Writing

The auditor's letter to management

Look through the information in ex. 1 and the example of the auditor's letter to management on the right and do ex.2 – write a letter to the management of Yeovil Plastics explaining the results of your preliminary audit. Write the letter in the template provided below.

Writing

The auditor's letter to management

When the auditors have completed their audit, they will usually write a formal **letter to management**, explaining the problems they have found in the accounts and any weaknesses in the control systems.

1 Read the letter opposite and match the descriptions 1–7 with the underlined expressions in the letter.

1 asking for a plan from the management to solve the problems
2 introducing a list of the main problems discovered
3 identifying specific problems and weaknesses (3 expressions)
4 explaining the limits to the auditor's work
5 a reminder of necessary accounting practice
6 making recommendations (2 expressions)
7 the purpose of the letter

2 Using the notes below and the expressions identified above, write a letter to the management of 'Yeovil Plastics, explaining the results of your preliminary audit.

Notes on Yeovil Plastics Audit (14 June)

- audit completed: June 10
- limits to audit: time and available resources
- outline of key points
- main findings:

– Two machines recorded in the balance sheet accounts had been sold but there was no record of money received in the cash ledger.

– Sales staff took clients to restaurants and were refunded by a secretary from the petty cash in the office. This was against company rules which state that all expenses must signed for by a sales manager.

recommendation: Make one senior sales director responsible for all client entertainment expenses.

Request a plan from the management about how they propose to solve the problems.

RBT Partners
AUDITING DIVISION
Cheviot House, 167 Bishops Gate
London EC4W 6JH

Dear Sirs,

Following the completion of our audit on November 22, we are writing to inform you[a] of the first results of our checks on your company.

We must point out that for reasons of time and resources we may not have identified[b] every failure in your systems.

We would like to draw your attention to[c] the following weaknesses identified in your systems.

Invoices

1 During our checks on your Sales Ledger we discovered[d] six examples in which sales had been recorded in the ledger without corresponding paper invoices or documents. We must remind you that[e] all sales records must be matched by real physical documents.

Credits

2 We also found three cases[f] where credit was given to customers who were already more than 60 days late in their payments. This showed a serious failure by staff to comply with the rules as stated in your company handbook. We would advise you to[g] make one manager responsible for checking that all rules are followed by staff.

Salaries

3 Our investigations showed that[h] there were a number of examples in which extra wages were paid to employees without any proof in the 'time sheet' that these hours had really been worked by the employee during the period. We recommend that[i] in future a department manager should check and sign all salary claims before payment is made.

Could you please inform us of the steps you intend to take[j] to solve these problems before our next meeting on December 16?

Yours faithfully,

Jan Houten

Jan Houten
Audit Team Manager

LIVEWORKSHEETS

RBT Partners
AUDITING DIVISION
Cheviot House, 167 Bishops Gate
London EC4W 6JH

Dear Sirs,

Following the completion of our audit on _____

_____

We must point out that _____

_____

We would like _____

_____

ASSETS (*use appropriate expressions from ex.1 and information from ex.2; write recommendations)*

1. _____

_____

_____

EXPENSES (*use appropriate expressions from ex.1 and information from ex.2; write recommendations)*

2. _____

_____

_____

Could you _____

_____

Yours _____,

Jan Houten

Jan Houten

Audit Team Manager

LIVEWORKSHEETS