

# How To's – from Hawai'i ODC

## 3-Way Reconciliation ~ INSTRUCTIONS

### THREE-WAY RECONCILIATION

*Monthly is Best Practice. Quarterly is Required.*

#### I. Step 1: Your Journal Balance

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- A. Total up the Receipt Journal for the month, using the date on the bank statement as your ending date
- B. Total up the Disbursement Journal for the month, using the same time period
- C. Record these numbers on your Master Disbursement Sheet
- D. Record the numbers on your Reconciliation Sheet, under "Journal Balance"

#### II. Step 2: Your Reconciled Bank Balance

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- A. Enter the ending balance from your monthly bank statement on your Reconciliation Sheet, under "Bank Balance"
- B. Add deposits that you made to your IOLTA which have yet to clear or hit your account credit
- C. Subtract any outstanding checks that have not yet been cashed (and are not yet debited from your account)
- D. The total will be your **Reconciled** Bank Balance and should match your Journal Balance

#### III. Step 3: Your Subsidiary Client Ledger Balance

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- A. Prepare a list of all open balances, organized by client name, using your Subsidiary Client Ledgers
- B. The total should match your **Reconciled** Bank Balance and your Journal Balance