STANDARD OPERATING PROCEDURE

Month-End Close SOP

Document no.	SOP-ACC-004
Revision	1.0
Owner	Controller
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To close the accounting period accurately and on schedule, with complete accruals, reconciled balance sheet accounts, and financial statements management can rely on.

2. Scope

Applies to the recurring monthly close process across all general ledger accounts. Bank reconciliation and payroll processing have their own detailed SOPs and are referenced here as inputs to the close.

Definitions

Cutoff	The point at which transactions are assigned to the closing period versus the next period.
Accrual	A journal entry recording revenue earned or expense incurred in the period even though cash has not yet moved.
Flux analysis	Comparing account balances to budget or a prior period and explaining significant variances.

3. Responsibilities

Staff Accountant	Posts accruals, reconciles assigned accounts and prepares supporting schedules.
Senior Accountant	Reviews reconciliations, prepares the flux analysis and coordinates the close calendar.
Controller	Reviews the close, approves adjusting entries and locks the period.
CFO	Reviews final financial statements and significant variances with the controller.

RACI matrix

Activity	Staff Accountant	Senior Accountant	Controller	CFO
Close subledgers and confirm cutoff	R/A	C	I	-
Prepare and post accruals	R	A	I	-
Reconcile balance sheet accounts	R	R/A	I	-
Review and approve adjusting entries	I	R	A	-

Activity	Staff Accountant	Senior Accountant	Controller	CFO
Review financial statements and lock period	-	C	R/A	C

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

4. Materials and PPE

Materials, tools and systems

- Close calendar and task checklist
- General ledger system
- Account reconciliation templates
- Accrual and adjusting entry workpapers
- Flux analysis template
- Financial statement package

5. Procedure

Step	Task	Owner	Done
5.1	**Publish the close calendar** The senior accountant publishes the close calendar for the period, listing task owners and deadlines for subledger cutoff, accruals, reconciliations and review.	Senior Accountant	☐
5.2	**Close subledgers and confirm cutoff** The staff accountant confirms accounts payable, accounts receivable and payroll subledgers are closed for the period, following their respective SOPs, and that no late transactions are missing cutoff. **Checkpoint:** Subledger totals used for close match the final accounts payable, accounts receivable and payroll reports for the period.	Staff Accountant	☐
5.3	**Prepare and post accruals** The staff accountant prepares accrual entries for revenue earned or expenses incurred but not yet recorded, such as unbilled services or received but uninvoiced goods, with supporting calculations.	Staff Accountant	☐
5.4	**Reconcile balance sheet accounts** The staff accountant reconciles assigned balance sheet accounts, including cash, prepaid expenses and accrued liabilities, tying the general ledger balance to supporting detail. **Checkpoint:** Every balance sheet account has a reconciliation with no unexplained difference before the close proceeds.	Staff Accountant	☐
5.5	**Review fixed asset and depreciation entries** The senior accountant confirms the monthly depreciation entry from the fixed asset register has posted correctly and matches the fixed asset subledger.	Senior Accountant	☐
5.6	**Review intercompany transactions** The senior accountant reviews intercompany charges and balances for the period, confirming they are recorded consistently on both sides and net to the expected amount.	Senior Accountant	☐
5.7	**Run preliminary financial statements** The senior accountant runs preliminary income statement and balance sheet reports from the general ledger system once accruals and reconciliations are substantially complete.	Senior Accountant	☐

Step	Task	Owner	Done
5.8	**Prepare the flux analysis** The senior accountant compares account balances to budget and the prior period, and documents an explanation for any variance above the threshold set in the close calendar.	Senior Accountant	☐
5.9	**Review and approve adjusting entries** The controller reviews proposed adjusting entries and the flux analysis, questions any unclear variance, and approves the final adjustments before the period is locked.	Controller	☐
5.10	**Hold the management close review** The controller and CFO review the final financial statements and significant variances together before the statements are distributed outside the accounting team.	Controller	☐
5.11	**Lock the period** Once the review is complete, the controller locks the accounting period in the general ledger system so no further postings can be made without a documented reopening. **Warning:** Reopening a locked period should require documented approval, since it affects reported results that may already be distributed.	Controller	☐
5.12	**Distribute financial statements** The controller distributes the final financial statement package to management according to the standard distribution list and close calendar deadline.	Controller	☐
5.13	**Archive close documentation** The staff accountant archives reconciliations, accrual workpapers and the flux analysis in the document management system, organized by period for future reference and audit support.	Staff Accountant	☐

6. Quality checks

- Every balance sheet account reconciliation is complete with no unexplained difference.
- Every flux variance above the threshold has a documented explanation.
- The period is not locked until the controller has approved all adjusting entries.
- Close documentation is archived by period before the next close cycle begins.

7. Records

- Close calendar and task tracker
- Account reconciliations and supporting schedules
- Accrual and adjusting journal entries
- Flux analysis and final financial statements

8. KPIs

- Number of business days to close the books
- Number of reconciliations completed on time versus late
- Number of adjusting entries posted after the preliminary statements
- Number of unexplained flux variances at final review

9. Common mistakes

- Reconciling an account to a number that does not tie to supporting detail.

- Missing a subledger cutoff and recording a transaction in the wrong period.
- Skipping the flux analysis on accounts that look routine.
- Reopening a locked period without documented 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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