

M.1

Four Critical Month End Review Procedures

Standard bookkeeping practices require transactions to be posted at least once a month. For some very small businesses (one that has less than ten transactions a month) this should occur at least once a quarter.

As a business owner working with a bookkeeper, your role is to review the books for the prior month as soon as they are prepared. Prompt review allows for quicker correction of any errors and provides valuable information for management decisions.

The four review procedures you should complete each month are:

1. Review the monthly bank reconciliation for any business bank account
2. Review the monthly credit card reconciliation for any business credit card
3. Review the balance sheet as of the last day of the prior month
4. Review the income statement (also known as the P&L) for the prior month and for the year-to-date through the end of the prior month

The next four lessons will explain what each of these procedures are and how to do each one.