

# QuickBooks Online COA Cleanup Checklist

*A step-by-step checklist to audit, organise, and clean up your Chart of Accounts*

Companion to: "How to Clean Up a Messy Chart of Accounts in QBO" | profitick.com

## BEFORE YOU START

- Export current COA: Accounting → Chart of Accounts → Run Report
- Save P&L (last 12 months) and Balance Sheet as your 'before' snapshot
- Note the exact figures in both reports before touching anything

## STEP 1 — IDENTIFY ACCOUNT TYPE MISCLASSIFICATIONS

- Check that all bank & cash accounts are under Assets
- Check that credit cards and loans are under Liabilities
- Check that owner draws / retained earnings are under Equity
- Check that all revenue is under Income (not Expense)
- Correct any misclassified accounts before proceeding

## STEP 2 — INACTIVATE UNUSED ACCOUNTS

- Filter COA by \$0.00 balance — review each zero-balance account
- Inactivate default QBO accounts never used (e.g. 'Ask My Accountant')
- Inactivate old/closed bank or credit card accounts
- Inactivate one-off accounts with no future activity
- Do NOT delete — always use Make Inactive to preserve history  
! Never delete — inactivate only

## STEP 3 — MERGE DUPLICATE ACCOUNTS

- Identify accounts representing the same category (different names)
- Run a transaction report on each before merging to confirm
- Rename the account to eliminate → give it the exact name of the keeper
- Confirm merge when QBO prompts (this is permanent — double-check first)

#### STEP 4 — ADD ACCOUNT NUMBERS

- Enable: Settings → Account and Settings → Advanced → Account Numbers
- Assign 1000s to Assets, 2000s Liabilities, 3000s Equity
- Assign 4000s Income, 5000s COGS, 6000s Expenses
- Leave gaps (1010, 1020, 1030) to allow future additions without renumbering

#### STEP 5 — FIX SUBACCOUNT STRUCTURE

- Review all subaccounts — maximum 2 levels deep (parent + one sub)
- Ensure every subaccount logically belongs under its parent
- Flatten any subaccounts nested 3+ levels deep
- Promote frequently tracked categories to standalone parent accounts

#### STEP 6 — CLEAR OPENING BALANCE EQUITY

- Find Opening Balance Equity in COA and check its balance
- Balance should be \$0.00 in a correctly set-up file
- If non-zero: flag for accountant review before posting a correcting entry  
**! Consult your accountant before adjusting**

#### STEP 7 — RECLASSIFY MISCATEGORISED TRANSACTIONS

- Identify transactions in 'Uncategorized Expense' or 'Ask My Accountant'
- Use Reclassify Transactions tool to move in bulk (Accountant Tools menu)
- Do NOT reclassify prior-year transactions without checking tax implications  
**! Prior-year changes may affect tax filings**
- Re-run P&L after reclassifying to confirm reports look correct

## STEP 8 — SET BANK RULES TO STAY CLEAN

- Banking → Rules → New Rule
- Set rule: payroll provider transactions → Payroll Expenses
- Set rules for recurring software subscriptions by vendor name
- Set rule for monthly rent → Rent Expense
- Set rule for bank service charges → Bank Charges

### Your COA Is Clean When:

- No accounts named 'Misc', 'Other', 'Uncategorized' with active balances
- No duplicate accounts — all merged or inactivated
- Subaccounts no more than 2 levels deep
- Opening Balance Equity = \$0.00
- P&L is readable at a glance without scrolling through micro-categories