



Standard Operating Procedure (SOP)

Title: Accounts – Audit Preparation & Compliance
Version: 1
Effective Date: 22 February 2024
Prepared by: Tamara Gray

1. Purpose

The purpose of this SOP is to establish standardized procedures for preparing for internal and external audits at Tamborine Mountain Glades. It also provides guidelines to ensure compliance with audit requirements and standards, helping the company to maintain accurate records and demonstrate adherence to policies, regulations, and best practices.

2. Scope

This SOP applies to all employees involved in the audit preparation process at Tamborine Mountain Glades, including the finance department, internal auditors, and any personnel responsible for maintaining records and documentation subject to audit.

3. Responsibilities

- **Finance Department:** Responsible for maintaining accurate financial records, preparing for audits, and ensuring that all necessary documentation is available and organized.
- **Internal Auditors:** Conduct internal audits, identify areas for improvement, and ensure that the company is in compliance with internal policies and external regulations.
- **External Auditors:** Independent auditors who assess the accuracy of the company's financial statements and compliance with applicable standards and regulations.
- **Department Heads:** Ensure that their departments are prepared for audits and that all relevant records and processes are in compliance with company policies.

4. Definitions

- **Internal Audit:** An independent, objective review of the company's operations, processes, and controls conducted by internal staff or auditors to ensure compliance with policies and regulations.
- **External Audit:** An audit conducted by an independent third party to assess the accuracy of financial statements and compliance with applicable laws and regulations.
- **Audit Compliance:** The process of ensuring that all company operations, records, and financial statements adhere to applicable audit standards, policies, and regulations.

5. Procedures

5.1 Preparing for an Audit

- **Notification of Audit:**
 - Upon receiving notification of an upcoming audit (internal or external), the finance manager should inform all relevant departments and personnel.



- The audit scope, timeline, and specific requirements should be communicated to ensure that everyone understands their roles and responsibilities.
- **Assembling Documentation:**
 - Gather all necessary documentation for the audit, including financial statements, general ledger, bank statements, invoices, contracts, payroll records, tax filings, and any other relevant documents.
 - Ensure that all records are up-to-date, accurate, and organized in a manner that facilitates easy retrieval during the audit.
- **Reviewing Internal Controls:**
 - Conduct a review of internal controls to ensure that all financial processes and procedures are being followed as documented.
 - Identify any areas where controls may be weak or non-compliant and implement corrective actions before the audit begins.
- **Reconciling Accounts:**
 - Ensure that all accounts are reconciled, including bank accounts, accounts receivable, accounts payable, and payroll accounts.
 - Address and resolve any discrepancies or outstanding items before the audit.
- **Preparing Staff:**
 - Brief all relevant staff on the audit process, including what to expect during the audit, how to answer auditor questions, and the importance of maintaining professionalism and transparency.
 - Assign specific tasks to staff members, such as providing documentation, answering auditor questions, or demonstrating processes.

5.2 Conducting Internal Audits

- **Audit Planning:**
 - The internal audit team should develop an audit plan that outlines the objectives, scope, methodology, and timeline for the audit.
 - Identify key areas of focus, such as financial reporting, compliance with company policies, and adherence to regulatory requirements.
- **Executing the Audit:**
 - Conduct the audit according to the audit plan, reviewing records, processes, and controls.
 - Interview staff members to gain a better understanding of their roles and how they adhere to company policies and procedures.
 - Document findings, including any instances of non-compliance, control weaknesses, or areas for improvement.
- **Reporting Findings:**
 - Prepare an audit report that summarizes the audit findings, including any recommendations for corrective actions or improvements.
 - Present the audit report to management, highlighting any critical issues that require immediate attention.
 - Work with relevant departments to develop an action plan for addressing audit findings and implementing recommended changes.



5.3 Preparing for External Audits

- **Coordinating with External Auditors:**
 - Establish a point of contact between the company and the external auditors to facilitate communication and coordination throughout the audit process.
 - Provide external auditors with the necessary information about the company's operations, policies, and financial records.
 - Schedule meetings with key personnel as requested by the auditors to discuss specific areas of focus.
- **Providing Documentation:**
 - Ensure that all requested documentation is provided to the external auditors promptly and in an organized manner.
 - Be prepared to explain the company's accounting policies, internal controls, and any significant transactions or events that occurred during the audit period.
- **Addressing Auditor Inquiries:**
 - Respond to any inquiries from the auditors promptly and accurately, providing additional documentation or clarification as needed.
 - If the auditors identify any discrepancies or issues, work with the finance department and relevant personnel to investigate and resolve them.

5.4 Ensuring Compliance with Audit Requirements and Standards

- **Adhering to Accounting Standards:**
 - Ensure that all financial statements are prepared in accordance with applicable accounting standards (e.g., GAAP, IFRS).
 - Stay informed about changes in accounting standards and regulations that may impact financial reporting and audit compliance.
- **Maintaining Accurate Records:**
 - Keep accurate and complete records of all financial transactions, including supporting documentation for all entries in the general ledger.
 - Implement a system for regularly reviewing and updating records to ensure they remain current and compliant with audit requirements.
- **Implementing Corrective Actions:**
 - If an audit identifies areas of non-compliance or control weaknesses, develop and implement corrective actions to address these issues.
 - Monitor the effectiveness of corrective actions to ensure that they fully resolve the identified issues and prevent recurrence.
- **Continuous Improvement:**
 - Use audit findings to identify opportunities for continuous improvement in the company's financial processes, internal controls, and compliance efforts.
 - Regularly review and update the company's policies and procedures to reflect best practices and changes in regulatory requirements.

6. Guidelines for Ensuring Compliance with Audit Requirements and Standards

- **Accuracy:** Ensure that all financial records and documentation are accurate, complete, and up-to-date to support the audit process.



- **Transparency:** Maintain transparency in all communications with auditors, providing full and accurate information about the company's operations and financial position.
- **Timeliness:** Prepare for audits promptly and provide all requested documentation and information to auditors within the specified timelines.
- **Professionalism:** Ensure that all staff members involved in the audit process conduct themselves professionally and cooperate fully with auditors.

7. Review and Revision

This SOP should be reviewed annually or as necessary to ensure it remains relevant and effective. Any revisions must be approved by the finance manager and communicated to all relevant staff.