

Ten Best Practices

For Valuable
Audit Planning

Benjamin Franklin is credited with saying;

"If you fail to plan,
you are planning to fail!"

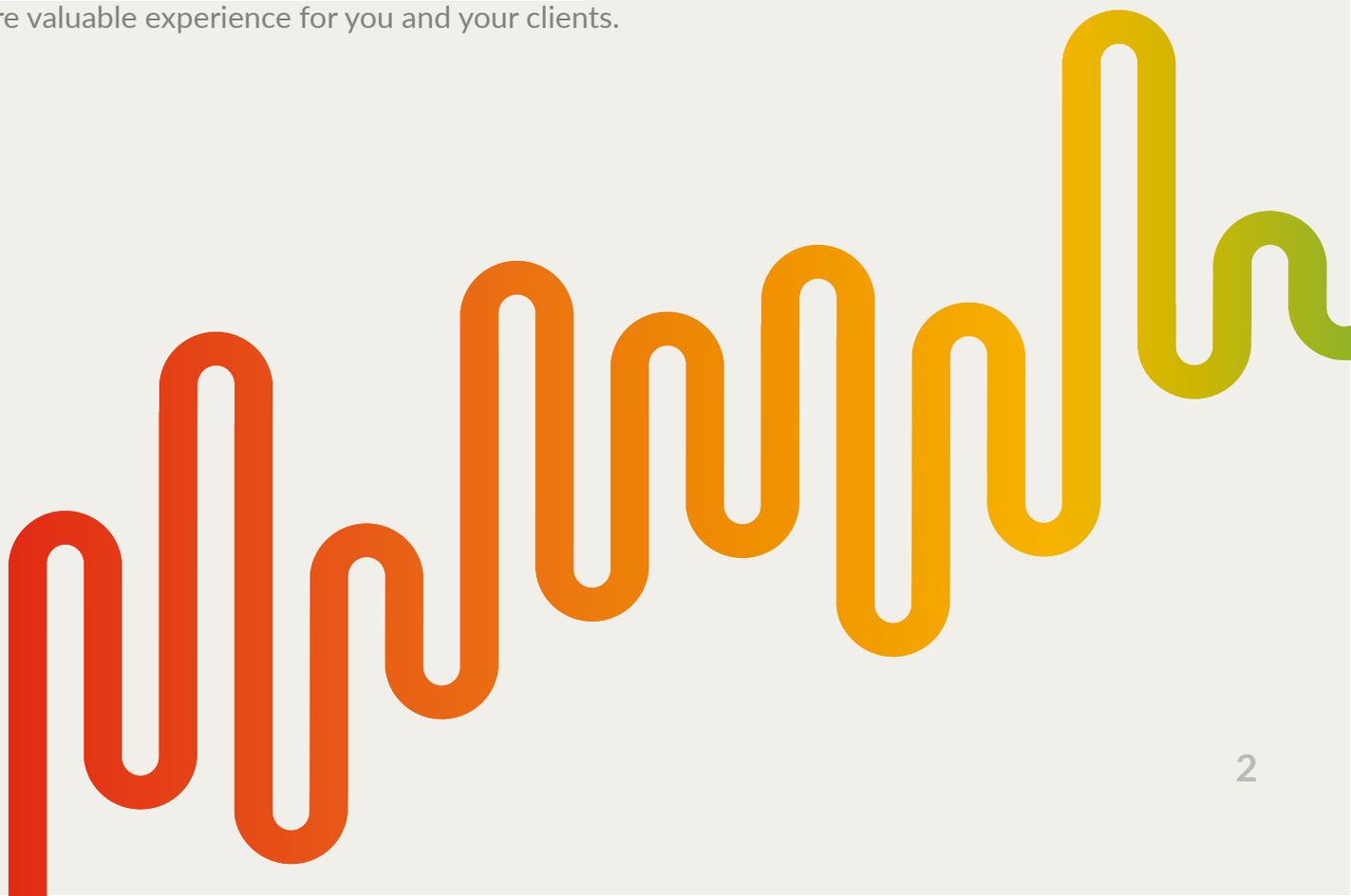
Few people understand this better than auditors, with planning an engagement a key part of our work. However, with the help of the latest technology, there's so much value that can be achieved during the audit planning process.

In fact, you can transform planning work from satisfying compliance standards to driving the delivery of valuable services.

And when the appropriate focus is dedicated to planning an audit engagement, the experience for both your team and the client are completely transformed. Simply put, it leads to a more effective, higher quality and all-round more valuable engagement.

In this guide, we'll walk you through the ten simple changes you can make to the audit planning process that will help deliver more valuable outputs to your clients in less time.

Read on to discover how a focus on [digital collaboration, a tailored approach and impactful client communications](#) can deliver a new, more valuable experience for you and your clients.



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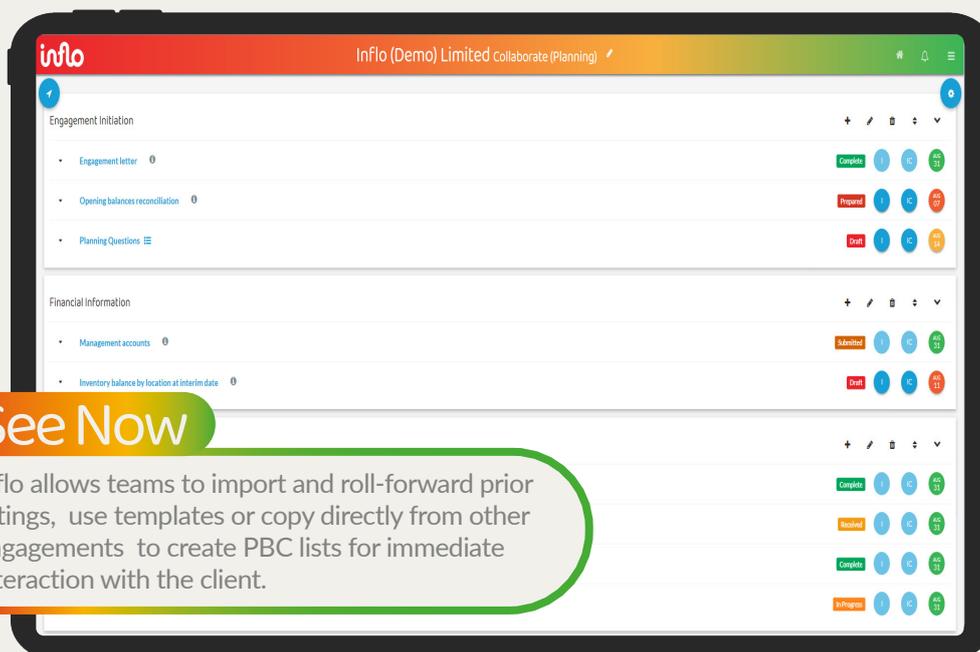
Tailored Information Request

Information exchange is a key component of the client experience – what do you need, when do you need it by and where should I send it?

The best Prepared-by-Client (PBC) list is tailored to a client based on the specific engagement services you're providing to them.

Investing time into creating a well-thought-out PBC request list – or adjusting the prior year's list based on the client's feedback – is a simple and effective way of adding value to the client. It not only demonstrates that you value their time, but also puts the focus of your engagement on more valuable areas.

By investing into asking for the right information, you're also placing yourself in a stronger position if the client doesn't deliver.



See Now

Inflo allows teams to import and roll-forward prior listings, use templates or copy directly from other engagements to create PBC lists for immediate interaction with the client.

Achieving a certain level of standardization in PBC request lists also unlocks opportunities for more advanced service transformation, such as leveraging robotic process automation (RPA) techniques to automate downstream actions.

Technology can automate the creation and management of PBC request lists. More significantly, large reductions can be achieved in the number of items on the PBC list when transactional data is obtained from client systems.

Pro Tip

Combining PBC list tailoring with **preliminary analytics** and **scoping activities** allows you to reduce information requests over immaterial or lower-risk areas

2

Digital Client Collaboration and Workflow

The ever-increasing expectations around security and privacy means the exchange of financial and other confidential information through email, USB sticks or other unsecure methods will soon be a thing of the past.

Thankfully, many digital collaboration technologies now exist that facilitate secure client information exchange.

The key for audit teams is to ensure client collaboration also incorporates structure for PBC requests as well as workflow improvements, eliminating time spent chasing information, monitoring progress and holding PBC status meetings.



See Now

Info provides real-time dashboard reporting to clients and to auditors across their entire client portfolio.

Pro Tip

Leading with the security and confidentiality benefits of new collaboration approaches helps clients quickly understand the need to change information sharing.

Centralization opportunities are also created when a consistent technology with appropriate workflow functionality is used for client information exchange.

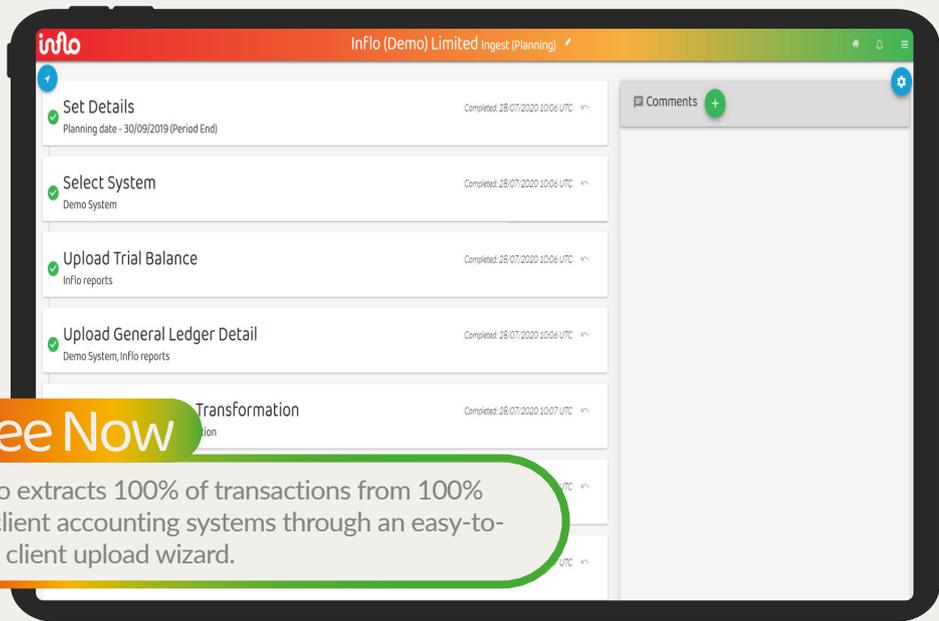
Two-way transparency is highly valued by clients. Knowing they have provided the required information which you are now working on allows them to focus on their day job. It also enables more flexible, remote working for your team. At the same time, you can identify client delays real time and highlight over run implications immediately.

3

Access to Transactional Data

The sophistication of your planning relies on the granularity of information available to you.

High-level financial information allows only high-level assessment and places a reliance on explanations being provided by clients. However, when you have access to transactional financial information, you can delve deeper and answer your own questions, changing the way you interact with your clients.



Pro Tip

If your client has never provided transactional data before, request an interim data set to have them gain familiarity with the process before year end.

Holding transactional financial data allows you to visualize, drill down and explore the origins of variances, as well as leveraging data across audit and related services. This also provides new opportunities to plan an effective and highly valuable approach.

Previously



New



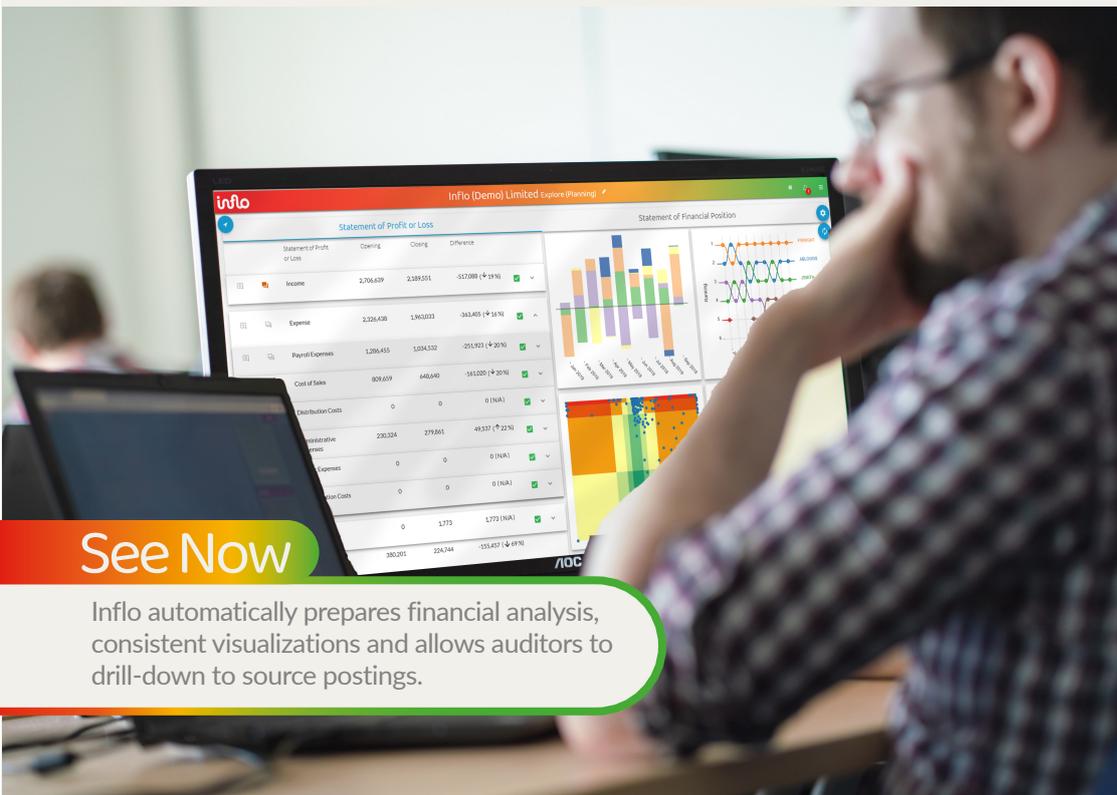
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Enhanced Preliminary Analytics

Preliminary analytics should be more than just a workpaper that is required to finalize planning. It should be the foundation the entire audit is built from.

Access to transactional data transforms analytics from the standard year-over-year review.

The identification of unusual trends and relationships allows you to visualize and explore the transactions within an account, easily find the causes of variances and identify the transactions the approach should focus on.



See Now

Info automatically prepares financial analysis, consistent visualizations and allows auditors to drill-down to source postings.

Pro Tip

Use preliminary analytics to plan PBC requests, scoping accounts and relevant assertions, considering the risk of fraud and planning for value in a holistic impact.

Preliminary analytics are a key opportunity to also plan for value. What areas of interest or concern can be identified through exploring the data and discussing visualizations with your client? These might not have audit implications but could provide value to the client if explored or reported on alongside the audit process.

5

Scoping & Assessing Risk

Investing time in precise scoping and risk assessment pays off many times over. It allows you to target your efforts on the highest risk areas.

Identifying areas where no risk of material misstatement exists also avoids any time being spent on activities which are unnecessary and add no value.

For group audits and complex engagements, scoping starts with the components which will be subjected to full audit work or alternative procedures. At an entity level, scoping and risk assessment activities identify the balances, accounts or financial statement level issues which pose a risk of material misstatement.

Further, at the lowest level, teams identify the specific assertions relevant to the risk of material misstatement.



See Now

Inflo aggregates and disaggregates data across multiple systems or components, transforming even the most complex engagements.

Pro Tip

In group engagements, pay particular attention to components relevant to group-level significant risks. This focuses the most intense audit procedures and provides opportunities to centralize work over these areas, such as data analytical techniques addressing management override of control and risk of fraud in revenue recognition.

Dynamic Planning meeting

Internal planning meetings are transformed by this new approach to planning. Being able to visualize and interact with data during the meeting allows the audit team to ask more direct questions, concluding on the impact and the procedures to be performed, rather than the further information to be gathered.

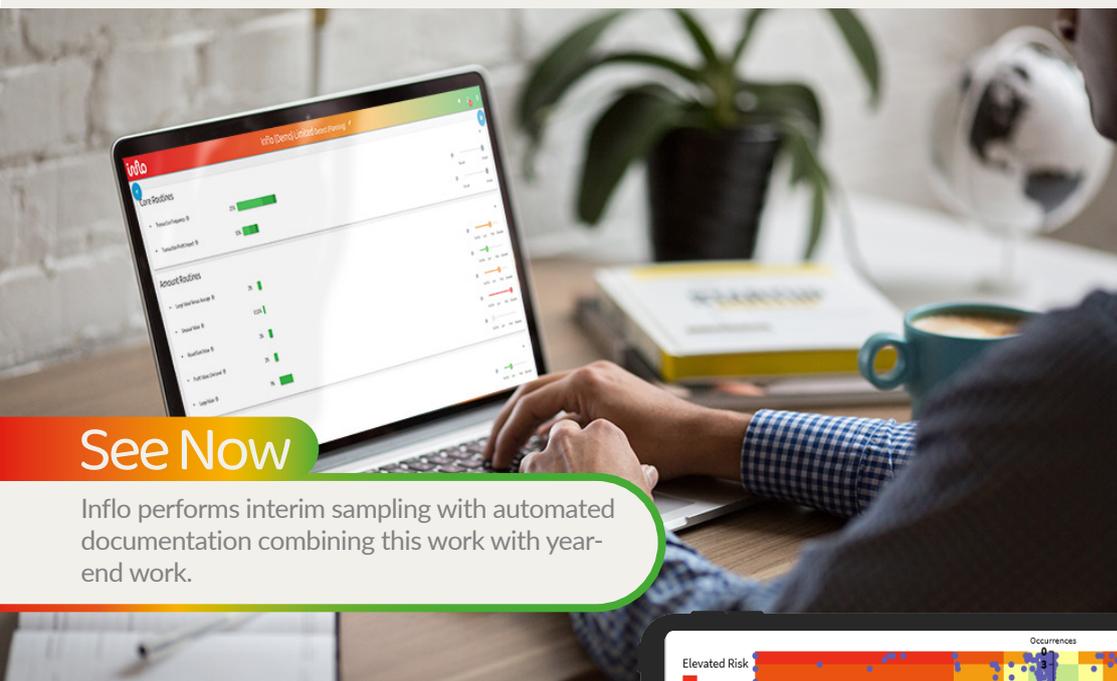
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Front Loading Testing

As the focus of audit approaches shifts away from purely testing the balance sheet position towards a greater focus on transactions, interim testing becomes an increasingly beneficial approach for audit teams.

Effective access to transactional data during the year, combined with completeness and accuracy confidence, means you can do more work earlier. This reduces the impact of busy season on you and of intense audit periods for the client.

It is important to ensure this work is not duplicative. Work done at interim should be effectively combined with year-end roll forward testing to produce an overall test, compliant with your methodology.

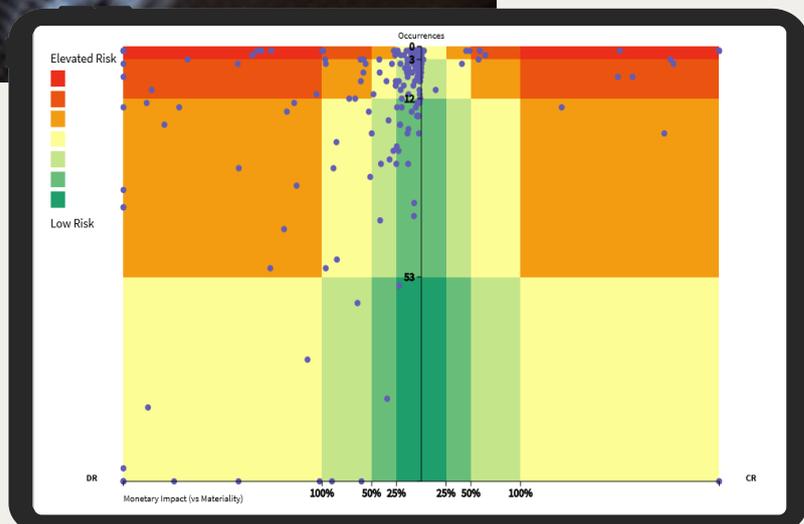


See Now

Inflo performs interim sampling with automated documentation combining this work with year-end work.

Pro Tip

Be selective with your interim testing approach. Focus effort on the most transactional areas of the financial statements where year-end sample sizes will be the largest.



8

Introducing Other Services

For all auditors, independence is key. Rules regarding independence vary for different clients in different markets.

However, independence should never be an excuse not to explore how the breadth and depth of expertise within your firm, or broader network, could add value to your client.

Taking time to understand and review a client's financial performance, comparing them to peers and discussing this with colleagues in your firm often identifies a range of ideas of how to help a client achieve their strategic aims, facilitating more interesting planning interactions.

Pro Tip

Other services of potential relevance to the client should be considered together with a **value pricing** proposal. Where interest is uncertain, consider proposing initial reviews with a limited scope, allowing value to be added which potentially expands into larger projects.



See Now

Inflo helps you and your colleagues identify new opportunities to work with your clients.

Done well, this nurtures closer working relationships between teams and a more cohesive client experience across multiple service lines.

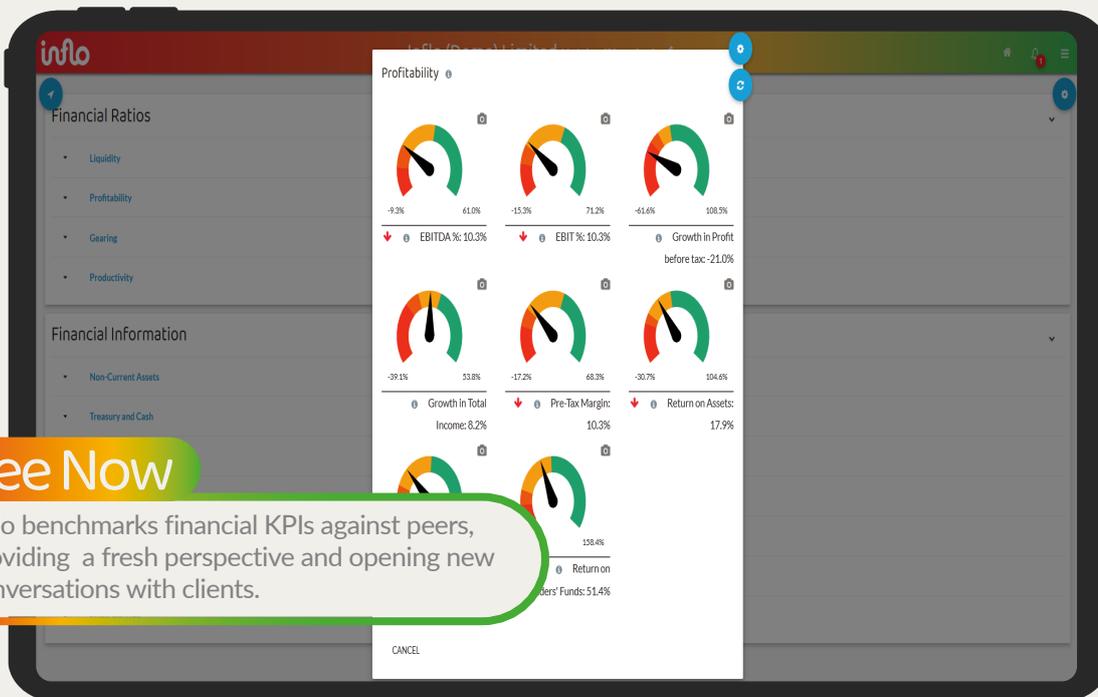
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Constructive Client Interactions

Conversations with your clients should add value from the very start.

You should communicate with your client early and often, seeking to understand changes in their business and the challenges they are facing.

Holding interactive, open discussions about the audit, areas of focus and where value can be added makes key contacts feel more involved and open to exploring new techniques. Sharing examples and demonstrating new capabilities you are utilizing on the engagement is time well spent to show value and substance behind the promise of a new approach.



See Now

Info benchmarks financial KPIs against peers, providing a fresh perspective and opening new conversations with clients.

Pro Tip

Use tablet devices, sharing or TV screen demonstrations to make client meetings a collaborative exploration of outputs and showcase the value of your new approach.

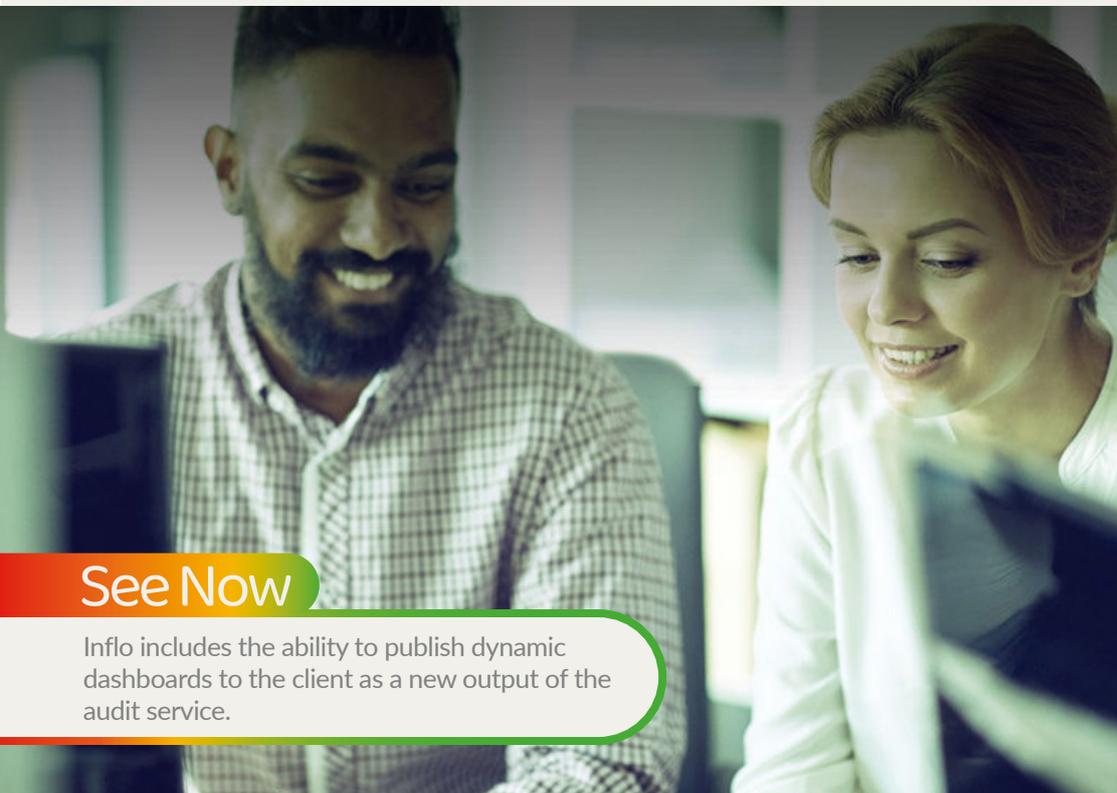
This is an important factor in changing your approach to fully embracing new capabilities. A client who is engaged and sees value for them is far more receptive to working with you in new ways or providing different information. This also serves to shift their perspective of your services and focus the conversations away from cost towards value.

10

Fee Based on Value

Holding open conversations with clients about value, both from the work you must perform and could extend your planned scope to perform, is essential in achieving fee income growth as a result of more valuable services.

All members of your team must be confident in articulating the value of their work and comfortable discussing this with the client.



See Now

Inflo includes the ability to publish dynamic dashboards to the client as a new output of the audit service.

Pro Tip

Invest time in preparing tailored value-pricing proposals which match the client's needs and concerns. Senior team members should lead value-based fee discussions for the strongest results.

Value-pricing provides a framework to facilitate this conversation. Rather than quoting a single fee proposal, historically often based on an inflationary growth from prior years, a range of options are presented to the client for their consideration. These options range based on the level of value provided to the client and thus the associated fee.

Technology is an important component of such a proposition, as this allows you to introduce new capabilities rather than simply presenting the same services in a different format.

The Result

Investing in the ten areas of valuable planning across Digital Collaboration, a Tailored Approach and Impactful Client Communications delivers a new, more valuable client experience.

It enables stronger and closer working relationships with your clients, provides opportunities for fee income growth and more challenging and interesting work for the accountants in your firm.

All audits have value, but the most valuable audits start with planning performed by intelligent and engaged teams leveraging the latest technologies.





About us

Our aim at Inflo has always been to make emerging technologies relevant to all client engagements, regardless of size or industry.

Our founders are from the audit profession. They have implemented technological change from within accounting firms prior to founding Inflo, and now with hundreds of firms around the world leveraging Inflo's leading capabilities.

Based on our experience, the best approach to transforming the value of your audit services is to clearly demonstrate to you and your clients the value of new technologies.

To get started today,
sign up for free at our website

inflosoftware.com

Or contact

sayhi@inflosoftware.com

to find out more



inflosoftware.com



That's why we provide free technology so you can perform the following planning activities:

- ★ Secure exchange of files and prepared-by-client information
- ★ Extraction of general ledger transactional data, reconciling for completeness and validity
- ★ Advanced side-by-side flux analysis and visualization
- ★ Interim substantive testing
- ★ High-risk transactions analytics and AI analysis
- ★ Revenue and Receivable 100% transaction flow analytics
- ★ Benchmarking KPI and ratio performance

Want to learn more about leverage the latest technologies to produce more value for your clients?

In our [Conversations series](#), we sit down with some of the brightest minds in accounting and pick their brains for their insights into the future of the profession.

You can also find out how our clients use Inflo to provide more value for their clients through [our case studies](#), and you can get our insights into the world of accounting through [our blog](#).