

## How to minimise the cost of your year-end audit

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For many businesses their size or ownership structure means that an audit is a legal requirement. In recent years, changes to the regulations by which auditors are governed have meant that the cost of carrying out audit work to the required standard has increased. Unfortunately, this applies for all sizes of company, and some struggle with what they see as a spiralling regulatory cost.

There may be nothing you can do to avoid having an audit, but there is a lot you can do to avoid paying unnecessary audit fees.

We have outlined the seven key steps to keeping your audit fees to a minimum. The secret is to keep the audit process as smooth as possible, as this will keep audit fees as low as possible whilst still ensuring that the audit team have carried out the necessary work to be able to issue their report. The key to achieving this comes down to two main areas: a well organised assignment and good communication between the audit team and the client. The following steps will help ensure an efficient audit is completed:

### 1. Develop a comprehensive audit plan

The first stage is to hold a planning meeting between the Financial Director/Controller and the auditors. This should be well in advance of the company's year end. You should be completely open and honest about the key developments and issues that arose during the year under review as well as anything anticipated after the year end.

Not providing necessary information to the audit team at this stage, can change the scope and focus of the audit. This can result in additional audit costs arising, particularly if the auditor later identifies key issues that hadn't been planned for.

### 2. Agree a timetable

As part of the planning process, agree an audit timetable between all parties – and stick to it. The purpose of the timetable is to make the process as efficient as possible. So be realistic about timescales and be sure to take into account holidays and the availability of finance staff and directors.

### 3. Ensure trial balances or draft accounts are as final as possible

It is essential that the trial balance provided to the audit team at the planning stage is as final as possible. Late adjustments after the planning stage may require the last minute changes to the audit, which creates additional work and reduces the efficiency of the audit.

If you prepare statutory accounts for the audit team, ensure these have been reviewed, read through and cast, so that you are confident they add up correctly. This will reduce the number of times the auditor has to review the accounts.

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#### **4. Prepare a comprehensive file for the audit team**

You will save time, and money, if the audit team does not have to search for information. Prepare a full audit file containing records and correspondence in advance of the audit team's fieldwork visit. The audit team will provide a list of the information required in advance to assist with this.

#### **5. Be available during fieldwork**

Ensure that key staff are available and set aside time to assist the audit fieldwork team. This will enable them to gather the required information as efficiently as possible, and will avoid loose ends having to be followed up after they leave your premises.

#### **6. Review queries**

Once the audit manager and Partner have completed their review of the files, further queries may arise. The most efficient process is to deal with them promptly, in one go. If there is a delay in answering queries, the audit team are likely to have moved onto a new assignment. This can create unnecessary delays and may result in a more expensive level of staff having to clear the outstanding matters.

If the information is received piecemeal, rather than in one go, this will also reduce the efficiency of the assignment.

#### **7. Closing meeting and sign off:**

Ensure the final draft statutory accounts are reviewed prior to the closing meeting, and if any queries arise, these are dealt with before the meeting is held. This will avoid the need for subsequent meetings, which could result in additional costs and delays.

Arrange to have the accounts signed off by the directors and auditor as soon as possible after the final meeting. The auditor must have all the current facts before signing the audit report. If there is a delay, the post balance sheet period will lengthen and this may result in further audit work having to be carried out.

After the accounts have been signed off, it is useful to discuss with the audit team what went well, and what processes could be improved for next year. This will ensure that your audit becomes more efficient and improves year on year.

