

1. Overall responses to address the assessed risks of material misstatement at the financial statement level may include:

- a) Emphasizing to the engagement team the need to maintain professional skepticism.
- b) Assigning more experienced staff or those with special skills or using experts.
- c) Providing more supervision.
- d) Incorporating additional elements of unpredictability in the selection of further audit procedures to be performed.
- e) Making general changes to the nature, timing or extent of audit procedures, for example: performing substantive procedures at the period end instead of at an interim date; or modifying the nature of audit procedures to obtain more persuasive audit evidence.
- f) Conducting more audit procedures as of the period end rather than at an interim date.
- g) Obtaining more extensive audit evidence from substantive procedures.
- h) Increasing the number of locations to be included in the audit scope.
- i) The auditor's general approach could be an emphasis on substantive procedures (substantive approach), or an approach that uses tests of controls as well as substantive procedures (combined approach).

2. Responding to the Assessed Risks at the Assertion Level

- a) Assertions:
 - i. Revenue & Expenses (Completeness; Occurrence; Accuracy; Cut off; classification)
 - ii. Assets & liabilities (Existence; completeness; valuation; rights & obligations;)
 - iii. Presentations & Disclosures (Occurrence; completeness; accuracy and valuations; classification and understandability)
- b) Substantive procedures:
 - i. Nature - Analytical procedures; tests of details; inspection; observation
 - ii. Timing – Year end; interim
 - iii. Extent – Sample sizes.
- c) Tests of controls
 - i. Design
 - ii. Operating effectiveness
 - iii. Conclusions on reliance