



Chapter 08: Administrative and Financial

07. Financial Reporting and Reconciliation

Generate financial reports and perform reconciliations to maintain accurate financial records and support decision-making.

Purpose

Establish systematic financial reporting and reconciliation procedures that ensure accurate financial records, provide timely management information, and support regulatory compliance while enabling informed business decision-making.

Roles and Responsibilities

Finance Leader:

- Review and approve billing policies and procedures
- Oversee invoice accuracy and accounts receivable
- Monitor financial performance and budgets
- Ensure compliance with financial regulations
- Coordinate with external accounting services

Business Leader:

- Approve marketing budget and resource allocation
- Review financial projections and business development strategies
- Provide strategic direction for market expansion
- Monitor competitive positioning and pricing strategies
- Oversee vendor contracts and supplier relationships

Operations Leader:

- Oversee daily operations and coordinate between departments
- Authorize emergency response procedures and resource allocation
- Monitor safety compliance and operational excellence
- Coordinate scheduling across departments for operational coverage
- Review billing disputes and approve service adjustments
- Ensure regulatory compliance across all operations

Process Steps

Monthly Closing Phase

- **Complete transaction recording** - Ensure all monthly transactions are recorded in accounting system
- **Process accruals and deferrals** - Record month-end adjustments for proper period matching
- **Reconcile bank accounts** - Match bank statements to accounting records and resolve differences
- **Reconcile accounts receivable** - Verify client account balances and aging accuracy

Financial Statement Preparation Phase

- **Generate trial balance** - Produce preliminary financial position for review and adjustment
- **Prepare income statement** - Summarize revenue and expenses for the reporting period
- **Create balance sheet** - Present assets, liabilities, and equity at period end
- **Develop cash flow statement** - Show cash receipts and disbursements by operating, investing, and financing activities

Analysis and Reporting Phase

- **Calculate key financial ratios** - Compute profitability, liquidity, and efficiency metrics
- **Prepare variance analysis** - Compare actual results to budget and prior periods
- **Create management dashboard** - Summarize key performance indicators for leadership review
- **Generate departmental reports** - Provide detailed financial information by operational area

Review and Distribution Phase

- **Review financial accuracy** - Verify report accuracy and resolve any discrepancies
- **Obtain management approval** - Present reports to leadership team for review and approval
- **Distribute reports** - Provide financial information to authorized recipients per distribution schedule
- **Archive financial records** - Store completed reports and supporting documentation securely

Process Mapping

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flowchart TD

A[Month End] --> B[Record Transactions]

B --> C[Reconcile Accounts]  
C --> D[Prepare Statements]  
D --> E[Analyze Performance]  
E --> F[Generate Reports]  
F --> G[Management Review]  
G --> H[Distribute Reports]  
H --> I[Archive Records]  
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## Tools and Resources

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- **Accounting Software:** General ledger and financial reporting system
- **Bank Reconciliation Tools:** Automated matching and exception reporting
- **Financial Analysis Templates:** Ratio calculations and variance analysis formats
- **Report Distribution System:** Secure report delivery and access controls
- **Document Management System:** Financial record storage and retrieval
- **External Accountant:** CPA firm for complex accounting issues and annual reviews

## Success Metrics

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- **Completion Time:** Monthly financial reports completed and distributed within 10 business days of month end.

**Quality Standard:** 99% accuracy in financial reports with less than 1% requiring restatements.

**Safety Standard:** Financial reporting supports safety budget monitoring and compliance verification.

**Client Satisfaction:** Financial transparency supports client confidence and relationship management.

## Common Issues and Solutions

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- **Issue:** Bank reconciliation discrepancies delaying month-end closing
- **Solution:** Implement daily cash management procedures and automated bank feeds. Investigate and resolve discrepancies immediately rather than accumulating them.

**Issue:** Missing transaction documentation affecting report accuracy

**Solution:** Establish daily transaction review procedures and require supporting documentation for all entries. Implement digital document capture and approval workflows.

**Issue:** Complex aviation transactions requiring specialized accounting treatment

**Solution:** Develop aviation-specific chart of accounts and work with CPA specializing in aviation industry. Create procedures for common aviation transactions.

## Safety Considerations

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⚠ **WARNING:** Ensure financial reporting accurately reflects safety and maintenance expenditures for regulatory compliance

⚡ **CAUTION:** Protect confidential financial information and maintain appropriate access controls

ℹ **NOTE:** Financial reports should support safety decision-making and regulatory compliance monitoring

✅ **BEST PRACTICE:** Use automated reconciliation tools to improve accuracy and reduce manual errors

## Regulatory References

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- **Generally Accepted Accounting Principles (GAAP)** - Financial reporting standards
- **Internal Revenue Code** - Tax reporting and compliance requirements
- **14 CFR Part 91** - General Operating Rules (financial record requirements)
- **Sarbanes-Oxley Act** - Internal controls over financial reporting