

Key Terms Related To Audits

Agency-specific audit: an audit conducted to ensure compliance with guidelines, regulations, and agency goals.

Audit: examination of records or financial accounts to verify accuracy.

Auditee: organization to be audited.

Auditor: person qualified and authorized to examine and verify records (could also be an “audit team”).

Entrance conference: held between auditors and the institution as a means to launch an audit.

Exit conference: held upon completion of an audit to discuss the process, observations, and outcomes.

External audit: conducted by auditors external to the institution.

Extrapolation: a means of drawing conclusions about an entire population based upon sample testing.

Fieldwork: a review of official records and supporting documentation, usually performed on-site.

Immaterial finding (weakness): an instance of noncompliance with applicable laws regulations, or agreement terms and conditions of an inconsequential nature.

Internal audit: conducted by auditors employed by the institution.

Internal controls: verifiable mechanisms an institution has in place to provide reasonable assurance of compliance with applicable laws, regulations, and policies.

Letter of engagement or audit letter: the letter sent by the audit team officially notifying the institution of an upcoming audit.

Material finding (weakness): an instance of noncompliance with applicable laws, regulations, or agreement terms and conditions of a substantive nature.

Population: defines the range and type of files associated with the audit.

Program-specific audit: conducted to ensure the institution has infrastructure to properly manage a particular award in accordance with sponsor guidelines.

Questioned cost: level of uncertainty or doubt as to allowability or appropriateness of a cost.

Reportable condition: internal control deficiency.

Scope: defines the purpose and parameters of an audit.

Scope document: details in writing the purpose, objectives, and intent of the audit.