

Administrative Auditing

“Audit Team and Estimated Time of the Audit ”

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Audit Objectives”

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| **Group: F53A** | **Prof. Rosa María López Larios** |
| **Week: Dec 4th to 8th** | **Classes: 63 to 66** |
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**OBJECTIVE**

Understand the importance of determining a specialized audit team to perform a specific audit review. Besides that, identify the need to estimate properly time needed for the audit according to the scope established.

**DEVELOPMENT**

**AUDIT TEAM**

According to the magnitude or complexity of the audit, there should be and appropriate audit team. The auditor should determine whether specialized skill or knowledge is needed to perform appropriate risk assessments, plan ,perform audit procedures, or evaluate audit results. If a person with specialized skill or knowledge employed by the auditor participates in the audit, the auditor should have sufficient knowledge of the subject matter to be addressed by such a person to enable the auditor to:

1. Communicate the objectives of that person's work;
2. Determine whether that person's procedures meet the auditor's objectives; and
3. Evaluate the results of that person's procedures as they relate to the nature, timing, and extent of other planned audit procedures and the effects on the auditor's report.

**ASSIGNED PERSONNEL**

The audit team consists on the lead auditor and other team members, who can be auditors or technical experts.

To ensure the objectivity of the audit process, the members of the audit team must be independent of the activities they audit, must be objective, and free of any tendency or conflict of interest.

The members of the audit team must possess knowledge, skills and experience to fulfill the responsibilities of the audit.

**Leader auditor**

The leader auditor is responsible for ensuring efficient and effective conduct of the audit within the established scope. Acitivities:

a) Agree with the client on the scope of the audit.

b) Obtain the relevant backup information (details of activities, products, services, areas, the details of previous audits performed to the auditee.

c) Training of the audit team.

d) Assign specific tasks to each member of the audit team

d) Direct the activities of the audit team.

e) Prepare communications.

f) Coordinate the preparation of documents and detailed work procedures.

g) Represent the audit team in discussions with the auditee, before, during and after the audit.

h) Make the audit reports for the client

**Auditor**

The responsibilities and activities of the auditor should cover:

a) Plan and develop assigned tasks, objectively, effectively and efficiently,

b) Compile and analyze the relevant and sufficient audit evidence to determine the results of the audit.

c) Prepare work documents.

d) Document the individual results of the audit.

e) The drafting of audit observations.

**Responsibilities of the client**

a) Specify the objectives of the audit,

b) Provide resources to the appropriate authorities to conduct the audit.

c) Approve the audit plan,

d) Inform employees of the objectives and scope of the audit, when necessary.

**Activities to be carried out at the place of the audit**

Initial Meeting There should be an opening meeting. The purpose is:

a) Present the members of the audit team to the management of the auditee.

b) Review the scope, objectives and audit plan and reach an agreement regarding audit times.

c) Provide a short summary of the methodology and procedures to be used during the audit.

d) Confirm that the resources and facilities needed by the audit team are available.

e) Promote the active participation of the auditee,

f) Review the relevant safety and emergency procedures of the premises for the audit team.

e) Appoint responsible personnel to accompany the members of the audit team, act as guides within the company and to ensure that the auditors are aware of the health and safety requirements

f) access to relevant facilities, personnel, information and records at the request of the auditors.

g) Receive the audit report and distribute it

**Estimated time of audit**

The time necessary to carry out the different phases of the audit should be estimated in order to ensure compliance with the schedule.

* The time estimate should include a breakdown by category of the audit team staff.
* The realization of the estimation of working time is essential, even accepting the possibility of unforeseen events that oblige to redo the initial forecasts.
* The control of work time, is convenient to define the probable costs of the same, the areas of greatest difficulty and as a measure of the individual efficiency of those who perform the work.
* Estimated time for each procedure: this estimation allows a permanent control of the work that is carried out, in comparison with the real time consumed
* The auditor at the time of planning the work, must estimate the time necessary to perform the audit. You must fine-tune that estimate until you segment it by stages and phases of the methodology to be occupied.

The degree of difficulty and reliability in obtaining the necessary information varies from company to company, and consequently, the time required also. Therefore, the model is valid in terms of its sequence of stages, but the time must be adjusted.

**ACTIVITY 1**

Read the information above, underline the most important issues and answer the following:

What is the importance of a proper determination of the audit team?

What happens if personnel without audit skills is assigned to perform and audit?

Who is responsible of determine the purpose of the audit and why?

Why is necessary the control of work time?

What is the relation between the time of the audit and the degree of difficulty?

Prepare your report according to the specifications given in class