MONTH-END CLOSE

The Five-Day Close

Forty-two steps, assigned to a day and an owner, with a written test for when each one is actually finished. This is the sequence we run for clients. Nothing in it requires software you don't already have.

42	6	3	~26
STEPS	WORKING DAYS	ROLES	HOURS, TYPICAL

Most slow closes are sequencing problems, not workload problems.

Tasks wait on each other because nobody owns the order, so the same twenty-six hours of work stretches across three weeks instead of five days. The fix is assigning every step a day and an owner, then holding the sequence.

Work the days in order. Within a day, order doesn't matter much. Across days it matters entirely, because each day's work depends on the previous day's being final. The **Done when** line is the part people skip; it's what stops a step from being marked complete while it's still half true.

If your close currently runs past day ten, don't try to compress to five in one month. Move to ten, hold it for a quarter, then compress again.

THE SEQUENCE

−3 to −1	Before month-end	6 STEPS	01–06
DAY 1	Cash and banking	7 STEPS	07–13
DAY 2	Receivables and revenue	7 STEPS	14–20
DAY 3	Payables and expenses	7 STEPS	21–27
DAY 4	Payroll, accruals and the balance sheet	8 STEPS	28–35
DAY 5	Review, lock and report	7 STEPS	36–42

Who owns what

- BK Bookkeeper. Transaction-level work.
- OW Owner or management. Approval and interpretation.
- CT Controller. Reconciliation, review, judgment.
- ☐ Tick the box only when the Done when line is true.

−3 Before month-end

DAYS −3 TO −1 · 6 STEPS

Everything here happens before the period closes. Skipping this section is the single most common reason a close runs long. You spend day one chasing information that could have been requested a week earlier.

- [ ] **01 Confirm the cutoff date and communicate it** CT — 15 min
  DONE WHEN every person who submits anything (invoices, expenses, timesheets) has the deadline in writing.

- [ ] **02 Chase outstanding vendor invoices for the period** BK — 45 min
  DONE WHEN every vendor you expect a bill from has either sent one or confirmed the amount for accrual.

- [ ] **03 Collect outstanding expense reports and receipts** BK — 30 min
  DONE WHEN no card transaction in the period is missing its supporting receipt.

- [ ] **04 Schedule inventory or work-in-progress counts** CT — 20 min
  DONE WHEN the count is booked with a named person, or you've documented that it isn't applicable this period.

- [ ] **05 Verify every bank and card feed is connected and current** BK — 15 min
  DONE WHEN the last transaction date on every feed is within two days of today.

- [ ] **06 Review the recurring journal entry list for changes** CT — 20 min
  DONE WHEN every recurring entry has been confirmed still valid, and new ones (a new lease, a new loan) have been added.

1 Cash and banking

DAY 1 · 7 STEPS

Cash first, always. Every other reconciliation depends on the bank being right, and an error found here costs minutes. The same error found on day four costs a rework of everything built on top of it.

- [ ] 07 **Refresh all bank and credit card feeds through period end** BK — 15 min
  DONE WHEN every account shows transactions through the final calendar day of the period.
- [ ] 08 **Categorize every uncleared transaction** BK — 2-4 hrs
  DONE WHEN the review queue is empty and nothing was coded to a suspense account to clear it.
- [ ] 09 **Reconcile each bank account and save the report** BK — 45 min
  DONE WHEN the difference is zero and the reconciliation report is saved to the close folder as a permanent record.
- [ ] 10 **Reconcile each credit card account and save the report** BK — 40 min
  DONE WHEN the closing balance ties to the statement, not to the feed's running balance.
- [ ] 11 **Reconcile merchant processors gross-to-net** CT — 45 min
  DONE WHEN gross sales, processor fees, refunds and the net deposit each land in their own account, not one net figure booked to revenue.
- [ ] 12 **Clear the suspense account to zero** CT — 30 min
  DONE WHEN Uncategorized Expense and Ask My Accountant both read zero. A balance carried forward is a decision deferred, not a small number.
- [ ] 13 **Review outstanding cheques and deposits in transit** CT — 20 min
  DONE WHEN nothing has been outstanding more than 60 days without an explanation written next to it.

2 Receivables and revenue

DAY 2 · 7 STEPS

The goal is that revenue lands in the period it was earned and that the receivable balance is one you'd defend to a lender. Both are judgment calls, which is why the controller carries most of this day.

- [ ] **14 Confirm everything delivered in the period is invoiced** BK — 45 min
  DONE WHEN you've reconciled shipped, delivered or completed work against issued invoices and explained any gap.

- [ ] **15 Post and apply all customer payments** BK — 1 hr
  DONE WHEN no payment sits unapplied, and no invoice is partially applied without a documented reason.

- [ ] **16 Reconcile the AR subledger to the GL control account** CT — 30 min
  DONE WHEN the aging total equals the balance sheet figure exactly. A difference here means a manual entry hit the control account directly.

- [ ] **17 Review the AR aging and flag 60-day-plus items** CT — 30 min
  DONE WHEN every invoice past 60 days has a named next action and a date, not just a highlight.

- [ ] **18 Post deferred revenue releases and unbilled accruals** CT — 1 hr
  DONE WHEN revenue recognized this period matches what was actually earned, regardless of what was invoiced or collected.

- [ ] **19 Reconcile the deferred revenue schedule to the GL** CT — 30 min
  DONE WHEN the contract-by-contract schedule totals to the balance sheet liability.

- [ ] **20 Review revenue by segment against expectation** CT — 30 min
  DONE WHEN any segment moving more than 10% against last period has a written explanation before anyone asks for one.

3 Payables and expenses

DAY 3 · 7 STEPS

This is where costs get pulled into the right period. Understated expenses are the most common way a month looks better than it was, and they always correct themselves in the following month, usually at the worst time.

- [ ] **21 Enter every vendor invoice dated in the period** BK — 1.5 hrs
  DONE WHEN the invoice date drives the period, not the date it arrived in the inbox or the date it will be paid.

- [ ] **22 Accrue known but unbilled expenses** CT — 45 min
  DONE WHEN utilities, subcontractors, and professional fees you know were incurred are recorded even though no invoice has arrived.

- [ ] **23 Reconcile the AP subledger to the GL control account** CT — 30 min
  DONE WHEN the aging total equals the balance sheet payable, to the dollar.

- [ ] **24 Reconcile statements from your top ten vendors** BK — 1 hr
  DONE WHEN each vendor's statement balance agrees to your payable, or the difference is itemized.

- [ ] **25 Review card spend for personal and miscoded items** CT — 30 min
  DONE WHEN personal charges are booked to shareholder or owner draws rather than buried in an expense line.

- [ ] **26 Reconcile prepaids and post the monthly amortization** CT — 30 min
  DONE WHEN the prepaid schedule ties to the balance sheet and every item has a remaining term.

- [ ] **27 Post fixed asset additions and depreciation** CT — 40 min
  DONE WHEN the fixed asset register ties to the balance sheet and capitalization decisions follow your written threshold.

4 Payroll, accruals and the balance sheet

DAY 4 · 8 STEPS

The balance sheet is where errors hide, because nobody reviews it with the same attention they give the P&L. Every account on it should be explainable in one sentence by the end of this day.

- [ ] **28 Reconcile the payroll register to the GL and the bank** CT — 45 min
  DONE WHEN gross wages, employer costs and net pay each tie to the register and to what left the bank.

- [ ] **29 Reconcile payroll liability accounts to filings** CT — 40 min
  DONE WHEN source deductions and remittances payable agree to what was actually filed and remitted. These are trust funds. Treat a difference as urgent.

- [ ] **30 Accrue the movement in vacation and PTO liability** CT — 30 min
  DONE WHEN earned-but-unused time is on the balance sheet at current wage rates.

- [ ] **31 Accrue bonuses and commissions earned in the period** CT — 30 min
  DONE WHEN variable compensation is recorded in the period it was earned, not the period it will be paid.

- [ ] **32 Reconcile intercompany accounts to zero** CT — 30 min
  DONE WHEN each side of every intercompany balance agrees, or the difference is identified by transaction. Skip if you operate a single entity.

- [ ] **33 Reconcile the debt schedule** CT — 35 min
  DONE WHEN principal ties to the lender statement, interest is expensed correctly, and the current-versus-long-term split is updated.

- [ ] **34 Reconcile sales tax and GST/HST payable to filings** CT — 35 min
  DONE WHEN the payable equals what you'll actually remit. A drifting balance here compounds quietly across quarters.

- [ ] **35 Review every remaining balance sheet account** CT — 45 min
  DONE WHEN you can explain every balance in one sentence. If you can't explain it, it isn't reconciled: it's just carried forward.

5 Review, lock and report

DAY 5 · 7 STEPS

The work is done; this day decides whether anyone can rely on it. A close that isn't reviewed, locked and explained is a close that will be quietly redone later.

- [ ] **36 Assemble the balance sheet reconciliation working papers** BK — 45 min
  DONE WHEN every balance sheet account has a supporting schedule filed in one folder, named consistently, for this period.

- [ ] **37 Run the preliminary P&L against budget and prior period** CT — 30 min
  DONE WHEN you have both comparisons side by side. One alone tells you almost nothing.

- [ ] **38 Investigate and document every material variance** CT — 1 hr
  DONE WHEN each variance above your threshold has a written cause. Writing it is what forces the diagnosis.

- [ ] **39 Controller review of the complete package** CT — 1 hr
  DONE WHEN someone other than the preparer has reviewed and signed off. If that's structurally impossible, note it. It's a control weakness a lender will find.

- [ ] **40 Post final adjusting entries** CT — 30 min
  DONE WHEN every adjustment carries a description a stranger could follow twelve months from now.

- [ ] **41 Set and lock the closing date** CT — 10 min
  DONE WHEN the period is locked and the password sits with one person. A lock everyone can open is a suggestion, not a control.

- [ ] **42 Distribute the reporting package with written commentary** OW — 45 min
  DONE WHEN the recipient has the numbers and a short note on what changed and why. Numbers without commentary get filed, not read.

The step most people skip.

Step 41. Locking the period is ten minutes of work, and without it every number in this package can silently change after you've shown it to a bank. It is the cheapest control in the entire close and the one most often left undone.

If you only hold three things

Cash first. Nothing on days two to five is trustworthy if day one isn't final.

Done means the test passes. Not “mostly done”, not “waiting on one thing”.

Lock it. A close that can be edited is a draft, however good it looked.

Running this yourself

The estimates above total roughly twenty-six hours in a typical month for a company doing $3M-$10M in revenue, split across two people. That number moves with transaction volume, entity count, and how clean the prior month was. A first close after a messy period can run double.

The sequence is the valuable part, and it's yours to use. If the constraint turns out to be capacity rather than method (which is the usual finding), that's the conversation worth having.

Book a free 30-minute call →

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