FloQast

10 Tips to Summit the Audit Mountain

The accounting industry faces an unprecedented climb. Record numbers of accountants are leaving the profession, with research suggesting almost half aren't certain they'll be with the same company next year—or even within the same field.

With these challenges in mind, it's important for finance professionals to find more efficient ways to work, especially when gearing up for audits. Make sure your company is ready for its next audit challenge with our top planning and reporting tips.

Planning Tips

01 // UNDERSTAND YOUR TEAM

One of your highest priorities should be understanding your team's capabilities. Whether remote, in-person, or hybrid, team communication is key: you'll need to understand individual roles, be aware of specific experience and expertise, and layer those factors into your audit preparations.

02 // MANAGE ACCOUNTABILITY

Balancing responsibilities during an audit is difficult, but a tactical project plan can help. Use an in-depth kick-off meeting to lay out roles and responsibilities, then leverage a centralized status tracking and checklist tool to facilitate internal discussions, share workloads, encourage transparency, and ensure everyone understands the collective pressures affecting the team.

03 // SCHEDULE SUPPORT

Audits place strain on your work schedule and can increase end of year pressure. Putting an automated reconciliation management system in place will reduce your team's workload, anticipate auditor issues, and gauge how much effort tasks will require. The system will also help you document properly as you move through the year, allowing you to avoid rushing in the final weeks before an audit is due.

04 // EFFICIENT COLLABORATION

In addition to encouraging your team to collaborate with one another, technology simplifies external collaboration, especially with auditors. Collaboration tools ensure reconciliations and checklist items are up to date and keep everyone on the same page.

05 // RECORD MEETINGS

Keeping team members and auditors on the same page can be challenging, but technology can significantly reduce scheduling friction. Integrate video conferencing software with the capability to record meetings, and share recordings with both employees and auditors. The recordings may also provide a creative way to walk auditors through procedural points later.

Reporting Tips

06 // DRAFT COMMENTS

Generic first draft financial statements disclosures can create friction during an audit. To avoid this, stay proactive in understanding issues raised, and pass that clarity on to auditors. Arrange an initial meeting with auditors to review the comments together, and explain your position in a personable way. Like the planning stage, fluid communication between your team, your financial director, and your auditor should be a priority.

07 // SENSITIVE ACCOUNTING ISSUES

When auditors raise sensitive accounting issues, your team must provide satisfactory explanations. To do this efficiently, document everything. Make process notes and, where possible, use visual aids to illustrate your thinking. Don't wait until an audit starts to engage with auditors: if a significant transaction occurs six months before year end, raise it then to ensure you get the tax treatment correct.

08 // REGULATORY CHANGES

Make sure your team remains proactive about implementing new compliance requirements. For example, regulators are increasingly focusing on environmental, social, and governance (ESG) rules. Continuing professional education (CPE) is a great way to acquire foundational knowledge of incoming regulatory changes, so it's worth thinking about how to help your team access relevant CPE courses.

09 // IMMATERIAL ISSUES

Immaterial accounting issues will inevitably emerge during your audit. While auditors typically set materiality thresholds, it's important to discuss certain points upfront. For example, establish whether immaterial differences will be adjusted by auditors directly in reported financial statements or if the client will post the adjustments and provide new figures to auditors immediately. However you choose to handle immaterial issues, communication with auditors should always be the priority.

10 // PUBLISHING FINANCIAL STATEMENTS

The publication of financial statements carries risks, including the possibility of introducing accounting errors and reporting delays. Embracing accounting technology and automation, and specifically integrating tools with a centralized view of your numbers, will add efficiency to your process. Technology has become integral to the accountancy industry, and the right reporting tool will minimize publication errors, streamline your workload, and give you a competitive edge.