

# Xero Health Check



**We're delighted that you have chosen to check on your Xero subscription to ensure everything is correct and your reports are accurate.**

Follow the steps below and if you run into any problems then send us an email with screen shots included and we will help you sort things out:

It is really important to check your Xero subscription regularly to make sure that the information is accurate especially when you are running reports to help you make accurate business decisions.

***There is a potential that some of these checks will not be possible due to the user access you have been granted. Check with the subscriber of your subscription and ask them to increase your access if you would like to complete the full health check.***

The Xero Health Check will help confirm the following:

- Bank accounts reconcile correctly
- Identify data issues which may affect management reports
- Provide assurance the system is set up correctly
- Identify opportunities for training
- Provides an opportunity to clean up the data

## **1. Check lock dates are in place**

Every year when your Accountant has finalised your annual accounts, lock dates should be put in place to prevent any changes being made in your Xero subscription.

## To access lock dates

Click on your company name in the top left hand corner, a drop down box will appear - click on settings

Advanced settings will show at the bottom of the page, click this and choose financial settings.

### Organisation settings

#### General

- [Organisation details](#)  
Address, logo and basic financial information
- [Users](#)  
Add, remove or modify users of this organisation
- [Currencies](#)  
Manage the currencies your business uses
- [Connected Apps](#)  
Add and manage third party connections to Xero

#### Features

- [Invoice settings](#)  
Create branding themes for documents, add payment services and auto reminders for invoices
- [Payment services](#)  
Add and manage online payment options for your sales invoices
- [Email settings](#)  
Set a reply-to email address and email template content
- [Payroll settings](#)  
Manage your payroll settings
- [Expenses](#)  
Manage your expense settings
- [Xero to Xero](#)  
Connect with other Xero users to automate invoices and bills
- [Custom contact links](#)  
Create shortcuts for your favourite Xero contacts and other tools

Looking for advanced settings?

Here you will find lock dates, these should reflect the last time the accountant produced your annual accounts. If they don't reflect this - Xero will allow you to make changes which will mean the accountant wont be able to reconcile the opening balances with the previous year and changes may be missed.

### Lock Dates ?

Lock dates stop data from being changed for a specific period. You can change these at any time.

Stop all users (except advisers) making changes on and before

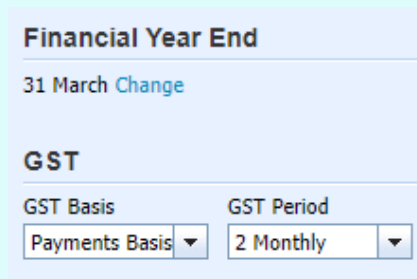
Stop all users making changes on and before

 Try it now!

## 2. Check GST details are correct

Occasionally GST details may not be correct. We need to check that the details in Xero match what IRD have. The most common problem is IRD have invoice basis while Xero is reporting on a payments basis.

You can view your GST details on the same page as the lock dates.



The screenshot shows a settings panel with the following content:

- Financial Year End**
- 31 March [Change](#)
- GST**
- GST Basis:
- GST Period:

If you find these are not correct, notify your accountant and ask them to help you sort this out.

 Try it now!

## 3. Check users access

We check users access regularly as often this is not maintained as often as it should be. Often people have access to your personal information without your knowledge so check this and make sure you know who has access.

Click on your company name in the top left hand corner, click settings in the drop down box and then click users which is under general settings

## General

### Organisation details

Address, logo and basic financial information

### Users

Add, remove or modify users of this organisation

### Currencies

Manage the currencies your business uses

### Connected Apps

Add and manage third party connections to Xero

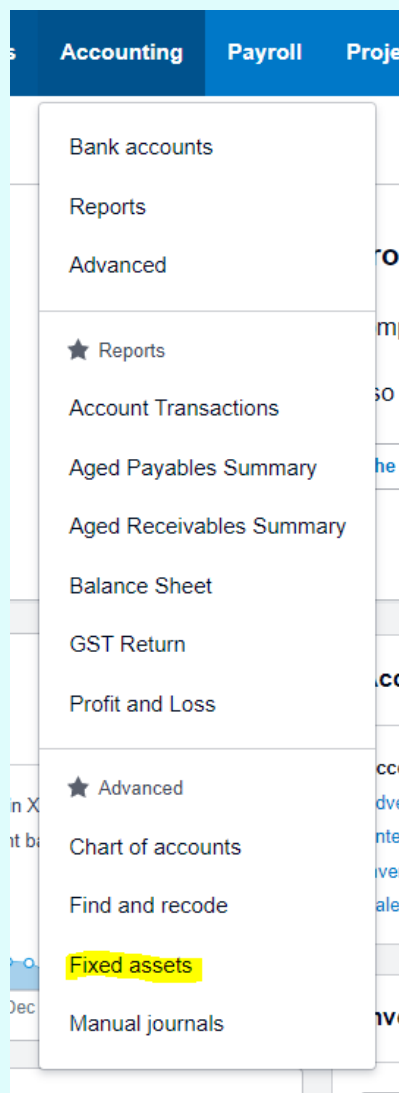
You will be able to see everyone who has access to your Xero subscription and their access level. The highest access level is Advisor - this will provide you access to everything in your subscription. Often business owners are limited to Standard by their accountant so if this is the case for you - you may not be able to carry out all tasks in the health check.

 **Try it now!**

## 4. Check all assets are loaded

Often we find assets have been missed being included in the annual accounts so it is always a good idea to keep an eye on what has included in your annual accounts.

To view the list of assets entered into Xero, click on accounting and at the bottom of the list will be fixed assets.



You will then be able to view all of the assets waiting to be registered and the assets that have been registered. Check this list to make sure all assets over the value of \$1,000 have been captured in your financial accounts. If any assets are missing, pass this information on to your accountant when they produce your end of year accounts.

You can also see when the last time depreciation was run in Xero. If you have no assets listed or no depreciation has been run in your Xero subscription, this may be a sign that your accountant is not using Xero to produce your annual accounts. While there is nothing wrong with this process, it is important that your account aligns the Xero subscription so that they mirror what your annual accounts show.

[+ New Asset](#)
[Run Depreciation](#)
[Import](#)
[Export](#)
[Settings](#)
 Last depreciation: none

[Draft \(3\)](#)
[Registered \(2\)](#)
[Sold & Disposed \(0\)](#)

[Delete](#)
[Register](#)
3 items

<input type="checkbox"/>	Asset Name	Asset Number	Asset Type	Purchase Date ▾	Purchase Price
<input type="checkbox"/>	Desks, chairs, reception furniture for ...	FA-0004	Office Equipment	5 Jan 2023	6,300.00
<input type="checkbox"/>	Laptop (Tracy)	FA-0001	Computer Equipment	5 Jan 2023	1,969.99
<input type="checkbox"/>	Battery pack & power cable for home ...	FA-0005		20 Dec 2022	100.83

 [Try it now!](#)

## 5. Check for a realignment journal

A realignment journal is carried out at the end of each financial year to bring into Xero any adjustments or entries that may not have come through during the normal bookkeeping process.

You will find the manual journals tab below the fixed assets tab under the accounting menu.

**Manual journals**

[+ New Journal](#)
[+ New Repeating Journal](#)
[Import](#)

[All](#)
[Draft](#)
[Posted](#)
[Voided](#)
[Repeating](#)
[Archive](#)

[Archive](#)
[Void](#)
 No items selected 1 item [Search](#)

<input type="checkbox"/>	Narration	Date ▾	Debit NZD	Credit NZD
<input type="checkbox"/>	Coded incorrectly Office Equipment should be Computer Equipment	11 Dec 2022	2,569.00	2,569.00

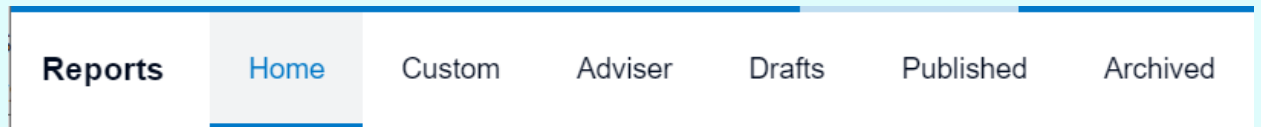
An alignment journal will show with the date of the financial year and will often say something like end of year adjustment. This should include assets and depreciation amounts so that the reports you can view in Xero show a full picture of the current position of your business.

 [Try it now!](#)

## 6. Check for published reports

You will be able to view all of your annual accounts in published reports if your accountant is using Xero to it's full capability. If the bank ever requests copies of your annual accounts.

Click on Accounting and then Reports.



You find all finalised reports sitting under the published tab - these are downloadable when you require them.

 [Try it now!](#)

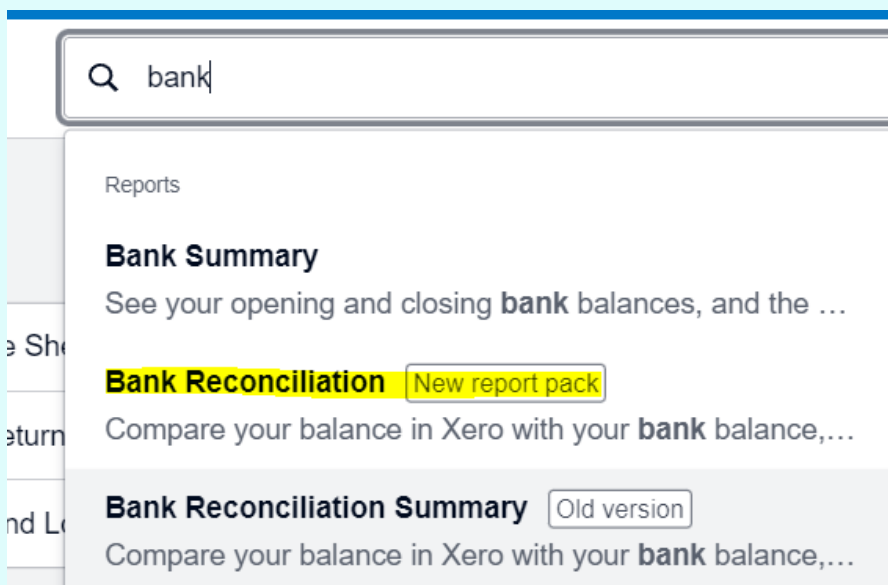
## 7. Bank accounts reconciling

As with all things in technology, sometimes it just does not work. Occasionally bank feeds will miss transactions or duplicate transactions will import. It is always a good idea to check that bank accounts reconcile fully before processing your GST return.



Click on Accounting and then Reports. In the search bar, type in bank.

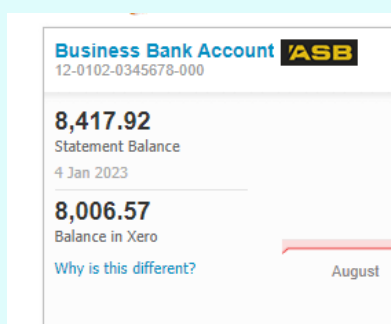
Select the new version report pack. Enter the date range you wish to view and select the bank account. Work through each bank account verifying the balances reconcile correctly.



If one of your bank accounts have a discrepancy as shown below, you will need to go through bank statements and transactions to view for duplications or missed transactions.

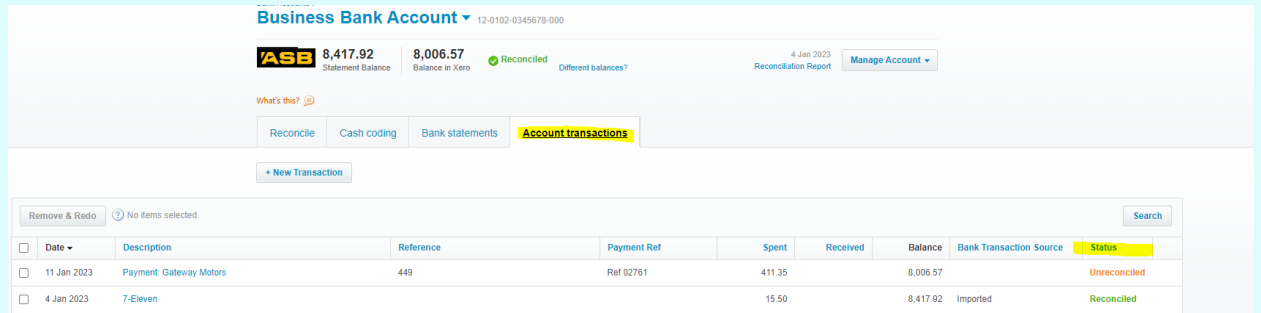
Statement Balances		
31 Mar 2023	Statement Balance (Calculated)	8,417.92
4 Jan 2023	Imported Statement Balance	18,117.22
31 Mar 2023	Calculated balance out by	9,699.30

If you have reconciled all transactions but there is still two amounts on the dashboard then there is an error in your reconciling which needs to be corrected.



Click into bank transactions and then click Status until all the unreconciled transactions show at the top. You will then need to fix the coding errors to

make sure your accounts are accurate ensuring all reports can be relied on for making financial decisions.



The screenshot displays the Xero interface for a Business Bank Account. At the top, it shows the account name 'Business Bank Account' and the account number '12-0102-0345678-000'. Below this, the ASB logo is visible, along with the Statement Balance of 8,417.92 and the Balance in Xero of 8,006.57. A green checkmark indicates the account is 'Reconciled', with a link to 'Different balances?'. The date '4 Jan 2023' and a 'Reconciliation Report' link are also present. A 'Manage Account' dropdown menu is located on the right. Below the account information, there are tabs for 'Reconcile', 'Cash coding', 'Bank statements', and 'Account transactions', with 'Account transactions' being the active tab. A '+ New Transaction' button is located below the tabs. At the bottom, there is a table of transactions with columns for Date, Description, Reference, Payment Ref, Spent, Received, Balance, Bank Transaction Source, and Status. The table contains two rows: one for a payment to Gateway Motors on 11 Jan 2023, and another for a 7-Eleven purchase on 4 Jan 2023.

Date	Description	Reference	Payment Ref	Spent	Received	Balance	Bank Transaction Source	Status
11 Jan 2023	Payment Gateway Motors	449	Ref 02761	411.35		8,006.57		Unreconciled
4 Jan 2023	7-Eleven			15.50		8,417.92	Imported	Reconciled

 Try it now!

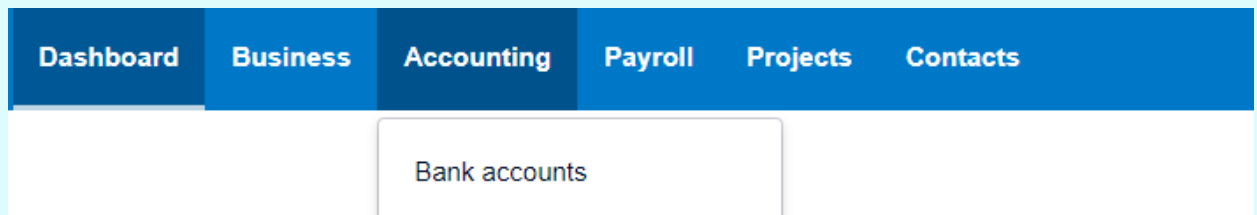
## 8. Are all bank accounts entered into Xero

Often business owners will only load the main bank accounts into Xero. If you have subsidiary bank accounts such as savings or credit cards then these should be entered as well. The reason why these accounts should be entered is so that we can track transfers between accounts easily and Xero will produce a full picture of your financial position without having to make any manual adjustments.

One thing to take note of is that the company tax rate is 28% - If you are running a Limited Liability company then the bank accounts should be set up as company accounts. If you use a personal account the tax deducted will not be correct and any money coming and going from this account could be considered by IRD as your personal income and not business income if you were to be audited.

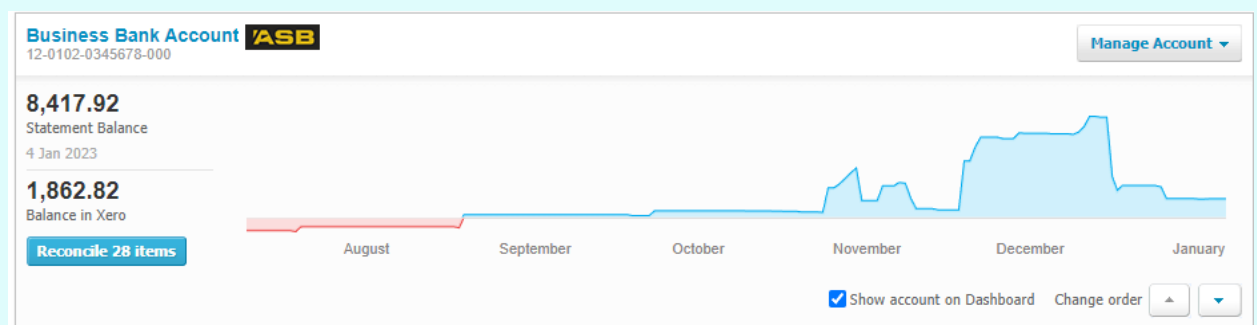
Select Accounting and then Bank accounts.

Select the new version report pack. Enter the date range you wish to view and select the bank account. Work through each bank account verifying the balances reconcile correctly.



Here you will be able to view every account that has been loaded and manage what should be shown on the dashboard or not.

If you have an account that no longer has transactions, you can remove it from the dashboard by removing the tick on the show account on dashboard check box.



 Try it now!

I hope you have found this resource beneficial and you have enjoyed working through these steps. If this has identified areas in your Xero that you are not sure how to correct then feel free to register for our free Xero training offered through our sister company Accountabill Limited.

<https://Accountabillbookings.as.me/Xero>

Thank you for downloading this resource.

Haylee Wrenn

