From PBC to Opinion: Driving Audit Efficiency

September 24, 2026

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Preparing the Audit
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Preparing the Audit

Agenda

01 **Planning**

- Preliminary fieldwork
- Understanding the entity
- Controls

02 **Fieldwork**

- Testing
- Responding to inquiries

03 **Completion**

- Communication of findings
- Report issuance

04 **Engage Demonstration**

- Features
- Best practices

01

Planning

Planning
Preliminary Items

Contracting (Engagement Letter)

Review Emphasis Areas:

- Fees
  - Quoted fees versus time-and-materials billing

- Nonattest Services: Non-audit services that must be outlined
  - Notify engagement team if any services are not identified
    - Assistance with preparation of financial statements
    - Cash to accrual account reconciliations
    - Assistance with new standard implementation

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Planning
Preliminary Items

Prepared by Client Requests (PBC List)

- Checklist of initial items to provide to auditor
  - Planning questionnaires
  - Statements
  - System Reports
  - Etc.

- Best Practices
  - Clients should review requests and communicate questions early
    - First-year versus recurring engagements
  - Leverage Engage portal
    - One-to-one matching of requests
    - Avoid sending via email (security and tracking)

Planning
Understanding the Entity

What?

- Gaining knowledge of operations and internal procedures through:
  - Questionnaires
  - Discussions with personnel
  - Internal control walkthroughs
  - Ongoing client relationships

Why?

- Accurate risk assessment
- Plan and develop relevant audit procedures
- Evaluate staffing needs
- Client assistance
  - Upcoming standards
  - Process improvements

When?

- In advance of fieldwork
  - Questionnaire provision and completion
  - Scheduling personnel discussions
- During fieldwork
  - Discussions with personnel
  - Internal control walkthroughs

Planning
Internal Controls

What Are They?

- Internal processes designed to accomplish organizational goals
  - How an entity does things, and how they try to prevent errors or fraud
- Examples:
  - Account coding of purchases is reviewed before the entry is posted
  - Manager review and approval of time sheets
  - Month-end account reconciliations

Planning

Internal Controls

Why Does the Auditor Need to Know?

- Required by AU-C 315
  - Sufficient understanding of the auditee’s internal controls and control environment
- Benefits:
  - Risk assessment and response
  - Client assistance
    - Previously unknown weak points in control can be brought to management’s attention
    - Suggestions for process improvement

Planning
Internal Controls

What to Expect

- Walkthroughs:
  - Audit team gathers documentation of entity level and business cycle processes
    - Questionnaires and discussions with client personnel
    - First-year audits will take the most time, future engagements should take less time provided there aren’t significant changes
- Evaluation and testing of key controls
  - The audit team reviews client policies, identifies significant risks, and tests controls related to those risks

Planning
Internal Controls

Best Practices

- Review and document accounting and other organizational processes
    - Track any changes during the year
    - Guide for new staff
- Review risks within the organization annually, updating controls as needed
    - ***Consider AI Usage***
- Develop paper trails
    - Easier to monitor, easier to provide us with evidence of controls
- Consider utilizing guidance and tools from the Committee of Sponsoring Organizations (COSO)
- Review relevant SOC 1 Reports

Planning
AI in the Control Environment

New Expectations for 2026

- More AI = More Risk
  - Expect engagement teams to ask about your entity's use of AI.
  - Key Considerations: Understanding and Documentation

Govern → Inventory → Assess → Design → Implement → Monitor

How would you classify the AI's role?

AI ASSISTS	**AI INFLUENCES**	**AI REPLACES**
AI was just a formatting & efficiency helper.	AI materially shaped content.	AI did the substantive work.
CFO did all the thinking.	CFO reviewed but didn't independently research	CFO just approved.

Planning
Deliverable

Planning Letter to Those Charged with Governance

- Identifies significant risk areas
  - Management override of controls
  - Revenue recognition
  - Significant transactions
- Management and governance review:
  - Communicate additional risks
  - Issuance timeline
- Planning stage "deliverable" – final planning step

02

Fieldwork

Fieldwork
Final Fieldwork

- Days set aside for the bulk of our audit testing
  - Two to five days depending on client size and complexity
  - Remote or in person depending on your preferences
- Follow-up requests and questions
  - Vouching selections
  - Confirmations
  - Variance inquiries
- Closing meeting
  - Review of open items
  - Initial audit findings
  - Timing of adjusting entries
  - Confirmation of issuance timeline

Fieldwork
Scheduling

Deadline

- Work backwards from this
- When is the issued report needed?
  - Bank covenant
  - Regulatory requirement
  - Annual board meeting

Preparation

- Production at preliminary fieldwork
- Changes in operations
- Significant new transactions

Personnel

- Who will the auditors need access to?
  - Controller
  - Accounting staff
  - Executive management
  - In-house legal counsel
- Coordinate staff leave time

Fieldwork
Best Practices

- Provide requested initial PBC items in advance of fieldwork
  - Used to generate additional requests and inquiries
  - Use Engage to review and provide outstanding items
- Preemptively provide new agreements or documents for atypical transactions
  - Auditors may request documentation for these items
- Coordinate logistics in advance
  - Remote access to accounting system, key fob for office, times key personnel will be unavailable

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03

Completion

Completion
Wrap-Up

- Open items management
  - Finishing testing
  - Inquiries related to documentation of significant events and related accounting policies
- Preparation of the audit report
  - Inquiries related to financial statement presentation
  - Management review and comments

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Completion
Quality Review Typical Timing

Workpaper Review

- Review of workpapers prepared by staff by the in-charge
- Happens concurrently with final fieldwork and the early wrap-up period

Engagement Executive Review

- Secondary review of key engagement workpapers
- Happens in the wrap-up period
- Additional questions can be generated as this often involves areas of higher complexity or documentation importance

Engagement Quality Review

- Final review before issuance
- Happens the week before issuance
- EQR is independent of the engagement team and the client
- Fresh eyes on crucial elements like reporting requirements, significant accounting policies, high-risk areas

Completion
Audit Issuance

- Closing inquiries
  - Communication of audit findings
  - Going concern considerations
  - Significant subsequent events
- Subsequent event consideration
  - Within a week of issuance
  - Review of subsequent financial information and results of closing inquiries
  - Legal issue updates
- Management representation letter
  - Review carefully so that you are aware of the representations being asked of you, and request edits if needed
  - Once the signed management representation letter is received and other issuance requirements are completed, the audit may be issued.

04

Engage Demonstration

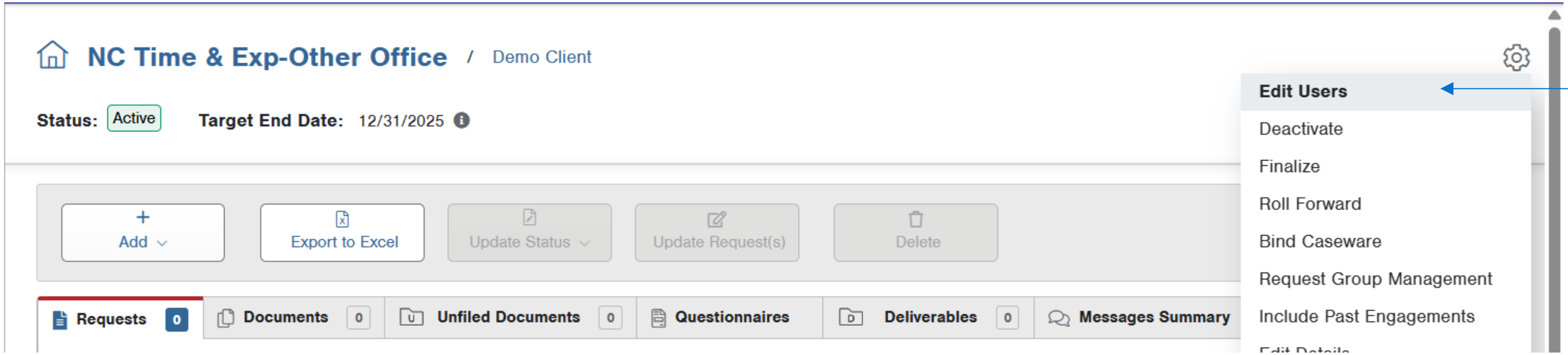
Our engagement management tool. A secure online portal that allows permitted users to share information, including documents and messages.

Engage Features and Best Practices
Best Practices

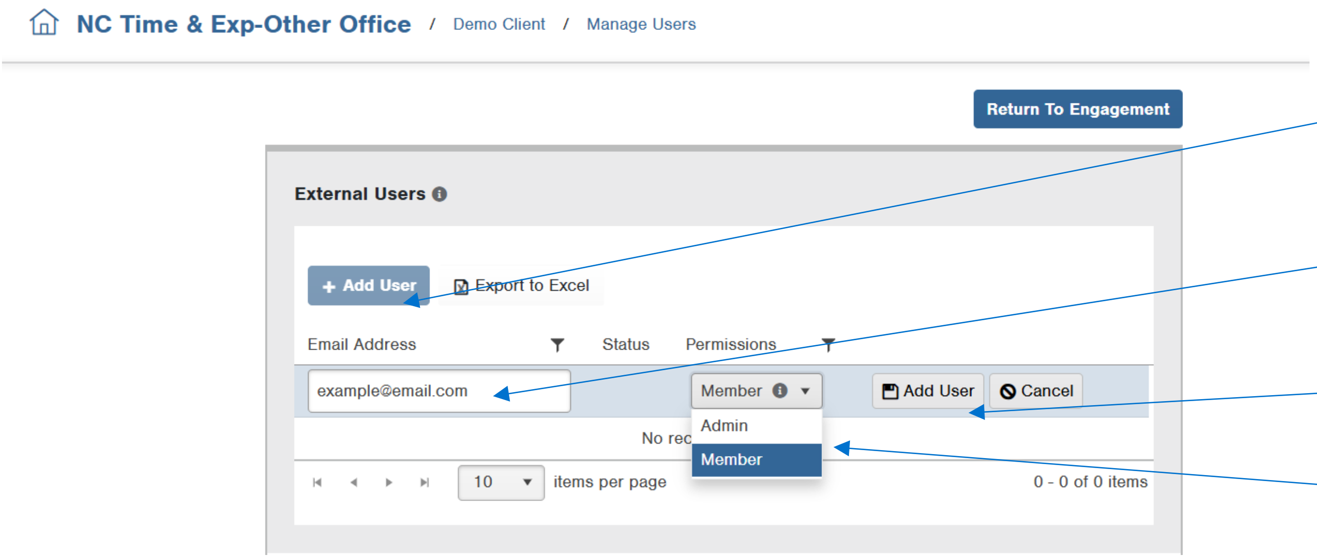
- Engage offers a variety of engagement management tools. Communicate your preferences to your engagement team to create the best possible experience.
- File organization
  - One request per section vs. detailed organization
  - Use of web-based versus word processor inquiry forms
  - Messaging feature
- Our recommendations:
  - Detailed request organization method
    1. Groups with individual slots for each document requested
    2. Can help the audit team and client accounting team track open and outstanding items
  - Use messaging feature to communicate N/A items and ask questions
    1. Log of messages is visible to all audit team members

- **Key Links**
  - Login
    1. https://my.forvis.com/
  - Help – has user guides, FAQs, and videos
    1. https://engage.forvis.com/Help

Engage Features and Best Practices
Feature - Add Users



From the main page – click the settings icon and go to "Edit Users"



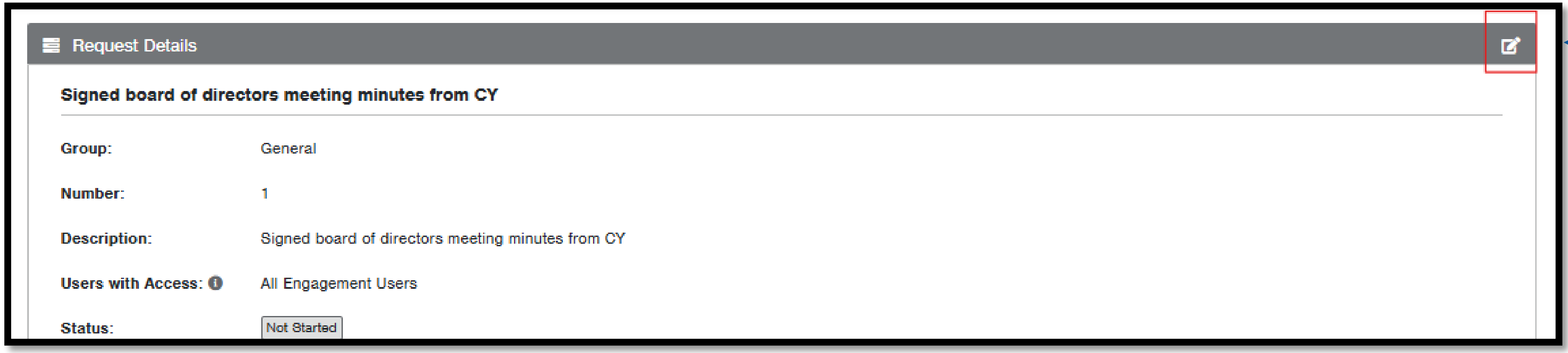
Click "Add User"

Enter the desired email addresses. New users will receive a notification to register an account

Click 'Add User' to add them

Admins can edit external users; members cannot

Engage Features and Best Practices
Feature – User Restrictions



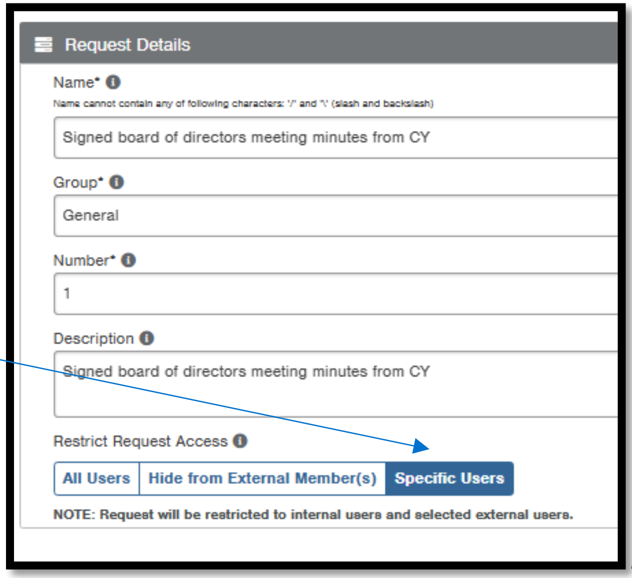
From Request Details screen – click the settings icon and go to "Edit Users"

Client User Interface

Client team members are designated as External users

Can only restrict to "Admin" designated users

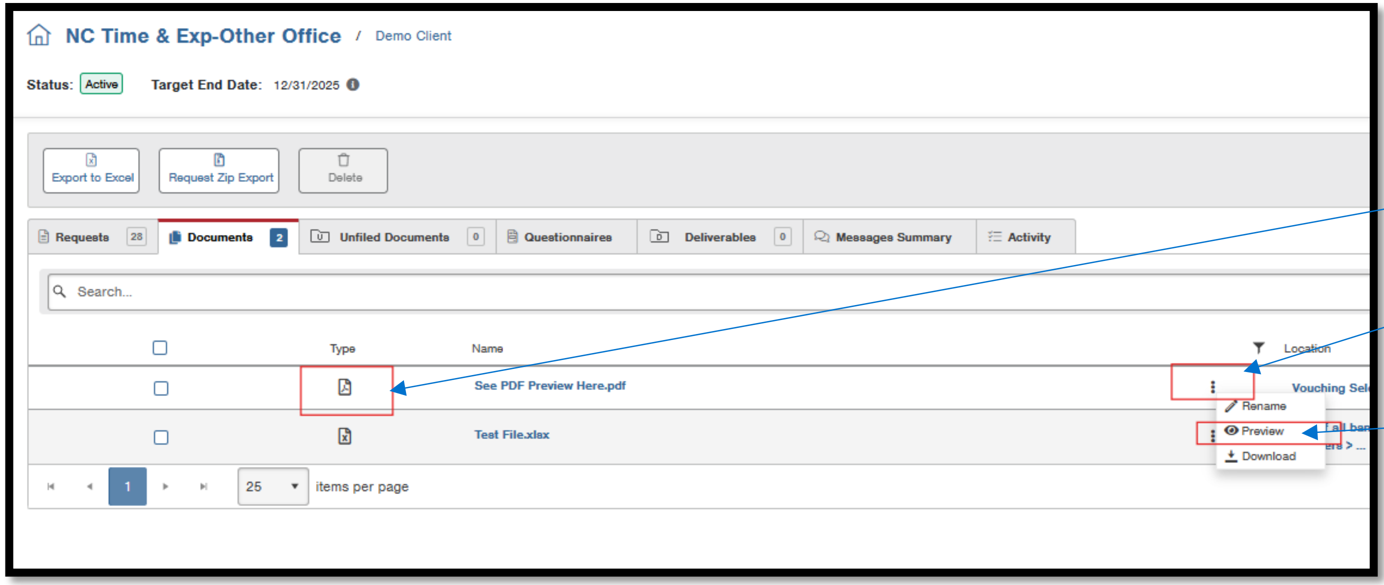
Forvis Mazars User Interface

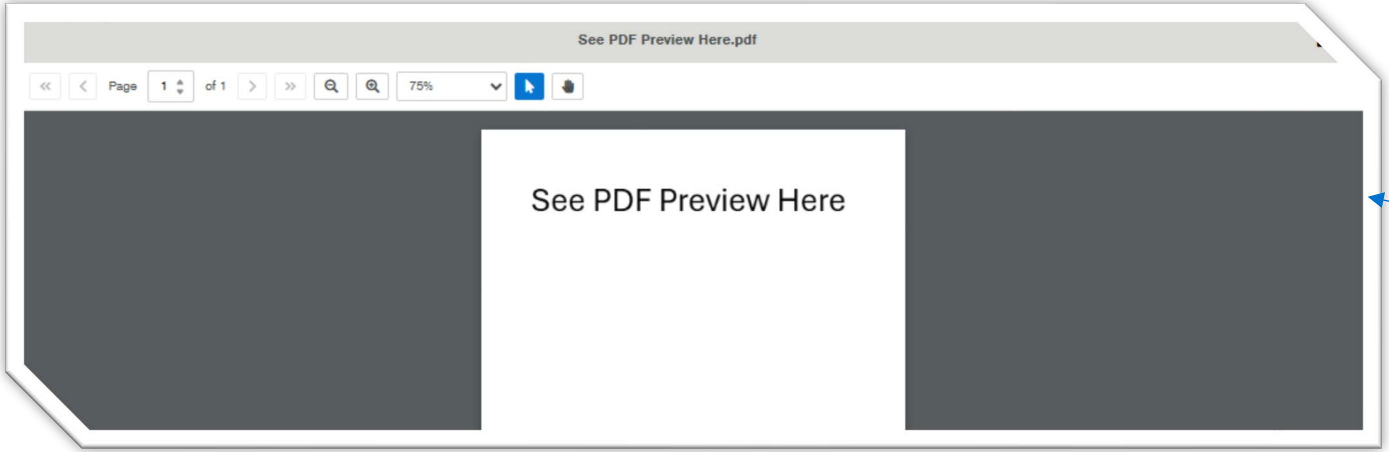


Forvis Mazars team members can restrict specific team members.

Not all external Admin users need access

Engage Features and Best Practices
Feature – PDF Preview





The file must be a PDF

Click the three dots

Select 'Preview'

The PDF viewer appears

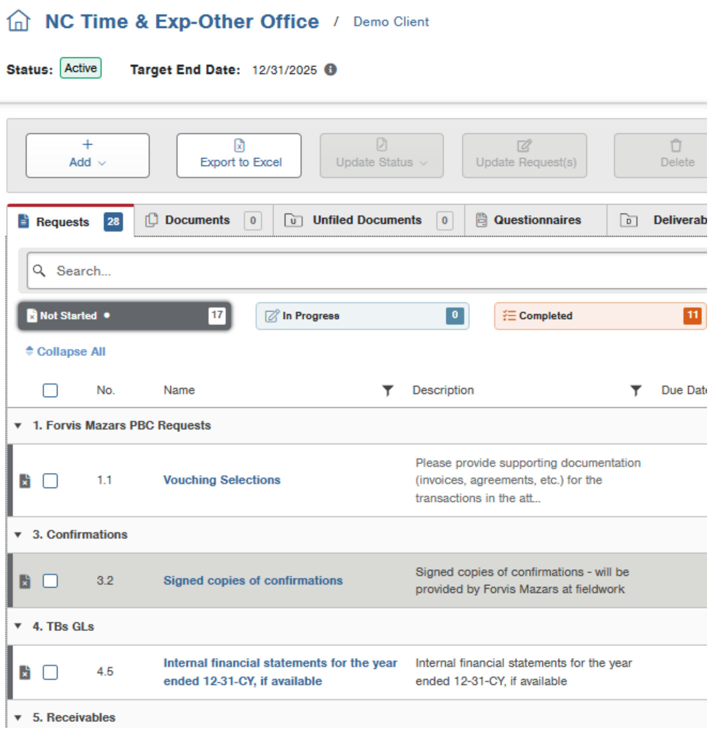
Previewing may help reduce unnecessary downloads when locating a file

Engage Features and Best Practices
Feature - Request Management

Detailed site organization allows for some helpful engagement management features to be used

Filters

- Filter and see only items not completed, track returned items



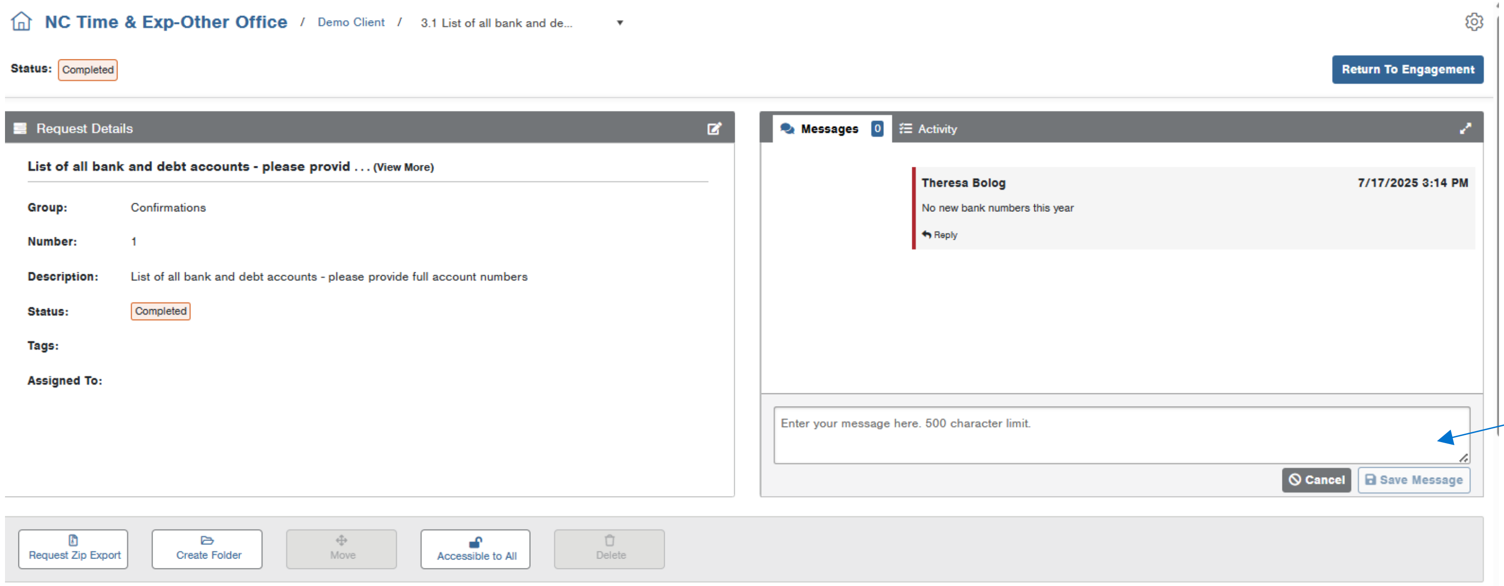
Export Filtered Items

- Select the desired filters, and click "Export to Excel", this will create a document with all filtered items which you can easily distribute to your team

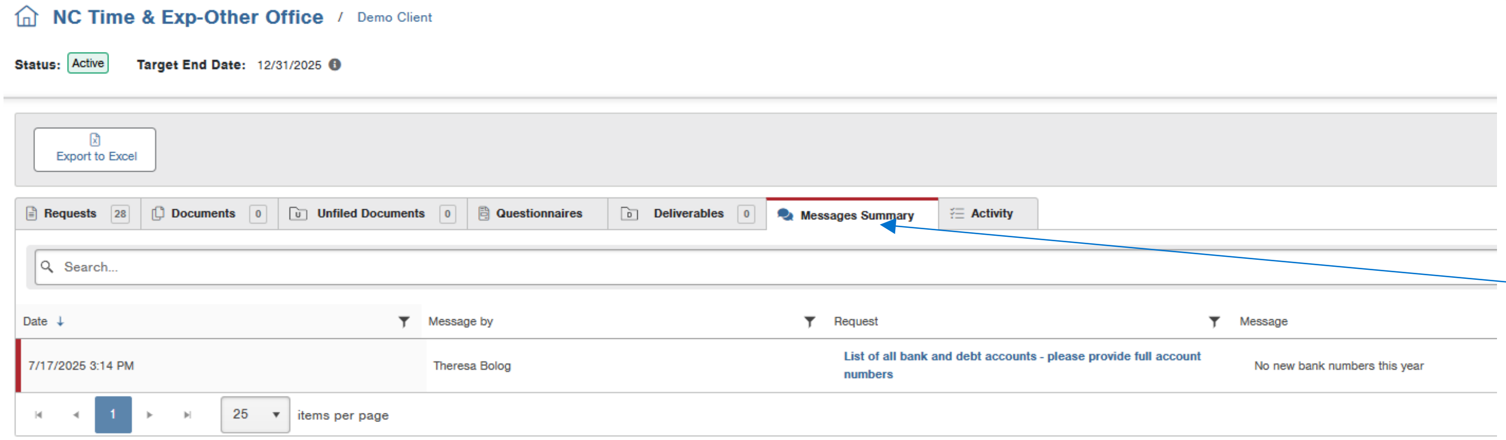
	No.	Name	Description	Due Date	Assignments	Tags	Documents	Current Status
1. Forvis Mazars PBC Requests								
	1.1	Vouching Selections	Please provide supporting documentation (invoices, agreements, etc.) for the transactions in the attached file.				0	Not Started
3. Confirmations								
	3.2	Signed copies of confirmations	Signed copies of confirmations - will be provided by Forvis Mazars at fieldwork				0	Not Started
4. TBs GLs								
	4.5	Internal financial statements for the year ended 12-31-CY, if available	Internal financial statements for the year ended 12-31-CY, if available				0	Not Started
5. Receivables								
	5.1	Report ARAGENUM as of 12-31-CY - AR Aging for AC 1200	Report ARAGENUM as of 12-31-CY - AR Aging for AC 1200				0	Not Started
	5.2	Report RMBALSUM as of 12-31-CY - Support for AC 1205	Report RMBALSUM as of 12-31-CY - Support for AC 1205				0	Not Started
	5.3	Report GPBALSUM as of 12-31-CY - Support for AC 1205	Report GPBALSUM as of 12-31-CY - Support for AC 1205				0	Not Started
	5.4	In House Guest Folio Balances from Tru as of 12-31-CY - Support for AC 1205	In House Guest Folio Balances from Tru as of 12-31-CY - Support for AC 1205				0	Not Started
7. Accounts Payable								
	7.1	AP Ledger as of 12-31-CY - Support for AC 2410	AP Ledger as of 12-31-CY - Support for AC 2410				0	Not Started
8. Operating Expenses								
	8.1	All property tax statements for the CY	All property tax statements for the CY				0	Not Started
9. Cash and cash equivalents								
	9.1	December CY bank statements for all accounts	December CY bank statements for all accounts				0	Not Started
	9.2	January FY bank statements for all accounts	January FY bank statements for all accounts				0	Not Started
	9.3	Bank reconciliations for all accounts (if applicable)	Bank reconciliations for all accounts (if applicable)				0	Not Started
10. Debt and Notes Payable								
	10.1	December CY loan statements	December CY loan statements				0	Not Started
	10.2	January FY loan statements	January FY loan statements				0	Not Started
11. Payroll and Benefits								
	11.1	Tandem Payroll Register Detail for Employees for CY	Tandem Payroll Register Detail for Employees for Pay Dates 1-1-CY to 12-31-CY				0	Not Started
12. Equity								
	12.1	Owners Drawing and Distributions for all distributions in the CY	Owners Drawing and Distributions for all distributions in the CY				0	Not Started
	12.2	Check registers for the distributions paid in the CY	Check registers for the distributions paid in the CY				0	Not Started

Engage Features and Best Practices

Feature - Messages



Use messages to ask questions about or respond to requests



Use the “Messages Summary” to quickly view all messages and their related tasks

Engage Features and Best Practices
Feature - Questionnaires

- Digital option for most planning questionnaires and client inquiries
  - Preliminary planning questionnaire
  - Internal controls
  - Note: Questionnaire responses roll forward to future years

NC Time & Exp-Other Office / Demo Client

Status: Active **Target End Date:** 12/31/2025

Add Questionnaires | Save to PDF | Export to Excel

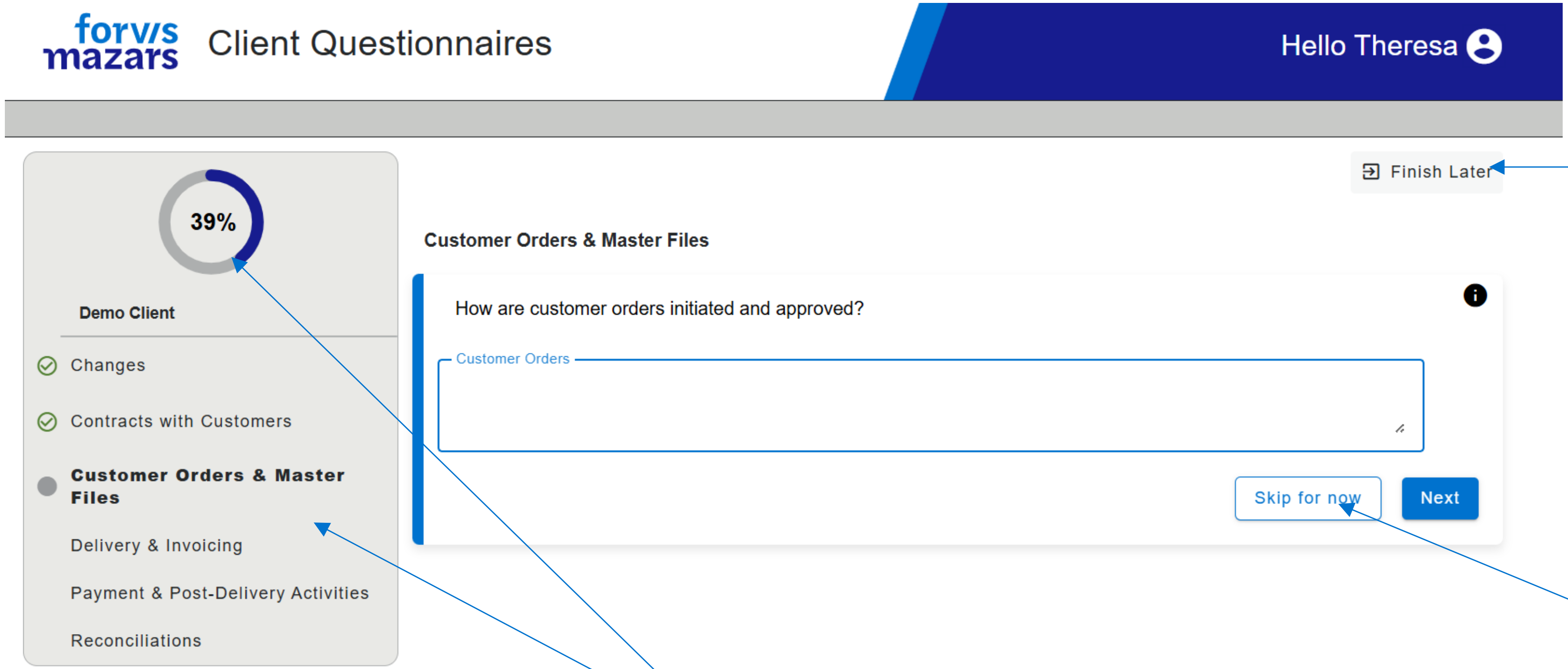
Requests 28 | Documents 0 | Unfiled Documents 0 | Questionnaires | Deliverables 0 | Messages Summary | Activity

Search... Clear Filters

Questionnaire Name	Status	Due Date	Assignments
All Systems - Risks & Controls	Not Started		
Understand the Entity & Its Environment	Not Started		
Revenue, Receivables, & Receipts Cycle	Not Started		

1 | 25 items per page | 1 - 3 of 3 items

Engage Features and Best Practices
Feature - Questionnaires



Save and finish later

Track completion progress

Waiting for an answer? Unsure? Skip certain questions and continue working on the questionnaire

05

Open Q&A

Contact

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