

GUIDE

Simplifying your audit preparation with ApprovalMax



★★★★★
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UK App Partner of
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Year (2020, 2022)



INTUIT
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Traditionally, audits take a lot of work. From sorting through old files to sifting through past emails, finding all the documents and evidence you need can be a lengthy process.

While it's always important to keep the relevant business records (in many countries the requirement is up to six years or even more as businesses can be audited by tax bodies like the ATO, IRS, or HMRC) this is even more so for organisations with a regular audit. Not-for-profits, in particular, often have to be audited on a yearly basis, either by an internal, external, or government party.

This makes it all the more important to be audit-ready at all times. But what helps with this?

Simplifying audit preparation is all about capturing the right information and making it easy to find – think of simply handing over a login rather than boxes of invoices, bills, and other financial documents.



Thomas Lee
Regional Manager

Approved



Grace Taylor
CFO

Approved

✓ Audit report generated

“We're finding more auditors are working remotely these days – they're not coming on site to client premises as much and that's typically because they're trying to be more efficient,” says Brendan Lucas, Head of Accounting APAC at ApprovalMax and Founder of Next Dimension Accounting. “Anything you can do to speed up the process and get the auditors the requested information quickly is helpful.”

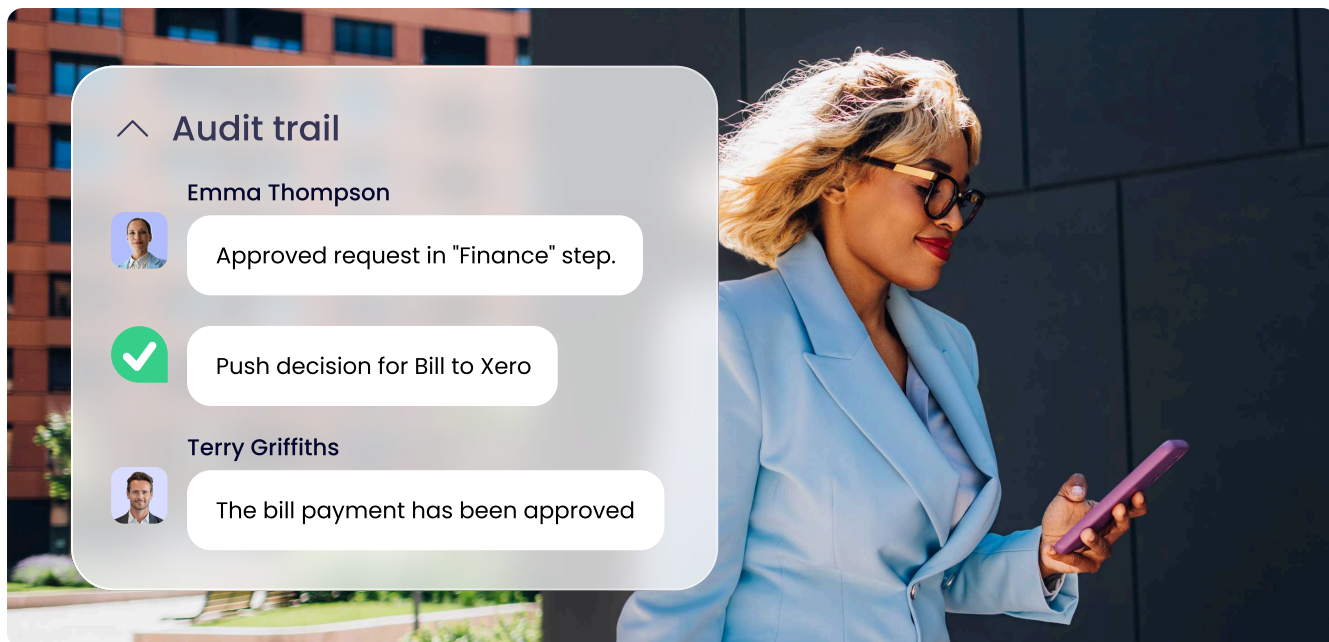
What makes audit preparation even more critical is timing. Often, audits happen just after year end. This doesn't leave very much time to get your books in line, making it a stressful race to the finish line after just finishing another one. So, what can make it easier, especially with little time at hand?

Well, just think about the state of your kitchen after cooking a big, elaborate meal. Dishes piled up in the sink, ingredients strewn across counters, and sauce splattered everywhere. We've all heard the advice that 'cleaning as you go' makes tidying up much easier – and it's true. Then, all you have to do is stack the dishwasher and press 'Start'.

It's the same for audit preparation. Except technology makes it even simpler; it basically stacks the dishwasher for you these days.

Let's explore how.





First though, what's the point of an audit?

There are a broad range of types of audits. Some are internal vs external, voluntary vs mandatory, or run by the government vs another third party. This depends on the region you operate in.

Generally, an audit checks whether the information presented in the annual financial statements is accurate and lines up with the evidence available. Depending on the type of audit, this will verify that proper processes and procedures have been followed, and that proper accounting practices have been used based on the industry and region.

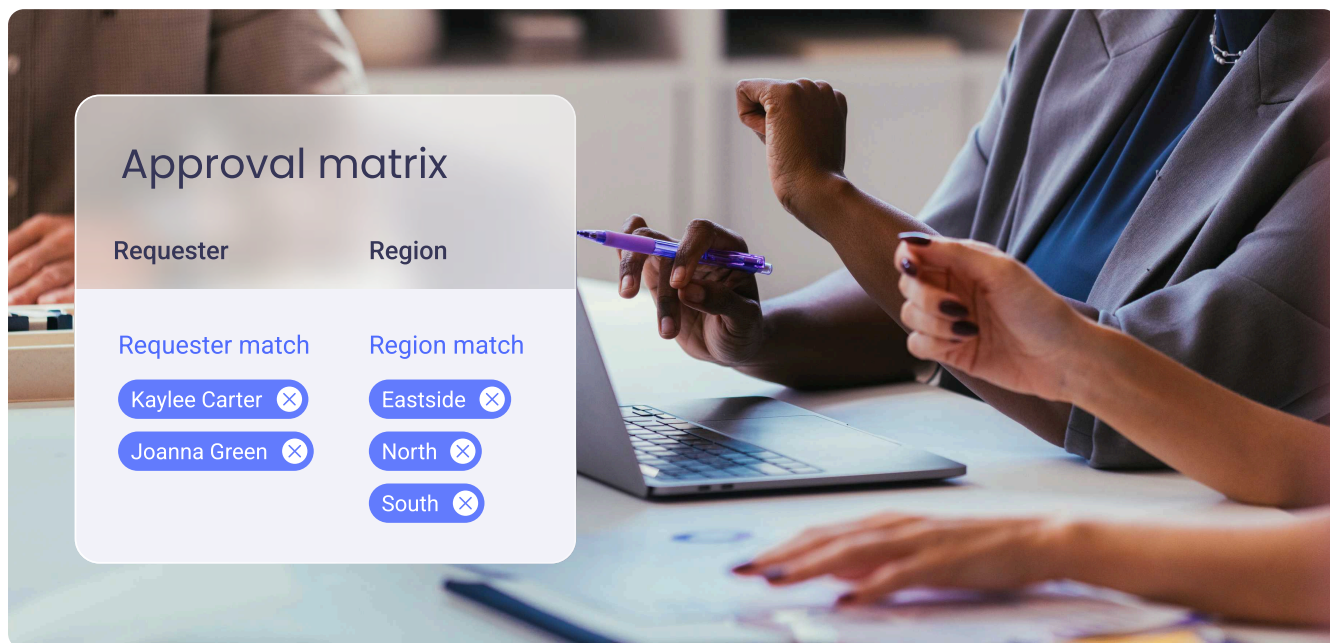
An audit doesn't check each and every figure – it's based on selective testing. This means it doesn't look at every transaction in detail. It also doesn't test the adequacy of an organisation's financial controls, but only whether those in place have been followed.

Audits help assure stakeholders that your house is in order. While certain industries and business types, like not-for-profits, might have more stringent audit requirements, it's important for organisations of all types to have their records in order for what the future might hold – like selling your business or getting investment.

Nailing your audit preparation

The easiest way to simplify your audit preparation is by having all the right info organised and easily available. But without the right approach, that can be harder than it sounds.

So how can you not only gather the right information but make it faster and easier to access? Here are four steps to simplify your audit preparation.



1 Have the right controls in place – and follow them

Typically, Lucas says auditors do a combination of what's known as substantive testing (following the paper trail and checking samples of bills, invoices, or transactions) and also checking the overarching controls, such as where the money went, who approved it, and did it follow the relevant procedures.



Step one is checking if the rules make sense for the organisation and step two is checking if the rules were actually followed. Everyone has rules but they don't always stick to them.



Brendan Lucas

Head of Accounting APAC at ApprovalMax and Founder of Next Dimension Accounting

If an auditor finds there aren't any controls, or they're being overridden, that often indicates higher risk and leads to them picking a larger sample size to confirm the numbers they're auditing are correct.

Some financial controls they might look for are:



Segregation of duties

Having one person in charge of everything can spell trouble. Instead, it's important to have responsibility split across team members – for example making sure the same person receiving the bills is not also paying the bills.



Authorisation and approval processes

It's critical to have mapped out processes in place to sign off on payments and purchases, like who approves invoices of certain amounts – and how exactly they do this.



Delegation of authority

This maps out who approves what in an organisation, such as payments above or below a certain threshold. Usually this exists as a matrix of approvers.

Mapping out the controls is one thing but sticking to them is another. How can technology make it simpler? For example, ApprovalMax automatically puts the right documents in the hands of the right people so your controls are followed each and every time. It'll even notify you if approval is bypassed or altered on an incoming invoice or other document.

"There are plenty of weaknesses in accounts payable processes that use either a physical stamp, emails, or even Slack for approvals. These aren't well received by auditors," says Lucas. "Something like ApprovalMax is a tried and tested program. I often get feedback from auditors saying that it's great, easy, and they wish other clients were using it."

2 Automate your audit trails and reports

Searching for an old invoice can be like finding a needle in a haystack. And even with a good filing system, documents sometimes go missing. While many think the move to digital systems would make it easier to find the information needed for an audit, the reality is that digital storage systems can sometimes be just as convoluted – and sometimes emails get deleted or files saved to the wrong folder.

So, what's a better option? Purpose-built tools that automatically capture the kind of information needed for an audit. With ApprovalMax, you can:



Enjoy automatic audit trails with every approval

For every single document approved in ApprovalMax, an audit report containing the complete approval history is automatically generated and attached to your general ledger.



Detailed audit trail

A more detailed audit trail can be found in ApprovalMax, it includes all authorisation decisions and exceptions that have occurred as well as comments, delegations, rejections and other details.



Easily export this information via audit reports

Download and share reports in just a few clicks.

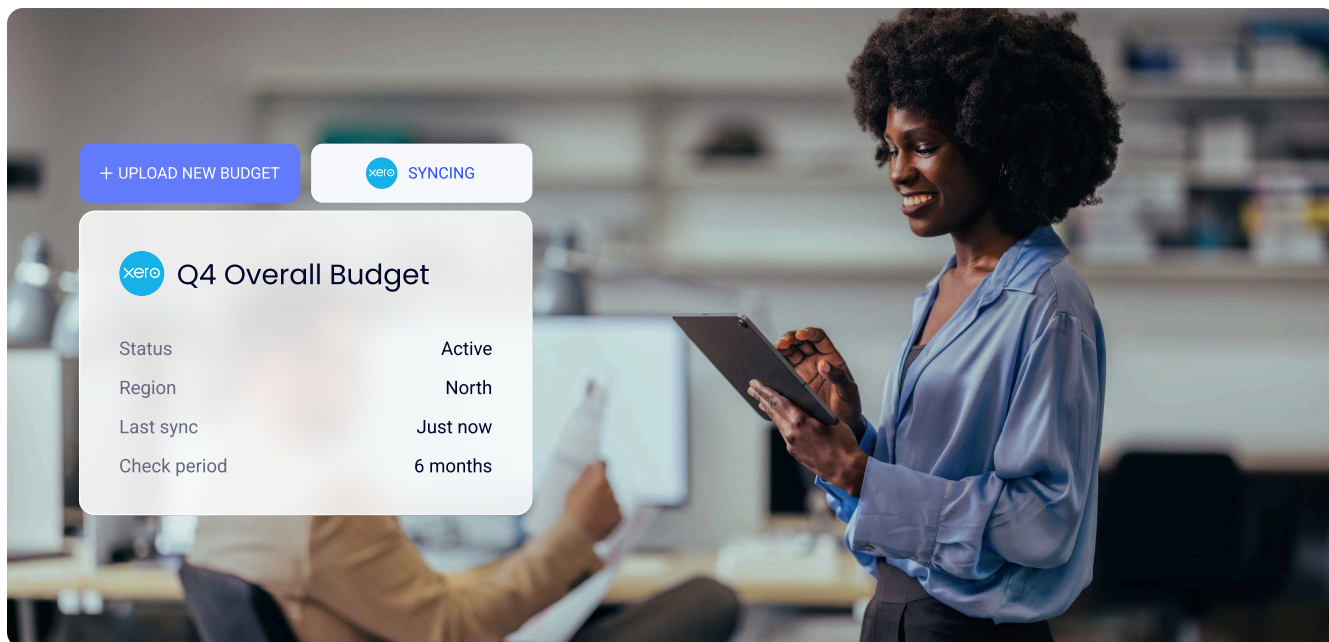
Because the audit trail funnels straight into your accounting software, you'll always be one step ahead. Say goodbye to sifting through piles of receipts for good!



ApprovalMax is clean, it's smooth, and it's easy to use. I love how the audit trail comes into QuickBooks Online as a PDF – that's a gamechanger for our clients. That's how it should be.



Stephanie Cooper
Controller at CHARITYacCOUNTS!



3 Keep everything in order, year-round

Since timing is one of the most challenging elements of audit preparation, why not make sure you're audit-ready all the time? This is where it's like having a trusty helper to clean up your kitchen as you go – putting in a little bit of effort now to save yourself more time in the long run.

This is much easier if you establish and follow the right financial processes and procedures, like proper approvals that follow your delegation of authority. Even better, ApprovalMax captures the details needed for an audit in real-time, rather than scrambling for information retrospectively at month-end or year-end. To improve this, make sure you're regularly checking that everything is going through the right channels – like incoming bills and invoices – and regularly being reconciled.

ApprovalMax is how accountant Josiane Gomez, Founder & CFO of Zivo, keeps her not-for-profit clients' books audit-ready at all times.

"With my audit background, I want to create controls that enable a clean audit and keep everything running smoothly. ApprovalMax is one of the solutions I've found that can do that. We make sure our clients' books are always audit or finance ready anytime. Even if you wake me up in the middle of the night, there won't be any need to patch up your books – they'll be ready," she says.

4 Give auditors easy access



When it comes time for the audit, we give the auditor view access into QuickBooks, and they can see everything right there.

ApprovalMax helps us build that foundation so people can easily access the information they need, whether they're our client, their funder, or an auditor.

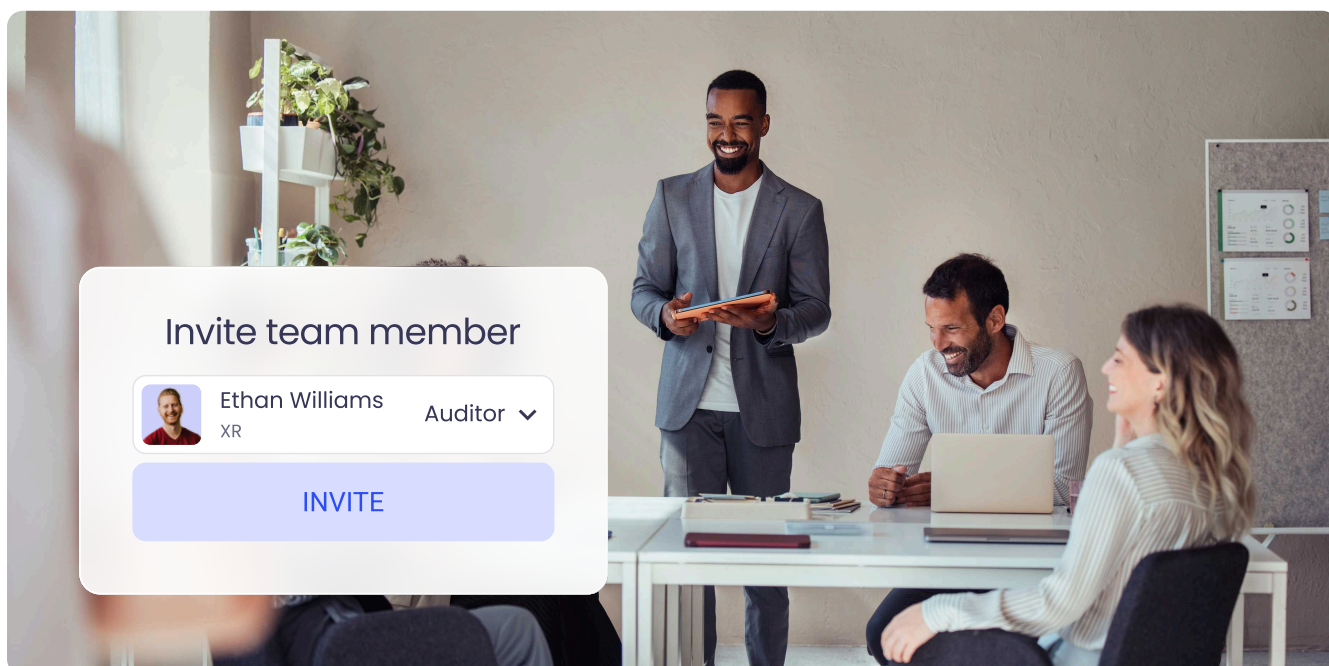


Stephanie Cooper

Controller at CHARITYacCOUNTS!

More and more, auditors are working remotely rather than on site. This means it's all the more important to give them digital access to the right information – and make it easy.

With ApprovalMax, you can invite one or several auditors to ApprovalMax to view your workflows and audit trails. The read-only access assists them with their evaluation without risking that something might accidentally get changed, approved, or rejected. Auditors are able to see audit reports and all the organisation's requests, and can add comments.





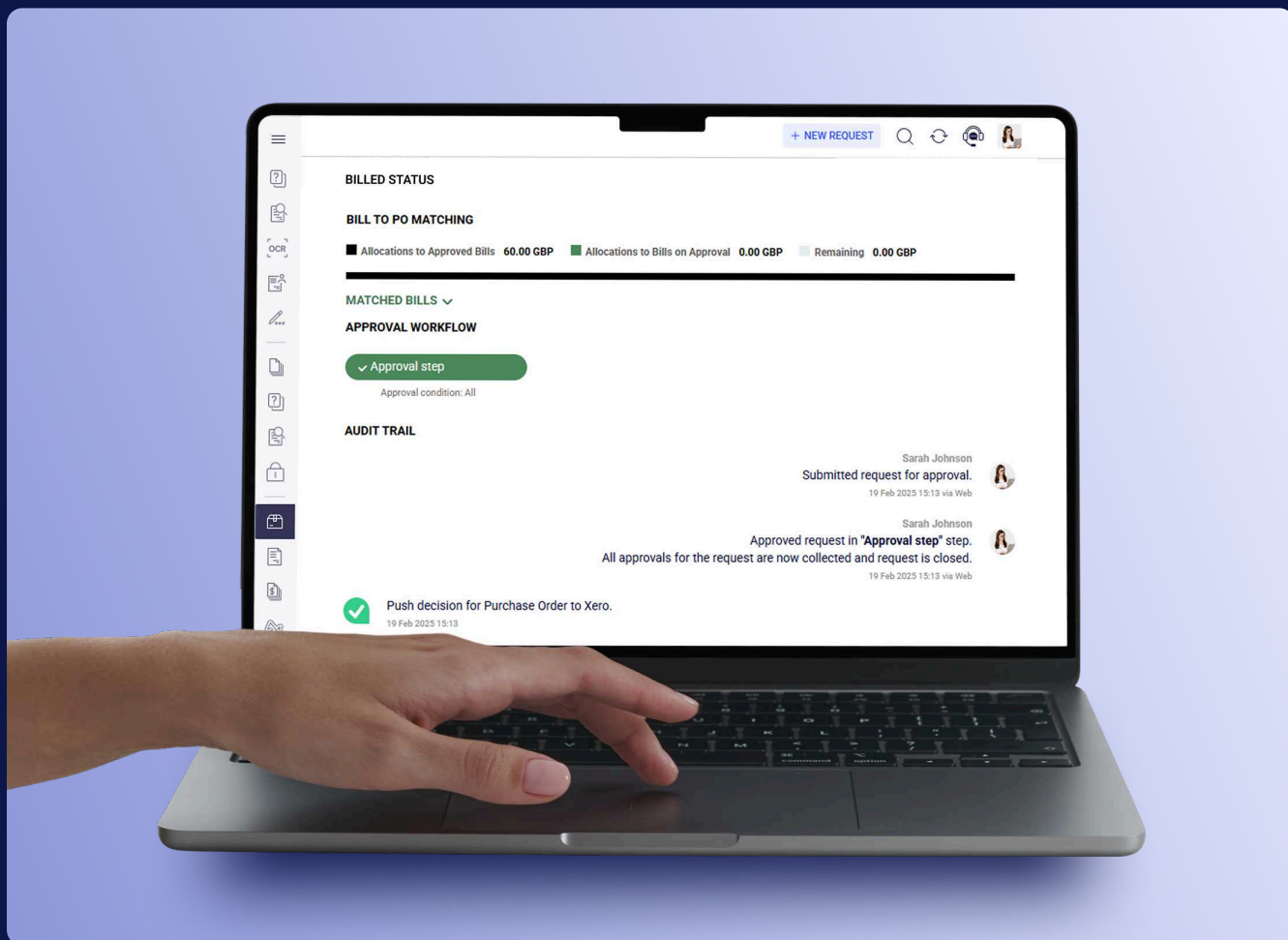
CASE STUDY

Audit speed run

When Helina Patience, Head of Accounting – Americas at ApprovalMax and CEO of Entreflow Consulting Group, did her first audit with ApprovalMax in place for a not-for-profit, it had a ‘bonkers’ timeline. “We had a very, very small window from the fiscal year end to when they presented the financials at the AGM.”

Being able to give auditors access to the books and see the actual approvals to get their sampling done made this all possible, Patience says. “They used to have to actually go on-site with people stationed in their office going through filing cabinets. It was such a pain, whereas now they can pull up their list, click into it in QBO, and find the backup documents.”

This made it much faster for everyone – and brought audit costs down, since organisations in Canada have to cover their audit costs. “It’s not just about making it easier for the day-to-day operations, but also bringing their audit and review costs down because the auditors, reviewers, and third-party accountants are able to get their work done faster. Now, they have easier access to what they need.”



Getting started

Want to know more about simplifying your audit preparation with ApprovalMax? Join our product demo to see how ApprovalMax works or start a free trial to try it for yourself.

[Join a demo](#)

[Start a trial](#)

Contact us sales@approvalmax.com

approvalmax.com