



Financial Audit Checklist

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Planning & Risk Assessment

- ☐ Understand entity and environment
- ☐ Assess inherent risks
- ☐ Evaluate internal controls
- ☐ Determine materiality levels
- ☐ Plan audit approach
- ☐ Allocate audit resources
- ☐ Prepare audit programs
- ☐ Schedule audit procedures
- ☐ Coordinate with management
- ☐ Review prior audit findings
- ☐ Update permanent files
- ☐ Prepare planning documentation

Internal Control Evaluation

- ☐ Document control environment
- ☐ Test control activities
- ☐ Evaluate information systems
- ☐ Review monitoring activities
- ☐ Assess risk assessment process
- ☐ Test segregation of duties
- ☐ Evaluate authorization controls
- ☐ Review reconciliation procedures
- ☐ Test physical safeguards
- ☐ Evaluate documentation standards
- ☐ Assess management override
- ☐ Document control deficiencies

Cash & Cash Equivalents

- ☐ Confirm bank balances
- ☐ Review bank reconciliations
- ☐ Test outstanding checks
- ☐ Verify deposits in transit
- ☐ Review petty cash funds
- ☐ Test cash receipts cutoff
- ☐ Test cash disbursements cutoff
- ☐ Review transfer procedures

- ☐ Verify restricted cash
- ☐ Test foreign currency translation
- ☐ Review cash management
- ☐ Assess liquidity position

Accounts Receivable

- ☐ Confirm customer balances
- ☐ Review aging schedule
- ☐ Test bad debt allowance
- ☐ Verify credit policies
- ☐ Review collection procedures
- ☐ Test sales cutoff
- ☐ Verify pricing accuracy
- ☐ Review credit memos
- ☐ Test related party transactions
- ☐ Evaluate collectibility
- ☐ Review write-off procedures
- ☐ Test subsequent collections

Inventory

- ☐ Observe physical inventory
- ☐ Test inventory counts
- ☐ Review costing methods
- ☐ Test obsolescence reserves
- ☐ Verify ownership
- ☐ Review consignment inventory
- ☐ Test inventory in transit
- ☐ Evaluate inventory controls
- ☐ Review cycle counts
- ☐ Test standard costs
- ☐ Verify inventory adjustments
- ☐ Review inventory turnover

Fixed Assets

- ☐ Verify asset existence
- ☐ Test additions
- ☐ Review disposals
- ☐ Verify depreciation calculations
- ☐ Test useful life estimates
- ☐ Review impairment indicators
- ☐ Verify asset tagging
- ☐ Test lease classifications
- ☐ Review maintenance records
- ☐ Verify insurance coverage
- ☐ Test construction in progress

- ☐ Review capital budgeting

Accounts Payable

- ☐ Review vendor reconciliations
- ☐ Test unrecorded liabilities
- ☐ Verify payment procedures
- ☐ Review purchase cutoff
- ☐ Test expense accruals
- ☐ Review vendor statements
- ☐ Verify approval procedures
- ☐ Test duplicate payments
- ☐ Review credit terms
- ☐ Verify tax compliance
- ☐ Test subsequent disbursements
- ☐ Review dispute resolution

Debt & Financing

- ☐ Confirm debt balances
- ☐ Review loan agreements
- ☐ Test covenant compliance
- ☐ Verify interest calculations
- ☐ Review payment schedules
- ☐ Test refinancing transactions
- ☐ Evaluate going concern
- ☐ Review guarantees
- ☐ Test derivatives
- ☐ Verify collateral
- ☐ Review commitment letters
- ☐ Assess debt capacity

Equity

- ☐ Verify share capital
- ☐ Review stock transactions
- ☐ Test dividend declarations
- ☐ Verify treasury stock
- ☐ Review option plans
- ☐ Test earnings per share
- ☐ Verify retained earnings
- ☐ Review equity agreements
- ☐ Test share-based payments
- ☐ Verify ownership records
- ☐ Review corporate minutes
- ☐ Test equity rollforward

Revenue

- ☐ Test revenue recognition
- ☐ Verify contract terms
- ☐ Review pricing policies
- ☐ Test sales transactions
- ☐ Verify deferred revenue
- ☐ Review warranty reserves
- ☐ Test returns and allowances
- ☐ Verify commission calculations
- ☐ Review channel stuffing
- ☐ Test bill and hold
- ☐ Verify percentage completion
- ☐ Review multiple deliverables

Expenses

- ☐ Test expense classifications
- ☐ Review cost allocations
- ☐ Verify payroll expenses
- ☐ Test employee benefits
- ☐ Review travel expenses
- ☐ Verify professional fees
- ☐ Test rent expense
- ☐ Review insurance costs
- ☐ Verify utility expenses
- ☐ Test repairs and maintenance
- ☐ Review advertising costs
- ☐ Verify tax expenses

Financial Reporting

- ☐ Review financial statements
- ☐ Test note disclosures
- ☐ Verify comparative information
- ☐ Review subsequent events
- ☐ Test related party disclosures
- ☐ Verify segment reporting
- ☐ Review MD&A
- ☐ Test earnings releases
- ☐ Verify regulatory filings
- ☐ Review internal reporting
- ☐ Test consolidation procedures
- ☐ Document reporting conclusions

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