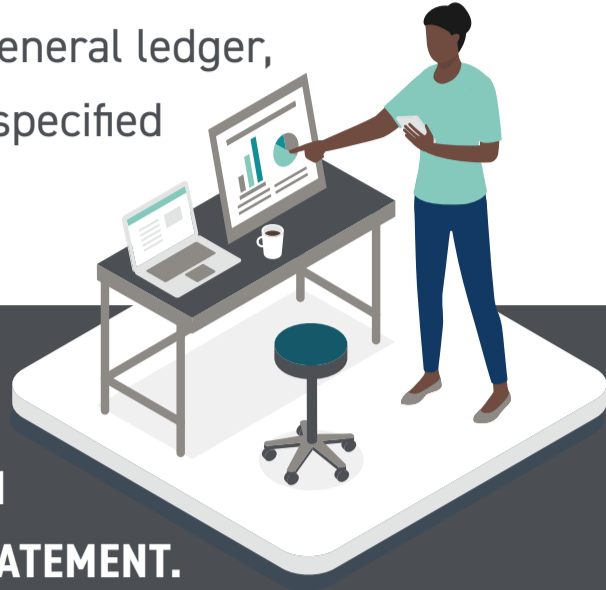


The 7-Step Guide to Perform an In-House Bank Reconciliation Audit

Audits, whether external or internal, are crucial to assessing an organization's financial risk and ensuring that the business is accurately reporting all figures. Auditing bank reconciliations in particular helps to identify any discrepancies that may arise when recording transactions, deposits, or withdrawals. Follow these seven essential steps to accurately audit your organization's bank reconciliations.

1 GATHER PERTINENT DOCUMENTS FOR THE MONTH YOU'RE AUDITING.

Start off by gathering all bank statement, general ledger, and bank reconciliation documents for the specified month.



2 COMPARE AND MATCH YOUR RECONCILIATION DOCUMENT'S FINAL FIGURES TO ITS BANK STATEMENT.

Find the final figures listed on both the bank reconciliation statement and bank statement and ensure they match. If the figures do not match, make sure the differences are properly identified and accounted for.

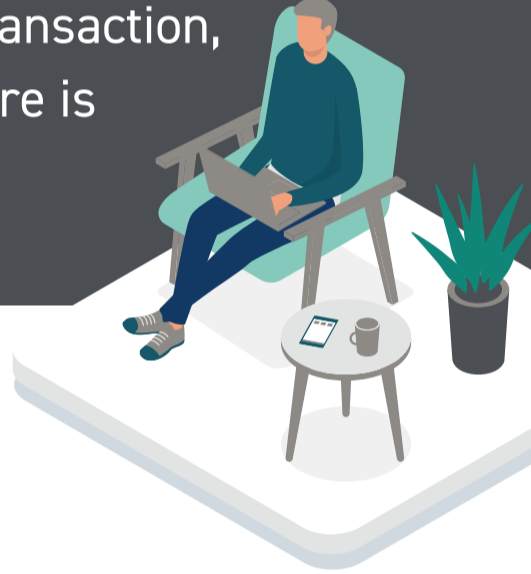
3 MATCH THE FINAL FIGURES ON YOUR BANK RECONCILIATION DOCUMENT AGAINST GENERAL LEDGER TOTALS.

Next, match the bank reconciliation figures against the general ledger totals. Be sure to double-check each withdrawal, deposit, and check and make sure they're all accurately depicted on the general ledger.



4 CALCULATE THE DIFFERENCE BETWEEN YOUR BANK STATEMENT ENDING BALANCE AND GENERAL LEDGER TOTAL.

Your bank statement should properly reflect the difference between the bank statement's final balance and general ledger figures. If not, go back and go through each transaction, withdrawal, or deposit to make sure each figure is accurately recorded.

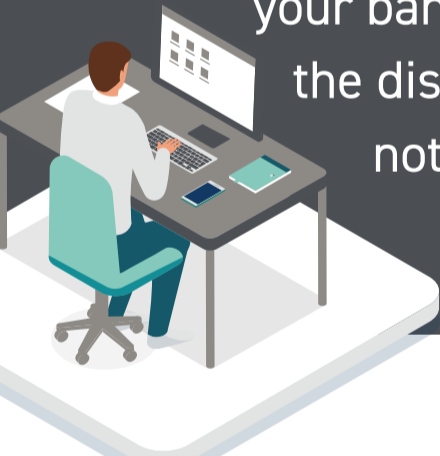


5 MATCH TRANSACTIONS FROM YOUR BANK STATEMENT AND GENERAL LEDGER ACCOUNT.

Each transaction in one document should have a corresponding transaction in the other. Mark these transactions off as you go to avoid any confusion.

6 HIGHLIGHT ANY NON-MATCHING TRANSACTIONS BETWEEN YOUR GENERAL LEDGER AND BANK STATEMENT.

These items are "reconciling" and should be accounted for in your bank reconciliation document with a full explanation for the discrepancy; they are usually the result of funds that have not yet cleared or checks that are waiting to be cleared.



7 DOUBLE-CHECK THAT THE DIFFERENCE BETWEEN YOUR BANK STATEMENT AND GENERAL LEDGER IS PROPERLY ACCOUNTED FOR.

If you've got a check that has yet to clear or a difference that can be easily identified and accounted for, be sure to mark and investigate those differences.

THINK LONG-TERM WITH AN AUTOMATED RECONCILIATION TOOL

Reconciliations are one of the largest parts of the entire financial close, which means that they are time-consuming in nature. When using legacy tools and spreadsheets, accountants must review and reconcile each account and statement individually. A process like this can take hours or even weeks to perform, and more time on top of that to go through and audit later on. Automating repetitive and rule-based processes can free up time for finance and accounting teams to devote to strategic, value-added initiatives.

Just one account took me about a week and a half, pulling all the reports and reports from the bank and matching them up manually. I now use Matcher. And through that process now — from pulling the files, uploading and all of that — it takes me about two days."



Adra has helped many organizations solve their financial close challenges by matching companies with software designed to solve their specific needs. Click the button below to visit our solutions page and discover how you can simplify your financial close process.