



Standard Operating Procedure (SOP)

Title: Accounts – Bank Reconciliation
Version: 1
Effective Date: 22 February 2024
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1. Purpose

The purpose of this SOP is to establish standardized procedures for reconciling bank statements with the financial records of Tamborine Mountain Glades. It also provides guidelines for identifying and resolving discrepancies to ensure the accuracy and integrity of the company's financial data.

2. Scope

This SOP applies to all employees involved in the bank reconciliation process at Tamborine Mountain Glades, including the finance department, accounting staff, and any personnel responsible for financial reporting.

3. Responsibilities

- **Finance Staff:** Responsible for performing bank reconciliations, identifying discrepancies, and ensuring accurate financial reporting.
- **Finance Manager:** Oversees the reconciliation process, reviews completed reconciliations, and approves any adjustments made to the financial records.

4. Definitions

- **Bank Reconciliation:** The process of comparing the company's financial records with its bank statements to ensure that all transactions are recorded accurately.
- **Discrepancy:** A difference between the company's financial records and the bank statement that requires investigation and resolution.
- **Outstanding Item:** A transaction that has been recorded in the company's financial records but has not yet appeared on the bank statement.

5. Procedures

5.1 Preparing for Reconciliation

- **Gathering Documents:**
 - Obtain the bank statement for the reconciliation period from the bank's online portal or by mail.
 - Retrieve the corresponding internal financial records, including the general ledger, cash receipts journal, cash disbursements journal, and any other relevant documents.
 - Ensure that all transactions for the reconciliation period have been recorded in the accounting system.
- **Reconciling Frequency:**
 - Perform bank reconciliations on a monthly basis, ideally within 10 business days after the end of each month.



- For high-volume accounts or those with significant transactions, consider conducting reconciliations more frequently (e.g., weekly).

5.2 Reconciling Bank Statements

• Comparing Transactions:

- Compare each transaction listed on the bank statement with the corresponding entry in the company's financial records.
- Mark each transaction that matches between the bank statement and the company records as "cleared."
- Identify any transactions in the company records that do not appear on the bank statement, such as outstanding checks or deposits in transit. These should be noted as outstanding items.

• Recording Bank Statement Adjustments:

- Record any transactions that appear on the bank statement but are not yet recorded in the company's financial records. Common examples include bank fees, interest earned, or direct debits.
- Ensure that these adjustments are entered into the accounting system and allocated to the appropriate accounts.

• Calculating the Adjusted Balances:

- Calculate the adjusted bank balance by adding outstanding deposits and subtracting outstanding checks from the ending balance on the bank statement.
- Calculate the adjusted book balance by adding any recorded bank fees, interest, and other adjustments to the ending balance in the company's financial records.
- Compare the adjusted bank balance with the adjusted book balance. These two balances should match.

5.3 Identifying and Resolving Discrepancies

• Investigating Discrepancies:

- If there is a difference between the adjusted bank balance and the adjusted book balance, identify and investigate the cause of the discrepancy.
- Common causes of discrepancies include:
 - Errors in data entry (e.g., transposed numbers, duplicate entries).
 - Transactions recorded in the wrong accounting period.
 - Bank errors, such as incorrect transaction amounts or missing transactions.
 - Unrecorded transactions, such as fees, interest, or direct debits.

• Correcting Errors:

- Once the source of the discrepancy is identified, make the necessary corrections to the company's financial records.
- If the discrepancy is due to a bank error, contact the bank immediately to resolve the issue and obtain a corrected statement.

• Documenting Adjustments:

- Record all adjustments made during the reconciliation process in the reconciliation report.



- Provide a brief explanation for each adjustment, including the nature of the discrepancy and the steps taken to resolve it.
- Ensure that all adjustments are reviewed and approved by the finance manager before the reconciliation is finalized.

5.4 Finalizing the Reconciliation

- **Reviewing the Reconciliation:**
 - The completed reconciliation should be reviewed by the finance manager or another authorized person to ensure accuracy and completeness.
 - Any unresolved discrepancies or outstanding items should be documented and monitored in subsequent reconciliations until they are resolved.
- **Reconciliation Report:**
 - Prepare a reconciliation report summarizing the reconciliation process, including the adjusted bank balance, adjusted book balance, outstanding items, and any adjustments made.
 - Include supporting documentation, such as the bank statement, general ledger printout, and any correspondence with the bank regarding discrepancies.
 - File the reconciliation report and supporting documents in a secure location, ensuring they are readily accessible for future reference or audit purposes.
- **Approval and Filing:**
 - Once the reconciliation has been reviewed and approved by the finance manager, it should be signed off and dated.
 - The finalized reconciliation report should be retained as part of the company's financial records, following the company's document retention policy (typically a minimum of seven years).

6. Guidelines for Identifying and Resolving Discrepancies

- **Timeliness:** Perform reconciliations promptly after receiving the bank statement to ensure any discrepancies are identified and resolved quickly.
- **Accuracy:** Double-check all entries and calculations to minimize errors and ensure the accuracy of the reconciliation.
- **Documentation:** Keep thorough records of all discrepancies, adjustments, and communications with the bank to support the reconciliation process and any future audits.
- **Continuous Monitoring:** Monitor outstanding items from one reconciliation period to the next, ensuring they are cleared in a timely manner.

7. Review and Revision

This SOP should be reviewed annually or as necessary to ensure it remains relevant and effective. Any revisions must be approved by the finance manager and communicated to all relevant staff.