THREE-WAY RECONCILIATION

Monthly is Best Practice. Quarterly is Required.

I. Step 1: Your Journal Balance
   
   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
   
   A. Enter the ending balance from your monthly bank statement on you 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

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