STANDARD OPERATING PROCEDURE

Bank Reconciliation SOP

Document no.	SOP-ACC-005
Revision	1.0
Owner	Controller
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To confirm the cash balance in the general ledger agrees with the bank, catch errors or irregular transactions early, and keep a documented, reviewed reconciliation for every bank account.

2. Scope

Applies to reconciling operating, payroll and any other company bank accounts each period. Recording the underlying transactions themselves is covered by other SOPs such as accounts payable and payroll processing.

Definitions

Outstanding check	A check issued and recorded in the general ledger that has not yet cleared the bank.
Deposit in transit	A deposit recorded in the general ledger that has not yet appeared on the bank statement.
Reconciling item	Any difference between the bank statement and the general ledger balance that must be explained to reconcile the two.

3. Responsibilities

Staff Accountant	Performs the reconciliation, matches transactions and investigates discrepancies.
Senior Accountant	Reviews and approves completed reconciliations.
Treasury Analyst	Provides bank statement access and helps resolve bank-side discrepancies.

RACI matrix

Activity	Staff Accountant	Senior Accountant	Treasury Analyst
Obtain bank statement and transaction detail	R	I	A
Match and clear transactions	R/A	I	-
Investigate unmatched items	R	A	C
Review and approve reconciliation	R	R/A	-
Escalate long-outstanding items	R	A	C

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Bank statement or online banking portal
- General ledger cash account detail
- Bank reconciliation template
- Outstanding check and deposit in transit list
- Prior period reconciliation for reference

5. Procedure

Step	Task	Owner	Done
5.1	**Obtain the bank statement** The staff accountant downloads the bank statement or transaction detail for the period from the bank's portal shortly after the statement cutoff date.	Staff Accountant	☐
5.2	**Pull the general ledger cash detail** The staff accountant exports the general ledger cash account activity for the same period, including the beginning balance and every posted transaction.	Staff Accountant	☐
5.3	**Match cleared transactions** The staff accountant matches each transaction on the bank statement to its corresponding entry in the general ledger, marking each as cleared once confirmed.	Staff Accountant	☐
5.4	**List outstanding checks and deposits in transit** The staff accountant lists any check recorded in the general ledger that has not cleared the bank, and any deposit recorded that has not yet appeared on the statement.	Staff Accountant	☐
5.5	**Record bank fees and interest** The staff accountant identifies bank fees, interest earned or other bank-initiated transactions on the statement that are not yet recorded, and prepares journal entries to record them.	Staff Accountant	☐
5.6	**Investigate unmatched items** The staff accountant investigates any transaction that appears on only one side, checking for timing differences, data entry errors or an unauthorized or unrecognized transaction. **Warning:** An unrecognized transaction on the bank statement may indicate fraud and should be reported to the senior accountant immediately.	Staff Accountant	☐
5.7	**Resolve discrepancies with the bank** The treasury analyst contacts the bank to research any transaction that cannot be explained internally, such as a bank error or a transaction the company did not initiate.	Treasury Analyst	☐
5.8	**Prepare the reconciliation summary** The staff accountant completes the reconciliation template showing the adjusted bank balance and adjusted book balance, confirming the two agree after all reconciling items are listed. **Checkpoint:** The adjusted bank balance and adjusted book balance agree exactly before the reconciliation is submitted for review.	Staff Accountant	☐

Step	Task	Owner	Done
5.9	**Review and approve the reconciliation** The senior accountant reviews the completed reconciliation, checks that every reconciling item is explained, and approves it before it is filed. **Checkpoint:** No reconciliation is filed as complete without senior accountant approval and a documented explanation for every reconciling item.	Senior Accountant	☐
5.10	**Escalate long-outstanding items** The senior accountant reviews any check or deposit that has remained outstanding for an extended period and decides whether to void, reissue or otherwise resolve it.	Senior Accountant	☐
5.11	**File the reconciliation** The staff accountant files the approved reconciliation, supporting bank statement and outstanding item list in the document management system for the period.	Staff Accountant	☐

6. Quality checks

- The adjusted bank balance and adjusted book balance agree exactly on every reconciliation.
- Every reconciling item has a documented explanation, not just a listed amount.
- Every reconciliation is reviewed and approved by the senior accountant before filing.
- Long-outstanding checks and deposits are followed up rather than carried forward indefinitely.

7. Records

- Bank statement for the period
- Completed and approved reconciliation
- Outstanding check and deposit in transit list
- Notes on resolved and escalated discrepancies

8. KPIs

- Number of business days to complete the reconciliation after statement cutoff
- Number of unexplained reconciling items at review
- Number of long-outstanding checks or deposits carried month to month
- Number of reconciliation errors caught in review

9. Common mistakes

- Forcing the reconciliation to balance without explaining every item.
- Skipping the investigation of a small unmatched transaction because the total still balances.
- Letting outstanding checks age for months without follow-up.
- Filing a reconciliation without senior accountant review and approval.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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