Meta Title: What's involved in an audit?
Meta Description: Discover the key elements of an audit and what's involved in the entire process.

What's involved in an audit?

An audit is not a fault-finding exercise but an independent review to identify risk or control issues and ensure compliance with reporting standards.

Being audited gives you confidence that your financial statements are correct. It also assures lenders, investors, and shareholders that everything is above board.

Audits are also an opportunity to work with an audit partner whose expertise and insight can add value to your business. But what exactly does the process entail? Let's explore what's involved in an audit.

<h2> Elements of an audit </h2>

An audit involves three main elements:

<h3>Risk assessment</h3>

Auditors develop a thorough understanding of a business to assess risk and design an appropriate audit program.

<h3>Evidence-gathering</h3>

Auditors use various techniques, models, and tests to gather audit evidence.

<h3>Reporting</h3>

Auditors use audit evidence to compile their findings, write draft reports, and prepare final audit reports. They issue an opinion on whether financial statements are presented in accordance with accounting standards. They also draw on their expertise and industry experience to provide suggestions and recommendations.

<h2> What's involved in an audit?</h2>

The main elements of an audit typically occur over three key phases.

- Preliminary Review
- Fieldwork
- Reporting

We discuss each phase and what it involves below.

<h3>1. Preliminary review </h3>

In this first phase, your auditor gathers comprehensive information about your business, including your processes, internal controls and how you conduct business. They may review reports and other sources of information to identify key risk areas, which, in turn, helps with planning the audit and designing tests for the fieldwork stage.

Once the preliminary review is complete, your auditor will inform you of the scope and objectives of your audit. You'll also receive an official audit program outlining the fieldwork phase and other relevant information.

You will also receive a Prepared By Client or PBC list detailing everything you need to prepare for your auditor. As the PBC list often includes comprehensive documents and statements, starting well in advance will keep your audit running as planned.

<h3>2. Fieldwork </h3>

The procedures outlined in the audit program are carried out in this next stage. Your auditor will assess whether the controls identified in the preliminary review work as required. The accuracy of your transactions, among other things, will also be tested.

Your auditor will record and compile all of this audit evidence. These detailed findings are used in drafting the audit report and serve as proof of an effective and efficient audit. Throughout the process, any concerns will be discussed with you, and you'll need to work with your auditor to address them**.**

<h3>3.Reporting </h3>

Once fieldwork is completed, your auditor will summarise their findings and prepare a draft report. You will be given the opportunity to review the draft and discuss the audit findings with your auditor.

Should you need to implement any corrective actions, you will be given time to provide a written response detailing the actions you will be taking, who will be responsible for them, and an anticipated timeline. Your response will be added to the final report, which will then be finalised and presented.

A follow-up review may be required depending on the findings and recommendations issued in the final report. Any steps you have taken to resolve audit report concerns will be reviewed and tested. Your auditor will then prepare a follow-up report detailing the actions you have taken.