A PRACTITIONER'S GUIDE

The 5-Day Close Checklist

The end-to-end task list we run for every monthly close — for founders, in-house finance teams, and bookkeepers who want to operate with discipline.

INTRODUCTION

About this checklist

A monthly close should not feel like an emergency. When it does, the cause is almost never the volume of transactions — it is the absence of a sequenced, documented routine that the same hands run the same way every period.

This checklist is the routine we run for every monthly close we operate, normalized to a five business-day cadence. We have written it down so you can run it yourself, or so you can see what good looks like before you outsource it.

Who this is for

This document assumes the reader is comfortable with the language of accounting. We do not explain what an accrual is, what a trial balance contains, or how a reconciliation works. It is written for founders who want to know what their finance function should be doing, for in-house bookkeepers who want a benchmark for their own practice, and for controllers who want a structured framework to hand to a new hire on day one.

How to use it

Print it. Tick the boxes. Keep one copy per period in the close file. The checklist is most useful as a working document, not a reference document — its value is in the discipline of completing it the same way every month.

The philosophy of a 5-day close

Five business days is a deliberate constraint. Closes that run longer almost always do so because tasks are interleaved instead of sequenced, because review happens too late to catch errors cheaply, or because no one decided when "done" was. A five-day cadence forces those decisions. Closes that run shorter are possible — and we run several — but they require automation, judgment, and a tolerance for tight handoffs that most teams should build toward rather than start with.

The cadence assumes work begins on the first business day after period-end. If your bank feeds, payroll, or supplier invoices do not reliably arrive by then, fix that first. No checklist compensates for late inputs.

IMPORTANT NOTICE

Disclaimer

EDUCATIONAL USE ONLY

This document uses illustrative examples only. All entity names and figures are fictional. No real client data is portrayed. This document is provided for educational purposes only and does not constitute professional advice. Readers should consult a qualified accountant or advisor regarding their specific circumstances.

AT A GLANCE

The five-day calendar

Each day builds on the previous one. Skipping ahead or running steps in parallel without explicit handoff is the single most common cause of a close that misses its deadline.

DAY	FOCUS
Day 1	Bank feeds reconciled. All transactions coded. Cash position confirmed.
Day 2	Accruals and prepayments posted. AR and AP reviewed. Payroll booked.
Day 3	Trial balance reviewed. Suspense cleared. Intercompany matched. Balance sheet substantiated.
Day 4	Management reports drafted. Variance commentary written. Preparer sign-off.
Day 5	Senior review completed. Adjustments posted. Final package delivered. Books locked.

DAY ONE

Cash and coding

Lock down the cash position and ensure every transaction is in the right account before any analytical work begins.

The first day is mechanical, and it should be. The objective is to get the data right at the lowest level before anyone forms a view of the numbers. Until Day 1 is complete, no analysis is reliable.

- [ ] **Confirm all bank and credit card feeds have refreshed through period-end.**
  Every feed in the ledger should show a transaction dated on or after the last day of the month. If a feed is stale, refresh manually before doing anything else. A close run on incomplete feeds will need to be redone.

- [ ] **Reconcile every bank and credit card account to the period-end statement.**
  Statement balance, ledger balance, and reconciliation report should agree to the cent. Save the reconciliation report and the source statement to the working paper folder for the period.

- [ ] **Investigate and clear any unreconciled items older than 30 days.**
  Stale reconciling items are almost always errors — duplicate entries, missed bank fees, or transactions posted to the wrong account. Clearing them monthly prevents them from compounding.

- [ ] **Code all uncategorized transactions in the bank feed.**
  Every line should be assigned to a GL account, a class or department (if used), and a vendor or customer where applicable. Items the preparer cannot code with confidence go to a clearly named suspense account, not to "Miscellaneous Expense."

- [ ] **Code all credit card transactions and reconcile to statement.**
  Treat credit cards the same way you treat bank accounts. Personal expenses charged to a corporate card should be coded to a shareholder or employee receivable, not buried in expenses.

- [ ] **Match cash receipts to open AR invoices.**
  Customer payments should be applied against the specific invoice they relate to, not posted as unapplied credit. This keeps the AR aging report meaningful.

- [ ] **Match cash disbursements to bills entered.**
  Payments to suppliers should be applied to the original bill, not entered as a separate expense. Double-posting is the most common Day 1 error.

- [ ] **Confirm closing cash position and tie to bank statements.**
  At the end of Day 1, the sum of every cash and equivalents account on the ledger must equal the sum of every reconciled bank statement balance. If it does not, do not proceed to Day 2.

DAY TWO

Accruals, AR, AP & payroll

Bring the books onto the accrual basis. Ensure receivables, payables, and payroll are complete and accurate.

Day 2 is where most of the judgment in a monthly close lives. The mechanical work is done; now the preparer is making decisions about timing, recognition, and completeness.

- [ ] **Review and post recurring accruals.**
  Maintain a standing schedule of recurring accruals — rent, utilities, professional fees, subscriptions invoiced in arrears. Each entry should reverse automatically in the following period or be manually reversed as part of next month's Day 2.

- [ ] **Post new accruals identified during the period.**
  Walk the post-period invoices received in the first week after period-end. Any invoice dated in the closing period, or covering services rendered in the closing period, should be accrued.

  SAMPLE JOURNAL — ACCRUED PROFESSIONAL FEES, ACME CORP, MAY 2026

```
Dr  6210 Professional fees — legal        4,500.00
   Cr  2150 Accrued expenses                        4,500.00

Memo: Accrual for legal services rendered May 2026,
invoice not yet received from outside counsel.
Reverses 1 June 2026.
```

- [ ] **Review the prepayment schedule and amortize.**
  Each prepayment — insurance, software licenses, prepaid rent — should be amortized to expense on a documented schedule. The balance sheet account at period-end should equal the unexpired portion.

  SAMPLE JOURNAL — MONTHLY AMORTIZATION OF PREPAID INSURANCE, XYZ INC.

```
Dr  6310 Insurance expense                  850.00
   Cr  1410 Prepaid insurance                          850.00

Memo: 1/12 of annual policy premium $10,200,
coverage period Jan 2026 to Dec 2026.
```

- [ ] **Review AR aging and confirm collectability.**
  Pull the aging at period-end. Anything past 60 days warrants a note. Anything past 90 days warrants either a collection action or a provision adjustment.

- [ ] **Update the allowance for doubtful accounts.**
  Apply the agreed methodology — percentage of aging buckets, specific identification, or a hybrid — and post the adjustment. Document the calculation.

- [ ] **Review AP aging and confirm completeness.**
  Compare AP against the prior month's aging and against expected recurring suppliers. Missing recurring bills are usually a coding error on Day 1, not a genuine absence.

- [ ] **Post payroll for the period.**
  Whether payroll is processed in-house or by a third-party provider, the journal entry should split gross pay, employer taxes, employee deductions, and net pay across the correct accounts. Tie the net pay total to the bank disbursement.

  SAMPLE JOURNAL — SEMI-MONTHLY PAYROLL, SAMPLE CO., PERIOD ENDING 31 MAY 2026

```
Dr  6110 Salaries and wages              48,200.00
Dr  6120 Employer payroll taxes           4,150.00
   Cr  2210 Federal tax withholding payable        6,840.00
   Cr  2220 State tax withholding payable          2,180.00
   Cr  2230 Employee benefit deductions            1,420.00
   Cr  2240 Employer taxes payable                 4,150.00
   Cr  1010 Operating cash                        37,760.00

Memo: Semi-monthly payroll per provider report
dated 31 May 2026.
```

- [ ] **Accrue earned but unpaid wages where the period cuts a pay cycle.**
  If the last day of the period falls mid-pay-cycle, accrue the earned portion of the next payroll. Reverse in the following period.

DAY THREE

Trial balance & substantiation

Substantiate every balance on the balance sheet. Clear suspense. Match intercompany. Surface anomalies before reporting.

By the end of Day 3, the preparer should be able to defend every line on the balance sheet with a working paper and explain every material movement on the P&L.

- [ ] **Print the trial balance and review against the prior period.**
  Read the trial balance line by line. Every account with material movement should be explainable in one sentence. Items the preparer cannot explain are flagged for investigation.

- [ ] **Substantiate every balance sheet account.**
  Each balance sheet account requires a supporting working paper that ties to the ledger balance. Cash ties to reconciliations. AR ties to the aging. Fixed assets tie to the fixed asset register. Loans tie to the lender statement. Equity ties to the prior period plus the period's movements.

- [ ] **Clear the suspense account to zero.**
  Every item parked in suspense on Day 1 should now be coded correctly. The suspense account balance at the end of Day 3 must be zero. If it is not, the preparer documents what remains and why it cannot yet be cleared.

- [ ] **Match intercompany balances across entities.**
  Where two or more entities are in scope, the receivable on one set of books must equal the payable on the other set. Differences are usually timing — an entry posted in one entity but not the other — and must be resolved, not netted.

  SAMPLE INTERCOMPANY CHECK — ACME CORP / ACME HOLDINGS, MAY 2026

  ```
  Acme Corp        1505 Due from Acme Holdings   12,400.00 Dr
  Acme Holdings    2305 Due to Acme Corp          12,400.00 Cr

  Status: Matched. No adjustment required.
  ```

- [ ] **Review fixed asset additions, disposals, and depreciation.**
  Confirm additions tie to capitalized invoices, disposals are removed from the register and accumulated depreciation, and the monthly depreciation charge is posted per the policy.

- [ ] **Review debt schedules and confirm interest accruals.**
  Principal and interest movements should tie to the lender statement. Interest accrued but not yet paid is an accrual, not a missed entry.

- [ ] **Review the P&L for unusual items.**
  Compare each P&L account against budget, against the prior period, and against the same period in the prior year. Variances over a documented materiality threshold are noted with explanations for Day 4.

- [ ] **Reconcile sales tax, VAT, or GST control accounts.**
  The control account balance at period-end should equal what is owed to the tax authority at period-end. Differences are usually unfiled returns or coding errors on output and input tax.

DAY FOUR

Reporting & preparer sign-off

Translate the closed ledger into the reporting package. Write variance commentary. Prepare the file for review.

Day 4 is the day the close becomes useful to the business. A reconciled ledger is a means; a reporting package with commentary is the end.

- [ ] **Generate the standard reporting pack.**
  At minimum: income statement (month and YTD), balance sheet, cash flow statement, and AR/AP aging summaries. Comparatives against budget and prior year for the P&L. Headcount, units, or other operating KPIs if maintained.

- [ ] **Write variance commentary on material movements.**
  Every variance over the documented materiality threshold gets a one- to two-sentence explanation. "Marketing expense up $24,000 vs budget: timing of trade show registration originally forecast for June, paid in May" is sufficient. Vague commentary ("higher activity") is not.

- [ ] **Prepare the cash flow forecast update.**
  Roll the 13-week forecast forward to reflect the actuals just closed. Highlight any deviations from the prior week's forecast and the cause.

- [ ] **Prepare the KPI dashboard if applicable.**
  Revenue per head, gross margin, customer acquisition cost, runway, debtor days, creditor days — whichever set of metrics is agreed with management. Maintain the same definitions period over period.

- [ ] **Assemble the close file index.**
  The close file index lists every working paper produced during the close, the account it supports, the preparer, and the date prepared. The index is the reviewer's roadmap.

- [ ] **Preparer signs off the close file.**
  The preparer documents in writing — initials and date on the close file index — that every task on Days 1 through 4 has been completed and every working paper is in place. The preparer is attesting to the integrity of the file before it goes to review.

DAY FIVE

Review, delivery & lock

Independent review, final adjustments, package delivery, and book lock.

Day 5 is reserved for a reviewer who did not prepare the close. The separation is not bureaucratic; it is the single most effective control in a small finance function.

- [ ] **Senior reviewer reads the close file index and reviewing checklist.**
  The reviewer's checklist mirrors the preparer's checklist but focuses on judgment, not mechanics: are the accruals complete, is the depreciation policy applied consistently, do the variances make sense given what the reviewer knows about the business?

- [ ] **Reviewer ties the trial balance to the reporting pack.**
  The numbers in the management report should tie line-by-line to the trial balance the preparer signed off. Differences are review notes for the preparer to address.

- [ ] **Reviewer raises and clears review notes.**
  Each note is logged, addressed by the preparer, and signed off by the reviewer. The list of review notes and their resolutions is filed with the close.

- [ ] **Post any review adjustments.**
  Reviewer-identified adjustments are posted as journal entries with full narrative. The trial balance and the reporting pack are regenerated after adjustments are posted.

- [ ] **Reviewer signs off the close.**
  The reviewer's sign-off — initials and date on the close file index — is the final control before delivery.

- [ ] **Deliver the close package to management.**
  The package, the variance commentary, and any reviewer's notes for management's attention are delivered together, with a short cover note summarizing the period.

- [ ] **Lock the period in the general ledger.**
  Once delivered, the period is locked. Any subsequent entries are posted to the following period, not back-dated. Locking is the discipline that makes the close a fixed point of reference rather than a moving target.

WHAT GOES WRONG

Common pitfalls

Most failed closes do not fail because of complexity. They fail because of one of the following habits.

01

Treating the bank reconciliation as the close

A reconciled bank account confirms cash. It does not confirm revenue, expense recognition, accruals, or balance sheet integrity. A close that stops at the bank rec is incomplete, and the resulting numbers should not be used to make decisions.

> **PREVENT IT —** Treat the bank rec as the start of Day 1, not the end of the close. Require working papers for every balance sheet line, not just cash.

02

Misusing the suspense account

Suspense accounts exist to hold transactions the preparer cannot immediately code with confidence. They are not a place to park anything ambiguous and forget about it. A suspense balance carried into the next period is a future problem compounding.

> **PREVENT IT —** Make a zero suspense balance a Day 3 completion criterion. If items cannot be cleared, escalate them, do not roll them forward.

03

Allowing the preparer to also be the reviewer

When the same person prepares and reviews the close, the review is not a control. It is a re-read. The errors most likely to be missed are the ones the preparer's own mental model is blind to.

> **PREVENT IT —** Even in small teams, separate the roles. If the same individual must do both, introduce a structured time gap, a different checklist, and explicit documentation of the review pass.

04

Posting adjustments without narrative

A journal entry without a memo is a future audit query. Six months later, no one — including the person who posted it — will remember why a $14,000 adjustment moved between accounts.

> **PREVENT IT —** Require every manual journal to carry a memo that names the period, the reason, and the supporting document. Treat memo-less journals as unacceptable, not as a stylistic preference.

05

Closing before payroll is finalized

Payroll posted from a provisional run, or estimated and never corrected, leaves the largest expense line in most service businesses understated or overstated. The error then flows into accruals, taxes payable, and the cash flow forecast.

> **PREVENT IT —** Make the final payroll register a hard prerequisite for Day 2. If the provider has not delivered it, escalate; do not estimate.

06

Skipping intercompany matching in multi-entity groups

Unmatched intercompany balances mean one entity is overstated and the other is understated. The error is invisible on either set of standalone books and only emerges on consolidation, often months later.

> **PREVENT IT —** Match every intercompany pair monthly. Net positions only after matching, never instead of matching.

07

Letting variance commentary become a ritual

Commentary that says "higher than budget due to increased activity" is information-free. It satisfies the form of the control without performing the function. Management cannot act on it, and the preparer learns nothing about the business by writing it.

> **PREVENT IT —** Insist on specifics — which contract, which vendor, which timing shift. Commentary that cannot be specific should be flagged for follow-up, not generalized.

08

Running the close to a moving deadline

A close that finishes "whenever it finishes" finishes late. The pressure that produces a five-day close is the deadline itself, and removing it removes the pressure.

> **PREVENT IT —** Publish the close calendar at the start of the year. Treat the Day 5 delivery date as fixed and report misses as exceptions, not as routine outcomes.

DOCUMENTATION

Working paper standards

Working papers are the evidence that the close was done properly. They are also what allows someone else — a reviewer, a successor, an auditor — to retrace the preparer's steps.

What a working paper contains

Every working paper, regardless of the account it supports, includes the entity name, the account name and number, the period, the preparer's initials, the preparation date, the source of the underlying data, the calculation or reconciliation performed, the ledger balance being supported, and any notes on items requiring follow-up. A working paper that cannot stand alone — that requires the preparer to be present to explain it — is not adequate.

Naming and filing conventions

We file working papers in a folder structure organized by entity, then by period, then by balance sheet account in trial-balance order. File names follow a consistent pattern such as *[Account number] [Account name] [YYYY-MM]*. Consistency over months is what makes working papers searchable; aesthetic preferences are secondary.

The preparer, reviewer, and sign-off chain

Three signatures appear on every close: the preparer, who attests that the file is complete and accurate to the best of their knowledge; the reviewer, who attests that the file has been independently reviewed and that review notes have been addressed; and, where applicable, the partner or principal sign-off for releases to external parties. The chain is recorded on the close file index, dated, and retained with the close file. No close is considered complete without all required sign-offs.

TOOLING

Tools and software

We are deliberately tool-agnostic in this checklist. The discipline matters more than the platform, and a well-run close on a basic platform will outperform a poorly-run close on the most expensive stack available. That said, most well-run closes use one tool from each of the following categories.

A **cloud accounting platform** holds the general ledger and produces the trial balance and standard reports. A **bank feed and reconciliation layer** — sometimes built into the accounting platform, sometimes a separate service — automates the matching of transactions to ledger entries. A **document management or working paper system** stores the supporting files in a structured, searchable, access-controlled way. A **workflow or close-management tool** tracks the status of each task in the checklist across the team and the period.

The right combination depends on the size of the business, the complexity of the chart of accounts, and the team running the close. We assess each on its merits during onboarding rather than recommending a default stack.