is responsible for all or part of the bookkeeping responsibilities, and for those clients who enjoy the freedom to work where and when they want. Online Simple Start is recommended for small businesses who wish to track money coming in and money going out and create simple reports. Only one user and their accountant can access Online Simple Start. Data can be imported from an existing QuickBooks product into Online Simple Start; however, it is not an automated process. Users must call QuickBooks Online support at (800) 286-6800. QuickBooks Online Essentials and Online Plus include everything that Online Simple Start does plus several additional features. They are recommended for small businesses that have a need for more users and wish to import their data from desktop versions of QuickBooks automatically. Online Essentials allows three users and their accountant access, while Online Plus allows five users and their accountant access. In addition, Online Essentials and Online Plus have more reports, online banking, and permission controls. Online Plus includes everything that Online Essentials does plus users can create purchase orders, track inventory, create budgets, track time, and prepare 1099s. Both Online Essentials and Online Plus are compatible with Online Payroll. For further discussion on QuickBooks Online see section 103.

Quicken

102.10 Quicken is only recommended to track personal finances. It is not designed for use by businesses.

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- 5** QuickBooks Enterprise Solutions increases the number of users who can work simultaneously to 20; increases the maximum number of name list entries; and supports larger data files.
- 6** The authors believe that users who wish to track inventory assemblies should consider upgrading to QuickBooks Premier or Accountant Desktop. See paragraph 203.57. Users may also want to consider QuickBooks Premier-Manufacturing & Wholesale. For more information, refer to <http://quickbooks.intuit.com>.
- 7** QuickBooks Enterprise Solutions 15.0 offers an Advanced Inventory add-on, which includes FIFO costing. A discussion of QuickBooks Enterprise is beyond the scope of this *Guide*.
- 8** For more information about QuickBooks Point of Sale refer to <http://quickbooks.intuit.com>. Users may also want to consider QuickBooks Premier-Retail. For more information refer to <http://quickbooks.intuit.com>.
- 9** QuickBooks Enterprise Solutions increases the number of users who can work simultaneously to 20; increases the maximum number of name list entries; and supports larger data files.
- 10** As discussed in paragraph 102.2, users who wish to track inventory assemblies should consider QuickBooks Premier, QuickBooks Accountant Desktop, or QuickBooks Premier-Manufacturing & Wholesale.

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Chapter 1 Getting Started

103 QuickBooks Online

103 QuickBooks Online

103.1 Practitioners who serve clients with small-service businesses and simple accounting needs may consider using QuickBooks Online Simple Start, Online Essentials, or Online Plus. The internet-based accounting programs run on Intuit's web servers and can be accessed from any location that has an internet connection and a web browser. QuickBooks Online Simple Start, Online Essentials, and Online Plus are not the same programs as the desktop-based QuickBooks, however. The programs offer different features and capabilities. Thus, some clients may find the programs more appealing than others.

Features of QuickBooks Online Plans

103.2 As discussed in paragraph 103.1, there are three versions of QuickBooks Online: Online Simple Start, Online Essentials, and Online Plus. As with the desktop software, practitioners providing QuickBooks services may have clients that use various Online plans. Practitioners should understand the basic differences between each of the Online Plans, such as those discussed beginning in paragraph 103.3.

103.3 QuickBooks Online Simple Start

QuickBooks Online Simple Start is for small businesses looking for a simple way to manage the most common business tasks, such as tracking money coming in and money going out and maintaining records such as customer and vendor data. Online Simple Start allows one user and their accountant access to company files and also features invoicing, estimates, tracking sales and expenses, tracking sales tax, check printing, importing data from and exporting data to Excel, and a Customer Center.

103.4 QuickBooks Online Essentials

QuickBooks Online Essentials includes everything that Online Simple Start does, with some additional features. Those include the ability to import QuickBooks desktop automatically, more reports, online banking, automated invoicing, and permission controls. Online Essentials allows three

users and their accountant access to company files. In addition, Online Essentials is compatible with QuickBooks Online Payroll.

103.5 QuickBooks Online Plus

QuickBooks Online Plus includes everything that Online Essentials does, with some additional features. Those include creating purchase orders, inventory tracking, class tracking, and budgeting and planning. Online Plus allows five users and their accountant access to company files. In addition, Online Plus is compatible with QuickBooks Online Payroll.

103.6 QuickBooks Online Payroll

QuickBooks Online Payroll is an optional add-on to QuickBooks Online Essentials and Online Plus. Since Online Payroll is on the internet, businesses will have access to the latest federal and state payroll tax rates and forms. Online Payroll automatically calculates paychecks based on information entered each payday. In addition, Online Payroll calculates federal and state payroll taxes and fills in the latest federal tax forms and many state tax forms. Users only have to print, sign, and mail the paychecks.

103.7 QuickBooks Online Accountant

QuickBooks Online Accountant is a version of QuickBooks Online for practitioners to support their QuickBooks Online clients. It is QuickBooks Online Plus, plus accountant-specific tools. Practitioners can access their client's files from a single client list. Other advantages include, no file transfer, no updating software, and it is always the same version as the clients'. QuickBooks Online Accountant is included with the QuickBooks ProAdvisor program, (See paragraph 602.6.)

103.8 Exhibit 1-3 compares the features of QuickBooks Online Simple Start, Online Essentials, and Online Plus.¹¹

Exhibit 1-3

Comparison of QuickBooks Online Products

Features	Online Simple Start	Online Essentials	Online Plus
Work with multiple users	1 user	3 users	5 users
Create and send purchase orders			X
Inventory tracking			X
Track multiple locations			X
Class tracking			X

Budgeting & Planning			X
Time tracking			X
Prepare and print 1099s			X
User permission settings		X	X
Automated invoicing		X	X
Manage bills		X	X
Delayed billing		X	X
Compatible with QuickBooks Online Payroll		X	X
Import from QuickBooks desktop	X	X	X
Anytime, anywhere online access	X	X	X
Automatic data backup	X	X	X
Import customer data from Excel	X	X	X
Create invoices and estimates	X	X	X
Track sales and expenses	X	X	X
Print checks	X	X	X
Track payments	X	X	X
Export data to Excel	X	X	X
Connect unlimited bank accounts	X	X	X

103.9 QuickBooks Online Simple Start, Online Essentials, Online Plus, and Online Accountant are accessed through Intuit's QuickBooks website at <http://quickbooksonline.intuit.com>.

Advantages of QuickBooks Online

103.10 The QuickBooks Online plans offer several advantages over the traditional desktop-based software. For example:

- The software is easy to set up. Companies can subscribe to the service by completing an online interview that takes approximately 10 minutes.

- Users switching from QuickBooks desktop to any of the QuickBooks Online plans may convert their desktop-based data file. (Data can be imported from an existing QuickBooks product into Online Simple Start; however, it is not an automated process.) Since many of the QuickBooks desktop features are not available in QuickBooks Online, all the data may not be converted or it may be converted into another format. If the company decides to cancel its QuickBooks Online plan, it can export the data back to QuickBooks software. However, it is important to note that the data may not convert back to the desktop version intact.
- Users need nothing more than an internet connection and a web browser to access the service. Because QuickBooks Online is hosted and managed by Intuit on its servers, users do not need special internal information technology resources.
- Users can access the service from anywhere and at any time. Users also can grant access to accountants or trusted employees at remote locations. (Each time a user logs into the company's file, an entry is added to the Access Log, which describes who logged into the system and what he or she did.)
- Online Simple Start allows access to one user and an accountant. Online Essentials allows access to three users and an accountant. Online Plus allows access to five users and an accountant. Up to 25 users can be added for an additional cost.
- Users enter data directly into the accounting system, thus eliminating the delays and inaccuracies caused by sending data back to the client for entry.
- Users do not have to be concerned with upgrades or system backups. Because the software resides on Intuit's servers, it is always the latest version available. Also, Intuit's server files are backed up daily, and the backups are moved to a remote location. Thus, client data is safeguarded in the event of a fire or other disaster.
- Intuit has implemented several measures to ensure the security of client data. Passwords must be used to gain access to client data, and data transmitted over the internet is encrypted using 128-bit encryption and Secure Socket Layer (SSL) technology. In addition, QuickBooks Online is a VeriSign Secured™ product. VeriSign® is the leading SSL Certificate Authority. ¹²

103.11 Accountants may benefit from a client's use of one of the QuickBooks Online plans, as well. (See the discussion of QuickBooks Online Accountant at paragraph 103.7.) The service can help practitioners perform write-up work “on demand” since the client's information can be accessed at any time and from any location. The traditional process of transferring disks back and forth while making sure both the client and the accountant are using the same software release is replaced with “real time, anytime” involvement. That can better suit the schedules of both the accountant and client. Furthermore, because the practitioner will be relieved of some of the manual operations required in performing traditional write-up services, some accountants believe the use of online accounting services such as one of the QuickBooks Online plans will make them more efficient and better able to fulfill a more value-added advisory role to their clients. Practitioners can access their clients' QuickBooks Online files for free.

Disadvantages of QuickBooks Online

103.12 Of course, QuickBooks Online is not for everybody. There are several drawbacks or risks to using the service, many of which are inherent to any online accounting software program. For example:

- Many of the features available in QuickBooks are not available in QuickBooks Online. The QuickBooks Online plans do not manage inventory reorder points, allow for batch invoicing, have job costing capabilities, or integrate with Microsoft Word and Outlook. Reports and graphs are available, but not as many as in QuickBooks. Report customization also is somewhat limited in QuickBooks Online.
- Heavy internet traffic may slow down service response time, and servers may be down, preventing access to company data. (However, Intuit tries to notify users in advance for scheduled maintenance downtime. Also, Intuit's servers are connected to backup generators to protect against power failures.)
- Company data cannot be accessed if the user's internet connection is down.
- Users may not have fast enough internet connections to efficiently use the service for their basic accounting system. (As discussed in paragraph 103.15, Intuit recommends a persistent, high-speed internet connection such as DSL, a cable modem, or T1 line.)
- While every reasonable precaution has been taken to protect the privacy of company data, there is always the possibility that a malicious hacker could break through Intuit's security configuration and access accounting data.

Who Should Consider Using QuickBooks Online?

103.13 Because it lacks some of the features of QuickBooks, QuickBooks Online works best for service companies with relatively simple accounting needs. Even then, those companies may not see significant benefits from the software unless they wish to give accountants or employees in remote locations access to their accounting records. Generally, users who want a more full-featured accounting program to perform job costing, manage inventory reorder points, or integrate with Microsoft Word and Outlook should use QuickBooks desktop versions rather than QuickBooks Online.

103.14 Those who are unsure about using QuickBooks Online can try the software for free for 30 days. During the free-trial period, users can view a sample company, try various features, and change and view reports. Alternatively, users can enter their own company information and begin using QuickBooks Online.¹³

System Requirements

103.15 The system requirements for QuickBooks Online are fairly basic since the application program itself resides on Intuit's remote servers. To use the current version of QuickBooks Online, Intuit recommends¹⁴ :

- IBM compatible 1GHz Pentium III with 256MB of RAM (IBM compatible 450MHz with 128MB of RAM minimum).
- Windows Vista, 7, or 8.
- Microsoft Internet Explorer 10, Chrome, Firefox, or Safari 6.1.
- Internet access (a persistent connection such as DSL, a cable modem, or T1 line is recommended).

¹¹ QuickBooks Online periodically adds features to each of their Online products. For the most current information refer to <http://quickbooksonline.intuit.com/finance-accounting-solutions/>.

¹² Currently, 128-bit encryption is the highest level of encryption available by commercial Web

browsers, and many financial institutions use it. Microsoft Internet Explorer 7.0 and later versions already include it.

13 Users who enter their own company data during the free-trial period and choose not to subscribe to the service will have read-only access to the data for 90 days from the expiration of the 30-day trial period.

14 QuickBooks Online is also accessible via Chrome on Android and Safari on iOS 7. However, not all features are available on mobile devices.

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