Bank reconciliation procedure

SOP TEMPLATE

SOP no.		Version		Effective date	
Owner		Approver		Review date	

Purpose

To make sure every bank account in the books agrees with the bank statement, and that differences are found, explained and fixed promptly.

Scope

Every business bank account, credit card and loan account the practice keeps books for, reconciled at least monthly.

Responsibilities

Role	Responsibility
Bookkeeper	Reconciles each account, investigates differences and prepares the report.
Reviewer	Checks the reconciliation, the old items and any adjustments, and signs it off.
Client	Answers questions about unknown transactions and provides missing receipts.

Definitions

Unreconciled item: A transaction on the statement but not in the books, or in the books but not on the statement.

What you need

- Bank statements or a live bank feed
- The accounting software
- The client query list

Procedure

1. **Get the statement**

   Download the statement for the period, or check the bank feed is complete up to the statement's closing date.

2. **Match the transactions**

   Match each statement line to a transaction in the books, or code it to the right account.

   > **Caution:** Don't code anything you are unsure of to a general expense account. Park it in a suspense account and ask the client.

3. **Check the balances agree**

   The reconciled balance in the books must equal the statement's closing balance. If it doesn't, look for duplicates, deleted transactions and wrong dates.

4. **List unreconciled items**

   List every outstanding item with its date and amount, and why it is still open.

5. **Query the client**

   Send the client a list of unknown transactions and missing receipts, and record their answers.

6. **Review and sign off**

   The reviewer checks the report, any items older than one month and any adjustment, then signs it off.

Records

- The reconciliation report for each account and period, signed by the reviewer.
- The client query list and answers.

Related documents

- Month-end close checklist
- Workpaper review procedure

Revision history

Version	Date	What changed	Approved by