



## **Audit Findings Letter**

October 2016

## **Sample Audit findings letter**

The Board of Directors  
XYZ Limited  
30 Pembroke Street  
Dublin

Date Dear

Sirs

Please find enclosed financial statements for the year ended 31 December 2010, Corporation tax computation and abridged financial statements for your review. In addition please find enclosed our letter of representation letter, which we request you to sign.

During the course of the audit of the Company's financial statements for the year ended 31 December 2010, there were a number of issues that came to our attention that need to be reported to you as directors of company.

This report deals with the following areas

1. Significant deficiencies in the internal controls and accounting systems
2. Significant audit risks that have an impact on the audit report
3. Unadjusted misstatements
4. Any VAT/PAYE issues
5. Qualitative aspects of the company's accounting practices and financial reporting
6. Matters specifically required by other ISAs (UK and Ireland) to be communicated to the directors'
7. Any other matters of governance interest

### **1. Significant Deficiencies in the internal controls and accounting systems**

During the course of the audit we identified some areas in which there were significant deficiencies in the internal controls and accounting systems. We now outline what those deficiencies were, an explanation of their potential effects and our recommendation for improvement. The deficiencies are as follows:

- a.
- b.
- c. etc.

The purpose of the audit was for us as auditors, to express an opinion on the financial statements

The audit included consideration of internal controls relevant to the preparation of the financial statements for the purpose of designing relevant audit procedures but not for the purposes of expressing an opinion on the effectiveness of internal control and the matters being reported are limited to

Those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to those charged with governance.

Please note that the above list of deficiencies is not exhaustive and more deficiencies may exist in the internal controls and accounting system.

### **2. Significant audit risks that have an impact on the audit report**

As discussed during the course of the audit, there are significant concerns over the going concern of the company due to company's banker's refusal to confirm continuation and renewal of the Company's overdraft facility. Adequate disclosures have been made in the notes to the financial statements. However we have a duty to include a paragraph in the audit report, which will draw attention to note one, which sets out the details of the uncertainty. This paragraph in the audit report is for disclosure purposes only and our audit report is not qualified in this respect.

*Other examples of significant audit risks that may have an impact on the auditor's report include:*

- *Complex, non-routine transactions*
- *Unusual transactions*
- *Transactions outside the normal course of business*
- *Judgemental matters*

### **3. Unadjusted Misstatements**

During the course of the audit we identified a number of misstatements. We require reasons from you for the non-adjustment of the following misstatements:

- a.
- b.
- c.

Please include your reasons for non-adjustments in your letter of representation.

### **4. VAT/PAYE issues**

During the audit we identified a number of VAT/PAYE issues, which we detail below. I request that these issues be resolved and corrected. If these issues are not corrected within six months then under S1079 of the Taxes Consolidation Act 1997 we will have to report this situation to the Revenue Commissioners. The VAT/PAYE issues are as follows:

- a.
- b.
- c.

**5. Qualitative aspects of the company's accounting practices and financial reporting.** During the audit we identified a number of issues in relation to the company's accounting practices and financial reporting and particular in relation to the following items. **(If there are issues in relation to the following, these comments need to be reported)**

- Appropriateness of the accounting policies
- Appropriateness of the accounting estimates and judgements
- The potential effect on the financial statements of any material risks and exposures  
e.g. pending litigation
- The extent to which the financial statements are affected by any unusual transactions
- Apparent misstatements in the other information in the document containing the audited financial statements or material inconsistencies between it and the financial statements

### **6. Matters specifically required by other ISAs (UK and Ireland) to be communicated to the directors'**

If there are issues identified under the following ISAs (UK and Ireland), then these issues need to be reported to the directors':

- ISA 210 – Terms of Audit Engagements
- ISA 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements
- ISA 250B – The Auditor's Right and Duty to Report to Regulators in the Financial Sector
- ISA 260 – Communication with Those Charged With Governance
- ISA 265 – ISA (UK and Ireland) 265 "Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.
- ISA 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment
- ISA 320 – Materiality in Planning and Performing an Audit
- ISA 550 – Related Parties
- ISA 560 - Subsequent Events
- ISA 570 – Going Concern
- ISA 580 – Written Representations
- ISA 720A – The Auditor's Responsibilities Relating to Other Information in

Documents Containing Audited Financial Statements

- ISA 720B – The Auditor's Statutory Reporting Responsibility in Relation to Directors' Reports

**7. Any other matters of governance interest**

We also have identified the following issues.....

This letter was prepared for the sole use of the company, the content must not be disclosed to any third party, without our prior written consent and we assume no responsibility to any other person. Finally we would like to thank you and your staff for the assistance offered to us during the course of our work.

If you have any queries in relation to the above, please contact us at any time.

Yours faithfully  
Auditors