




Xero Health Check

The below 4 self-checks can easily be run for yourself in Xero, to confirm whether or not your bookkeeping is being done correctly.

1. **Bank Balance:** Check your bank balance in your Dashboard (by clicking  next to your bank account), go to Reconciliation Report. Run report by last reconciled date.

If the report shows “Balance out by \$XXX” then you have either manually added a transaction or deleted a bank line. In this case, the balance shown in Xero does not match your actual bank balance, even though it may show as reconciled on the dashboard. This will have serious implications impacting the correctness of all your reports.

2. **Conversion Balance:** Check under Settings → Advanced Settings → Conversion Balances. If you have migrated to Xero from another system (or spreadsheets), you should have your opening balances entered, as of the date you started using Xero. If your bank did not start with \$0, the closing balance of the day before your start date needs to be entered. If no conversion balances have been entered, your Xero bank reconciliation can never correctly match your actual bank balance.
3. **Payroll Reconciliation:** Choose Account Transaction Report and filter it to Wage Payable Account (804). This account should be \$0 after you have run your payroll, paid your employees and reconciled your bank account. If this account is not \$0 you might not have reconciled the payments, or you have allocated it to the incorrect account (such as 477). This will impact your Profit & Loss and Payment Summary reports. This should be run before you finalise Single Touch Payroll (STP).
4. **Business Activity Statement Reconciliation:** Run the activity statement and your Profit & Loss for the same period. Your net income and expenses on both should agree. If not, then you have assigned transactions with the incorrect GST code.

If you have passed all the above checks, then congratulations! Your bookkeeping is in good hands! If not, then please reach out to us for help. We offer a [Xero Tune-Up & Repair](#) service which can quickly solve the above issues and many more.