

# AUDIT BEST PRACTICE GUIDE

How to utilize Validis data in the Audit process

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## Introduction

The purpose of this guide is outline how to utilize data to improve audit efficiency, while also driving higher quality.

This document looks at the key areas of an audit to include how to plan effectively using Validis software and to identify where client value can be achieved.

We have compiled our top 10 areas where the true value of using Validis can significantly increase the efficiency and quality of an audit.

## How to use this guide

If this is your first reading, we recommend going through this guide in order—as you'll see the three sections follow the pattern of your audit and provide practical guidance to get the most of Validis at each stage.

We always love to hear from you so we can better understand your experience with Validis and improve documents such as this.

Please send your comments by [getting in touch](#). Thanks for taking the time to read this and for providing any feedback.

**Data Security is our top priority.  
Validis maintains the highest level  
of security.**

**[Learn more about our policies  
here.](#)**

## Overview

Audit planning is one of the most valuable times for an auditor to assess risk and determine responses.

The auditor's dedicated focus during this time by ensures an effective, efficient and better-quality audit and utilizing technology can help drive the overall audit strategy and plan.

Validis is used by thousands of auditors and accountants globally and can transform the audit process by providing valuable insights into your clients' data. The use of technology at this point can greatly assist in determining the right scope of the data to make it relevant to the audit.

The AICPA issued a new Audit Data Standard for obtaining uniform and consistent data for use in audits. Validis fully participated in this 2 year+ process. Validis data is currently 95%+ in compliance with this standard (issued February 2023).

Validis is the leading global tool for extracting client data. Through cutting-edge innovation, auditors can gather evidence when working remotely through the standardized outputs – produced within minutes! This has ushered in many opportunities to automate current manual tasks by providing the appropriate level of analytics during the audit process.

**In this guide, we'll take you through the 10 top tips to help the audit planning process that will deliver more valuable outputs for you and your clients in less time.**

**Read on to discover how a focus on data and how impactful client communications can deliver a new, more valuable experience for you and your clients.**

# Planning \ Better quality data – and earlier!

## Why not extract data quarterly?

If your audit team has never uploaded data for this client using the Validis platform, then why not give them every chance to be successful at Year End by asking for a planning upload.

Planning an engagement without having visibility over the data destines an audit to be inefficient or have significant delays. This will cause more upset to you and your client. Being an effective auditor by receiving a planning upload of financial data, that is also granular in its information, will mean you can visualize, delve deeper and potentially answer your own questions as well as provide the client with a more valuable experience.

Getting the data – and getting the data early, means the auditor can ask better questions and receive more powerful insights. For example: why have sales have increased in the first 9 months of the year? Or why have expenses have increased by over 55% since last year?

Auditors want the power of the data to help drive their questions and provide greater value to the client but historically the issue has always been 'getting the data', not the insights they can provide.

## Ongoing

**Connect and extract data for any period as part of the interim audit so that the client understands the process before the pressures of Year End.**

## Insight

**Auditors need to be able to find what has changed, what is material or what looks unusual!**

# Planning \ Enhance preliminary analytics

## How to maximize value

Identify significant changes to your client's performance and financial position whilst conducting a variance analysis to better understand their position.

Validis gives you the ability to drill down past simple transactional data and explore the actual journal entry postings. This allows for a greater insight into your client's business.

Having the data enables you to look for unusual trends or relationships in the underlying data. Causes of any variances can be found, whilst allowing you, the auditor, to adapt your approach and shift your focus to greater areas of attention.

### **Cleansing or manipulating data is a thing of the PAST!**

Validis gives you consistent and standardized data across any accounting system meaning you can spend more time adding extra value to your client.

### **Auditors don't have the time!**

"We don't have the time to do an interim audit." We have heard this many times in the past and it is our experience that auditors **need** to leverage the power of data and technology. This will help speed up their processes and better leverage their staff.

## Top tip

Tell your clients how secure their data is!

Have a discussion sharing the benefits of this new approach to getting their data.

**Allow staff to be more efficient with their time**

One firm told us that they have a 20% turnover in staff every year!

# Planning \ Quality quality quality

At Validis we pride ourselves in ensuring that we are the data pipeline for all your services.

The quality of the data is the key when understanding risk in an audit. With Validis there is no cleansing or manipulation of your clients' data.

We understand that data is integral to improving performance for you and your clients and that is why we are the global leader in what we do. We allow you to have one place for all your client's data needs.

The audit preparation and planning areas within the Validis platform allow auditors greater freedom to explore variances that have occurred in their clients' data during the planning phase and focus their attention on the high-risk areas.

Within the easy-to-use Validis platform you can see the General Ledger, Accounts Receivable and Accounts Payable Information all in one intuitive view. Tying invoices, to bank balances, through to the transaction in the general ledger is now much easier to visualize.

## Insight

**Validis is the global leader in providing you and your clients with a data pipeline that can serve all your needs in one easy to use platform.**

# Planning \ Get better insight into your data

## Help facilitate better walkthroughs

Having your client's data in advance of any discussions enables your team to ask better questions and gain greater insights into their business.

Imagine being able to approach a walkthrough with more knowledge and a heightened reliance on explanations from your clients because of the data Validis provides.

Validis helps an auditor get a clearer indication of the flow between transactions, balances, IT, controls, business risks, and audit risks by providing instant access to data. Reporting packs can be easily accessed and customized, all at the touch of a button from the Validis interface.

Getting planning data increases your understanding of your client's transactions. Walking through how they are recorded in their systems gives you greater clarity on what is expected and what is not expected.

A well-executed walk through gives an auditor the ability to look at double entry combinations and the pathway that a transaction has taken. As a result, you can better understand the entire journey of the data – end to end.

## Insight

**Walkthroughs must have real purpose and be data-driven in their approach.**



# Execution \ Using Validis to assess risk

Scope how you will conduct the audit based on the data retrieved at planning and allow the decisions you make to be driven by the outcomes you can see.

Imagine a planning meeting where it's not all about the information that you gather from a client – but more about the direct questions the auditor can ask. With Validis auditors can form their queries based on the planning data received before the meeting and conclude on the approach to be taken.

Having planning data during an interim audit allows an auditor to scope and assess the risk of the entity so they can focus the teams' efforts in the areas of risk.

Avoiding unnecessary time spent on areas of low risk or even low value-added areas means that an auditor's time is better served to drive outcomes that your clients want and need.

In group engagements having the ability to see the data for all entities ensures audit procedures can be streamlined. Significant risks, wherever they may lie, can be assessed with greater scrutiny without taking as much time as in the past.

## Top tip

**Scope accounts and relevant assertions by considering the risk of fraud and plan to show value for the impact you want.**

# Execution \ Identifying new opportunities

Be able to introduce new service lines by understanding your client's data and performance.

We all know that independence is important for your firm and the rules for this will vary depending on your market or even country. But it is vital to explore how you can help further. What better way than to review your client's financial performance and identifying ways to help them achieve their strategic goals and outcomes?

Holding interactive and open discussions about the audit, the areas of focus, and where value can be added makes key stakeholders feel more involved and open to exploring new techniques.

Sharing examples and demonstrating new capabilities such as the Validis software you are utilizing on the engagement is time well spent. This demonstrates value and substance behind the promise of a new approach.

This is an important factor in fully embracing new capabilities. A client who is engaged and sees value is far more receptive to working with you in new ways. They will also be warmer to providing different information when requested.

**This also serves to shift their perspective of your services and focus the conversations away from cost and more towards value.**

**An auditor's job has moved much further away from compliance**

**Now they're being a trusted business advisor who can leverage the data to seek opportunities for new service lines. Have your clients GL, AP and AR within minutes using Validis, utilizing the most powerful connectors in the world.**

**Communicating with your client early and often means you have a great opportunity to find out any challenges they are facing.**

# Execution \ Creating firm value

## Being dynamic and engaging

Knowing where to concentrate the work needed in an audit so you can utilize time and people better at the fieldwork phase of the audit. This can be done whilst streamlining processes and improving margins. This is the key ingredient to becoming someone your client cannot live without.

At Validis we understand that professional services firms are under intense pressure and scrutiny – not from the regulators but also their clients.

That is why on average we help **save +8 hours per engagement** so you can concentrate on giving your clients the best possible audit experience.

**“We have a staff turnover of 20% every year” ... Big four Director.**

An increasing focus for accounting firms is retaining staff by giving them more valuable roles. It is also our aim at Validis to help you succeed in this.

## Insight

Ensure a greater adoption rate of your clients using Validis at the planning phase by asking them to upload their data. This will deliver time and cost savings to you, giving you the flexibility to redeploy staff to where they are needed most.

# Reporting \ Selecting samples

## Selecting samples just became easier

Validis can help with your sampling plan and help you reduce the risk and reliance on statistical sampling by having full sets of data at your fingertips.

Ensure the most appropriate samples are chosen due to extracting the data early.

Obtaining data at the planning phase means auditors can take comfort from knowing where the risk could be when looking at a series of transactions. Thus, auditors can now choose samples that are more robust in their nature and could provide valuable insights.

## Insight

Validis is proven to help you and your colleagues streamline processes and add value to your clients.

Utilize the partnerships and integrations within the Validis platform.

Being tech agnostic Validis creates a powerful engine for an auditor to harness the 'best in class technologies' and have the assurance they are providing the best audit for your clients.

# Reporting \ Client reporting

## Maximize value

Validis produces summary reports with **100% accuracy rate** and that have been independently calculated. Using our Chart of Accounts editor, you can match the format you need and gain unrivalled actionable insights.

Automatically put lead schedules and working papers from the GL, TB's, AR and AP into your hands without any fuss or need to spend hours pulling them together.

The ability to have standardized outputs across every accounting ERP enables auditors to provide value driven decisions without the need to cleanse or transfer data from spreadsheet to spreadsheet.

## Insight

Lead schedules that are all white labelled give you a greater experience when using Validis and ensure the continuity that only your firm can provide to the audit.

**Insightful dashboards are published automatically and are ready for you instantly once data has been extracted.**

# Reporting \ Improving processes with your client

## The ease of the client journey is at the heart of what we do – and what you do!

The client journey when using any new technology must be intuitive and easy.

We have a three-step plan to create an easy path for success for your clients, so they never have to run scripts again:

1. Invitation email and sign up
2. Client picks their system
3. Client uploads their data

Through obtaining a planning upload you can map all the accounts in the trial balance. This saves teams time at fieldwork as all accounts have been assigned a classification and are mapped for future use.

Validis works by transforming planning work into the delivery of high value services. Auditors can access what they need within minutes of using Validis. Automation is pushed downstream which significantly reduces the time needed to input information more than once.

## Insight

From year to year the only changes you will need to make are if mappings have changed or there are new accounts. Validis takes the pressure away from having to map your accounts more than once.

**The time saved, from tailored and standardized approaches to mapping, ensures the auditor can apply data analytical techniques over entire populations and understand key findings in a simpler and more valuable way.**

# The result

## For an Audit to be VALUABLE we must first start with how we PLAN!

If you can invest in these Top 10 Tips then your planning will become invaluable across how you tailor your approach to clients, communicate with them and ultimately provide the best possible experience.

The benefits spread to your client, eliminating 8+ hours per audit for both you and them.

Working in close partnership with your client will not only ensure a stronger relationship but it will provide opportunities for fee income growth, a more challenging and interesting environment for your employees as well as valuable audits leveraging the latest technologies available.

**The most engaged teams utilize technology to save time, reduce costs and provide more value.**



## Why?

It was Amy Pawlicki, VP in Assurance and Advisory at AICPA, who said in a blog post: “Better access to more data, cloud storage, and technologies brings tremendous potential to support deeper analytics and greater insights for the benefit... of audits.”

## Value and impact

Investing in these 10 areas of valuable planning will not only produce impactful client communications but also deliver a new, more valuable client experience.

Impactful planning will enable stronger and closer working relationships with your clients, provide opportunities for audit fee income growth, and give more challenging and interesting work for the auditors in your firm.

Validis transforms the audit process to drive efficiencies and insights from start to finish.

**Learn more and contact us today: [validis.com](https://validis.com)**

## Who we are and what we do

Validis ‘gets financial data’ and connects to all the major accounting systems in the world.

If you want to deliver a digital-first audit experience with on-demand accounting data and insights, then Validis is the place to receive unrivalled business insights whilst significantly enhancing the value of the audit.

The quantity of the data auditors face is overwhelming. Validis automatically structures it into a full chart of accounts, regardless of the accounting package, at source powering faster financial decision making.

Validis helps reduce hours of manual effort with automated data collection and intelligent processing.

Gather rich insights from detailed accounting data, live and on-demand.

Data is power. Every major accounting platform connects with Validis via a single API, providing live data at your fingertips.

Regardless of where the data comes from, it’s all standardized through the Validis API.