Delivering a more collaborative audit experience
Contents

1 A More Collaborative Audit Experience

2 Pre-Engagement & Risk Assessment
   2.1 How Huddle improves pre-engagement & risk assessment

3 Audit Planning
   3.1 How Huddle improves audit planning

4 Managing Working Papers
   4.1 How Huddle improves the management of working papers

5 Evaluation & Misstatement Management
   5.1 How Huddle improves evaluation and misstatement management

6 Delivering the Audit Report & Audit Committee Communications
   6.1 How Huddle improves the audit report & audit committee communications

7 Summary
   7.1 Huddle drives value across your business
   7.2 Key features
1. A More Collaborative Audit Experience

“Better collaboration across key audit stakeholders is an imperative to a successful on time and on budget audit.”

In response to changing business and regulatory considerations, audit teams are continually balancing the need to deliver greater client value, while simultaneously looking for increased working efficiencies.

While technology has aided the audit process in many areas and helped audit practices to better meet client and regulatory obligations, there remains one key area of deficiency that stretches across the entire audit process; collaboration.

The audit remains a document intensive exercise and yet document collaboration between audit teams, audit committees and client management remains reliant on a patchwork of legacy tools, email, and even shadow IT solutions used by audit staff to circumvent technical barriers when conducting fieldwork. At best this can delay audit programs or review cycles, at worst it can expose the auditor to a breach in process or data protection.

From initial risk assessment and the assignment of audit programs, to misstatement handling and the cataloguing, reviewing and approval of working files, Huddle improves the collaborative process by providing secure, auditable cloud-based workspaces where teams and clients can come together to manage documents and tasks, share files, and securely communicate.

The foundation of any successful audit is the audit firm’s own internal systems for quality control, including the methods and tools used for conducting audits and the monitoring of all levels of the engagement. This white paper outlines the key areas of an audit process that can be enhanced by a Huddle deployment.
2. Pre-Engagement & Risk Assessment

With a firm’s reputation tied to the accuracy of its audit opinion, it’s vital that any pre-engagement and risk-assessment work is supported by a comprehensive audit trail. Huddle ensures all pre-engagement materials and actions, including original bid materials, content gathering and conflict checks are tracked, auditable and made accessible to the wider bid response team.

2.1. How Huddle improves pre-engagement & risk assessment

Knowledge Retention: Ensure those performing the bid response or risk assessment are able to quickly gather historical documentation and follow an auditable chain of past activity and approvals. For example, proof of industry expertise or historical risk assessments pertaining to the prospective client.

Engagement Letter: An accurate and well documented engagement letter sets the tone for the ongoing audit. It’s important that Partners and the client not only have a signed copy of the final document but also access to the document’s history, including revisions and edits. Using Huddle, both the auditing firm and the client can come together in a secure Huddle workspace and collaborate on the document, with negotiations, comments and edits tracked through a time-stamped audit trail to minimize any subsequent confusion or contractual misunderstanding.

Partner Visibility: Ensure a robust audit trail of actions and approvals between Partners and the audit team conducting the risk assessment. Use Huddle to set and manage tasks against required deliverables and maintain a time-stamped audit trail of activity. Partners can oversee progress and required approvals through a centralized dashboard view. This greatly reduces the burden of managing and filing emails.
3. Audit Planning

The design of an effective audit plan requires the firm to be able to identify and assess the risk that the client’s financial statements contain material misstatements. This requires the audit team to spend further time understanding the business and the economics of the industry in which the client operates.

With audit plans so tied to this investigatory work it’s vital that the audit firm is able to assemble the right team (with the relevant subject matter expertise) and is able to capture, consider and leverage all potential risks associated with the client’s business.

Huddle enables audit teams to come together and, where necessary, directly engage the client to provide an accurate basis for determining the scope of the audit and the extent of audit tests that need to be performed.

3.1. How Huddle improves audit planning

External Engagement: Because some audits require expertise that doesn’t exist within the audit firm, external specialists may be engaged to help assess risk. For example, valuation specialists or actuaries. Internal audit engagement teams need a way to invite these external specialists into selected areas of the audit files without compromising the integrity of wider information assets (for example, sharing client confidential information over email or making copies on unsecured USB flash drives).

By creating secure Huddle workspaces, both internal and external users can come together to upload, edit and review risk assessment documentation.

Client Inquiries: The planning process requires frequent interaction with the client to further establish risk of fraud. This will involve inquiries to determine the effectiveness of internal processes and their exposure to fraud, whether the audit committee is aware of complaints pertaining to the accuracy of financial reporting, understanding how the company manages employee training on business ethics and how well it assesses its own fraud risks. Relying on email risks key information being lost in mailboxes and not being socialized across the wider team.

Documenting client inquiries in Huddle ensures key information is centrally tracked, always searchable and can be commented on by the wider team.

Team Brainstorming & Conflict Checks: Being able to exchange ideas across the wider audit team allows audit leaders to brainstorm potential areas of audit risk that haven’t yet been considered; perhaps how assets of the client company could be misappropriated or whether management could conceal fraudulent activity. This may come from previous client experience or industry knowledge gathered by members of the audit team. With teams often geographically dispersed it can be difficult to tap into company-wide subject matter expertise.

Because it’s cloud based, Huddle can be accessed easily by audit staff whatever their location; and unlike email which can result in hundreds of unstructured emails between dozens of different distribution lists, documenting this type of brainstorming activity in Huddle ensures ideas are centrally tracked, always searchable and can be commented on by the wider team. This process mobilizes internal knowledge, resulting in higher quality work and more informed decision making.
4. Managing Working Papers

With a range of audit procedures at their disposal, it’s vital to the integrity of the audit that audit staff are able to collate and document their evidence in a secure manner, while also benefiting from flexible mobile tools that make working at client locations simple.

Requiring only an internet connection, Huddle’s cloud-based workspaces are available across platforms and browsers to overcome any potential client-side technical limitations and assure continued access to the working papers.

4.1. How Huddle improves the management of working papers

**Prepared by Client lists:** Administering documents requested through a PBC list can be time-consuming not only for the client but also for the audit staff responsible for validating documents and storing them in the correct part of the working papers files. With a PBC folder structure built in Huddle, and accessible by the client, tasks can be associated with every document entry to track activity and status of the requested asset. Avoiding the administration of managing hard copies or even email attachments, documents can even be uploaded by the client (or on-site audit staff), into the correct working papers folders, connecting it to the associated audit program and eliminating unnecessary administration.

**Managing audit procedures and programs:** When conducting fieldwork and observing a client process, or inspecting the physical existence of an asset stated on the client’s balance sheet, Huddle allows photographic and video evidence to be captured, uploaded and shared with the wider team. Time-stamped notes and comments can be made against observations for governance.

Inquiries and confirmations that require information or representation from knowledgeable experts outside of the auditing firm or client can also be managed through Huddle. By creating secure Huddle workspaces, both internal and external users can come together to upload, edit and perform relevant procedures without compromising the integrity of wider information assets.

Financial expectations developed by the auditor must be made available to audit staff when running their analytical procedures. This may include access to historical client and industry performance data, or non-accounting assets (for example board minutes) for trend analysis and ratio analysis. Huddle ensures audit staff are always synced to the latest versions of key documents and that version history can be reviewed to assure completeness when running substantive analytical procedures. All document, task and user activity is captured and logged by Huddle to provide a time-stamped audit trail that can be reviewed by senior audit leaders and Partners to assure staff are meeting the auditing firm’s own system of quality controls and delivering to target.
5. Evaluation & Misstatement Management

As the audit progresses, and tests are completed, the audit team must begin the evaluation, much of which is qualitative and requires collaboration between auditors to consider test results and their impact on the client’s assertions that their financial statements are accurate.

Depending on test results, the senior audit team may need to adjust the audit plan, modify tests or perform additional tests. Where misstatements are recorded, Partners require an ability to review test documentation and the trail of audited approvals, comments and document revisions.

Collating working files, approvals and an audit trail of user and document activity, Huddle provides a single interface through which the final evaluation and approval of working files can be performed.

5.1. How Huddle improves evaluation and misstatement management

Partner review and approval: Partners, and senior audit team leads can use the Huddle dashboard to keep track of key workstreams and activity. Partners can quickly assess the appropriateness of tests, manage documents awaiting their approval and discuss working papers directly with audit staff in the field. Tasks can quickly be assigned to audit staff where retesting is required.

Misstatements: The handling of misstatements requires careful discussion with the client to understand the materiality of the issue. Opening up a Huddle workspace to clients allows them to review the misstatement and the auditor’s evidence. With complete transparency over the evidence and testing procedures, the client is able to make a more informed decision on whether to make adjustments to the financial statement. Where the decision not to correct a misstatement is made, Partners can be sure that Huddle provides a time-stamped record of activity, including confirmation that the client has viewed and understood all associated evidence. This can be relayed in any communication to the client’s audit committee.
**Documentation:** The clarity of audit documentation extends to the way they are stored, structured and made discoverable by subsequent auditors with no prior experience of the client or the audit itself. Huddle overcomes many of the challenges faced by auditor’s managing such a large volume of documentation; including:

- **Version control:** Huddle maintains and syncs (across all workspace users) the current version of the file, while also allowing infinite roll-back to historical versions.
- **Approvals:** A log of time-stamped document approvals.
- **Distribution and use:** A log of user activity around key documents, including viewed, edited and downloaded documents.
- **Comments:** A time-stamped log of user comments around key documents.
- **Security and data protection:** Mitigate potential data security breaches that come with the management and sharing of client documents through unsecured mechanisms (i.e: email, USB flash drive, postal service, CD-ROM).

**Quality Review:** Review staff and Partners will need to conduct a quality review in advance of issuing an audit report. Huddle provides granular audit trails of activity to help determine whether the conclusions made by audit staff are fair in their overall conclusions and whether evidence gathered is sufficient. This includes the ability to review all approvals, comments, versions and tasks associated with an audit program and even the ability to assess user activity across a single document asset (or historical version of one).
6. Delivering the Audit Report & Audit Committee Communications

On completion of the audit report, the auditing firm will often be required to share information regarding the audit that may assist the audit committee in the continued overseeing of the client’s financial reporting process. Huddle ensures all external communication with the client and audit committee is tied to the audit project and associated documents, and is retained within the scope of local regulations. An audit committee that is well informed will be better prepared to carry out its responsibilities.

6.1. How Huddle improves the audit report & audit committee communications

Letter of Representation: The written statement from client management to attest to the accuracy of an audit will confirm that all the information contained within its financial statements is accurate and that all relevant information has been disclosed to the auditor. Like the initial engagement letter, it’s important that Partners and the client not only have a signed copy of the final document but also access to the document’s history, including revisions, and edits. Using Huddle, both the auditing firm and the client can come together in a secure Huddle workspace and collaborate on the document, with negotiations, comments and edits tracked through a time-stamped audit trail to minimize any subsequent confusion or contractual misunderstanding.

Communications: Managing audit committee communications via email not only fills inboxes, but it’s insecure and can quickly break audit trails, making it difficult for Partners to address key actions and tie decisions back to any associated working papers. Maintaining communication through a secure Huddle workspace ensures all activity is better tied to the overall project, can be independently audited and can be associated with relevant document assets. For example, to provide evidence regarding difficulties dealing with the client’s management team or to expose uncorrected misstatements.
7. Summary

Audits are collaborative by nature, drawing multiple stakeholders together around a common objective. However, many legacy tools employed by the auditor to manage collaboration and communication have become deficient in their ability to balance security with ease of use, mobility and client experience. Often hopping between multiple tools (from email and project management tools, to SharePoint, file-sharing tools and in-house workflow systems) audit staff risk breaking the audit trail and compromising the security of company and client data.

Collaboration platforms such as Huddle make working together across project teams simple. Our cloud-based workspaces make it easy for audit teams to come together with clients and collaborate in a secure, shared environment. Here they can share and edit files, track projects and activity, and stay in communication with colleagues, clients and team members. And, because huddle is cloud-based it synchronizes all of this activity across users’ different devices, so they’re always connected to the latest updates and document versions.

Because Huddle maintains a connection between documents assets, tasks, approvals and user activity, Partners and senior audit staff can easily track team progress and review time-stamped audit logs against document and user activity, to minimize risk and ensure quality is maintained. And, because Huddle workspaces allow simple and secure external collaboration, clients benefit from a greatly improved client experience, reducing the administrative burden and delivering a more transparent and trusted relationship.

7.1. Huddle drives value across your business

Win business: Many competitive tenders now require the firm to provide a secure client portal. Huddle’s cloud-based platform makes collaboration simple, and quick to set-up by the user. A suite of productivity tools (web, desktop and mobile apps) deliver even greater value to the client.

Account Profitability: Traditional methods for sharing and collaborating on content are inefficient. Too much expensive employee time is wasted searching through email attachments or piecing together content from multiple content repositories. That wasted time is not always allocated to billable hours, so it is a direct cost to the business. Huddle improves productivity across audit teams, making it easier to manage documents and removing approval bottlenecks.

Client Retention: The need to retain clients is paramount. One way to achieve this is to successfully cross-sell new services from across the business. Managing accounts through Huddle ensures not only greater knowledge retention, but also promotes the ability to share ideas across a wider group of team members. This can open up cross/up-sell opportunities dramatically.
8. About Huddle

Your clients are looking to address complex business challenges and make informed, strategic decisions. In a complex global environment that means changing how you work with each other, and transforming how you work with clients. Huddle helps your teams to come together around your most important client engagements. Our cloud-based workspaces make it easy for internal teams, and your clients, to collaborate together on projects, share and edit files, assign tasks and track team activity in a secure, shared environment.

- A single interface to manage the collaborative nature of today’s audits.
- Sophisticated permissions. Lock workspaces across geographical teams or lines of business.
- Greater visibility for Partners who need to oversee activity and track deliverables. Robust security assures the integrity of client data.
- All document and user activity is auditable and trackable. Check clients have viewed key documents and tasks.
- Infinite roll-back to past document versions.
- Built-in approval workflow.
- Securely upload and download files without email. Drag and drop files to expedite the PBC process.
- Cloud-based, allows easy access for audit staff in the field.
- Ability to meet NDA requirements for control and removal of sensitive reference materials.
- Centralized calendar to schedule project activity and manage tasks.
- Fully integrated with Microsoft Office tools (Excel, Word, Outlook, PowerPoint). Save and open Huddle documents within Microsoft tools, add and review document comments.

For more information, or to request a demo, please visit huddle.com
**Locations**

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