

Policy 2220 – Conducting Exit Conferences

BACKGROUND

Exit conferences provide a forum for communication between auditors, entity management, the governing body and any other parties with oversight responsibility or who have contracted for or requested the audit. These conferences serve to communicate the significant results of our audit and ensure that effective two-way communication has taken place regarding the engagement.

REQUIREMENTS

- ✓ 1. **Auditors will conduct timely exit conferences for all engagements.**
- If the governing body declines to attend the exit conference, auditors would still hold the conference with the audit liaison and other invited parties.
- ✓ 2. **Auditors will use the applicable template(s) in preparing information for the exit conference to ensure required communications are included.**
- Auditors must adapt presentations to meet the needs of conference participants while effectively communicating required information. At a minimum, the following items will be addressed as applicable during exit conferences:
- Form and content of draft audit report(s), including the planned issuance date and circumstances resulting in report modifications
 - Findings and management letter issues.
 - Status of prior audit recommendations.
 - Cost of attestation engagements and local government audits.
 - Significant difficulties encountered during the audit. For example, considerable delays in getting information; extensive unexpected effort to obtain audit evidence; unavailability of expected information; restrictions imposed on auditors by entity management; and an unreasonably brief time within which to complete the audit. Such circumstances may represent a scope limitation.
 - Disagreements with management regarding selection or application of criteria, reasonableness of management's estimates or interpretations, or other matters relevant to the audit.
 - Results of any fraud investigation completed during the audit and any fraud, noncompliance or abuse identified by the audit other than matters that are clearly inconsequential.
 - Any concerns about the quality of the work of other auditors.
 - Our views on significant questions that management consulted with other CPAs about.
 - Written representations provided by management pursuant to Policy 3420.
 - Any other findings or issues that are significant and relevant to the governing body's responsibilities.

- For financial statement audits only:
 - Significant risks identified in financial statement audits, along with a brief description of why the risk is significant.
 - Information that in the auditor's professional judgment is necessary for the governing body to have in order to properly oversee the financial reporting process, such as how a particularly sensitive and high profile estimate is calculated.
 - Material misstatements in the audited financial statements that were corrected by management.
 - Non-trivial uncorrected misstatements in the audited financial statements.
 - Auditor's views about qualitative aspects of the government's significant accounting policies or reporting. This would include matters that are acceptable under the financial reporting framework, but may not be the most appropriate given the particular circumstances. This may apply to aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and disclosure.

✓ **3. Exit conferences will be summarized in the engagement documentation.**

Documentation will include the date, participants, and a summary of significant items discussed during the conference.

✓ **4. Auditors will communicate conference information to members of the governing body or audit committee who did not attend the exit conference.**

If any or all members of the governing body decline to attend the exit conference, auditors must still communicate the required information by sending a copy of the exit conference documents. Copies of the correspondence should be included in engagement documentation to evidence that information was communicated to all governing body members.

✓ **5. Upon request, exit conferences may be held as part of an Open Public Meeting.**

If a quorum of officials who are subject to the Open Public Meetings Act (for example, board/council members) plan to attend the exit conference, the entity is responsible for ensuring it meets requirements of the Open Public Meetings Act. Entities may also request that our exit be held during an Open Public Meeting. Managers should notify their Assistant Director regarding any conferences that will be conducted at an Open Public Meeting.

RELATED POLICIES

2130 – Inviting Officials to Entrance and Exit Conferences

REFERENCES

AU-C §260.12-20 – The Auditor's Communication with those Charged with Governance
AU-C §600.48 – Special Considerations – Audits of Group Financial Statements