

# The Care and Training of A Healthy Audit

➤ One rule – Communicate clearly and often

Okay, more ideas –

➤ Pre-engagement meeting – meet with decision makers in the audit firm to engage the auditors

- § Engagement letter is a contract – treat it as such
- § Specifies time lines for audit work
- § Specifies anticipated hours and fees
- § No additional work will be performed or fees changed without prior approval
- § Impact of new pronouncements and standards on audit
- § Audit team

➤ Pre-field work planning meeting – meet with audit team to discuss:

- § Audit plan and timeline
- § Impact of new pronouncements and standards on audit
- § Auditor efficiencies – use of software and electronic tools to create efficiencies
- § Areas your organization can improve audit efficiencies
- § Preparing financial statements
- § Preliminary work or testwork that can be done before end of year
- § Discuss PBC (prepared by client) letter
- § Discuss confirmation letters and get forms from auditors
- § Ask questions – clarify terms

➤ Preparing for the auditors

- § Prepare and deliver confirmation letters to auditors so they will be received in time for the audit work
- § Prepare all information and support before the audit begins
- § Double check that all supporting information agrees to the financial statements
- § Save a Tree - Deliver information electronically
- § Educate your staff

➤ Beginning of audit field work

- § First day meeting to organize
- § Have everything ready for the auditors
- § Auditors should supply lists of items to pull for supporting documents – this should be given to you on the first day
- § Roadmap of information provided
- § Directory of contacts in the organization
- § Schedule any required appointments between auditors and staff
- § Tour of the facility and contacts
- § Confirm timeline

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- During the fieldwork
  - § Meet with the auditors daily
  - § Check on status of requested information
  - § Find out if the auditors feel they need to perform additional work not originally anticipated
  - § Discuss any findings or errors to date
  
- Closing meeting
  - § Needs to include audit firm decision makers
  - § No surprises
  - § Preliminary financial statement discussion
  - § Preliminary findings and letter to management discussion
  - § Open items – set dates and designate contacts for resolution
  - § Review time line
  
- Finalizing the audit
  - § Presentation by auditors to management, board of directors, audit committee, etc.
  
- Use an advocate for your organization in dealing with the auditors
  
- Timeline
  - § Dates of all meetings
  - § Delivery by auditors of engagement letter
  - § Delivery by auditor of list of requested information – PBC letter
  - § Date of preliminary work – before year end
  - § Date confirmation letters will be sent so they will be returned by field work date
  - § Delivery to auditors of preliminary financial information – trial balance, financial statements, any other requested preliminary information
  - § Beginning and ending dates of fieldwork
  - § Date of closing meeting
  - § Delivery date by auditors of preliminary financial statements and management letters
  - § Delivery date by auditors of final financial statements and management letters
  - § Date of presentation by auditors to management, board of directors, etc.