

Audit readiness – preparing your annual reports

Audit readiness is essential during these turbulent times. Due to the recent events affecting the normal operations of businesses, it is expected that companies will have a challenging reporting season this year. Going concern, significant judgements and estimates, and subsequent events will continue to come under scrutiny. This, in turn, will increase the level of work required by external auditors to gain sufficient and appropriate evidence over certain balances and transactions.

Prior to the start of the audit, companies may consider the following for audit readiness:

- consider experience from prior year audits
- take your audit readiness plan to stakeholders
- update the documentations



Consider experience from prior year audits

Consider the findings from your previous audits as soon as you can. This will help lay out the best way towards audit readiness. Companies may consider the following:

- whether issues leading up to prior period audit adjustments and recommendations were already addressed, and
- how previous audit have gone and what could be done better.



Take your audit readiness plan to stakeholders

Share the plan to the stakeholders, both internal and external, and to those who are outside finance. This will make them aware of the timetable and will be available to speak to the auditors.

Steps may include the following:

- in the run up to preparing for the audit, step back and consider what's new and what's changed during the year. Update the list of contact details and any information necessary for third-party confirmations, and
- prepare technical papers that will help the external auditors understand how the company treated areas of complexity, estimation and judgement and should be completed when reviewing the accounting policies.



Update the documentations

- update forecasts and stress testing to help guide the Going concern review and disclosures,
- ensure that the minutes of meetings discloses the information critical to governance of the business,
- ensure that all liabilities are captured and the purchase invoice system captures costs and reconciles with the suppliers statements; and,
- ensure that journals have proper description, evidence and approval.



How we can help

We know that facing an audit can be a stressful situation for any finance team. We can help prepare you for audit and support you while the audit is ongoing, by:

- Carving out deliverables at year-end
- Managing the audit process
- Acting as an audit triage for queries while you deal with business-as-usual (BAU)
- Or, acting as BAU while you deal with the audit process

Now more than ever the need for businesses, their auditors and any other accounting advisors to work closely together is essential. If you would like to discuss any of the points raised, please speak to your usual P&A Grant Thornton contact or visit www.grantthornton.com.ph/Contact.



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