



# CPA Bookkeeping Compliance Overview

For small business owners and growing firms, accurate bookkeeping is just the beginning. True compliance requires CPA-ready reports, audit-friendly records, and clean handoffs to your tax preparer.

This CPA Bookkeeping Compliance Guide shows what you need to stay compliant, pass audits, and avoid tax-season chaos.

## What Makes Books "CPA-Ready"?

- Monthly reconciliation of all bank and credit accounts
- Proper categorization of all transactions (income, COGS, expenses)
- Timely closing of each month's books
- Documented chart of accounts
- Clear audit trails and system access logs

## Compliance Requirements by Season

### Year-Round:

- Reconcile accounts monthly
- Save digital records of all receipts and invoices
- Maintain proper categorization for all transactions

### Quarterly:

- Run and review P&L, balance sheet, and cash flow statements
- Prep and file quarterly estimated tax payments (if required)
- Update payroll and contractor records

### Year-End:

- 1099 prep and filing (for vendors over \$600)
- Tax return prep coordination with CPA
- Lock prior-year books (in QuickBooks or Xero)

## Red Flags That Trigger CPA Concerns

- Missing months of reconciliations
- Unlabeled or vague chart of accounts
- Personal expenses mixed into business books
- No backup for major transactions
- Prior-year books still open and editable

## Tools to Keep You Compliant

- QuickBooks Online or Xero for audit trail
- Cloud file storage for receipts (e.g., Google Drive, Hubdoc)
- Regular backups of accounting files
- Monthly review checklist (see Monthly Bookkeeping Starter Guide)

## Test Case: Sandra, CPA in Texas

**Problem:** Sandra had a new client whose books were “done,” but nothing was reconciled, and 1099 data was missing.

**Solution:** We cleaned up 9 months of entries, added missing contractor data, and delivered audit-ready reports.

**Outcome:** Sandra filed taxes on time, with full documentation - and now recommends us to her clients.

## Make compliance easy

- Need monthly cleanup? [Try our QuickBooks Cleanup Checklist](#)
- Missed months? See [Catch-Up Bookkeeping Services](#)
- Want a routine? Use our [Monthly Bookkeeping Starter Guide](#)
- Full-service CPA bookkeeping? Explore [Bookkeeping Services](#)