George Hay
Chartered Accountants

The Audit Process

Planning and Risk Assessment

A period of planning and risk assessment helps the auditors to understand the business, its activities and the environment in which it operates. The results of the planning will determine the extent of audit testing.

Audit strategy and plan

The auditors will develop an 'overall' strategy and detailed audit plan. This will typically cover the approach to be taken to testing, a detailed timetable and allocation of responsibility.

The audit strategy is fluid and will be reassessed throughout the process.

Fieldwork; Internal controls and substantive procedures

Auditors gather evidence by testing a company's internal controls and evaluating books, records and third-party documentation. In addition, auditors will perform substantive testing, i.e. inspecting invoices from suppliers, orders and sales and entries in the prime records of an organisation.

Reporting

Based on the evidence gathered, the auditors will make a judgement about whether the financial reports, in their entirety, represent a 'true and fair' view of the financial position of the organisation, comply with financial reporting standards and are free from material misstatement.

Finalisation

The audit is finalised with the completion of the audit report, as referenced above. The auditor's report will accompany the financial statements when they are issued to the intended recipients.

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