

DENNISON BOOKKEEPING SERVICES' GUIDE TO

# RECONCILING YOUR BOOKS



**THE GUIDE THAT WILL CONVINCe YOU  
TO RECONCILE YOUR ACCOUNTS  
(AND TEACH YOU HOW TO DO IT YOURSELF)**



# WELCOME!

I'm Chereé, the owner of Dennison Bookkeeping Services! If you've been following me for a while, you already know how important it is to reconcile your accounts on a regular basis. This guide will walk you through the most common steps to help you do (and troubleshoot) your own bank reconciliation!

NOTE: The information provided in this guide is not intended as financial advice.



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# WHAT IS A BANK RECONCILIATION?



A bank reconciliation **compares** the transactions that have been recorded on a company's books to the corresponding bank statement for that time period.

Generally, bank reconciliations should be performed on a **monthly basis**. However, companies with a higher volume of transactions may benefit from doing their bank reconciliations more frequently.



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# WHY DO I NEED TO RECONCILE?

Reconciliation helps ensure you have complete, accurate financial statements. A bank reconciliation can help you catch things like:

- Incorrect Dates
- Transposed Numbers
- Missing Transactions
- Timing Differences
- Fraudulent Activity
- Outstanding Checks



# STEPS FOR A BANK RECONCILIATION



## **GET ORGANIZED**

Download your bank statement for the month and open up your bookkeeping software to the account you'll be reconciling.



## **MATCH YOUR STARTING BALANCES**

The starting balance shown in your bookkeeping software should match the starting balance shown on your bank statement. If it doesn't, you need to go back and reconcile a prior period.



## **RECORD YOUR ENDING BALANCE**

When you begin reconciling in your bookkeeping software, you'll need to enter the ending balance and statement date.



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# STEPS FOR A BANK RECONCILIATION



## **RECONCILE EACH TRANSACTION**

Go through each transaction shown on your bank statement (deposits, withdrawals, checks, fees, and interest) and make sure the amount and date have been recorded correctly.



## **ADJUST FOR PENDING TRANSACTIONS**

You may have outstanding checks or uncleared deposits that aren't reflected on your bank statement yet. Make any necessary adjustments during this step!



## **CLEAR ANY DISCREPANCIES**

Finally, select all the transactions for the period and click reconcile. You should see a \$0 difference. If you don't, go back to step 4!



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# TROUBLESHOOTING

**BEGINNING  
BALANCES  
DON'T MATCH**

Review your bookkeeping to find the last period that you **did** have a match. Then, start the reconciliation process from the following period.

**MISSING AN  
EXACT AMOUNT  
FROM THE BANK  
STATEMENT**

Confirm that you entered the transaction in your books. If you did, confirm that the date is correct and it's not recorded in the wrong period.

**MY BALANCES  
ARE OFF BY A  
WEIRD AMOUNT**

Transposing your numbers can lead to a reconciliation difference that doesn't match a transaction amount. Double-check your amounts!





# TROUBLESHOOTING

**MY BALANCE IS  
OFF BY DOUBLE  
AN AMOUNT**

**CLEARED  
DEPOSITS ARE  
HIGHER ON MY  
BOOKS**

**WITHDRAWALS  
DON'T MATCH  
THE BOOKS**

You've likely recorded a duplicate transaction. Once you've confirmed this to be true, remove one of the transactions.

You may have recorded a recent deposit that hasn't cleared your bank statement yet.

If your withdrawals are higher on your books than the amount shown on your bank statement, you may have outstanding checks.



# NEED HELP RECONCILING?



You're in luck!

All of my bookkeeping packages include monthly bank reconciliation for no additional fee.

Become your tax accountant's **favorite client** by having clean, reconciled books ready for them!



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# LET'S WORK TOGETHER!



[CHEREE@DENNISONBOOKKEEPING.COM](mailto:CHEREE@DENNISONBOOKKEEPING.COM)



[\(509\) 731-4147](tel:(509)731-4147)



[WWW.DENNISONBOOKKEEPING.COM](http://WWW.DENNISONBOOKKEEPING.COM)

