



5 ULTIMATE AUDIT CHECK LISTS

By

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Clarity. Leverage. Power. Freedom.

5 Ultimate Audit Checklists

At the end of this special report, we hope you will feel a sense of relief that we laid out this checklist for you. It seems like the audit season sneaks up on us every year. Suddenly your receipts need to be in order for your accountant to review. It's a stressful time of year especially if you are doing "accounting in a shoe box." Getting organized and planning ahead is the best way to handle the challenges. It's important to realize that there are different kinds of audits that companies go through. I'd like to give you a checklist to prepare you for each type of audit.

1. VALUES AUDIT CHECKLIST

Values List. What values exist in the company? Do they reflect the values of the business owner? Do the employees understand these values and agree with them? What about the different associates of the business? Has this been clarified in the company's mission statement? Or is the mission statement so vague and generalized it creates more confusion and disbelief than clarity and credibility? If we were to examine any company, we would discover that one or more business values were the key to their success. Examples are:

-- Sears' commitment to *trusting the customer*. [From the 19th century onward, any product could be returned to the company with a money back guarantee, which engendered great trust in both directions, enabling booming sales, and, the great success for the firm that followed.]

-- Apple Computer's belief in the values of *solving problems of society*. [The company created the iPod player and iTunes online music store to overcome a conflict between those who sought to download copyrighted music for free and the music industry which sought to protect its artists and its revenues.]

-- Marriott's values of *systemization and standardization*. [The company created a standard model hotel, and then duplicated it hundreds of time around the world, enabling it to grow incredibly fast, and become the leader of its industry.]

2. FINANCIAL AUDIT CHECKLIST

A. Documents. Auditing is the process of validating an organization's financial tracking and reporting system and verifying that financial managers have been diligent in accounting for funds. Audits done by in-house employees are internal audits, while audits done by outside experts, such as accounting firms or IRS professionals, are external. It is an important check and balance in financial management, and one of the means by which company owners can hold managers accountable for their performance. The following are the permanent files that need to be reviewed to ensure that this type of audit is being done in an effective and comprehensive manner.

1. General Ledger
2. Bank account statements
3. Tax returns
4. Receipts and invoices
5. Corporate by-laws and minutes
6. Accounts payable
7. Accounts receivable.

3. SYSTEMS AUDIT CHECKLIST

A. Steps or Process. This type of audit maybe an informal or formal review of a company's business operations. Certified public accountants (CPA) are typically responsible for this task. An experienced CPA will use a checklist for each internal and external engagement. This checklist outlines the major steps or processes each audit will follow to ensure the auditor's opinion accurately represents information related to the company's operational health. For example, the auditor may go through five basic steps as laid out below:

1. Initial meeting
2. Audit plan
3. Fieldwork
4. Final meeting
5. Remedial audit

4. HUMAN RESOURCE (HR) AUDIT CHECKLIST

This type of audit is by far the most challenging of all the audits because of the complexity involve in human relationships. As a result of this, the audit checklist is usually highly detailed and very comprehensive. In order to minimize subjective bias from distorting the evaluation, the list below is not meant to be comprehensive to every organization, it is merely a representation of the types of questions that may be found in an HR audit.

Management

- Are HR goals in line with those of the organization?
- Are workweeks identified and defined?
- Are full-time and part-time hours defined?
- Are shifts defined?
- Is there open communication to and from the HR department?

Hiring

- Do job descriptions exist?
- Are job descriptions up to date?
- Are job openings offered to current employees?
- Are applicant references checked?
- Are turnover rates monitored?
- Are all applicants required to fill out and sign an application form?
- Do employment applications refrain from requesting protected information?
- Are independent contractors accurately identified?

New employees

- Are workplace policies in place?
- Do policies focus on your workplace?
- Are policies communicated?
- Are policies enforced?
- Is there an employee handbook?
- Is the employee handbook specific to your workplace?
- Do employee orientations take place?
- Are employees trained on policies and work rules?
- Are employees trained on discrimination issues?

Wages and hours

- Are compensation levels monitored and reviewed?
- Is there a formal pay structure?

- Is the compensation structured reviewed regularly?
- Is working time documented?
- Are paid time off (vacation, holidays, etc) structures developed?
- Are non-exempt employees compensated at least one and one-half times their hourly wage for any hours worked beyond 40?
- Is the compensation plan communicated to all employees?
- Are appropriate payroll withholdings performed?

Benefits

- Are employees informed about their benefits?
- Are Summary Plan Descriptions provided to plan participants?
- If there is a health care plan, is protected health information kept private?

Employee relations

- Is there a system for performance evaluation?
- Does the system check for effectiveness of the evaluation?
- Is quality and quantity of work evaluated?
- Is performance tied to compensation?
- Are workplace policies flexible?
- Are disciplinary actions for violating workplace policies flexible?
- Is there a process for employees to lodge complaints?
- Are there a variety of individuals to whom employees may lodge complaints (supervisor, HR representative)?

Safety and security

Are safety hazards reported to the appropriate personnel?

- Are workplace accidents, near-misses, injuries, and illnesses reported and investigated?
- Are measures in place to prevent intruders from entering the grounds or buildings?
- Is bright, effective lighting installed indoors and outdoors?
- Are measures in place (access badges, traffic control, etc.) to keep unauthorized persons from entering the facility through normal entrances?
- Is there a reliable response system in place in the event an alarm is triggered?
- Are employees encouraged to promptly report incidents, and suggest ways to reduce or eliminate risks?
- Are structures readily accessible to disabled employees?
- Are minors prohibited from performing hazardous work?

Discrimination and employee rights

- Are employees trained on discrimination issues?
- Are supervisors and managers trained in anti-discriminatory practices?
- Are employment practices in line with the various anti-discrimination laws?
- Are effective policies in place that prohibit retaliation against employees who exercise their rights?

Workers' compensation

- Are injuries/incidents investigated?
- Is regular contact made with employees out on lost time?
- Are return-to-work programs checked for effectiveness?
- Is contact made with medical providers?

- Are insurance premiums and competitive quotes reviewed on a periodic basis?
- Is the workplace environment maintained with safety in mind?

Employee separation

- Do exit interviews take place?
- Are final paychecks provided on time?
- Are final paychecks provided on time?

Recordkeeping and other documentation

- Are personnel files current?
- Are all appropriate labor posters displayed in a conspicuous place?
- Are documents regarding employees kept for their required duration?

5. QUALITY OF LIFE AUDIT CHECKLIST

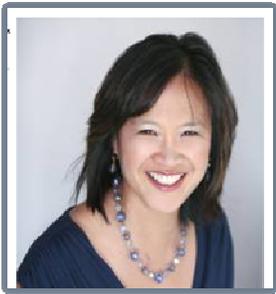
Here is where we get personal in a professional way. In order to do this type of audit, we may follow a person through their day to find out more about their life. Or we might focus the audit on their personal and business associations. Sit on their meetings, discuss their hobbies, their expectations, and their disappointments. We will go along to see what they like to do for recreation and observe at every step of the way their satisfaction with what they're doing at the moment. Is their life in balance? Is it satisfying? Even inspiring? What do they truly love? Would they still want to do what they're doing even if they could afford to live in another way. This is where the auditor must penetrate more deeply into the fundamental wisdom of living a good quality life. To do that, they must first of all be able to do this exercise for their own lives. The following are seven fundamental categories for evaluation in a quality of life audit.

Score each category from 1 to 10 (10 being highest) where your life is at?

- | | |
|----------------------------|----------------------|
| 1. Business & Career. | 1 2 3 4 5 6 7 8 9 10 |
| 2. Money & Finances. | 1 2 3 4 5 6 7 8 9 10 |
| 3. Recreation & Lifestyle. | 1 2 3 4 5 6 7 8 9 10 |
| 4. Spiritual Development. | 1 2 3 4 5 6 7 8 9 10 |
| 5. Contribution. | 1 2 3 4 5 6 7 8 9 10 |
| 6. Health & Fitness. | 1 2 3 4 5 6 7 8 9 10 |
| 7. Primary Relationships. | 1 2 3 4 5 6 7 8 9 10 |

Now that you have the ultimate audit checklist, what are the next steps? I would like to know what type of audit do you need in your business. Please send us an email at customerservice@lourdesgant.com to schedule a complimentary strategy session. I look forward to connect with you!

*For more information from Lourdes Gant International,
audit and business advisory services,
please visit www.lourdesgant.com.*



Lourdes Gant is a professional auditor and human relations specialist.

She brings to the world of entrepreneurship a range of business advisory and managerial experiences in the field of:

Internal Audit, Strategic management, Administrative planning, Marketing

As an Internal Audit Manager in a multinational company in Asia, she designed and installed internal control policies and procedures. She has valuable experience in working with multinational and multi-lingual corporations including the Chinese market.

Lourdes earned her Master's degree in Business Administration (MBA) for Middle Managers at the Ateneo Graduate School of Business and her Bachelor of Science in Accountancy at the Polytechnic University of the Philippines where she graduated cum laude. After graduation she gained extensive experience with one of the big five auditing firms in the Far East where she worked with the external audit team doing:

Compliance audit, Planning audit systems, Income tax preparation for clients

She has also worked as a Chief Finance Officer in a Canadian construction firm with operations in both North and South America. She is presently working in an advisory and accounting position in a large commercial fishing and aquaculture company on Vancouver Island. Lourdes is certified by the International Register of Certificated Auditors (IRCA) (Certificate No. PP4 – 1250 & IRCA Registration No. R141 – Internal Quality Auditing).

For a 30 minute Complimentary Business Strategy Session, Contact Lourdes Gant directly at <http://www.lourdesgant.com/strategy-session>