

Standard Operating Procedure (SOP)

Periodic Reconciliation and Audit of Invoice Records

This SOP details the **periodic reconciliation and audit of invoice records**, encompassing the systematic verification of invoice data against financial records, identification and resolution of discrepancies, ensuring accuracy and completeness of transactional documentation, compliance with regulatory standards, and the maintenance of audit trails. The objective is to uphold financial integrity, enhance transparency, and support effective financial management within the organization.

1. Scope

This procedure applies to all departments responsible for generating, recording, approving, and managing invoice records within the organization.

2. Responsibilities

- **Finance Team:** Execute periodic reconciliations, report findings, and resolve discrepancies.
- **Department Managers:** Review and approve reconciliations, support investigations.
- **Auditors:** Conduct independent audits and provide recommendations.

3. Frequency

- Reconciliation: **Monthly** or as stipulated by organizational policy.
- Audit: **Quarterly** or as required by internal controls or external regulations.

4. Procedure

1. Preparation

- Obtain all relevant invoice records and corresponding financial ledgers for the period under review.
- Ensure access to supporting documentation (e.g., purchase orders, delivery receipts).

2. Reconciliation Process

- Compare invoice entries against financial records, identifying variances in amounts, dates, or details.
- Utilize reconciliation templates or software tools as applicable.

3. Discrepancy Identification & Resolution

- List and investigate all discrepancies found.
- Coordinate with relevant departments to obtain missing/wrong data and correct records accordingly.
- Document all actions taken to resolve discrepancies.

4. Audit Trail Maintenance

- Ensure all changes, adjustments, and notes are clearly tracked in the system.
- Retain original and revised documentation as per the document retention policy.

5. Audit Review

- Schedule and facilitate periodic audits by internal/external auditors.
- Provide auditors with all requested documentation and clarifications.
- Implement recommendations from audit findings promptly.

6. Reporting

- Prepare a summary report of reconciliation and audit activities, discrepancies, resolutions, and outstanding issues.
- Distribute reports to relevant management and stakeholders.

5. Compliance

- Ensure adherence to applicable financial policies, regulatory standards, and accounting principles.
- Maintain data confidentiality and restrict access to authorized personnel only.

6. Documentation & Record Retention

- Retain all reconciliation and audit records for a minimum of **7 years** or as prescribed by regulatory guidelines.
- Store documentation securely, both in digital and physical formats.

7. Revision History

Version	Date	Description	Approved By
1.0	2024-06-20	Initial draft and implementation	Finance Director