



# Free Guide to Reconciling Your Bank Accounts

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# Welcome!

Hey, it's Grace Munoz! I'm the owner of Profitmgr.

For optimal accuracy and financial security, it is highly recommended to employ a professional fractional CFO for reconciling your bank accounts. However, I understand that this may not always be feasible for many business owners.

If you need guidance on performing a basic account reconciliation and resolving common errors, this information will be invaluable to you.







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# Reconciling 101

**WHAT IS RECONCILING?** Reconciling is the process of comparing two different records (in this case your bank statements and your bookkeeping) and resolving any differences.

**WHO SHOULD RECONCILE THEIR BOOKS?** All businesses (big and small) should reconcile their books on a regular basis.

**WHEN SHOULD YOU RECONCILE YOUR BOOKS?** The frequency of reconciliation depends on the volume and complexity of your transactions. Generally, it's advisable to reconcile monthly when your bank statements are issued. However, some businesses may find it beneficial to reconcile more frequently.



# Benefits Of Regular Reconciliation

## 10 BENEFITS OF REGULAR RECONCILIATION

- ✓ Identify and prevent fraudulent transactions.
- ✓ Provides you with up-to-date financial reports
- ✓ Detect and prevent human errors
- ✓ Maintain internal controls.
- ✓ Enhances the accuracy of financial statements
- ✓ Reduce financial stress and offer peace of mind
- ✓ Supports informed financial decision making
- ✓ Timely error identification (and problem resolution)
- ✓ Cleaner records help audits go more smoothly

# General Bank Reconciliation Process



## DOWNLOAD STATEMENTS

Set a calendar reminder for the release date of your bank statements to ensure you download and save them promptly.

## ENTER TRANSACTIONS

Record the type, date, amount, and account category for each transaction within the specified period.



## ENTER STATEMENT DETAILS

Click "Reconcile" and enter the ending balance, ending date, and any bank fees or interest earned on the provided page.





# General Bank Reconciliation Process



## RECONCILE EACH TRANSACTION

Compare your bank statement with your records to ensure each transaction is accurately recorded

## ADJUST BALANCES

Make any necessary adjustments for items such as outstanding checks, uncleared deposits, and earned interest.



## RESOLVE DISCREPANCIES

If you don't have a \$0 difference after reconciling, you're not done! Use my troubleshooting guide to help you resolve the discrepancies.





# Troubleshooting Common Errors

## **OPENING STATEMENT BALANCE DOESN'T MATCH BALANCE IN YOUR RECORDS**

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If you find that the opening balances don't match while comparing your bank statement and your records, you need to revisit the last period where these balances did match.

This issue usually happens when a previously reconciled transaction is marked as unreconciled or deleted. You should be able to locate the missing transaction in the period where your opening balances last matched.

## **MY RECONCILING DISCREPANCY IS DOUBLE THE AMOUNT OF ONE OF MY TRANSACTIONS**

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You may have incorrectly entered this transaction as an expense when it should have been a deposit (or vice versa). Alternatively, you might have accidentally entered the same transaction twice.





# Troubleshooting Common Errors

## **MY DISCREPANCY MATCHES THE AMOUNT OF ONE OF MY TRANSACTIONS PERFECTLY**

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If you encounter this issue, you've most likely made one of two mistakes. First, you may have simply forgotten to enter the transaction. If the transaction is entered, the second mistake could be an incorrect transaction date. It's easy to make a typo on the date, causing the transaction not to appear in the reconciliation period.

## **THE SUM OF MY RECONCILING DISCREPANCY ADDS UP TO NINE**

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If the sum of the digits in your reconciling difference adds up to nine, you might have transposed (or switched) two numbers in one of your transactions. For example, if your difference is \$81 or \$270, double-check all of your entries to ensure they're correct.

# Reconciling Do's & Don'ts

## DO THIS:



Regularly reconcile your accounts.



Check for any outstanding checks or deposits.



Note any adjustments for future reference.



Resolve all discrepancies before finalizing the reconciliation.

## DON'T DO THIS:



Rely blindly on auto categorization rules.



Forget to record your bank fees and interest earned.



Assume that synced bank feeds are always 100% accurate.



Begin reconciling if your starting balances don't match.





# Services Guide

## FULL CHARGE BOOKKEEPING

Includes tracking expenses and receivables, monthly reconciliation, managing payroll, tracking deposits, maintaining reports, and helping you with the world of taxes. Here's your chance to focus on what matters to your business while I keep your numbers in order.

## ACCOUNTING DEPARTMENT MANAGER

As an accounting manager, we can work with your employees to maximize profit opportunities. This is done by creating budgets, streamlining processes, and identifying internal inefficiencies. May include Full Charge Accounting duties as needed.

## FRACTIONAL CFO SERVICES

As your CFO, our goal is to explore financial investment opportunities and reinvestment strategies. Providing capital structure oversight without taking a chunk of your business. This service is a limited offer, as I only take a limited number of businesses at a time.



# Contact Information

## Ready to get in touch?



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