Balance sheet reconciliation checklist

One line per account type. Request the client documents in the first group before the close, then sign each account off with its proof.

Client or engagement

Proof to request from the client

- [ ] Bank statements for every account
  Ending balance proves cash. Full month, PDF.
- [ ] Credit card statements
  Closing balance; list charges after the closing date.
- [ ] Loan, line of credit and mortgage statements
  Principal balance at month-end.
- [ ] Payroll provider tax liability report
  Withholding and employer taxes owed but not yet deposited.
- [ ] Lease or deposit receipt for security deposits
- [ ] Purchase invoices for new fixed assets
  Date, price and description.
- [ ] Petty cash count sheet and slips
  Signed by whoever holds the cash.

Assets

- [ ] Checking and savings
  Reconciling items: outstanding checks, deposits in transit, bank charges.
- [ ] Processor clearing accounts
  Should be near zero once payouts are matched.
- [ ] Accounts receivable and allowance for doubtful accounts
  Aging total equals the ledger; review items past ninety days.
- [ ] Inventory
  Count or valuation report; quarterly or yearly for small clients.
- [ ] Prepaid expenses
  Prepaid schedule total equals the ledger.
- [ ] Fixed assets and accumulated depreciation
  Register equals the ledger.

Liabilities and equity

- [ ] Accounts payable
  Aging equals the ledger; spot-check vendor statements.

- [ ] Accrued liabilities
  Accrual worksheet, each line reversing next month.
- [ ] Payroll liabilities
  Equal to deposits due but not yet made: about one month for a monthly depositor, a few days for a semiweekly one.
- [ ] Sales tax payable
  Equal to the liability report or return for the period.
- [ ] Loans and lines of credit
  Lender principal; difference to interest expense.
- [ ] Owner and shareholder loans
  Signed note or the owner's written confirmation.
- [ ] Deferred revenue
  Schedule of customer prepayments by contract.
- [ ] Equity and retained earnings
  Prior year-end balance plus this year's activity; no unreviewed direct postings.

Sign-off

- [ ] Workpaper for every account
  Ledger balance, proof balance, reconciling items, difference.
- [ ] Differences above tolerance explained before sign-off
  Write the firm's tolerance on the checklist.
- [ ] No unexplained amount parked in suspense
  Open question sent to the client instead.
- [ ] Preparer and reviewer initials and dates on each workpaper