

The CAM Reconciliation Readiness Checklist

Many commercial property operators still perform CAM reconciliations manually, reviewing lease provisions and allocating expenses line by line across tenants.

When processes are inconsistent or expense classifications change late in the year, reconciliation can become time-consuming and difficult to complete on schedule. In some cases, reconciliations are delayed for multiple years, resulting in large retroactive billings and unnecessary tenant friction.

This checklist helps property owners and managers review the operational controls that support a consistent and timely CAM reconciliation process. **Let's confirm your structure is sound before making tweaks.**

Lease Abstraction Accuracy

- CAM caps verified and documented
- Gross-up provisions defined
- Exclusions (capital, marketing, management fees, etc.) flagged
- Expense stop structures confirmed
- Renewal amendments incorporated

WHY THIS MATTERS

Small abstraction errors compound across tenants and become difficult to unwind later.

Expense Coding Consistency

- Chart of accounts standardized across properties
- Expenses mapped consistently to CAM pools
- One-time or unusual costs reviewed before posting
- Administrative fees calculated using a documented methodology
- Tenant-specific expenses separated from common-area costs
- Recoverable vs. non-recoverable expenses plainly identified
- Expense mapping remains consistent throughout the year

WATCH FOR

Mid-year reclassifications that alter expense pools after tenants have been billed.

Operating vs. Capital Classification

- Capital expenditures excluded unless lease allows amortization
- Amortized capital properly scheduled
- Repairs vs. improvements reviewed consistently
- Large vendor invoices reviewed prior to posting

KEY POINT

Misclassification here is one of the fastest ways to require additional explanation during reconciliation.

Allocation Methodology Documentation

- Allocation methodology applied consistently throughout the year
- Occupancy percentages calculated consistently
- Vacancy gross-up methodology applied uniformly
- Shared service allocations documented
- Multi-building allocations supported with backup

KEY POINT

If allocation logic changes mid-year, reconciliation will require explanation.

Vendor Contract Alignment

- Vendor agreements reviewed against CAM eligibility
- Management fee calculations match lease language
- Service contracts categorized correctly
- Pass-through eligibility confirmed

KEY POINT

Vendor contracts and lease terms should not contradict each other.

Year-over-Year Expense Review

- Variances greater than 5-10% (or material dollar changes) flagged and explained
- Utility spikes explained
- Repairs analyzed for recurring patterns
- Insurance and tax changes documented

KEY POINT

Reviewing expense trends during the year helps identify variances early and reduces tenant questions during reconciliation.

Budget Alignment & Timing Discipline

- Budget vs. actual variances reviewed prior to reconciliation
- Accrual entries posted before true-up calculations
- Cash timing differences identified and adjusted
- Large year-end catch-up entries explained and documented

WHY THIS MATTERS

CAM reconciliation is significantly easier when accruals, adjustments, and expense reviews are completed throughout the year rather than concentrated at year-end.

What Happens When These Controls Break Down?

Even well-structured CAM processes can encounter recurring issues. Understanding where breakdowns occur is the next step in improving consistency and timing.

Review Common CAM Process Breakdowns

