Audit Program Best Practices

ACUIA Region 2 Virtual Meeting

THE AUDIT LIBRARY

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Meet the Presenters

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What is the Audit Library?

Subscribers have access to a growing library of audit programs & workpapers, planning & budgeting tools, quality assurance, and more!
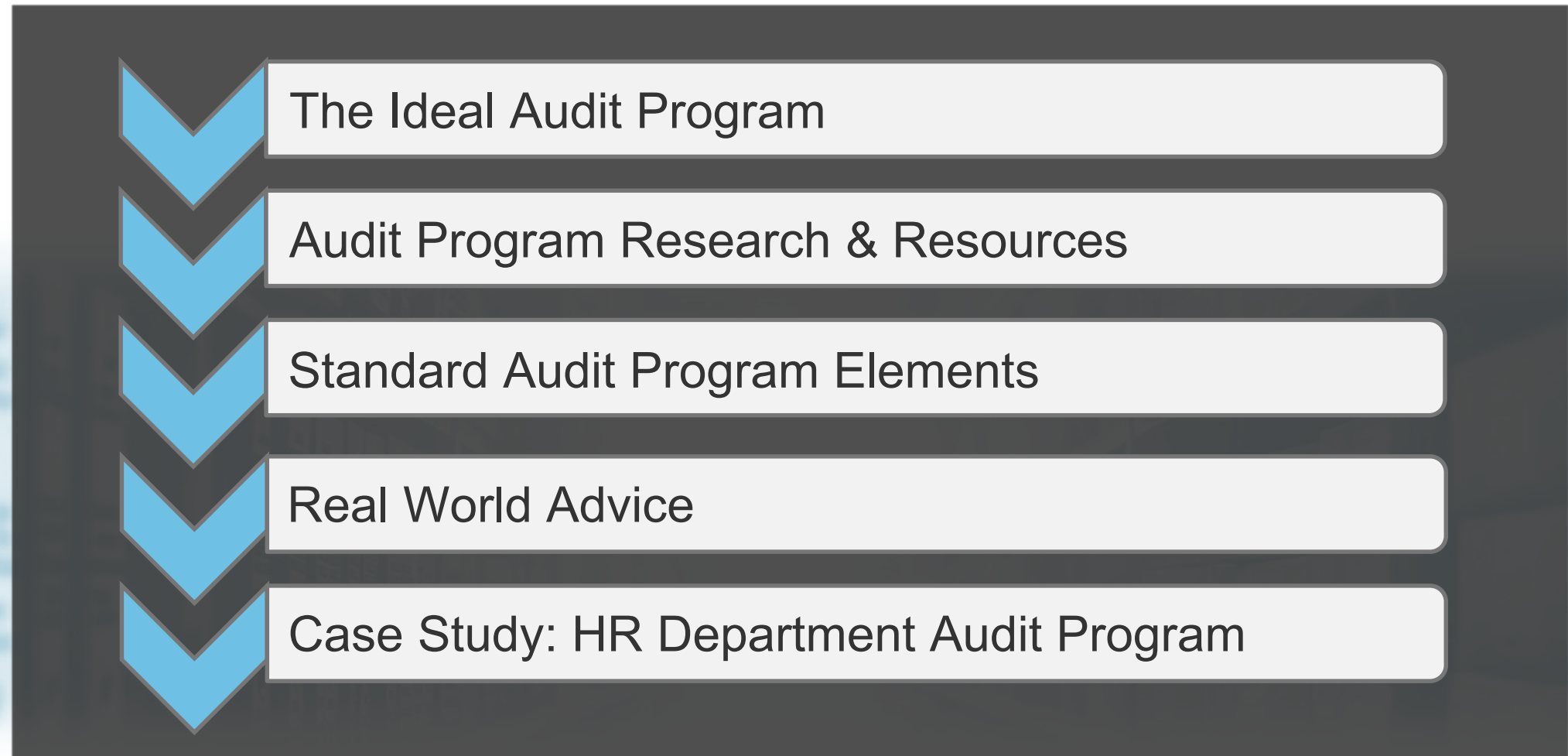
Credit Union Assurance Consulting: Quality Assurance Reviews *and more!*

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Today!

Agenda

The Ideal Audit Program

Audit Program Research & Resources

Standard Audit Program Elements

Real World Advice

Case Study: HR Department Audit Program
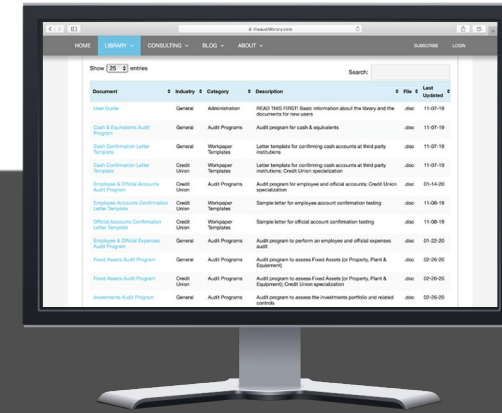
We will leave time for Q & A, but please ask your questions anytime!

The Ideal Audit Program

A guide for the auditor, NOT a department instruction manual

Has a place for everything, and everything is in its place
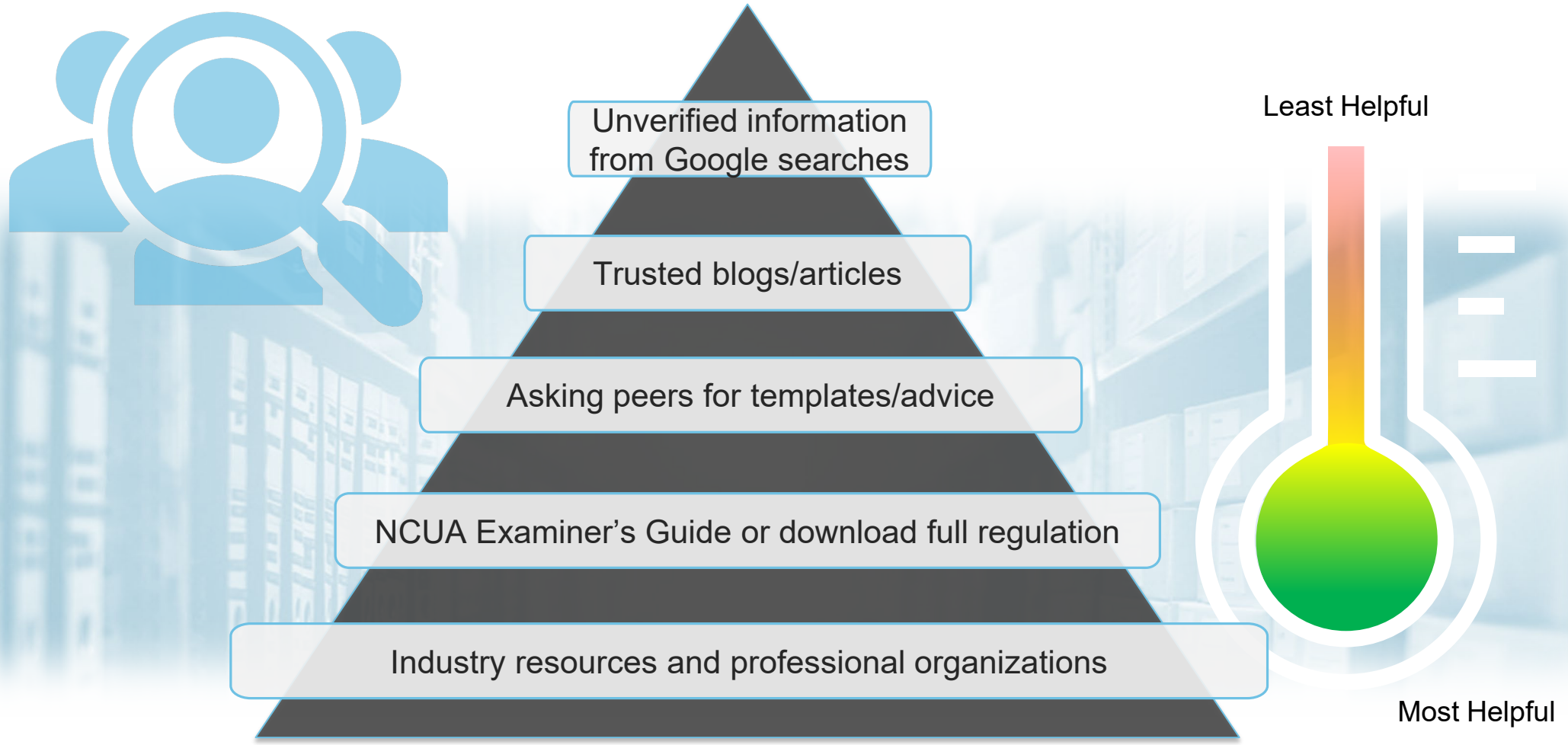
Audit steps follow the "Goldilocks" rule

| Not too detailed | Not too broad | Can be used by auditors at any level of expertise/experience |

Research & Resources

Unverified information
from Google searches

Trusted blogs/articles

Asking peers for templates/advice

NCUA Examiner's Guide or download full regulation

Industry resources and professional organizations

Least Helpful

Most Helpful

Standard Audit Program: Getting Started

- Credit Union name or logo
- Title of auditee department or process

- Audit Objectives:
  - -2-4 recommended in most cases
  - -Should be consistent throughout your work

- Space for auditor who completed each work step, a workpaper reference, and auditor notes

Planning & Preliminary

Complete the Preliminary Audit Program

Review the prior audit report, if applicable

Determine your audit date/audit period and document it

Formally notify leadership and ask for feedback/buy in

Audit request list items

Documentation Review

Governing documents

- Any policies owned by the department
- Any procedures owned by the department
- Manuals, flow-charts, and other "informal" documentation

Job descriptions

- The department or process leader
- Any staff who support the process or department being audited

Documentation review occurs over the entire engagement!

Control Testing

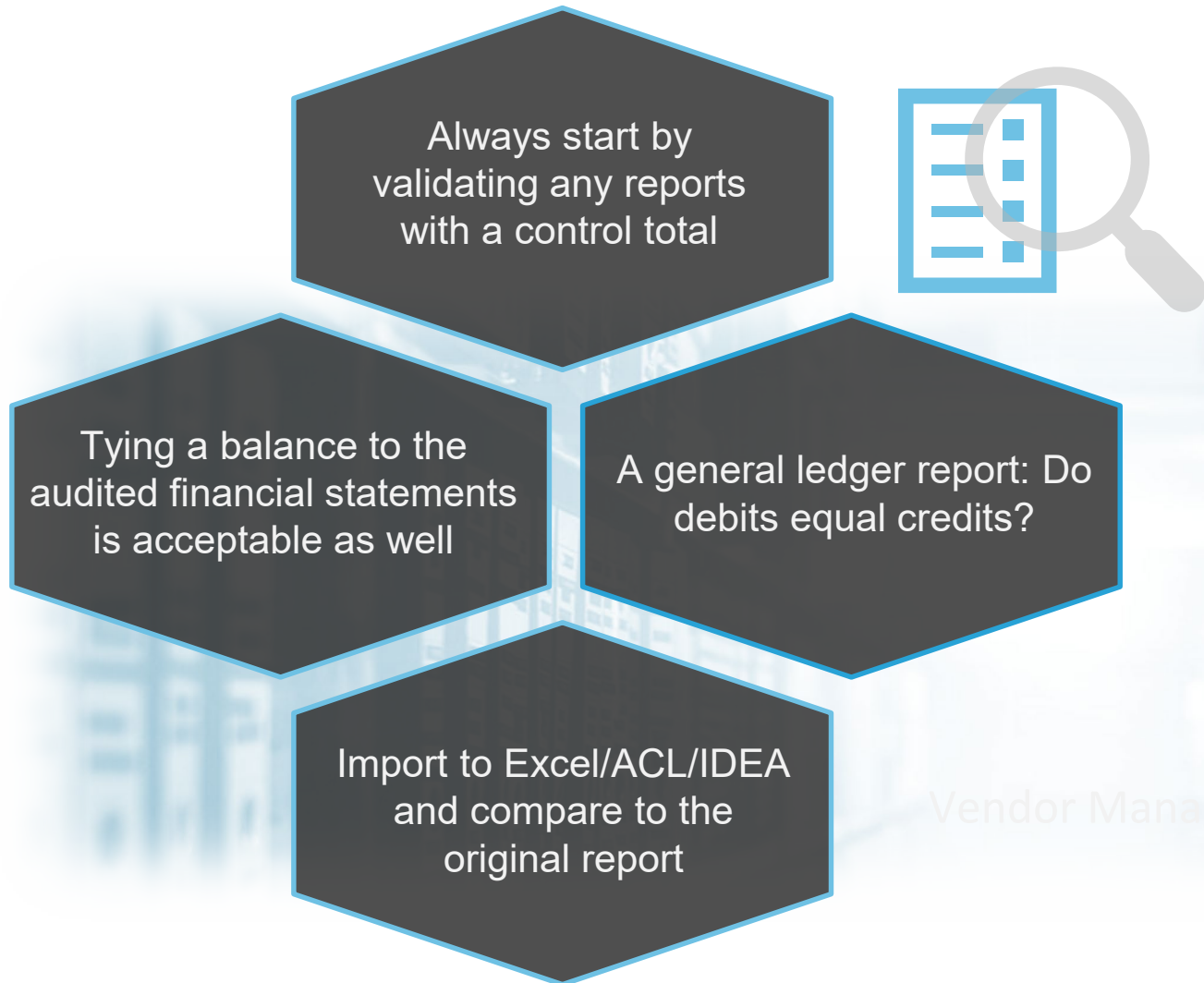What controls are in place in the process/department?

How well are the controls working?

Examples of control testing:

- Walkthroughs (a.k.a. "cradle to grave")

- Staff Observations

- Testing a sample for evidence control was performed (observing a signature approval on a sample of invoices)

Tests of Balances & Transactions

Always start by validating any reports with a control total

Tying a balance to the audited financial statements is acceptable as well

A general ledger report: Do debits equal credits?

Import to Excel/ACL/IDEA and compare to the original report

Sampling should always include:

- Full report in original file format, if possible
- Any modified reports created/used by the auditor
- Description of sampling methodology
- Sample selections
- Audit Testing on a separate workpaper

Analytical Procedures

Using ACL/IDEA (or sometimes Excel) to perform complex auditing is becoming more commonplace

Auditors are able to gain more audit coverage, audit entire populations of data, and re-perform department metrics easily

Copy the audit log from ACL/IDEA or another provider into the audit workpapers

Audit Finalization

Hold an exit meeting and discuss all potential issues and findings → Create a draft report of reportable issues → Obtain management's responses and expected completion dates

Close your audit workpapers ← Prepare a final audit report and distribute to auditee leadership, CEO, and your Supervisory Committee ← Follow up and negotiate as needed

Real Advice from Real Auditors

Don't document your work or issues/findings on the audit program. This detail belongs on the workpaper or issue/finding writeup

Do not think of yourself as a "Subject Matter Expert." Even if you are, this is not a requirement of auditing!

Always get CAE to sign-off on your audit program before completing any work steps!

Don't be afraid to change direction during your audit. But if you do, document, document, DOCUMENT!

Case Study: Human Resources Audit Program