

## Financial suite<sup>©</sup>

Reflection on synchronization or fine tuning of internal audit activities versus external audit requirements for an audit obligated company.

### **Cooperation and synchronization between internal and external auditors**

Rentokil decided in 2009 to outsource their internal audit activities to the same (external) audit firm, that has executed Rentokil's external audit.

According to Rentokil's Board of directors this would result in an "integrated" audit at lower cost through higher efficiency and more effectiveness, with as a result a higher quality in audit activities and a higher quality of the outcome of the (internal and external) audit.

Audit regulations and guidelines in lots of countries don't allow an integrated audit.

But the issue, whether the external auditor must do additional work if the internal auditors work and evidence, is sufficient for the same audit statement from the external auditor

### **Synchronization of internal and external audit activities is at present far from optimal.**

One of the main reasons is that the external auditor must base his opinion independently, based upon his own judgment on independently performed audit activities in order to obtain sufficient audit evidence for his audit statement.

It is obvious that the work of the external auditors work leads to duplication of internal audit evidence. The recent economic crisis has lead to cost saving activities and elimination of those cost incurred activities which have no added value to profit. Why not realizing cost savings on audit expenses that incurred due to duplication of work?

## **How can Financial Suite® contribute to cost savings and still lead to sufficient audit evidence for an external auditor?**

Comes an integrated internal/external audit into place?

Within the structured set up of Financial Suite per entity, consolidated into the parent company, with break down per balance sheet item and profit and loss account and per account all audit required specifications and analyses and evidence that controls and checks and balances have been executed and approved.

Per entity, balance sheet item and profit and loss account you can document your accounting manual, internal control procedures in place, limits of authority and more.

Per balance sheet item etcetera you can comply with all required disclosures as far as IFRS and or Sox is concerned.

## **Effective segregation of internal and external control, but still the advantage of an integrated audit and thus realizing substantial cost savings**

Your external auditor, when granted access permission has all documentation at his disposal including evidence that internal controls are performed and have been operationally effective.

Financial Suite realizes the effect of an integrated audit, quicker, more effective, at lower cost and you will maintain the required quality level on your audit evidence.

What are you waiting for?

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