

Monthly Audit Meeting-20250807_090044-Meeting Recording

August 7, 2025, 1:00PM

43m 59s

● **Kevin Schweyer** started transcription

K **Kevin** 0:05

OK.

Great. Can everybody hear me all right.

Yeah. Nice. Great. So we will just get going right away. The schedule for this month.

There's not a lot of audits going on.

Right now, Saint Catherine's Rowing Club is finishing up this week, and we'll kind of trail on to the next little bit. That'll be febbly and Tyson Tyson finishing that one up. I haven't quite updated the schedule for Tyson yet.

And then a little bit later this month, I think on the 18th Niagara Christian College that's audit of two years that's going to be starting, that's going to be Jordan and mass ranges.

That will kind of continue on probably for about three to four weeks.

Depending on how long the like the two years end up taking and then near the end of the month, Ridley College Foundation will start up. But I believe the client may be ready a little bit early so this might end up getting pushed to to start a little bit earlier.

That's kind of it for August rolling into September, there will just be some spillover of those files. And then I don't believe that we have any more audits until interim testing comes up.

Then we'll just be heading into a bunch of review engagements and stuff like that. So that's kinda it for the audit schedule.

And also I mean we have updated anyone who's taking vacation. So any staff who will be taking vacation for more than a week. Just please let us know so we can keep that updated. So and if you are getting any new clients in so then we can plan our resources accordingly. So right now everyone who has been taking vacation has.

You want us like notice in advance, so that's why you see the blue lines. They say those stars are staff are on vacation. So yeah, just let us know so that we can update it accordingly as.

Alright, we will just kinda get into everything then.

We just have a bunch of little stuff, nothing very big today. First thing I wanted to go over as a reminder that we've seen in, in quite a few files the .100 documents, some of the tops of them have not been.

Filled out correctly, we just kind of want to show you how these all linked together. So these boxes here we should never be manually inputting them. These actually can pull from the five 520 document for the FSR risks.

So if we right click on these, we can then go and insert the FSR risks most of the time we have the segregation of duties and the potential for management override. Those are the standard ones you're going to see. Occasionally there are more FSR risks.

You only put like the segregation duties management overhead of control. Those are relevant across all the .100 documents, like all sections of every audit. But some of the other FSR risks may only pertain to like a few different.

Sections.

So just just be careful of what once you're pulling through. But baseline these two should always be pulling through and then just to explain how how this section works here.

General procedures these always should have check marks across all four because when we're doing an audit, we need to gain gain assurance over completeness, accuracy, evaluation, existence and presentation. If we're not hitting all four.

Then we're not adequately auditing that section, and that goes for anything, any section that's greater than performance materiality.

Then when we move down here, there's risk specific procedures, substantive analytical and sampling procedures, so a lot of the balance sheet sections were pretty much only to have general procedures. But when we get down into it.

If we're doing any sample testing, so if you're if accounts payable is material and we have to do sample testing of individual invoices on it, you are going to have to then put check marks in here for what assertions your sample testing are covering off.

Umm.

And an example for of substantive analytical procedures is when we're doing like AT4 reconciliation. So then we're taking the total amount from the T4 and comparing it to the total amount of the GL. That's a substantive analytical procedure and that covers all completeness. So you would end up putting a check mark.

There for completeness.

These O's or X's, depending on how they pull through that comes from the 590

document as well. So all of these documents are linked. So that's kind of how these pull through.

If you have any questions about it, feel free to reach out to myself or Renee.

But that's kind of how the top section of this document and then always just as a reminder, make sure that we're checking these dates at the top to make sure that they are the most updated version. The resource Centre should always have the most updated version.

And if the resource centre doesn't show a date, that means the identifier is wrong. So ensure that you have updated the identifier correctly. Just look at the JCP key that will show the example. Sometimes if you copy the same document twice there will be issues with the identifier. So like if you go to the properties you'll see like.

You click on anything PP. 100 properties.

So each one has that specific identify so that if you make it 101 that date, it won't pull through. So just to check that. So that's a way to see if the if the date is not there, that's that has not been properly done. So just have you just have to you can manually change it and then it will work perfectly fine.

Yeah. And just as a reminder, this is the document down here the the JZPCT we we always cut out a few letters when you say it.

But this is where you fill in your names for the drop down boxes and some of the other forms, but we always need to make sure that the RC location is the correct one, and that's what we want to point to the most recent copy of all the jazz it forms, and this is how you can quickly like scroll through to see which.

Items may or may not need to be updated. If it's a check mark, it's linking and it's saying it's the most recent version. So best practise is at the start of the file before you even start planning to go through and. Just make sure they're all updated. That way when you're doing the file, you don't even have to worry about it anymore.

Anymore, you just know that it's been done. Yeah, because you don't wanna redo it afterwards because that will just erase all the work you have done. When you do the update of that checklist. So it's always best practise to do it at the start. So then that then you don't have to duplicate work again.

Yeah. So the other thing we wanted to do a little bit of a refresher on is the the confidence factor. So back in our March meeting, if you go to the additional information.

You'll get this example document. It's just a an example of the calculation of the the size and like some of the things you can back out from expense testing. But the main

thing that we want to stress is that we want.

This being put into every sampling document now.

We're not really documenting the our choice of our confidence factor very well. So if we copy in this chart, it shows very clearly what our our guidelines are. So for the section.

You're going to go to the 590 to see what risk level the section is. If it's a high risk section like revenue, our starting point for confidence factor is going to be 3, but for no, no matter what our starting point is we're doing analytical procedures and like inquiry of the client.

So therefore we can say we're not completely relying on this sample testing. So we move down to some testing being done for high, which brings our confidence factor down to 2.5. If we're doing more work, let's say in the payroll section.

We've done our analytical, we've asked the client questions, but we're also doing the the substantive analytical for the T4 reconciliation. So therefore, we're doing more testing.

And we're saying, like, the the full reliance isn't being placed on it and other like we're doing a lot of other testing. So therefore we can bring it down to 1.5 and we do this for each starting point. The moderate, the starting point is 2.5.

If we do some testing, which is this like the analytical and inquiry of the client, brings it down to two, and if we're doing a bunch of other testing like some Santa analytical, we can bring it down to one and so on so forth with low. And then this box. Here you document exactly.

What we're doing in order to bring it down, so you would say the starting point for this testing is high because the 590, we've indicated that there's a high risk section, we've done analytical and inquiry of the client, therefore we've knocked it down to 2.5 or if you do, if you're doing.

Other testing on top of that you explain that other testing and that's why you bring it down to the point that you brought it down to. We've just kind of seen a lot of and this is something that we haven't really been going through and correcting and and enforcing.

A lot of times the confidence factor is just always too, regardless of what risk level it actually is and what other work is being done. So we just want to make sure that there's a consistent rationale for what we're doing in all audits across the firm.

Which makes it easier for all the preparers as well, because if you know exactly what to do based on this, then there's no real questions that you have to ask yourself

when you are starting sample testing any any section.

And also going forward like what Kevin said for audits, it would be like we would prefer if you use this template, we do have another template, but it would be better in terms of first or in terms of reviewing it and in terms of preparing, we don't have much back and forth. So if you use the same template, we understand how we are. Came up with that amount because right now we pick a confidence factor, but then all of a sudden we drop it to two. But if you see a proper sketch template like that, how based on how the confidence factor would change based on additional work done, it's easier so.

Even so, if you come across a file which doesn't have this template, we would be. We would prefer if you bring this template into the file and update it accordingly. Yeah, and instead of having to go to.

This every single time you wanna pull it in. Maybe this is just a document you copy to your desktop to and I think it's a document library. Is it there? I'm not sure if we put in the document library yet or not. OK, it for sure wouldn't be in the Niagara Falls one because we can't roll out changes there. OK, but.

But and yeah, if you have a difficult if you can't find it, just please reach us. Reach. Reach out to us and we'll send it to you. So then you can use this going forward. Oh, I should have loved that. Just doesn't.

CS **Christina Smith** 13:03

Sorry, where did you say we can get that?

K **Kevin** 13:06

If you go to the monthly audit meetings on the I don't know what we call this the dashboard, it's March, the additional information you just click there, it'll automatically download it, pull it in.

CS **Christina Smith** 13:09

Yeah.

OK, got it.

Thank you.

K **Kevin** 13:22

No problem.

So one of the other things that we wanted to remind is print settings. I open up the GL just you don't have to worry about print settings in the GL because we don't archive this. But I just wanted to show what ends up happening if we don't.

Make sure print settings are set so.

When we're archiving all of our files, whatever the print settings are in Excel, that is exactly how it will print to our archive. And if we're not doing that properly, when practise inspection comes in, we can't even give them the file, they'll just turn it away. They'll still, like, go into our actual file and they'll have access to all the calculations in our excels and and all that. So we just want to make sure that everyone is actively making sure the print settings are set, because if an excel were to print like this, it's. Unusable for the archive. It just makes things unnecessarily big, and it's also a reminder to keep the GL out of the archive because we do not put this much information in there.

One of the easiest ways to to do this, I'll just pick a random.

Document is instead of operating in the the normal view, we can go to the page break view. Then we go into page layout orientation.

Most of the time, we should be making it landscape and then you can just draw it to the correct width and this will make sure that it prints to a singular page.

Width wise we don't really care how many pages it's gonna be height wise, but just make sure that it it's printing to like one page width wise so that it's readable when when it gets archived.

Yeah.

One of the other things I got asked to show 'cause it's been a long time and we have a lot of new people on is our.

How we embed documents in Excel?

So I just wanna show an example of this 'cause it it's really helpful when like in our request logs how we're gonna do anything. So you start out you click on the cell that you want to embed things into.

Go to insert and it's under text object and then you go to object.

Make sure you click display as icon, go to create from file display as icon again and this is really important because if you it will default to link to file which then links it internally but then when we send the Excel out they obviously don't have access to our.

Internal documents, so they can't do it. So displaying this icon actually embeds it to

the file.

Then we can go.

To where we store the information.

Aye.

It's not showing the rolling club.

See. There you go. Oh, there. See that?

We can just go to here. Let's say we want to insert this document. Go insert. OK and then it puts it in here and you can shrink it down to be the size of the box. Then if a client wants to go open it up, they just double click on it.

And it's right there.

Just makes it a lot easier when we're asking questions to the client to say like, oh, you sent us this document last year. Then instead of trying to explain it in a huge amount of detail, you can just say you sent us this document last year. Please send it again. And then it's just there for them to see. There can be no mistakes 'cause they can see exactly the document that it is.

One other thing we wanted to go through bank reconciliation testing. We've seen some inconsistencies with the way that this is being done across like different offices. We just wanted to kind of go through like starting point like start to finish how this is kind of supposed to be done, the things that you need to hit First off like the first step?

Is making sure that the.

The starting point on the bank reconciliation, so the ending balance matches to the the ending balance of the bank data. So here it's referenced to page 9 and go to page 9 and see. Yes, this amount matches to the balance so you can see it's referenced there.

Umm.

Then our next point is to go to the the cheques and we can see that there's a bunch of stale dated cheques. So whenever we know that there are stale dated cheques or aren't, we always need to comment saying there are no stale dated cheques, therefore no further work to do.

Like that way, if there are still data cheques we need to add them up in total and then comment whether or not it is over or under trivial. If it is greater than trivial, we take it to the summary of unadjusted differences.

As an understatement of cash and an understatement of accounts payable.

And we just always need to comment on that. If we can see like, oh, it's obviously

below trivial, we still need to sum it up to show that we did it and we need to comment on it. So every single bank rack in an audit, we want to see that comment. Of whether or not there are stale, dated cheques that we know that you looked whether or not if there are stale dated cheques it is over or under trivial.

Next one thing that we know has kind of been missed quite a bit in some of our audits. If stale dated cheques are material like this, This is why I chose this file because we had to do everything for this bank reconciliation.

There's just a huge number of outstanding cheques, so it is a material balance. Therefore we need to do actual sample testing of the cheques like we do anything else we've noticed on some bank reconciliations that.

People have been just kind of testing transactions that have already cleared the bank before year end. That doesn't need to happen. I don't have an example of that here, but instead of testing outstanding cheques they go through and say like, Oh yes, this cleared bank but.

We can see that it already cleared bank that's already out and the bank reconciliation works. So just make sure we're not doing any unnecessary work. But like here you can see that that that there were some cheques selected for testing and they're being brought over to the other document.

And here we're showing the total balance for the GL, comparing it to the bank rack, seeing the difference and concluding on whether or not it's trivial. So on all of our documents, we always need to make sure like this that we are showing the the balance.

Or the GL if there is a difference and calculating and and referencing it into the lead sheet to to prove that or to show where it's going when we're doing our files, we can infer where other things are going, but for practise inspection they really want to see. A clear path of where everything goes.

So if we're not referencing at the end of the document what the balance is going to, they're not going to be happy with that because then they're just having to make assumptions and and go where and try to find where things are actually going.

That's it for me. And now I'll I'll pass it over to print.

So just we're gonna just discuss about the one or two testing as well because that's also a important part to complete the audit once once the draught statements have been approved, so basically.

We do have the one or two checklist here that pretty much covers all those discussion items and again usually send a listing of questions for the one or two

questionnaire for the client. So that's saved in the.

Audit case for template, but I believe that needs to be updated for Niagara 4 server.

So we will put this as additional information so you can have access to everyone would have access to it, but so that's this put itself, put it and delete it.

Yeah.

So at the end you can just use this questionnaire.

Deep.

So we can just send these questions to the client so that we can get a response to them. And another thing that you need to be aware of when we are asking for bank statements or the GL subsequent to year end, we can only rely on the general Ledger subsequent to year end.

If the bank reconciliation has been done by the client, if they haven't done that, then we have to rely on the bank statement. So usually the firm process will be the first two months you check transactions, anything about trivial and anything. After that you check about.

Yeah, but if they have done the bank reconciliation, you can make those selections through the GL as well. And then then we just couldn't have a discussion with them. If they are aware of any payables or receivables that are related to the current period and if they're again because we do check with them, if they're aware of any fraud or litigation issues, but.

At the end also we need to confirm asset the statement approved date. So the other thing we need to so that's for one or two testing. And in terms of the Rep letter, this financial statement issued there would not be the exact Rep letter because sometimes you send the Rep letter on a particular date but they sign off.

Of three days later, so that will be your financial statement date. So our one or two testing would be up to the financial statement date because we we are on the hook after this financial statement date that we have done our work. So that's probably that's why we have the one or two testing you we do have.

AP Cut off and AR cut off testing done separately so you can extend that search up to the period of the financial statement that you don't have to put that Excel spreadsheet here, but if you prefer, you can put it here as well if you wanna test, but you can just simply.

Extend the search for B. The AP cut off and AR cut off, and then respond to the questionnaire on the one or two checklist as well.

OK, so that's for 1:02. Do you have any questions on that?

OK. And then here this is the like, this is substantial completion date and then usually the date of approval you put it here like this will be the date of approval once that's once everything has been completed and these are the normal discussion points.

And then in terms of disbursements, you can link to the particular working page.

OK. And then the next one is for the engagement letter usually how the 410 works, the client acceptance is at the after we send the engagement letter to the client. So the best practise is?

Before, at least of a month of the planning date for the audit, whoever the preparer reach out to the partner, the manager to see if they can prepare the engagement letter, so then you can send the engagement letter once you receive it, you can put that in and then complete the 410 and once that is done, we can send the rest.

Of the planning documents, the audit planning letter and the initial set of questions, it will be better to do that. So then the client has already been engaged. We don't want to have a situation where we send all the documents, we spend the time to send the planning documents and then the client decides not to continue with us because the engagement letter is.

This is the legal document that bind the client to work with us for that particular year, so it's always best practise to send the engagement letter at the start and complete the 410 at that point. So then we review and then we can go to the planning documents and then this is.

Not mainly for audits. Sometimes when we do charity returns, there have been situations when we have to. We don't have authorization. Should we have to mail it out. But when you mail it out to tax prep forms, it only sends the T 3010.

But usually I'll just see if I have a example.

So usually when you complete the chat, return it, the 3010 checklist would show you what what documents are applicable. So if you're mailing it, you need to ensure that those documents are in that package, because if not, CRA might not.

Accept it and we'll send it back. So we so we just don't want that chance because sometimes we send it very close to the deadline. So it's this checklist. So ensure that when the final package is done that all of these are included. So usually when you print the form, it will only print the 3010.

You need to have the financial statements or and usually for all chat returns you have AT1235. That's the director list, so you need to print that. But then there are some chat returns that have the qualified dorneys that's a 1236, so most.

Files you have the first two first three documents, but then some. You have the 4th

one as well, so ensure when you're telling admin to send the documents that these are all been all been printed and that is what's being mailed out. This is usually not a problem if you're doing online submissions because that they will ask for this. If not, you can't do the submission.

But just wanted to give you an update because most of our assurance work for not-for-profit organisations where we are dealing with not-for-profit organisation charities where we are dealing with the charity return as well.

And then the other important one item would be at the end completing the DF one. So each file EF so AF1 is more of a client dots protocol. Let's just check if everything is in order. So before you hand it over to review, just ensure that you go through these documents.

And just check and see if everything has been completed. See like this will.

So this is should be selected as so it should not be recurring going forward for any adjusting general entries. We don't do any recurring ones, but we all just have to go through all these documents and just to go through check all this just to ensure that. We have gone through those items, but once that is done, you need to go to DF one. This is what you you complete to archive the file, so the preparer needs to complete from a section to D sometimes there are situations where this so it is completed when you see the check mark. Sometimes there are basic situation where check. Doesn't isn't there and it's like work in progress, mark. So then you have to refresh and redo it. Complete these sections and I'll leave the verification milestone for the manager or the partner to do.

Because admin can't lock down the file without this being completed but don't complete this till the final op since till everything has been completed because this is kind of like a control where admin will never lock down the file.

Without you completing it so. So if so that so basically admin will look check if this has been signed off. So this had this needs to happen at the end. So as a preparer finished for A to D and then the manager partner do the final check.

And then finally, the file is ready for locked up.

Right. And then the final item is materiality. So we don't, we haven't come across this situation a lot, but we just want to make you aware of this. So in a sit like.

Let's say if the current year's materiality drops more than 10% from the previous year, then we need to test the closing balances from prior year balance sheet.

With the new materiality, we need to at least have a memo or a worksheet showing that we did the test and then that is applicable for all unrecorded adjustments as

well. So when you're picking materiality, ensure that it's reasonable. And ensure that what you're picking doesn't fluctuate a lot, like if you're. If the revenue fluctuates a lot, it's not advisable to use that. If you do something that's more constant so that you don't have that fluctuation, because if it drops more than 10% in the current year, you will have to check the prior. You're closing balance sheet items as well. We will put that as a note in the additional information so that you have it as well. So that's pretty much it. Yeah, so that's it. Unless you have anything else? Yeah. Do you have any questions from the items that we discussed?

CS **Christina Smith** 33:50

Where do we get the request vlog?

K **Kevin** 33:50

Aye.

That's an we have a request log and I don't know in the document library under it, it's the forms, not the audit template. Check if. Please check if you can after this meeting if everyone can OK.

CS **Christina Smith** 34:07

OK, I checked it's not on the Niagara Falls. One can.

K **Kevin** 34:11

Oh, OK. Yeah, because we have a little bit of restriction on updating the Niagara 4 server. But what we can do is we'll for this additional information. So usually will it will be up in the dashboard of like in about 3 days time.

We'll put that request log there for you as well so you can access it. So all these items that we discussed would be available on the dashboard. So we'll put the request log. So we'll keep a note that to upload the request log as well. So you can everyone can access that.

CS **Christina Smith** 34:30

OK.



Kevin 34:43

Is there anything else that you want that additional information?



Christina Smith 34:44

Thank you.

Not that I can think of right now. Oh.



Kevin 34:49

Jacqueline.

We'll put the sample select. That's not it, but the confidence factor is already there.

Yeah, the confidence factor's there in March. OK, so if for especially.

I think after this meeting, everybody should just go download that now to make sure they have it so you don't forget where it is because anybody working on audits at all throughout the year, we want that being put in and we're gonna just start querying to put it in. If we're not seeing it, yeah.

And also try to use the corporate tax reconciliation Excel spreadsheet for any for profit funds. If you're doing that, it's easier than using a case where template and it will tie into the amounts easier. So in terms of removing, it's better as well.

In terms of for you reconciling the tax explosion, that will be easy as well. These are some additional items you can use in this file.

And we will see if we can update the same for the Niagara full serve as well. So you have access to that, just one more item I just forgot, just want to know about you as well. So we don't call.

Pre audit letter anymore. It's called audit planning letter. We don't call it post audit letter anymore. That's called audit findings letter. So it's so that to avoid any confusion there.

And in audit findings letter, sometimes you have come across files with which doesn't have any unrecorded misstatements and clients prefer to have that documented that they don't have any unrecorded misstatements, so that it look they look good in the board.

Meetings. So I we have put a template where there's no misstatements because we don't have option of check get getting that document. Sorry getting no misstatements in the Dropbox. So we have to.

The dragon.

So we have to do manual override on that.

This is how the audit findings that I would look like and what I was trying to say is in terms of misstatements. So usually if there are misstatements, you can pick what they are and then there's a drop down and the drop down gives you the following options.

But if in a situation there are none, you can just use. This just says there are no unrecorded misstatements in the current here. So so you can manually override it, or just use this from the template. This is just for your information in terms of doing an audit. Findings that are at the end in a situation where the client doesn't have.

Any unrecorded mistakes apart from that everything else in order to find in letter should be good to go. You you can just customise it. The check boxes where the I mean based on what is required for the file ensure that so these are based on different files so ensure that this is applicable customised for your one.

Yeah.

So then you need to ensure that you put the your client information here. Just ensure that that that's being done and that you are not sending of audit findings that are with different another client's information.

Right. So that's pretty much it. If there's no other questions. Thank you so much.

Enjoy the rest of your summer, I guess.

Sure.