



BOOKS

Reconciliation

Monthly process of matching what Books says against what your bank shows. How to do it, what to do when it won't balance.

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Reconciliation is the monthly process of comparing what Books says your bank balance should be against what your bank actually shows. The two should match. If they don't, reconciliation is how you find and fix the discrepancy.

Why Reconcile

- **Catch errors** — typos, missed transactions, duplicate entries
- **Catch fraud** — unauthorized charges show up as transactions you don't recognize
- **Clean books for taxes** — your accountant or tax software needs reconciled books to file accurate returns
- **Audit trail** — a reconciled month is locked, preventing accidental backdated changes

When to Reconcile

Monthly is standard. Reconcile after your bank statement is finalized (usually a few days after month-end). Some agencies reconcile weekly if they have high transaction volume; some reconcile only at quarter-end. Monthly is the sweet spot for most.

The Reconciliation Flow

1. Go to **Banking** → pick the account → click **Reconcile**.
2. Enter the **statement ending date** and **statement ending balance** from your bank statement.
3. Books shows you all unreconciled transactions in that period, with running totals on both sides.
4. Check off each transaction that appears on your bank statement. Books updates the running totals.
5. When the running total matches your statement balance, the **Difference** field reads \$0.00 — you're done.
6. Click **Finish Reconciliation** to lock the month.

When the Difference Won't Zero

A non-zero difference means Books and your bank disagree about what happened. Common causes and how to fix:

- **Transaction in your bank statement but not in Books** — add the missing transaction
- **Transaction in Books but not on bank statement** — most often a future-dated transaction that hasn't cleared. Skip it for this reconciliation; it'll appear next month.
- **Wrong amount** — typo when manually entering, or fee that wasn't included. Edit the transaction.
- **Wrong date** — transaction is in the next/previous month's bank statement, not this one. Move it or include it in the right month.
- **Wrong opening balance** — your starting point doesn't match what your bank says you started with. Edit the bank account's opening balance.

ADVISOR TIP

Reconciliation differences compound. If month 1 ends with a \$50 unresolved difference, every subsequent month will be off by \$50 too. Always fix differences at the month they appear.

Reconciliation History

Every completed reconciliation is logged. Go to **Banking** → bank account → **Reconciliation History** to see when each month was reconciled, by whom, and the statement balance. Reconciled months can be re-opened if needed, but the change is logged.

ADVISOR TIP

Re-opening a reconciled month invalidates all subsequent reconciliations for that account — you'll need to re-reconcile each one. Avoid unless absolutely necessary.