



Love them or hate them, auditors have their place

By the PKF FRANCIS AICKIN AUDIT MANAGEMENT TEAM

We are sure some organisations see the audit process as a nuisance whereby nosey parkers come along, disrupt the finance department, ask a lot of questions, and produce nothing of value.

It doesn't need to be that way, and there are steps that can be taken to ensure you get the best value for money from your audit.

Some organisations must undergo a financial audit.

Small organisations are often required by external parties to have one.

For example, funding providers (the ASB charitable trusts are a good example) often require applicants for grants to have their financial statements audited.

All limited liability companies are required by the Companies Act to have an audit, unless the shareholders resolve unanimously not to, and some need special purpose audits, such as those required for the trust accounts of real estate agents.

An audit is optional to any

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other organisation.

The members of any organisation, be it a club, society, church or company, can call for an audit, and often the constitution will require it anyway.

But if it is optional, there is no point in having an audit unless some value will come out of it.

An audit can be a valuable health check, but it should also provide comfort to many.

Funders, be they government, lenders or donors, will gain assurance that the financial statements present a true and fair view of the financial performance, and position of the organisation.

More important is the assurance that those charged with governance can obtain about the custodianship that management is exercising.

And in turn, the owners

and stakeholders of the organisation can be assured whether management and governance are properly discharging their duties.

That assurance should be a basic minimum output from the financial audit.

But in addition to that, good auditors will also endeavour to produce additional value, something that will make the cost a good investment rather than a costly overhead.

Auditors can do that because they can add to their own skills and training the luxury of dealing with a wide range of organisations across a broad commercial spectrum.

That enables us to assess your systems against best practice models, and make recommendations as to how your systems can be improved.

Value can also be derived simply from an intelligent review of the risk areas that are peculiar to a particular organisation.

A good auditor will focus on those areas, and in that way they maximise the likelihood of uncovering any problems that exist.

Those problems can range from basic arithmetic errors in a GST return, to the way statutory records are kept, the way employment contracts are interpreted, or the discovery of fraudulent activity within.

We sometimes uncover omissions that, when corrected, more than pay for the annual cost of the audit.

Auditors are frequently seen as ominous beings. That need not be the case, and if you are wanting to engage with your auditors, and wanting to get good value from the audit, you should feel free to talk it over with them.

Give us a call if you'd like to discuss any audit issues with us.

PKF

Accountants &
Business advisers

PKF Francis Aickin Limited

right size, right people, right answers®

- Experienced business advisers
- Tax experts with proactive advice
- Audit specialists

Kaitia:

2 Redan Road

email: kaitia@pkffa.co.nz

Mangonui:

Waterfront Road

phone: (09) 408 9366

Office hours:

Monday - Friday 8am to 5.30pm

