



The Ultimate Checklist

Preparing for Your First Audit.

Use this checklist to ensure you're fully prepared for your first audit. By following these steps, you'll streamline the process and be ready for your auditor's review with confidence.

1. Understand Audit Requirements.

- Familiarise yourself with the purpose and scope of the audit.
- Decide who will prepare the statutory financial statements.
- Clarify key financial documents and areas the auditor will focus on:
 - Financial Statements (Income Statement, Balance Sheet, Cash Flow)
 - Internal Controls
 - Regulatory Compliance (e.g., tax laws, financial reporting standards)

2. Organise Your Financial Records.

Gather all key financial documents, including:

- General Ledger (master record of transactions)
- Bank Statements (for the audit period)
- Invoices and Receipts (for revenue and expenses)
- Payroll Records (employee payments and taxes)
- Tax Returns (corporate tax filings for the audit year)
- Ensure records are accurate, complete, and up to date.

3. Review and Strengthen Internal Controls.

- Conduct a self-assessment of your internal controls.
 - **Segregation of Duties:** Ensure different employees handle separate parts of financial transactions.
 - **Approval Procedures:** Document approval processes for major financial decisions.
 - **Reconciliation:** Regularly reconcile bank accounts and financial records.
- Identify and address any control gaps or weaknesses.

4. Communicate with Your Auditor.

- Schedule a pre-audit meeting with your auditor.
 - Clarify audit objectives and expectations.
 - Confirm the timeline and key deadlines for the audit.
 - Review the documents and information the auditor will need.
 - Ask about specific focus areas (e.g. Controls, compliance, taxes).
- Maintain open communication during the audit process.



5. Organise Audit Documents Efficiently.

- Set up a digital filing system to organise financial records.
 - Use clear, consistent folder names (e.g., "2024 Bank Statements").
 - Ensure files are accessible in both digital and hard-copy formats if required.
- Prepare an **Audit Binder** with key documents for quick reference:
 - Financial statements.
 - Supporting schedules.
 - Bank reconciliations.
 - Contracts or agreements.
 - Important correspondence related to the audit.

6. Conduct a Pre-Audit Internal Review

Perform a mini-internal audit to identify potential issues:

- Recheck key financial figures and calculations.
- Ensure all documentation is complete and readily available.
- Review internal processes for compliance and consistency.
- Correct any discrepancies or inconsistencies found during the review.

7. Prepare Your Team.

- Assign team members to handle specific audit areas (e.g., finance, payroll, compliance).
- Brief employees on what to expect during the audit process.
- Ensure key staff are available to assist auditors if they need clarifications.

8. Final Pre-Audit Checklist

- Double-check all financial records are properly organised.
- Verify that all requested documents have been collected and are accessible.
- Confirm timelines and any final auditor requirements.
- Notify your auditor that your team is ready for the audit.

Need more help?

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