

Audit & Assurance



CALDWELL PENN
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What is an audit?

A statutory audit is an independent examination of the relevant evidence that supports the numbers and disclosures in the accounts and the significant judgements and estimates made by directors in preparing those financial statements. A statutory audit can only be carried out by a firm of Registered Auditors and aims to provide an independent opinion on the truth and fairness of your financial statements.

Many larger businesses, or those controlled by overseas parents, are required by law to have an audit.

However, an audit is just one type of assurance work.

What is assurance work?

Assurance work is an independent assessment of some aspect of the financial records or business. It can be undertaken to increase credibility of the financial statements for users. Depending on the work undertaken, we can provide limited or reasonable assurance review.

Why should I have some assurance work completed?

Any company can choose to have assurance work completed for a number of reasons:

- To provide useful feedback about how your business is operating
- To identify areas of weakness within a business
- To improve the company's internal controls or systems
- To provide external shareholders with some comfort over the results for the year
- To support the valuation of a business in the event of owners looking to sell
- To assess the quality of the information you use to make critical decisions
- To evaluate the company's overall financial performance
- To help to find solutions for financial challenges
- To provide you with proactive advice and constructive feedback about how the business is run



What are the different types of assurance assignment?

Assurance work is usually referred to as limited or reasonable assurance.

Limited assurance provides assurance on a small number of specific areas. It is not designed to

give complete confidence over the financial statements as a whole, but can provide users with more confidence over one or two areas. This type of work is sometimes referred to as 'agreed-upon procedures'.

Reasonable assurance is a more comprehensive and thorough piece of work, often involving some analytical review work to compare current and prior periods and budgets where available, as well as undertaking some testing on some of the key (material) areas. A statutory audit provides a reasonable level of assurance, but not all reasonable assurance work is as detailed and comprehensive as an audit.

How does an assurance assignment work?

Whether you opt for a limited or reasonable assurance review, the exact work which we undertake can be tailored to your requirements.

Unless we are undertaking an audit (when we are required to consider all financial information), at the start the assignment, we work with the directors to identify the areas which are most important or highest risk and our work is directed towards those areas.

The work we undertake is not as comprehensive as for an audit, and as such it will not provide assurance over the truth or fairness of the financial statements, however it will provide users of the financial statements with a level of confidence that the key areas have been reviewed.

What is an Independent Accountants Report or Grant Audit?

Some businesses are required to have an Independent Accountants Report on their accounts. This is often referred to as an audit as it has to be completed by a Registered Auditor. The businesses who need an Independent Accountants Report are often businesses who are regulated by or receive funding from an external body or those businesses who are established as a Club, Society or Community Interest Company. The Independent Accountants Report could be required for the whole financial statements or just on the costs incurred which specifically relate to a project for which a grant was awarded to comply with the terms of the grant. We can undertake the necessary work to prepare the Accountants Report for inclusion in the accounts or submission to the relevant body.

What is an Independent Examination?

Charities and some other not-for-profit organisations are required to have an independent examination of their financial statements, if their turnover exceeds certain thresholds in order to provide independent assurance that the charity's money has been properly accounted for. Caldwell Penn can undertake an independent examination to ensure compliance with the Charities Act 2011.



Contact Us

Not sure if this applies to you? No problem, we are here to help. Get in touch today for a free 15-minute consultation with one of our in-house experts.

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