

BRIGHTADVISOR®

# Monthly Close Checklist

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A Step-by-Step Guide to Accurate Financial Reporting

# Why a Structured Monthly Close Matters

The monthly close is the backbone of accurate financial reporting. Without a consistent, repeatable process, businesses risk making decisions based on incomplete or inaccurate data. A structured close gives leadership the confidence that every dollar is accounted for and every financial statement reflects reality.

Yet many small and mid-sized businesses treat the monthly close as an afterthought, scrambling at quarter-end to reconcile accounts and prepare reports. This reactive approach leads to errors, missed deadlines, and audit headaches that compound over time.

Companies that implement a structured monthly close process reduce their close time by an average of 30% and experience 50% fewer financial restatements.

## Benefits of a Consistent Close Process

- Timely, accurate financial statements for better decision-making
- Early detection of errors, fraud, or unusual activity
- Reduced year-end audit preparation time and costs
- Improved cash flow visibility and forecasting accuracy
- Stronger internal controls and regulatory compliance
- Greater confidence from investors, lenders, and stakeholders
- Reduced stress on your accounting team through clear workflows
- A reliable foundation for budgeting, planning, and growth strategy

## How to Use This Checklist

This checklist is organized into four weekly phases that map to the typical calendar month. Assign an owner to each task, set internal deadlines, and track completion status. Over time, refine the process to match your business's unique needs. The goal is a close that is completed within 5-10 business days of month-end.

## The Monthly Close Checklist

## Week 1: Transaction Processing

The first phase ensures all transactions for the period are captured, categorized, and verified. This is the foundation for everything that follows.

Task	Owner	Due Date	Status
Categorize all transactions from bank feeds and manual entries	Bookkeeper	Day 1-2	
Reconcile all bank accounts to statements	Bookkeeper	Day 2	
Reconcile all credit card statements	Bookkeeper	Day 2-3	
Process and record all accounts receivable (invoices, payments received)	AR Clerk	Day 3	
Process and record all accounts payable (bills received, payments made)	AP Clerk	Day 3-4	
Record all cash receipts and petty cash transactions	Bookkeeper	Day 4	
Verify all merchant account deposits match sales records	Bookkeeper	Day 4-5	

## Week 2: Reconciliation

With transactions captured, verify that account balances are accurate and all records agree across systems.

Task	Owner	Due Date	Status
Verify all balance sheet account balances against supporting documentation	Sr. Accountant	Day 6	
Reconcile payroll records to general ledger entries	Payroll Mgr	Day 6-7	
	Inventory Mgr	Day 7	

Reconcile inventory counts to system records (if applicable)		
Review and reconcile inter-company transactions and balances	Controller	Day 7-8
Reconcile loan balances to lender statements	Sr. Accountant	Day 8
Verify fixed asset register is current and accurate	Sr. Accountant	Day 8-9

## Week 3: Adjustments & Review

Make necessary adjusting entries so that financial statements reflect the true economic activity of the period under accrual accounting principles.

Task	Owner	Due Date	Status
Record all accrued expenses (wages, interest, utilities, taxes)	Sr. Accountant	Day 10	
Record prepaid expense amortization entries	Sr. Accountant	Day 10-11	
Record depreciation and amortization for fixed and intangible assets	Sr. Accountant	Day 11	
Review revenue recognition for proper period cut-off	Controller	Day 11-12	
Record any deferred revenue adjustments	Controller	Day 12	
Investigate and adjust for any identified errors or discrepancies	Controller	Day 12-13	
Review all adjusting journal entries with supporting documentation	Controller	Day 13	

## Week 4: Reporting

With all adjustments complete, generate final reports and prepare the management summary that drives strategic decisions.

Task	Owner	Due Date	Status
Generate profit & loss statement (income statement)	Controller	Day 14	
Generate balance sheet with comparative periods	Controller	Day 14	
Generate cash flow statement	Controller	Day 14-15	
Calculate and review key performance indicators (KPIs)	Controller	Day 15	
Prepare variance analysis (budget vs. actual)	Controller	Day 15-16	
Prepare management summary with narrative commentary	CFO/Controller	Day 16	
Distribute financial package to leadership team	CFO/Controller	Day 17	

## Best Practices for an Efficient Monthly Close

A checklist alone is not enough. The most efficient close processes are supported by strong habits, clear communication, and the right technology. Here are eight proven strategies to shorten your close cycle and improve accuracy.

1. Set a close calendar with firm deadlines. Publish it at the start of each month so every team member knows exactly what is due and when. Accountability starts with clarity.
2. Maintain a rolling checklist, not a one-time document. Update your checklist each month based on lessons learned. Add recurring items, remove obsolete tasks, and annotate any issues encountered.
3. Automate bank feeds and reconciliation. Use your accounting software's bank feed integration to reduce manual data entry. Automated matching can cut reconciliation time by 60% or more.
- 4.

Perform continuous close activities throughout the month. Don't wait until month-end to categorize transactions or follow up on outstanding invoices. Spreading the work reduces the end-of-month crunch.

5. Standardize your chart of accounts and naming conventions. Consistent categorization prevents misclassification and makes period-over-period comparison meaningful.
6. Require supporting documentation for every journal entry. No exceptions. This discipline pays dividends during audits and reduces the risk of errors going undetected.
7. Hold a brief close kick-off meeting on the first business day after month-end. Align the team on priorities, flag any known issues, and confirm task assignments.
8. Conduct a post-close retrospective each month. Spend 15 minutes reviewing what went well and what needs improvement. Track your close timeline and aim to shorten it by one day each quarter.

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BrightWealth® bookkeeping clients receive a customized monthly close checklist tailored to their industry, entity structure, and reporting requirements. Our team manages the entire close process so you can focus on running your business. Contact us to learn more.