

# Standard Operating Procedure (SOP): Bank Account and Credit Card Reconciliation

This SOP defines the process for **bank account and credit card reconciliation**, detailing the steps to accurately compare the organization's financial records with bank and credit card statements. It includes verifying transactions, identifying discrepancies, correcting errors, and ensuring that all payments and receipts are properly documented. The procedure aims to maintain accurate financial records, prevent fraud, and support effective cash flow management by reconciling accounts on a regular basis.

## 1. Purpose

To ensure the accuracy and integrity of the organization's financial records by regularly reconciling bank and credit card accounts.

## 2. Scope

This SOP applies to all staff involved in recording, monitoring, and reconciling company financial transactions and statements.

## 3. Responsibilities

- **Finance/Accounting Team:** Perform reconciliations, investigate discrepancies, and update records.
- **Finance Manager:** Review and approve reconciliations, oversee timely completion.
- **Auditor (if required):** Periodically review reconciliation procedures for compliance.

## 4. Definitions

Term	Definition
Reconciliation	The process of matching financial records with bank/credit card statements to ensure consistency.
Discrepancy	Any difference between the organization's books and the bank/credit card statement.
Statement Date	The end date of the period covered by a bank/credit card statement.

## 5. Procedure

1. **Obtain Statements**
  - Retrieve the latest bank and credit card statements (physical or electronic copy).
2. **Access Accounting Records**
  - Open the relevant general ledger or cashbook for the same period as the statements.
3. **Compare Transactions**
  - Match each transaction on the statement to entries in the accounting records.
  - Tick off matching entries for both statement and ledger.
4. **Identify and Investigate Discrepancies**
  - Highlight entries that do not match or are missing.
  - Investigate unexplained differences (e.g., timing differences, errors, omitted transactions, bank fees, or credits).
5. **Correct Errors**
  - Record any missing transactions in the accounting system with adequate documentation.
  - Rectify recording errors according to company policy.
6. **Prepare Reconciliation Statement**
  - Document reconciled items and outstanding/unreconciled items in a reconciliation statement.
  - Attach supporting documentation as required.
7. **Management Review**
  - Submit the reconciliation statement to the Finance Manager for review and approval.
8. **File Records**
  - File all reconciliation documents, including statements and supporting evidence, according to the records retention policy.

## 6. Frequency

Bank and credit card reconciliations should be performed monthly, within **7 business days** following the receipt of each statement.

## 7. Documentation

- Bank and credit card statements
- Accounting system reports (general ledger, cashbook, etc.)
- Reconciliation statements/forms
- Supporting documentation for any adjustments
- Approval sign-offs

## 8. Related Policies/References

- Financial Records Retention Policy
- Fraud Prevention and Detection Guidelines
- Internal Control Policy Manual

## 9. Revision History

Version	Date	Description	Approved By
1.0	2024-06-27	Initial SOP release	Finance Manager