

Auditing

Finance



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Auditing Tetonic As an auditor I will know that all the minutes have been made available to me by referring to those of previous meetings. This is because the minutes of each meeting entails what was discussed in the previous meeting and by going through the minutes, I will be in a position to check the dates, members in attendance, agenda helping me trace if all the minutes have been availed. As an auditor it will be my responsibility to inquire from the board and management to fully acknowledge to me that all documents containing the minutes have been availed to me and also my client should allow me to access all the documented minutes including the minutes the next minutes, for instance minutes for 2012

I will ask my client to include a statement in the client representation letter stating that all the minutes have been provided. The letter of representation directs that it is the responsibility of management to provide all statements and that management statement to the auditor during the audit process, are true for instance information regarding a subsequent event occurring.

The relevant information from the meeting held on 5 marches and October 21 to the 2011 audit include;

Increment in the annual dividend from USD 32 to USD 36, as an auditor I will ascertain that the calculation based on this increament is true and that it was paid to shareholders on April 25, 2011. The amount of money reflected in the financial statement paid to shareholders as dividend should also be verified by the auditor.

Approval of increased budget for 2011 administrative expenses of \$ 1m to open offices in the Portland area, As an auditor I should ask for reasons of acquiring the new offices, whether it's for the company usage, rental purpose or for individuals in the company. The auditor has to be informed of

the expected rise in administrative expenses.

The proposed acquisition of one of Tetonic smaller competitor he auditor should be in a position to know how far the negotiations have gone and be in a position to identify any financial commitments to the merger or acquisitions of the companies since every stakeholder has to be given the information concerning the status of the company.

Environmental Protection Agency (EPA): As an Auditor the issue has to be taken seriously since it has both internal and external effects and can therefore influence the financial position of the company since dust has got an effect on people in terms of health and that the company will be compensating the victims, so the auditor should update the stakeholders in consultation with the management and legal counsel.

Approval of officer bonuses for the year ended December 31, 2011: The auditor should ensure that the approved bonuses are reflected on the financial statement correctly

Meeting of October 21, 2011

The Auditor should take keen interest in the decrease of sales by over 8%. Since the factors leading to the decrease have been identified then the Auditor should follow whether the company has undertaken the necessary measures such as reducing labour and shipping cost.

Financing the acquisition of Tetonic competitor: The auditor should provide directions concerning commitments, documentation of finance and agreements on the terms of acquiring the debt, since it has an impact on financial statements.

Approval of capital expenditure budget of \$ 1. 5million: Making sure that the allocated amount serves its intended purpose for instance cost of expanding
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computer operations, a new server. After the acquisition, the auditor should know whether the company has the procedure of disposing off the old equipment since after the purchase of the new equipment, the old one will no longer be in use

Creation of an incentive stock option plan for senior executives: The Auditor should determine whether it has been approved and if it is so then there should be a clear way of arriving at the figures put in place

Update of interim work related to tests of the operating effectiveness of internal controls over financial reporting, the information provided by the external auditor should be treated with seriousness since external Auditor is independent.

What the Auditor should have done during the December 31, 2010 audit with respect to 2011 minutes

The Auditor should have laid more emphasis on the EPA since it was going to cost the company a lot of money and this in turn influence financial statements, for instance the penalty of \$ 400, 000.

Work Cited

Arens, Alvin A, Randal J. Elder, and Mark S. Beasley; Auditing and Assurance Services: An Integrated Approach. Boston: Prentice Hall, 2010. Print.