

September 13, 2017

Speaker: Stephen Schiltz, CPA

Principal, Clifton Larson Allen, LLP

“Audit Simplified”

The speaker presented Audit Simplified as an overview of the audit process. Attendees learned about the auditor’s objective as well as best practices when working with auditors. Stephen discussed various components of the audit process.

The speaker began the talk about the company where he works, Clifton Larson Allen, LLP and services they provide.

Stephen spoke about the audit process:

- **The independent auditors’ objective** – to provide opinion on the financial statements whether it be unmodified opinion, qualified opinion, adverse opinion, or disclaimer of opinion.
- **Initial audit procedures** – communicate with predecessor auditor and evaluate integrity and competence of management, any disagreements with management any communications regarding fraud, noncompliance or reason for change in auditors. Review prior year financial statement.
- **Pre-Engagement** – Engagement acceptance and continuance process, evaluation of independence, engagement letter and management acknowledgement. At the pre-engagement the auditor presents a request list, has a planning meeting, develops time budget and tailors the audit programs based account balances and risk.
- **Risk Assessment**- understands the entity and its environment, determines planning materiality based on selected benchmarks such as revenue, assets, and equity, overall audit strategy and team meeting and understands fraud risks. Fraud is usually detected by tips, internal audits, accident, internal controls, external audit, and police notification.
- **Evaluating internal control, including IT**- look at entity level controls, consideration of IT, test control design and effectiveness, use the work of the internal audit.
- **Substantive procedure** – test of design and test of effectiveness. Evaluate whether they have been implemented and verify reconciliation. Verify internal audit competence. Review of records and analytics. Utilize Benford’s Law to help identify irregularities in the numbers.
- **Concluding the audit** – Draft audit reports and have an exit meeting. Meet with management to discuss status of the audit, finding and recommendations, pending items, and industry issues.
- **Communication with governance** – Report any changes to accounting policies, difficulties encountered, any corrected or uncorrected misstatements, disagreements with management or management representations. Communicate fraud, review management consultations with other auditors, and significant findings.
- **Best practices in dealing with auditors**-Always be prepared, be available and accessible, be accountable. Communicate audit expectations, discuss prioritization, and establish reasonable deadlines. Follow up, review reports, be timely, and respond in writing to all findings and recommendations.

Stephen ended with a question and answer period.