Standard Operating Procedures: Balance Sheet Maintenance

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# 1. Standard Operating Procedures: Balance Sheet Maintenance

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## 1.1 Purpose

This document outlines the standard operating procedures for maintaining and validating the company’s balance sheet. These procedures ensure accuracy, consistency, and compliance with accounting standards.

## 1.2 Scope

These procedures apply to all financial analysts responsible for maintaining and reviewing the company’s balance sheet spreadsheet.

## 1.3 Responsibilities

* **Financial Analysts**: Daily maintenance and validation
* **Senior Financial Analyst**: Weekly review and approval
* **Financial Controller**: Monthly sign-off
* **CFO**: Quarterly review and approval

## 1.4 Prerequisites

* Access to company financial systems
* Excel proficiency
* Understanding of GAAP principles
* Completed financial compliance training

## 1.5 Balance Sheet Maintenance Procedures

### 1.5.1 Daily Operations

1. **File Access**
   * Open the balance sheet from the secured financial drive
   * Save a working copy with format: BalanceSheet\_YYYYMMDD\_[YourInitials].xlsx
   * Enable formula calculation mode
2. **Data Validation**
   * Verify formula integrity in all calculated fields
   * Check for #REF!, #N/A, or #DIV/0! errors
   * Confirm balance check formula shows “Balance Sheet Balanced”
3. **Cash and Equivalents Update**
   * Update checking account balance from bank statements
   * Reconcile petty cash with physical counts
   * Verify savings account interest calculations
4. **Accounts Receivable Verification**
   * Update customer balances from invoicing system
   * Age receivables and flag overdue accounts
   * Reconcile total with AR subsidiary ledger
5. **Inventory Reconciliation**
   * Update raw materials based on purchasing records
   * Verify work in progress with production reports
   * Reconcile finished goods with warehouse counts

### 1.5.2 Weekly Tasks

1. **Fixed Assets Review**
   * Verify depreciation calculations
   * Update asset register for new purchases/disposals
   * Reconcile accumulated depreciation
2. **Liabilities Verification**
   * Update accounts payable from AP system
   * Verify debt payment schedules
   * Reconcile accrued expenses

### 1.5.3 Monthly Procedures

1. **Comprehensive Review**
   * Run balance sheet analytics
   * Calculate key financial ratios
   * Prepare variance analysis
2. **Documentation Requirements**
   * Save supporting documents for all major changes
   * Document any manual adjustments
   * Prepare monthly reconciliation report

## 1.6 Quality Control Measures

### 1.6.1 Formula Validation

Key Formulas to Check:  
- Total Current Assets: =B4+B10+B15  
- Net Fixed Assets: =B22+B27  
- Total Assets: =B19+B31  
- Total Liabilities: =B44+B47  
- Balance Check: =IF(B33=B55,"Balance Sheet Balanced","ERROR: Not Balanced")

### 1.6.2 Control Checks

* ☐ All totals foot and cross-foot
* ☐ Assets = Liabilities + Equity
* ☐ All supporting schedules reconcile
* ☐ No unexplained variances >$1,000
* ☐ All required documentation attached

## 1.7 Error Resolution

### 1.7.1 Common Issues and Solutions

1. **Formula Errors**
   * Check cell references
   * Verify calculation logic
   * Review linked spreadsheets
2. **Balance Discrepancies**
   * Review recent transactions
   * Check for missing entries
   * Verify timing differences
3. **System Integration Issues**
   * Refresh data connections
   * Verify import mappings
   * Check for system updates

### 1.7.2 Escalation Procedures

1. Document the error
2. Attempt resolution using standard procedures
3. If unresolved, escalate to supervisor
4. Log in issue tracking system

## 1.8 Reporting Requirements

### 1.8.1 Daily Reports

* Balance sheet snapshot
* Cash position report
* Outstanding items list

### 1.8.2 Weekly Reports

* Variance analysis
* Reconciliation status
* Exception report

### 1.8.3 Monthly Reports

* Complete balance sheet package
* Financial ratios analysis
* Management commentary

## 1.9 Compliance and Controls

### 1.9.1 Regulatory Requirements

* Maintain audit trail
* Document all manual adjustments
* Preserve supporting documentation
* Follow retention policy

### 1.9.2 Internal Controls

* Segregation of duties
* Review and approval process
* System access controls
* Change management procedures

## 1.10 Version Control

### 1.10.1 File Naming Convention

BalanceSheet\_[YYYYMMDD]\_[Version]\_[Status].xlsx  
Example: BalanceSheet\_20241116\_v1\_Final.xlsx

### 1.10.2 Backup Procedures

* Daily: Local backup
* Weekly: Network backup
* Monthly: Offsite backup
* Quarterly: Archive

## 1.11 Training and Support

* Complete initial training
* Quarterly refresher sessions
* Access to help desk
* Regular team reviews

## 1.12 Emergency Procedures

1. Save all work
2. Document the issue
3. Contact supervisor
4. Implement contingency plan
5. Follow recovery procedures

**Approval and Sign-off**

| Role | Name | Date |
| --- | --- | --- |
| Prepared By: | [Financial Analyst] |  |
| Reviewed By: | [Controller] |  |
| Approved By: | [CFO] |  |

**Next Review Date**: November 16, 2025