

## Introduction

Many people have found that being subject to an audit is a stressful experience. It does not have to be.

Many benefits can be gained by working together with auditors to build an effective relationship, which in turn leads to the effective completion of financial and performance audits.

This brochure offers some practical tips, gleaned from many years of audit experience that may help to ensure that audits are smooth, efficient, and stress-free.

## Attitude and approach

- Share a common objective to improve performance.
- Maintain an honest and open relationship with your auditors. Provide full and clear responses to queries - do not seek to obscure issues by giving only part of an answer because the auditor 'didn't ask the right question'.
- Ensure staff are flexible to audit requests. Auditors are happy to accommodate meeting times to agency staff timetables so long as it does not cause significant delays to the audit.
- If you are unsure whether you are able (legally) to provide information requested by the auditor, do not refuse outright. Instead, let the auditors know you'd like to check with your supervisor (or appropriate person) first. Please remember that the Auditor-General has very broad powers to obtain and get access to any information.
- If you need to challenge an audit finding, or suggest there may be alternative interpretations of the evidence obtained by audit, do so in an open manner. Be prepared to support your view with sound

evidence. The auditor will not generally be persuaded by management assertions alone.

- Do not be dismissive of the auditor's suggestions or recommendations. Challenge their effectiveness if necessary, but offer alternatives - the auditor is generally far more amenable to changing recommendations if you can show there is a better way to reach the desired end.
- Auditors will not be put off by the two 'standard' negative tactics sometimes used – delay and obstruction on the one hand, and trying to bury the auditor in paper on the other.

## Planning, preparation, and conduct

- Ensure all relevant staff understand the audit objective, and the role, responsibilities, and powers of the ACT Audit Office.
- Establish, at an early stage of the audit process, key agency contacts for communicating with the auditors, provision of information and addressing any problems:
  - establish contacts to facilitate access to information. Make sure the contact persons are available (not having pending leave, or often travelling away from work);
  - give auditors an up-to-date list of relevant staff (names and responsibilities) and make sure that all relevant staff are made aware of the audit and its commencement; and
  - agree who should receive draft findings and similar communications. Those responding to such draft findings should have the authority to do so.
- Establish clear timetables (with milestones) for providing financial statements and statement of performance, work papers, and response times for the

provision of information. Keep to the planned milestones in the audit process and inform the auditors as soon as possible when it becomes clear they cannot be achieved.

- Prepare work papers that support the financial statement and statement of performance, by including sufficient details and ensuring they can be easily understood by auditors. Work papers may be provided in electronic or hardcopy format. Ensure the statements and work papers have been subject to proper quality assurance review. This will reduce the amount of time needed from agency staff once auditors are on site.
- Anticipate issues that may need resolution and resolve these issues in a consultative manner before the financial statements are provided for audit. Agencies waiting to see whether the auditor identifies these issues are likely to create an environment of distrust and one that may reduce the auditor's confidence in the financial results reported by the agency.
- Ensure staff are available to assist the auditors if needed. The auditors will try to minimise disruption, but it is often more efficient (for everybody) for auditee staff to track down files or documents than for the auditors to do so.
- Correct auditors if you are aware of any errors or omissions. Don't hold things back as 'ammunition'.
- Deal with sensitive or serious matters at a senior management level. The auditors should do likewise.
- Seek briefings on the progress of the audit and any issues that may arise.



## Communication

- Keep the auditors informed of any significant accounting issues, policy changes etc throughout the year, rather than just at year-end.
- Maintain effective communication with the auditor throughout the audit. Keep your staff interacting with the audit team members.
- Establish a clear line of responsibility for handling audit queries; bring new key members of your staff up to speed on critical aspects of your business and financial affairs to ensure they are able to competently answer audit questions.
- Respond effectively and promptly to audit queries. Responses should be complete and accurate. This is more likely to occur when the agency staff are sufficiently knowledgeable about the matters under consideration; (errors themselves are not a problem, most can be fixed).
- Inform the auditors of any potential issues of concern when they arise, rather than waiting for the audit team to uncover them (and hoping that they won't).
- Seek clarification from the auditors if you don't understand something (especially powers under the *Auditor-General Act 1996*, or appropriate legislation).
- Openly engage the auditor in discussing the reporting and audit process. When it is all over, work with the auditors to evaluate the effectiveness of this process, with a view to improving it for the next year.



## WORKING TOGETHER IN AUDITS

### PRACTICAL TIPS

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