

What is monthly close?

To “close the books” each month, the general ledger accounts are balanced as of the last day of the month, and financial reports are prepared for the point in time based on information from the general ledger. [See the OVC TFCM General Ledger Guide Sheet.](#)

This closing procedure is always done annually but can also be done quarterly.

Why have a monthly close policy?

A monthly close policy sets the reporting period. It usually states what day of the month, quarter, and/or year the books are closed. This is to stay in compliance with Generally Accepted Accounting Principles (GAAP). [See the OVC TFCM Generally Accepted Accounting Principles Guide.](#)

What are some procedural issues to be considered in a monthly close policy?

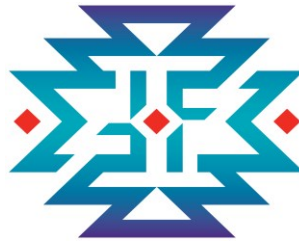
The monthly close procedures are often a checklist outlining how a tribal entity reviews, records, and reconciles accounting information in each monthly period – and, then again, annually. A standardized monthly close procedure helps accounting data stay organized so financial and tax reports can be completed timely and accurately. [See the OVC TFCM Financial and Tax Reporting Guide.](#)

Monthly close procedures include:

- ◆ Basic monthly steps involved in closing the books – who performs the monthly steps?
- ◆ Annual steps involved in closing the books – who performs the annual steps?
- ◆ Who oversees closing the books and ensures all steps are completed?

Resources

- ◆ OVC TFCM Guide Sheets
 - ◆ General Ledger
 - ◆ Generally Accepted Accounting Principles Guide Sheet
 - ◆ Financial and Tax Reporting Guide Sheet



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Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to Evaluation@OVCTFMC.org.

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