



## Mastering the Language of Audits Roles, Standards and Strategic Application

Presented by  
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## Objectives & Agenda

### Objectives

- Demystify audits
- Empower attendees to use audits to their advantage

### Agenda

- 1) Premises
- 2) Concepts & Terms
- 3) Tips and Takeaways
- 4) Discussion (Throughout)

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## Doug's Premises



- People want an audit – of someone else.
- Nobody likes getting audited.
- “Audits” are misunderstood.
- Knowing more about “audits” can help you use audits to your advantage.

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## What's an "Audit"?

A structured exercise to compare any "actual" to a specified "standard" or desired state.

- Identify gaps
- Suggest priorities
- Provide recommendations / suggestions

An audit forms a "snapshot" of a defined scope at a defined time.

.... like those puzzles where you ...  
Must find the differences in two pictures



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## Find 5 Differences



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## Key Terms

- Audit
- Assurance
  - Limited assurance
  - Reasonable assurance
- Assessment
- Agreed Upon Procedures
- Review
- Advisory



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## Core Audit Principles



- Integrity
- Independence
- Objectivity
- Competence and Due Care
- Professional skepticism
- Professional judgment
- Conclusions based on evidence

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## Kinds of Audits

- Financial audit
- Internal Audit (capitalized) – reports to Board
- internal audit (lower case) – at direction of Management
- Other third party audits
  - Of other parties (vendors, suppliers) to the organization
  - By other parties (customers, trade groups) to audit you

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## Roles & Players



- Audit sponsor
- Auditors: leader, audit team, other roles
- Auditees
  - Primary point of contact
  - Others
  - Advocate/ monitor/ “referee”

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## Audit Terms (more)

- Objective – why?
- Scope – what: activities/ locations/ timeframes
  - Carveouts, if applicable
- Audit standards
  - AICPA
  - IIA Global Internal Audit Standards
  - “Yellow Book” (US Government)
  - ISO,
  - others
- Audit evidence
  - Documents & records
  - Interviews
  - Visual observations



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## Communications & Reporting Throughout the Audit Life Cycle



“A report lives forever.” - Douglas Hileman

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## Tips: Audits Done by Others



- Understand objectives, scope and limitations.
  - Applicable/ relevant to current needs?
  - Check for follow-on documents.

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## For Auditees

- Audit readiness pays.
- Maintain focus on objectives.
- Avoid scope creep.
- Be truthful; don't overshare. (intellectual property, confidential information)
- Info sharing process & documentation
- Leverage opportunities to get resources/ help.
- (get your known needs onto the list, leverage auditor knowledge)
- Ensure alignment at closing meeting. (intent of findings, prescriptive/ non-prescriptive recommendations)



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## Auditees' "Bill of Rights"

- Treat our staff with respect.
- Look at what you need. No fishing.
- Don't just look at documents. We're right here.
- Realize that our "regular" job didn't stop because of the audit.
- Our contract terms? We mean it!
- No scope creep.
- Easy on the marketing.
- Would a compliment hurt?



More in blog post at  
[www.douglashileman.com](http://www.douglashileman.com)

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