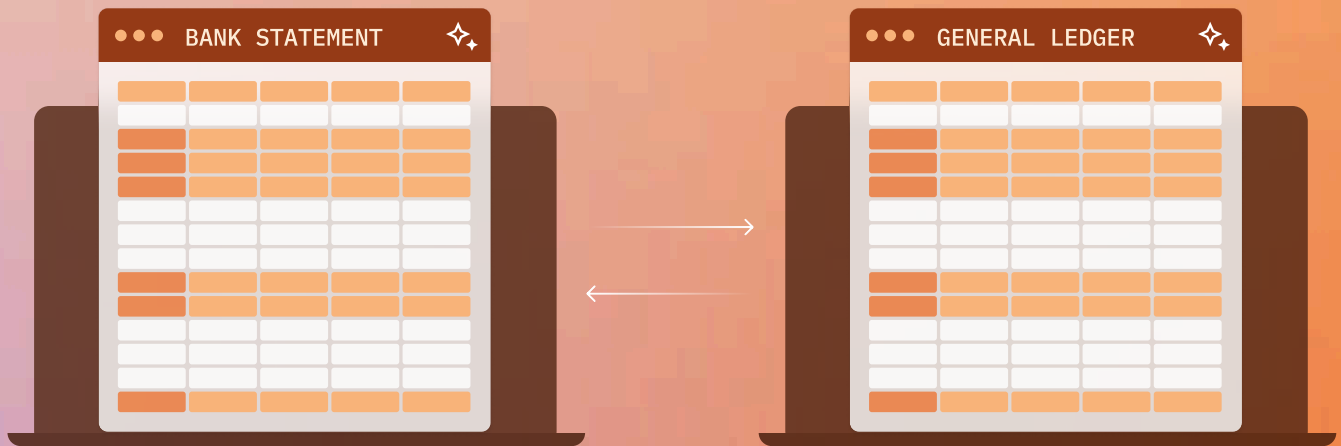




GUIDE

A 7-Step Guide to Month-End Reconciliations

Reconciliations are a necessary and key detective control, yet for many accounting teams, they can feel like nothing more than a necessary evil.

Data quality issues, legacy systems, and manual processes can force teams to spend 20 to 50 hours per month on reconciliations alone, consuming much of the month-end close and leaving little capacity for strategic work.¹

Beyond being a time drain, manual reconciliation processes also create downstream risks, such as financial reporting errors, delayed insights, and audit friction.

Fortunately, there's a better way.

Advancements in technology, particularly in generative and agentic AI, have opened up new possibilities in accounting automation. Rather than automating isolated tasks, accounting teams can begin to rethink and automate entire processes at a systemic level.



Transform Your Month-End Close

This guide outlines a clear path to a faster, more "audit-ready" balance sheet. It focuses on three core pillars to modernize your substantiation process:



Eliminate Bottlenecks:

Identify and cut the manual tasks that stall your team.



Strengthen Controls:

Build a rigorous framework to reduce risk and audit friction.



Prioritize Automation:

Create a clean data and process foundation that makes layering AI and advanced tech seamless.

By optimizing these fundamentals, you don't just speed up the close—you build the confidence to lead with data, not just report it.

¹Zaki, A. "50% of finance teams still take over a week to close the books," April 2025, CFO.com.

A Framework for Seamless Month-End Reconciliation Management



STEP 1

Build Your Data Foundation

The integrity of your financial close is only as strong as the data feeding it. As basic as it may seem, it's important to reiterate: at this stage, the goal is to ensure an up-to-date trial balance is maintained, reflecting all general ledger (GL) balances and activities for the period. Traditionally, this requires accountants to manually compare the trial balance against backup documentation to verify the accuracy of recorded transactions—a process that is as tedious as it is risky.

The more you can unify and automate this process to maintain a complete and accessible record, the better. Handling data manually across disparate systems doesn't just drain your team's time (and morale); it dramatically increases the risk of human error or oversight at the very beginning of the cycle.



Transitioning to an Automated Foundation

To move toward a modern close, focus on these core shifts:

- ✓ **Direct GL Integration:**
Implement automated trial balance imports with transaction-level integration. This minimizes time delays and the need for manual data transfers, ensuring your downstream analysis starts with current and complete data.
- ✓ **Intelligent Data Wrangling:**
For data residing outside the GL—such as bank statements, subledger transactions, or CRM data—modern AI tools excel at handling complex normalization.
- ✓ **AI-Assisted Matching:**
Intelligently match high-volume transactions across multiple sources, eliminating routine, labor-intensive manual work and clearing a path for your team to focus exclusively on exceptions.

By establishing this automated baseline, you transform static, disconnected data into a dynamic, audit-ready foundation that supports every subsequent step of the substantiation process.



STEP 2

Centralize Compliance Policies

Centralized policies ensure your team remains on the same page and compliant with regulatory standards. By baking these rules into your technology, you move from "policing" the process to proactively managing it.



Establish Materiality Thresholds

Not every account needs to balance to zero. To optimize resources, focus on high-risk reconciliations and avoid unnecessary pressure.

✓ Collaborate on Limits:

Work with internal and external audit teams to set thresholds based on company size and risk.

✓ Automate Sign-offs:

Use technology to automatically trigger a sign-off if a balance falls within the acceptable range.

✓ Prevent Errors:

Systematically block sign-offs when an account exceeds the established threshold.



Enforce Separation of Duties

Reduce bottlenecks and mitigate risk by clearly defining who does what before the month-end rush.

✓ Define Roles:

Assign a specific Preparer and Reviewer for every item on the trial balance to foster accountability.

✓ Control Access:

Use technology to restrict data access based on assigned roles, ensuring team members only see what they need.

✓ Deploy AI Agents:

Let agentic AI handle routine tasks like preparing reconciliations and journal entries, leaving the critical review to your human experts.



Group Accounts for Efficiency

Avoid repetitive work by batching similar reconciliations and automating the underlying calculations.

- ✓ **Bank Reconciliations:**
Group smaller foreign currency accounts to streamline month-end translation and consolidation.
- ✓ **Fixed & Intangible Assets:**
Consolidate assets or leases (operating/finance) to simplify the creation of financial statement footnotes.
- ✓ **Intercompany Recs:**
Pair payables and receivables to identify net differences instantly and complete both sides of the relationship simultaneously.



Automate Fixed-Balance Reconciliations

Certain accounts, like Share Capital, rarely fluctuate. These don't always require a manual monthly deep dive.

- ✓ **Set Frequency Rules:**
Establish rules to automatically sign off on these reconciliations when the balance remains unchanged from the prior period.
- ✓ **Reclaim Time:**
Shift your team's focus to resolving higher-risk open aging items and unresolved discrepancies.

Vacatia

CUSTOMER SPOTLIGHT

The team at [Vacatia](#), a venture-backed hospitality company, leaned on FloQast to streamline their end-to-end reconciliation process, automating manual ticking and tying, error-prone amortization schedules, and tedious journal entry preparation. By embracing FloQast's automation capabilities, they:



Reduced close cycle time, from three weeks to a 10-business-day window



Cut reconciliation time by 67%



Eliminated a risky manual amortization process



Added a crucial layer of control across their journal entry process

The Result: With FloQast handling tedious preparation and repetitive manual tasks, the team reclaimed hours to focus on strategic review and ensuring accuracy across their processes.

Standardize Your Process

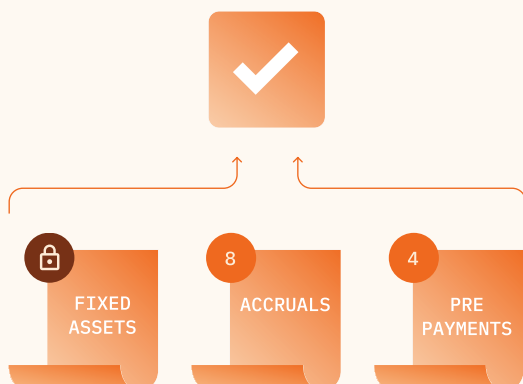
To ensure consistency period over period, document formal policies and create a repeatable framework for balance sheet substantiation. Standardizing the "how" and "where" of your work is the only way to scale without losing precision.



Get Organized for Strategic Tracking

Streamlining your folder structure is the first step toward high-level visibility. By organizing your workflow logically, you can track area-by-area progress and perform more effective historical analysis.

- ✓ **Financial Statement Line-Item Folders:**
Organizing accounts by financial statement line item allows you to quickly gauge lock deadline status and look back on prior months to identify which areas carry the highest volume of reconciliations (like accruals and prepayments).
- ✓ **Enable Early "Soft Locks":**
Strategic organization allows you to "lock" specific areas early. For example, if Fixed Assets are finalized by Day 2, your FP&A team can begin their work while the rest of the reconciliations are completed on Day 3 and beyond. You don't want the FP&A team breathing down your neck mid-close.



Centralize Your Documentation

Once organized, you need to establish a single source of truth for all accounting data and supporting documents. A centralized space ensures no one needs to request the same file twice, and everyone remains on the same page.

- ✓ **Control Versioning:**
Maintaining a central repository prevents the "inefficient game of hot potato" and ensures no one is working off stale data.
- ✓ **Enhance Audit Readiness:**
Centralized documentation, combined with automated controls, dramatically reduces audit friction by eliminating the constant back-and-forth of document requests.



Maintain Real-Time Visibility

Visibility is the heartbeat of a successful close. With numerous outreach requests and moving parts, it's crucial to know exactly what's happening and who is responsible for each task.

- ✓ **Shared Checklists:**
A unified, real-time checklist prevents redundant effort, aids in accelerating onboarding, and ensures nothing slips through the cracks.
- ✓ **Live Performance Dashboards:**
Utilize dashboards to provide a point-in-time view of reconciliation status. This allows leadership to track progress down to the entity or assignee level across the entire global organization.



STEP 4

Assign Risk Ratings

Once you get to this stage, it's an ideal time to complete a risk assessment of all your reconciliations to identify time-saving opportunities in line with your internal audit team and your controls. Some accounts have different impacts on the big picture.

Consider categorizing your reconciliations into low, medium, and high risk based on the risk of material misstatement on the account due to the volume or complexity of transactions.

Risk Level	Characteristics	Review Frequency	Examples
Low 	Zero-balance, fixed balance, low-value, or low-volume accounts	Quarterly (4x/year)	Share capital, dormant accounts, small prepaid balances
Medium 	Moderate volume, complexity, or value	Bi-monthly (8x/year)	Smaller prepaid expenses, lower-volume accounts receivable
High 	High volume, complexity, or value	Monthly (12x/year)	Cash, revenue, inventory, accounts payable

You can use these categories to determine the appropriate levels of review required and assign a frequency that fits the account's risk profile. The goal is to reduce the time spent unnecessarily reconciling accounts. Everyone wins by reducing time (within reason).

Focus on the Exceptions

One of the primary purposes of the reconciliation process is to investigate and resolve discrepancies between the General Ledger and supporting documentation. As transaction volumes grow, manual reconciliations become less practical; automation becomes the only viable way to scale without compromising accuracy.



Prioritizing Reviews

Variances are often the result of timing differences, missing transactions, or simple human errors. To manage these efficiently:

- ✓ **Establish Materiality Thresholds:**
Define your organization's tolerance for discrepancies to flag higher-risk accounts for more frequent, intensive review.
- ✓ **The "One-Month" Rule:**
It is typically acceptable to hold off on investigating a variance for a single month-end if it falls below your threshold.
- ✓ **Avoid Prolonged Delays:**
Never delay investigations for three months or more, regardless of materiality, as aging items become significantly harder to resolve.

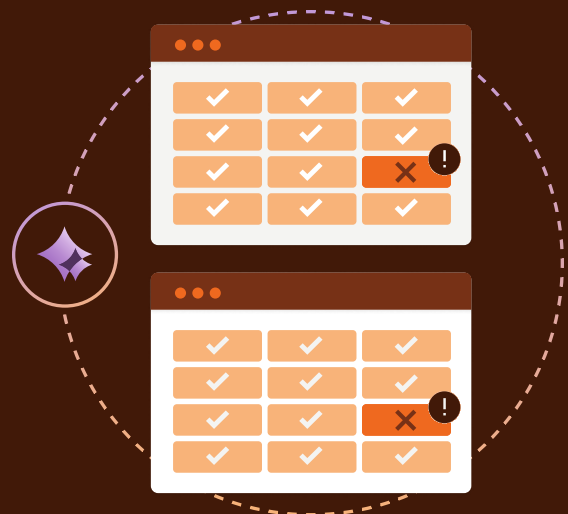


Accelerate Investigation with Generative AI

A significant bottleneck in the close is the "investigation phase." Modern teams are now leveraging generative AI to analyze variances at the GL transaction level.

- ✓ **Automated Root Cause Analysis:**
AI can instantly identify the likely reasons for variances, providing your team with a massive head start.
- ✓ **30-Minute Tasks to 2-Minute Verifications:**
By letting AI do the heavy lifting of data analysis, your team shifts from searching for answers to verifying AI-generated insights.
- ✓ **Tell the Story Behind the Numbers:**
Automation clears the noise, allowing your team to focus on adding expertise and business context to tell the story behind your numbers.

AI-powered tools allow accountants to cut days off the monthly close by automatically matching transactions and locating the culprit when something is off.





CUSTOMER SPOTLIGHT

Salad and Go leveraged FloQast to overhaul a massive manual reconciliation burden. By implementing AI Transaction Matching, they achieved:



Automating 98% of 50,000+ monthly transactions



75% reduction in daily reconciliation cycle time



Improved accountability and oversight while enabling lean operations

The Result: With 98% of 50,000+ transactions handled automatically, the team shifted their focus from manual data entry to strategic growth and analysis.

STEP 6

Measure, Monitor & Optimize

You can't improve what you do not measure. To move from a reactive close to a proactive one, you need to transition from "getting it done" to "analyzing how it gets done." You may be thinking, "I don't have time for that." But if you've gotten to this point, you're freeing up time. This will take that a step further.



Measure Your Baseline & ROI

The first step in any transformation is documenting your process, including the time it takes to prepare and review every reconciliation.

✓ Identify Inefficiencies:

Understanding time spent on specific tasks helps you pinpoint exactly where manual bottlenecks are stalling the broader month-end process.

✓ Calculate Total Cost:

Take time tracking further by attributing hourly rates to assignees. This establishes a clear financial baseline, allowing you to measure and maximize the impact of future technology investments.



Track Individual & Team Bandwidth

Efficiency relies on knowing your team's capacity. The more you understand workload distribution, the more effectively you can allocate resources to mitigate risk.

✓ Risk-Based Resourcing:

A team handling a low volume of high-value transactions may carry a higher risk of misstatement than a team handling high-volume/low-value transactions. Use this information to redistribute work where it's needed most.

✓ Analyze the "Why" Behind Delays:

If reconciliations are late, distinguish between isolated incidents (e.g., illness) and systemic issues (e.g., slow ERP report generation). Systemic delays often signal scalability problems that require a tech-driven solution.



Conduct Retrospectives & Planning

Treat every close as a data-gathering exercise. Use retrospectives to ask: Where were the bottlenecks? Who was waiting on whom?

- ✓ **Identify Dependencies:**
A few months of consistent review helps you identify "blockers" in real time.
- ✓ **Proactive Risk Management:**
Use technology to flag these dependencies before they delay the entire close, turning a reactive "post-mortem" into proactive planning.



Use Data to Drive Continuous Improvement

By integrating your close data with Business Intelligence (BI) tools, you shift from basic reporting to strategic decision-making.

- ✓ **Customized Visibility:**
Build dashboards tailored to your entity's specific priorities.
- ✓ **Strategic Drills:**
 - Risk vs. Value:** Split GL balances by monetary value and cross-reference them with team ownership and risk levels.
 - Benchmarking:** Compare completion status on a specific business day against the prior month to track momentum.
 - Historical Trends:** Track timeliness data (Prepared Late vs. Reviewed Late) over a sustained period to gain deep insights into true team capacity.



Incorporate Intelligent Automation & AI

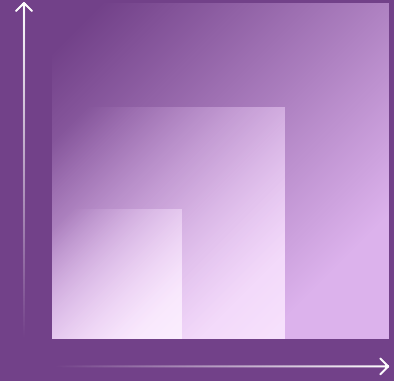
While traditional automation can significantly speed up reconciliations, advanced technologies like Machine Learning and AI Agents are changing the game.



Real-World AI Applications

- ✓ **Automated Transaction Matching:**
AI automatically transforms data and matches transactions with near-perfect accuracy. This dramatically reduces manual review time and allows your team to focus strictly on flagged exceptions.
- ✓ **Proactive Exception Flagging:**
Instead of chasing errors manually, AI surfaces discrepancies in the GL as they occur, enabling more timely and frequent reviews so teams can avoid the month-end crunch.
- ✓ **End-to-End Workflow Automation:**
Beyond simple tasks, AI Agents can now execute entire accounting workflows from start to finish. These agents perform recurring manual processes on a schedule, acting as a tireless digital extension of your team.

By layering AI and automation over a standardized foundation, you give your team the tools to maintain the precision the business demands—without the manual effort that leads to burnout.



Real Results, Real ROI

Leading companies are seeing transformative results.



EFFICIENCY SPOTLIGHT

By unifying reconciliations, evidence, and notes within a single source of truth, Fanatics enhanced audit readiness and close speed.



50% reduction in audit-cycle time



Unified all supporting evidence and documentation



Boosted confidence in data completeness across the organization

GET YOUR GUIDE

SPEED SPOTLIGHT

GetYourGuide prioritized visibility and automation to regain control of an overextended close cycle.



65% reduction in total reconciliation and close time



Slashed the close cycle from 20 days down to 7



Increased team accuracy and visibility through a standardized framework

podimo

ACCELERATION SPOTLIGHT

Podimo modernized its month-end close by replacing manual spreadsheets with a structured, automated workflow to support its rapid global expansion.



71% faster close, from 14 days down to 4



Unified financial processes across multiple international entities



Enhanced accuracy by eliminating manual errors to ensure a "no-surprises" reporting cycle



About FloQast

Don't leave your month-end close to chance. FloQast's Accounting Transformation Platform, created by accountants for accountants, enables greater accuracy, speed, and control across your financial close and accounting workflows by reducing system, data, and process complexity with intelligent, AI-assisted close automation. Learn more at FloQast.com.

