

# SOP: Accounting Department Review and Validation

This SOP details the **accounting department review and validation** process, encompassing the systematic examination of financial records, verification of transaction accuracy, reconciliation of accounts, approval workflows, compliance with regulatory standards, and documentation protocols. The aim is to ensure the integrity, accuracy, and completeness of financial data before final reporting and decision-making.

## 1. Purpose

To define the process for the review and validation of accounting records to ensure all financial data is accurate, complete, compliant, and ready for internal and external reporting.

## 2. Scope

This SOP applies to all accounting personnel involved in financial recordkeeping, reconciliation, and reporting activities within the accounting department.

## 3. Responsibilities

Role	Responsibility
Accountant	Initial entry and maintenance of financial records; submitting records for review.
Senior Accountant/Reviewer	Systematic review, validation, transaction checks, and preliminary reconciliation.
Accounting Manager	Approval of validated records; ensures compliance and resolution of discrepancies.
Compliance Officer (if applicable)	Monitoring compliance with internal policies and regulatory standards.

## 4. Procedure

- Collection and Organization of Financial Records**
  - Gather all supporting documents (invoices, receipts, statements, etc.).
  - Organize by period, account, and transaction type.
- Systematic Review**
  - Review each transaction for completeness, supporting documentation, and accuracy.
  - Flag discrepancies or missing information for further investigation.
- Validation of Transactions**
  - Verify amounts, dates, account codes, and authorization for each transaction.
- Account Reconciliation**
  - Reconcile subsystems (accounts receivable, payables, bank statements, etc.) with the general ledger.
  - Document and resolve any variances or reconciliation items.
- Approval Workflow**
  - Route validated documents and records to management for final approval.
  - Maintain an audit trail of approvals and comments.
- Compliance Check**
  - Ensure adherence to relevant accounting standards, company policies, and regulatory requirements (e.g., GAAP, IFRS).
- Documentation and Recordkeeping**
  - Maintain detailed and organized documentation of all review and validation activities.
  - Store records securely and ensure accessibility for audits.
- Final Reporting**
  - Compile and submit final validated financial data for management review and reporting.

## 5. Documentation Requirements

- Supporting source documents (invoices, receipts, bank statements, contracts, etc.)
- Checklists and validation forms

- Reconciliation worksheets
- Approval records and audit trails
- Corrective action documentation for any identified discrepancies

## 6. Compliance and Record Retention

- Retain accounting records and review documentation per company policy and regulatory guidance (e.g., minimum 7 years).
- Ensure records are available for internal/external audit and legal purposes.

## 7. Revision and Review

- Review this SOP at least annually or upon changes in regulatory standards or organizational requirements.
- Document and communicate any changes to all relevant staff.

## 8. Related Documents

- Company Accounting Policies Manual
- Internal Audit SOP
- Document Retention Policy
- Relevant Regulatory Compliance Guidelines (e.g., GAAP, IFRS)

*Date Effective:* \_\_\_\_\_

*Reviewed By:* \_\_\_\_\_

*Version:* \_\_\_\_\_