

You may be hearing from your auditor!

IF YOUR ORGANIZATION is undergoing a financial statement audit this year, you should be hearing from your auditor – and that’s not necessarily a bad thing.

Modern auditing standards now require certain ongoing, two-way communication between the auditor and your audit committee or board of directors on such topics as:

- significant findings from the audit;
- difficulties encountered in performing the audit;
- observations arising from the audit that apply to your financial reporting process; and
- any “significant deficiencies” or “material weaknesses” in your organization’s internal control as it relates to your financial reporting.

Steps you can take

- 1. Get everyone ready.** Auditors will require information not only from the accounting department but from senior management and board members.
- 2. Identify potential deficiencies.** Meet with your auditors to identify deficiencies that may meet the new reporting threshold as “material weaknesses” or “significant deficiencies.”
- 3. Communicate.** Schedule periodic conference calls between the audit committee chair and the audit firm to discuss audit status and issues. Designate a point person to review misstatements discovered during test procedures, discuss control deficiencies and approve the draft financial statements and notes.
- 4. Prepare for SAS 115.** An additional accounting standard, Statement of Auditing Standards (SAS) 115, will be in effect for audits of financial statements for periods ending on or after December 15, 2009 – although early implementation is encouraged. In essence, SAS 115 tightens the definition of “material weakness” and “significant deficiency.”

essentials is intended to provide general information on the subject matter covered. Before acting on any information included in this newsletter, please consult Williams-Keepers LLC to determine its applicability to your particular situation.