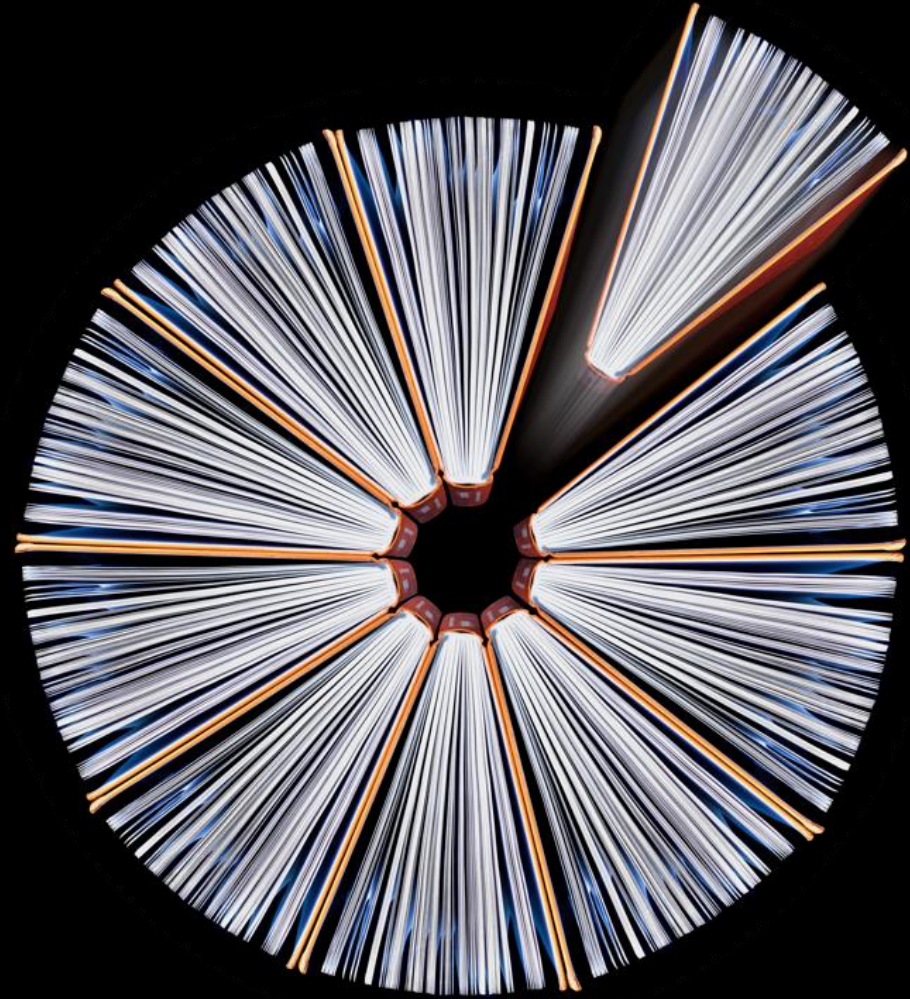




AUDIT PROCEDURES

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Preliminary Engagement Activities



**Assess
engagement risk**

**Acceptance and
continuance
decision**

**Agree the
terms of the
audit
engagement**

Understanding and Planning the Audit

Obtain an understanding of the entity and its environment, including the entity's internal control

Determine materiality

Identify material classes of transactions, account balances and disclosures

Identify and assess the risks of material misstatement, including any that are assessed as significant

**Group audit
Understand the Group, its components, and their environments**

**Group audit
Determine component materiality**

**Group audit
Identify the significant components of the entity and the financial information of such components**

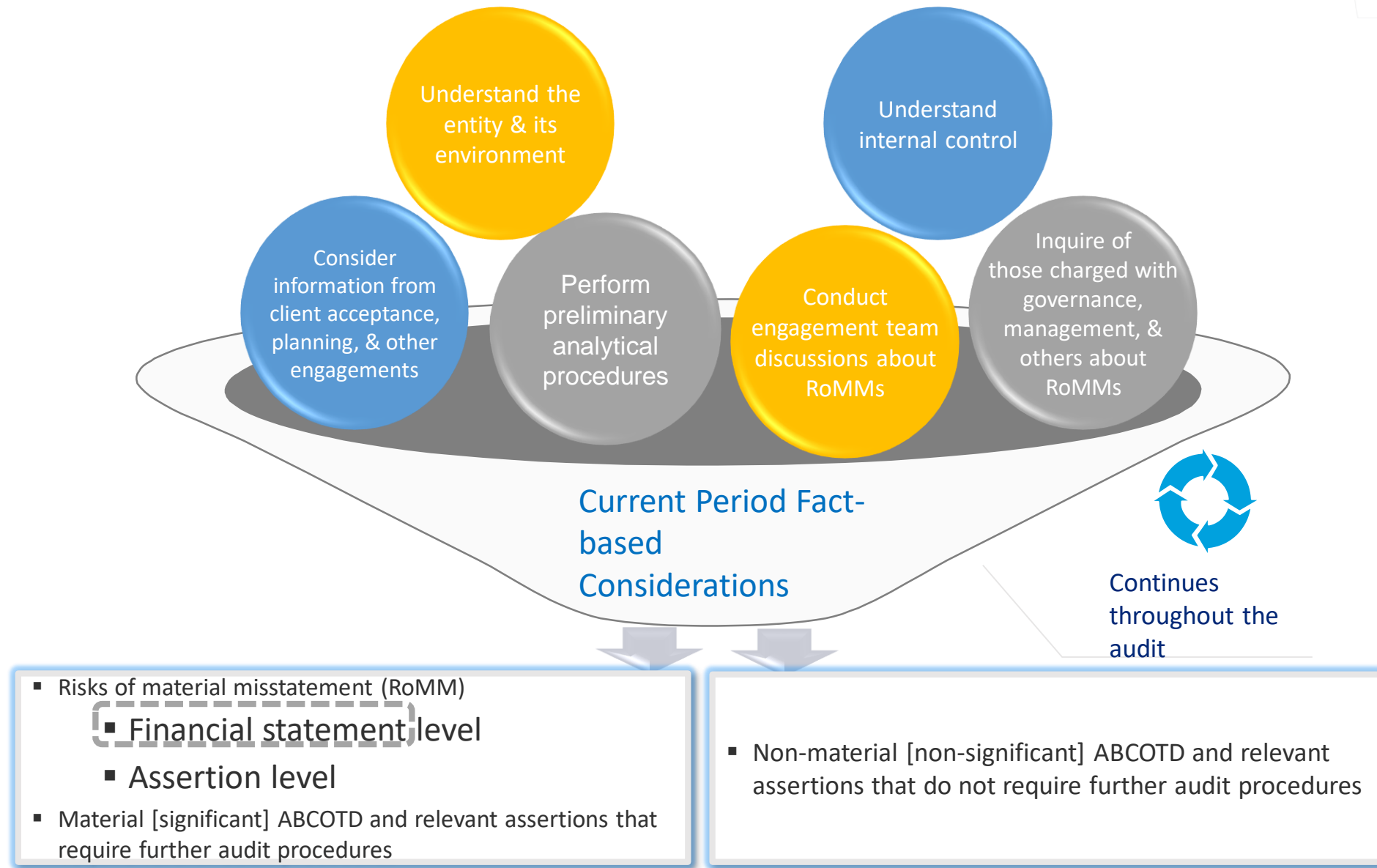
**Group audit
Understand the component auditors**

Design responses to address the assessed risks of material misstatement

Group audit: Communicate with the component auditors

Prepare the audit planning memorandum

Risk assessment procedures



7 fundamental principles of effective risk assessment

- 1 mindset
- 2 involvement of engagement team members
- 3 depth of understanding
- 4 identification of RoMMs
- 5 designing further audit procedures
- 6 iterative process
- 7 documentation

Performance and Evaluation



**Perform audit
procedures as
planned**

**Perform
concluding
analytical
procedures**

**Evaluate the
sufficiency and
appropriateness
of audit
evidence**

**Evaluate the
impact of
misstatements
identified during
the audit on the
overall scope and
effects on the
financial
statements**

Why do you document your work?

1. Documentation is a key part of our audit; it provides **support for the audit opinion given on the financial statements and**



is evidence of the work we have done.



Why do you document your work?

2. Our documentation should be detailed enough so that someone of at least a similar level of experience is able to easily understand
- **the testing/ procedures that have been performed,**
 - **the reason why testing was performed,**
 - **the information used to support the testing performed,**
 - **the risks addressed and**
 - **the conclusion/s reached**



Why do you document your work?

3. Proper documentation will also help to

- **your work will be easier to follow, and**
- **you will not have to spend time amending poor documentation.**



4. A common view to documentation is “if it’s not documented, it’s not done.”

Conclude the Audit



**Perform
subsequent
events review**

**Obtain written
representations**

**Prepare the
audit summary
memorandum**

**Perform
engagement
quality control
review**

**Form an opinion and report on the
financial statements**

Communication

Any Questions?

