

Check this template against your local regulations and your own policies before you use it.

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| SOP no. |  | Version  |  | Effective date |  |
| Owner   |  | Approver |  | Review date    |  |

## Purpose

To make sure every job is reviewed by someone other than its preparer before it's sent to the client or lodged, that every review point is cleared and recorded, and that the work meets the firm's quality standard.

## Scope

Annual financial statements, tax returns, management reports and other compliance work prepared by the firm. It applies to every preparer, reviewer and partner.

## Responsibilities

| Role                         | Responsibility                                                                                      |
|------------------------------|-----------------------------------------------------------------------------------------------------|
| Preparer                     | Prepares the job, completes the self-review checklist, and clears every review note.                |
| Reviewer (senior or manager) | Reviews the workpapers and outputs, raises review notes, and signs off when they're cleared.        |
| Partner                      | Gives final sign-off, and a second review for higher-risk jobs, before the work goes to the client. |

## Definitions

**Workpapers:** The schedules, reconciliations, source documents and notes that support the figures in the financial statements or return.

**Review note:** A question or correction the reviewer raises on the workpapers, which the preparer must answer or fix.

**Self-review checklist:** The preparer's own list of checks to complete before passing a job to the reviewer.

## What you need

- The job's workpapers, in the firm's template
- The preparer's self-review checklist
- The review notes register or tool
- Last year's file and the client's permanent file

## Procedure

### 1. Complete the preparer's self-review

Before passing the job on, the preparer ticks off the self-review checklist, ties the trial balance to the statements and return, and explains any big changes from last year.

### 2. Assign the reviewer

The job goes to a reviewer who didn't prepare it, with the time budget and any deadline.

### 3. Review the workpapers

Check every balance is supported by a reconciliation or source document, journals are explained, and nothing is carried forward unchecked.

- Bank and loan balances agree to statements at the balance date
- Receivables, payables and accruals are supported and cut off correctly
- Fixed asset additions, disposals and depreciation are supported
- Related-party balances and owner drawings are explained
- Last year's adjusting entries were carried through

### 4. Review the outputs

Check the financial statements and return for accuracy, completeness and presentation, and that tax positions are supported and consistent with last year.

- The statements and return agree to the trial balance
- Comparatives and disclosures are complete and correct
- Tax adjustments, credits and elections are supported
- Margins and ratios make sense against last year

### 5. Raise review notes

Raise each point as a clear note, with where it is and what's needed. Mark which points must be cleared before sign-off.

- Mark each note as must-clear or for information
- Point to the exact workpaper or line
- Say what evidence or change would clear it

### 6. Clear the review notes

The preparer answers or fixes each note and records what they did. The reviewer checks each answer before closing it.

**Caution:** Never close a review note by deleting it. Keep the note and its answer as the record of the review.

### 7. Second review for higher-risk jobs

A partner reviews jobs your firm has set as higher-risk, such as new clients, complex tax positions or large movements, before sign-off.

### 8. Sign off and release

The reviewer and partner sign off in the file, and only then is the work sent to the client or lodged.

- Every must-clear note is closed
- The client's approval or signature is requested
- The delivery or lodgment date is recorded

### 9. Record lessons

Note repeated review points by preparer and job type, and use them in training and the next year's plan.

## Records

- The completed self-review checklist and review notes with their answers, kept on the job file for as long as your professional and tax rules require.
- Sign-offs by the preparer, reviewer and partner, with dates.
- The firm's list of higher-risk jobs needing a second review.
- Quality control reviews of a sample of completed jobs.

**Related documents**

- Firm quality management policy
- Preparer self-review checklist
- Accounting client onboarding checklist
- Month-end close checklist

**Revision history**

| Version | Date | What changed | Approved by |
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