



# The CPD Fest 2020

## Audit Planning under Covid-19

### Presenter:

Des O'Neill, Colm Owens - OmniPro

Sponsored by :-



[www.CPDStore.com](http://www.CPDStore.com)

**Core Technical Online CPD for Irish Accountants**  
**Tax, Audit, Financial Reporting, Insolvency, Company Law, Regulation,**  
**Management Accounting & Business Skills**



**OmniPro Education & Training**  
Main Street, Ferns, Enniscorthy, Co. Wexford  
053 910 0000  
[www.omnipro.ie](http://www.omnipro.ie) [info@omnipro.ie](mailto:info@omnipro.ie)



## Table of Contents:

Audit Planning under Covid-19 Presentation .....	1
Appointment - Re-Appointment Checklist .....	20
Audit Planning Letter Template .....	25
Client Planning Meeting Minutes (Template).....	29
B8-1 - Team Planning Meeting Minutes (Template).....	33
A11-1 - Client Final Meeting Minutes (Template) .....	36
B2 - Ltd Co Audit Planning Memo .....	39
Systems and Internal Controls Template .....	98
Audit Risk Matrix.....	106

[www.CPDStore.com](http://www.CPDStore.com)

**Core Technical Online CPD for Irish Accountants**  
**Tax, Audit, Financial Reporting, Insolvency, Company Law, Regulation,**  
**Management Accounting & Business Skills**





1

---

---

---

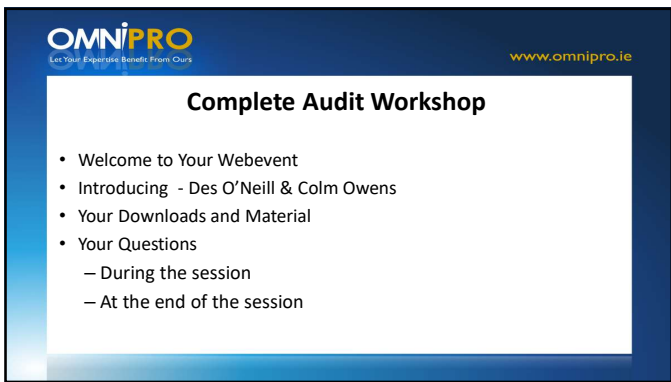
---

---

---

---

---



2

---

---

---

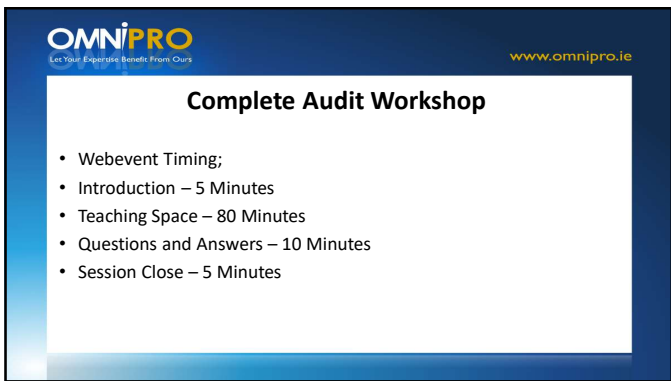
---

---

---

---

---



3

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Complete Audit Workshop

- Session 1 –Audit Planning under Covid-19;
- Session 2 –Audit Execution under Covid-19;
- Session 3 – Practical Opinion Building under Covid-19
- Session 4 – Practical Audit Issues & Audit Completion under Covid-19;

4

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Audit Planning under Covid-19

**Key Audit Planning Considerations under Covid-19;**

- Independence matters – understanding and documenting the issues and applying appropriate safeguards;
- ISA 315 – Identifying and Assessing the Risks of Material Misstatement through understanding the entity and its environment;
- ISA 330 – The Auditor’s Response to Assessed Risks;
- ISA 240 – The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements;
- ISA 250 - Consideration of Laws and Regulations.

5

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Covid-19 Guidance

- The FRC is concerned that the current situation should not undermine the delivery of high-quality audits;
- Audits should continue to comply fully with required standards – no exceptions;
- In current circumstances additional time may be required to complete audits and it is important that this is taken, even at the risk of delaying company reporting.

6

---

---

---

---

---

---

---

---

**OMniPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Covid-19 Guidance**

In light of the evolving situation, auditors will need to consider the impact of coronavirus on:

- How they gather sufficient, appropriate audit evidence, recognising that the planned audit approach may need to change and alternative procedures developed (ISA500);
- How the group auditor proposes to review the work of component auditors (ISA 600);
- The auditor's assessment of going concern and the prospects of an audited company (ISA 570);
- The adequacy of disclosures made by management about the impact of COVID-19 on the company (ISA 330);
- The need for the auditor to reassess key aspects of their audit as a result of the fast-changing situation, which may require management to provide further evidence (ISA 315 & ISA 330).

7

---

---

---

---

---

---

---

---

**OMniPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Audit Planning under Covid-19**

**Independence matters – understanding and documenting the issues and applying appropriate safeguards**

8

---

---

---

---

---

---

---

---

**OMniPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Independence Matters**

**Understanding the Issues;**

**Fees**

- Pressure to reduce fees;
- Overdue fees;
- Fee dependence;
  - General (<10% / 10%-15% & >15%);
  - Specific to Covid-19

9

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Independence Matters**

**Understanding the Issues;**  
**Non-audit services**

- Detailing all the non-audit services performed;
- Pressure from clients to perform additional services;
- Little or no additional fees for additional service?
- Threats to integrity, objectivity and independence;
  - Management threat / Self-review threat / Self-interest threat / Familiarity threat;

10

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Independence Matters**

**Understanding the Issues;**  
**Long association;**

- Acting for a long period;
  - In excess of 10 years
- New partner / merger issues;
- Senior staff long association.

11

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Independence Matters**

**Documenting the Issues;**  
Clearly documenting the following;

- What the issue is;
- Clearly identify the Potential Threat to Independence;
- The safeguards applied (fully comply with ESs?);
- How & when communicated to client;
  - Audit Planning Letter;
  - Meeting minutes;

12

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Independence Matters

**Safeguards;**  
**Long Association;**

- Appointing a new partner;
- Rotation (of partner & / or senior staff);
- Peer review;
- EQCR / Hot File Review;
- Documentation why can continue to act without safeguards & communication to client;

13

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Independence Matters

**Safeguards**

**Non-audit services;**

- Separate teams to audit team;
- Peer review / EQCR;
- Application of ES-PAASE (evidence of informed management).
- Small v's medium-sized companies?
- Schedule 5 companies.

14

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

### Independence Matters

**Safeguards**

**Fees;**

- Once-off or regular occurrence?
- EQCR / Peer review;

The ultimate safeguard to address all issues is an external EQCR / Hot File Review

15

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

**Audit Planning Under Covid-19**

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**

16

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**

**Objective**

- The auditor is to identify and assess the risks of material misstatement
  - of the financial statements whether due to fraud or error
  - at financial statement and assertion level
- through understanding the entity and its environment
  - including its internal controls
- providing a basis to design and implementing responses to the assessed risk

17

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**

**Requirements**

- Risk Assessment Procedures and related activities
- Required understanding of the Entity and its Environment, including internal controls
- Identifying and assessing Risks of Material Misstatement
- Documentation

18

---

---

---

---

---

---

---

---



**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**  
**Risk Assessment Procedures**

- Inquiry of management and others within the entity
- Analytical procedures
- Observation and inspection
  
- Walk-through tests – required or not.?

19

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment**  
**Internal Controls**

- The control environment
- The entities risk assessment process
- The information system including the related business processes, relevant to financial reporting and communication
- Control activities
- Monitoring of controls

20

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**

- Assertions about classes of transactions and events for the period  
– Occurrence; Completeness; Accuracy; Cut – Off & Classification.
- Assertions about balances at the period end  
– Existence; Rights & Obligations; Completeness; Valuation and allocation.
- Assertions about presentations and disclosures  
– Occurrence and rights and obligations; Completeness; Classification; Accuracy & Valuation.

21

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 315 Identifying and Assessing the Risks of Material Misstatement**

- Documentation
  - Discussion among the engagement team
  - Key elements of understanding
  - Identified and assessed risks of material misstatement
  - Risks identified and related controls

22

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**Documenting Systems and Internal Controls for SMEs**  
– The Business as a Whole

– Income	• Debtors
– Expenditure	• Creditors
– Purchases	• Lodgements
– Sales	• Expenses
– Stock	• Reconciliations
– Cash	• Petty Cash
– Payments	• Routine and Non Routine
– Wages	• Recording and reporting

23

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**Documenting Systems and Internal Controls for SMEs**

• The Process	• Validity Checks
• Documentation involved – physical paperwork & transactions	• Authorisation
• People involved – internally and externally	• Segregation of Duties
• Recording	• Checks and controls
	• Linked documentation
	• Diagrammatic representation
	• Walk through tests performed

24

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 315 – Covid-19 Considerations**

- The impact on the planned audit approach of new or revised risks due to Covid-19;
- Possible revision of risk assessments already made;
- Impact of changes on the understanding of internal controls (possible breakdown in controls);
- Possible difficulties in the evaluation of design & implementation of internal controls and in carrying out walk-through testing.

25

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Audit Planning under Covid-19**

**ISA 330 The Auditor’s Responses to Assessed Risks**

26

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 330 The Auditor’s Responses to Assessed Risks**

**Objective**

- Obtain sufficient appropriate audit evidence
  - regarding assessed risks of material misstatement
  - by designing and implementing appropriate responses to risks

27

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirements**

- Overall responses
- Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level
- Adequacy of presentation of Financial Statements
- Evaluating sufficiency and appropriateness of Audit Evidence
- Documentation

28

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirements - Test of Controls**

- Design and perform tests of control in relation to their effectiveness;
- Assess impact on assertion level testing;
- Substantive procedures alone can not provide sufficient appropriate audit evidence at assertion level

29

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirements - Substantive procedures**

- Regardless of risks;
- Auditors should design and perform substantive procedures for each
  - material class of transaction
  - account balance
  - and disclosure

30

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirements** - Substantive procedures – F/S closing process

- Agree the financial statements to underlying accounting records
- Examine material journal entries made during the course of preparing the financial statements – mgmt override

31

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirements** – Evaluating the Sufficiency & Appropriateness of Audit Evidence

- Evaluate Audit Evidence
- Based on audit evidence gathered
- Make judgement whether risk assessment is appropriate and sufficient

32

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours

www.omnipro.ie

**ISA 330 The Auditor's Responses to Assessed Risks**

**Requirement** - Adequacy of presentation and disclosure

'The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial statements is in accordance with the applicable financial reporting framework. In making this evaluation, the auditor shall consider whether the financial statements are presented in a manner that reflects the appropriate:

- Classification and description of financial information and the underlying transactions, events and conditions; and
- Presentation, structure and content of the financial statements'.

33

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

---

**ISA 330 The Auditor's Responses to Assessed Risks**

- Documentation
  - Overall responses to risk
  - Linkage of procedures to risks at assertion level
  - Results of the audit procedures
  - Financial statements agree with underlying accounting records

34

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

---

**ISA 330 & Covid-19 Considerations**

As Covid-19 is an evolving situation auditors will need to aware of;

- the possibility of having to change; and / or
- adapt their planned responses to audit risks;

arising from the impact of issues such as lack of audit staff, access to books and records, access to client premises or attendance at a stock count;

35

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Enterprise Benefit From Ours www.omnipro.ie

---

**ISA 330 & Covid-19 Considerations**

- Consider the possibility of using alternative procedures;
- Need to assess both the sufficiency and appropriateness of the audit evidence produced;
- The basis for this assessment should be clearly documented on the file; and
- That assessment should recognise and explain how the auditor addresses any risk that the quality and reliability of such evidence may be lower and how they will address this.

36

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 330 & Covid-19 Considerations**

Greater focus on;

- the financial statement closing process (in particular journal entries and other adjustments made);
- the auditor's evaluation of the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made; and
- the auditor's conclusion on whether sufficient appropriate audit evidence has been obtained.

37

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Audit Planning under Covid-19**

**ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements**

38

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements Objectives**

- Identify and assess the risks of material misstatement due to fraud;
- Obtain sufficient appropriate audit evidence by designing and implementing appropriate responses;
- Respond to suspected fraud identified.

39

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements Requirements**

- Professional Skepticism (ISA 200);
- Discussion among the engagement team (ISA 315);
- Risk assessment procedures and related activities (ISA 315);
- Identification and assessment of Risks of Material Misstatement due to Fraud (ISA 315)
- Responses to assessed Risk (ISA 330)

40

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements**

- Written representations – management and those charged with governance
  - Acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud
  - Disclose to auditor result of managements assessment of risk that FS have been materially misstated as a result of fraud

41

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements**

- Written Representations
  - Knowledge of fraud or suspected fraud
    - Management
    - Employees who have significant roles in internal control
    - Others where fraud could have a material effect on the financial statements
  - Knowledge of allegations of fraud or suspected fraud communicated by employees, former employees, regulators or others.

42

---

---

---

---

---

---

---

---



**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 240 & Covid-19 Considerations**

- Consideration and responses to possible fraud due to Covid-19 issues;
- Fraudulent financial reporting arising from closure of premises, restrictions on travel & access to books and records and client staff;
- Increased focus on professional scepticism and challenging mgmt. judgements, assumptions (incl; going concern) & estimates.

43

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Audit Planning under Covid-19**

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

44

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Objectives**

- a) To obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements;
- b) To perform specified audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements; and
- c) To respond appropriately to non-compliance or suspected non-compliance with laws and regulations identified during the audit.

45

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Requirements**

- Consideration of Compliance with Laws and Regulations;
  - Understanding of legal and regulatory framework & industry;
  - How entity is complying with framework;
- Compliance with laws and regulation with direct effect;
  - Covid-19 supports.?

46

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Requirements**

- Carry out procedures to identify non-compliance;
  - Inquiry with mgmt;
  - Inspecting relevant correspondence;
- Obtain Written Representations;
  - Compliance with laws and regulations;
  - Instances of non-compliance

47

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Requirements**

- When Non-Compliance Is Identified or Suspected;
  - Obtain an understanding of its nature & circumstances;
  - Evaluate possible effects on the financial statements;
- Discuss with mgmt;
- Information not forthcoming – consider impact on opinion;

48

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Requirements**

Reporting of Identified or Suspected Non-Compliance;

- To Management
  - Communicate to mgmt;
  - PIE – inform entity & invite investigation & take action to stop reoccurrence;
  - Not adequately reflected in financial statements – consider impact on audit opinion;
- To Regulatory Authorities – auditors responsibilities;

49

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 250A – Consideration of Laws and Regulations in an Audit of Financial Statements**

**Requirements**

- Documentation
  - The audit procedures performed, the significant professional judgments made and the conclusions reached thereon; and
  - The discussions of significant matters related to the non-compliance with management, those charged with governance and others, including how management and, where applicable, those charged with governance have responded to the matter

50

---

---

---

---

---

---

---

---

**OMNI**PRO  
Let Your Experience Benefit From Ours  
www.omnipro.ie

**ISA 250 & Covid-19 Considerations**

- Consider of impact of new of changed laws and regulations on the audit and financial statements;
- Consider impact on reporting deadlines;
- Auditors requirement to report to regulatory bodies (Charity Regulator / HSE/Tusla / Central Bank / Registrar of Credit Unions etc; and
- Increased focus on work to identify instances of non-compliance – Covid-19 supports (Revenue inquiry letters??).

51

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Why OmniPro**

**Our Why** - Our core belief is simply this : Accountants can and do change lives. So we get up every morning to bring them the tools, advice and training so that they can create great businesses for themselves and their clients too. In this way we change lives, communities and our world. We would love to do that together with you.

52

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Why OmniPro**

**How We Do That –**

- We do accountants
- We connect with accountants.
- We learn about accountants so we can understand them.
- We work out what accountants want and need
- We find the best solution for accountants in any given situation

53

---

---

---

---

---

---

---

---

**OMNiPRO**  
Let Your Experience Benefit From Ours www.omnipro.ie

**Why OmniPro**

**What We Do -**

We provide accountants with consulting, training and information products in the areas of;

- practice management, business development & marketing;
- company secretarial & taxation;
- audit & financial reporting;
- professional regulation and disciplinary defence.

54

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

55

**Compliant Client Large Co**  
**31 December 2017**

**B 3**

[Index](#)

	Initials	Date
Prepared by:	Aud Snr	-
Reviewed by:	Aud Ptnr	-

**Acceptance of Appointment or Re-Appointment**

	Where any of the answers below are yes, provide details on a supporting schedule or refer to the relevant section of the Planning Memorandum on B2	Yes/No/NA	Schedule / Comment	Date
<b>New Clients</b>				
1	Has the previous auditor been communicated with in accordance with relevant ethical requirements?	NA	NA	-
2	Are there any matters outstanding as regards the appropriate procedures surrounding the professional enquiry process with the previous auditors?	NA	NA	-
<b>Engagement Preconditions</b>				
3	Determine whether the financial reporting framework to be applied in the preparation and presentation of the financial statements is acceptable.	Yes	B 2 Acceptance	-
4	Obtain the agreement of management that it acknowledges and understands its responsibility: (i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair (ii) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and (iii) To provide the auditor with: -Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters; -Additional information that the auditor may request from management for the purpose of the audit; and -Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.	Yes	B 2 Acceptance & Letter of Engagement	30 Jan 16
5	Do those charged with governance accept their responsibility for approving the financial statements and or monitoring the entity's internal control related to financial reporting.	Yes	Letter of Engagement	-
6	Are management unable to provide written representations?	No	Letter of Representation	-
7	Do the internal controls reflect :- (a) the needs of management (b) complexity of the business (c) nature of risks (d) laws and regulation.	Yes	B2/P1	-
8	Does the auditor expect there to be any limitation of scope issues which might result in a Disclaimer of Opinion . If answer is yes then the auditor should consider not accepting the engagement.	No		-
9	If this is a recurring engagement, do the terms of engagement need to be revised to take account of updates noted since the last letter has been agreed. If the last letter has been agreed more than 3 years previous, the firm should consider issuing an updated letter.	Yes	Letter of Engagement	-
<b>Compliance with Ethical Standards</b>				
<b>Ethical Standard - Part B Section 1</b>				
10	Has Communication to engagement members been made of the confidential communication channel open to staff and ensuring that staff who use the channel are not discriminated against and are not subject to disciplinary proceedings as a result	Yes	B8 / ISQC 1	-
11	Has the audit firm established policies and procedures to require persons in a position to influence the conduct and outcome of the audit by constantly being alert to circumstances that might reasonably be considered threats to their objectivity or the perceived loss of independence and, where such circumstances are identified, to report them to the audit engagement partner and or Ethics partner as appropriate.	Yes	ISQC 1 & A11.1	
12	Has the firm established policies and procedures to meet the ethical outcomes of Ethical Standard including designating a partner as Ethics Partner with relevant experience and authority	Yes	ISQC 1	-
13	Where there is no Ethics Partner (where 3 or fewer Responsible Individuals) then there should be documentation of the discussion of such matters between the Responsible Individuals or in the case of a sole practitioner with whomever the matter has been discussed.	Yes	B 2 Section 2	-
14	Does the Ethics Partner perform another role within the firm which would conflict with their responsibilities as ethics partner to the firm and this engagement.	Yes	ISQC 1	-
15	Is there documentation in place regarding the discussion with the Ethics Partner of ethical matters where a difficult or objective judgement needs to be made?	Yes	B 2 Section 2	-
16	Has the Ethics Partner , where appropriate, assessed the implications of a breach, determined whether there are safeguards that can be put in place or other actions that can be taken to address any potential adverse consequences and considered whether there is a need to resign from the audit engagement.	Yes	ISQC 1 & A11.1	-
17	Has the audit firm established policies and procedures which require each covered persons (being a person of the firm in a position to influence the audit), including those providing non-audit services to an audited entity or its affiliates do not take decisions that are the responsibility of management of the audited entity.	Yes	ISQC 1 & B9	

Compliant Client Large Co  
31 December 2017

B 3

[Index](#)

	Initials	Date
Prepared by:	Aud Snr	-
Reviewed by:	Aud Ptrn	-

**Acceptance of Appointment or Re-Appointment**

	Where any of the answers below are yes, provide details on a supporting schedule or refer to the relevant section of the Planning Memorandum on B2	Yes/No/NA	Schedule / Comment	Date
18	Has the entity been acquired or merged during the year with another existing client of the firm and an assessment of interest /relationships including non-audit services provided been performed and appropriate safeguards implemented to ensure integrity, objectivity and independence is not compromised	No	ISQC 1 & B9	
19	Has the audit firm established policies and procedures to ensure that in relation to each audit assignment, the engagement partner can identify and assess threats to integrity, objectivity & Independence on an individual and cumulative basis to ensure, the audit firm, and all those who are in a position to influence the conduct and outcome of the audit, act with integrity, objectivity & Independence.	Yes	B2 & ISQC1	
20	Has the audit engagement partner identified any threats to the auditor's objectivity, including any perceived loss of independence, if so have safeguards been identified	Yes	ISQC1 & A11.1	
21	If the safeguards cannot reduce the risk to a level where independence would not be compromised then, the auditor/firm shall (i) not accept the engagement (ii) shall not continue the engagement	N/a		
22	When using Network Firms has sufficient evidence confirming the independence of the network firm to the engagement entity (and its subsidiaries for Group Audits) been obtained?	Yes	B11	-
23	Has appropriate policies, procedures and quality control and monitoring system been ensured in network firms for Group audits ensuring compliance with the overarching principles of Ethical Standard Part A	Yes	B11	-
24	Was any issues identified in the prior year when concluding and forming an opinion which might be a threat to the integrity or objectivity in the current year?	No		-
25	Has the engagement partner ensured that those charged with governance are informed on a timely basis of all significant matters that bear upon the auditor's objectivity and independence	Yes	B10	-
<b>Ethical Standard - Part B section 2 - Financial, Business, Employment and Personal Relationships</b>				
26	Has anybody who is also employed by the audit client been employed by the firm or admitted to partnership?	No	B 2 Section 2	-
27	Have any seconded staff been employed by the audit client in a management capacity?	No	B 2 Section 2	-
28	Have any returning seconded staff been engaged in the audit on something they were previously involved with?	No	B 2 Section 2	-
29	Has any partner or member of the engagement team (or an immediate family member of either) who has left the firm been taken on by the audit client within two years of leaving?	No	B 2 Section 2	-
30	Are there any direct or indirect financial interests in the audit client held by a partner or somebody in a position to influence the conduct and outcome of the audit, or an immediate family member of theirs?	No	B 2 Section 2	-
31	Does the firm or anyone closely connected with it have any loans or guarantees to or from the client?	No	B 2 Section 2	-
32	Are there any business relationships between the firm and the audit client except those at arm's length and which are immaterial to both parties?	No	B 2 Section 2	-
33	Is there any connection between the audit client, affiliates or connected third parties and the firm (or network firms in the case of group engagements)?	No	B 2 Section 2	-
34	Has anybody formerly at the audit client who was involved in the preparation of the accounts been a member of the audit team at any time in the last two years?	No	B 2 Section 2	-
<b>Ethical Standard - Part B Section 3 Long Association</b>				
35	Has any partner, in the case of PIE's entities, served as audit partner and/or independent partner for more than five years and/or has any member of staff or key audit partner served for more than seven years?	N/A	B2 ES 3	-
36	Have any safeguards been applied and documented where the audit partner/independent partner/senior audit staff has served in this role for more than 10 years? Where a decision is taken not to apply specific safeguards then document the reasoning as to why the individual continues to participate in the audit and ensure that those facts are communicated to those charged with governance of the client.	Yes	B2 ES 3	-
<b>Ethical Standard - Part B Section 4 - Fees, remuneration and evaluation policies, litigation, gifts and hospitality</b>				
37	Confirm that the engagement personnel have the necessary time and skills required for the assignment.	Yes	B2 ES 4	-
38	Do the objectives of the audit team include cross selling, does the remuneration of members of the audit team relate to performance or cross selling, and do promotion prospects include a fee-based success element?	Yes	B2 ES 4	-
39	In respect of listed companies, does the fee income (from the company and group) regularly fall between 5% and 10% of gross fee income (of the firm or of that part of the firm in respect of which the audit partner's profit shares are calculated, as appropriate)?	N/A	B2 ES 4	-
40	If yes, then document notification to the Ethics Partner and document the safeguards implemented accordingly.	N/A	B2 ES 4	-
41	In respect of PIE companies, does the fee income (from the company and group) regularly exceed 10% of gross fee income (either of the firm or of that part of the firm in respect of which the audit partner's profit shares are calculated)?	N/A	B2 ES 4	-

Compliant Client Large Co  
 31 December 2017

B 3

[Index](#)

	Initials	Date
Prepared by:	Aud Snr	-
Reviewed by:	Aud Ptnr	-

Acceptance of Appointment or Re-Appointment

	Where any of the answers below are yes, provide details on a supporting schedule or refer to the relevant section of the Planning Memorandum on B2	Yes/No/NA	Schedule / Comment	Date
42	If yes, then confirm appointment with firm as a whole, or re-allocate the client within the firm, or resign as auditors, or do not seek re-appointment accordingly.	N/A	B2 ES 4	-
43	In respect of unlisted entities, does the fee income (from the company and group) regularly exceed 15% of gross fee income (either of the firm or of that part of the firm in respect of which the audit partner's profit shares are calculated)?	No	B2 ES 4	-
44	If yes, then, if the entity is small and fees are between 10 and 15%, report to the Ethics Partner (if appropriate) and to those charged with governance. For all other unlisted entities (which are not small), re-allocate the client within the firm, resign as auditors or do not seek re-appointment accordingly.	N/A	B2 ES 4	-
45	If the entity is a "small entity" in accordance with the ES Part B Section 6, if fees are between 10% and 15% of gross fee income (either of the firm or of that part of the firm in respect of which the audit partner's profit shares are calculated)?	N/A	B2 ES 4	-
46	If so, report to the Ethics Partner (if appropriate) and to those charged with governance.		B2 ES 4	-
47	Are there any overdue outstanding fees for professional services? If so, document the discussions held with the Ethics Partner and, if so decided, the reasons for continuing to act and the safeguards implemented.	No	B2 ES 4	-
48	Are there any contingency fee arrangements (either through knowledge or notification) on this audit client? If so consider an appropriate response.	No	B2 ES 4	-
49	Is there any actual or threatened litigation between the firm and the client?	No	B2 ES 4	-
50	Are there any gifts or hospitality received from the audit client and have any gifts, hospitality or sponsorship been given to the audit client?	No	B2 ES 4	-
51	Has the audit firm undertaken the engagement to provide non audit services in respect of an audited entity on a contingent fee basis where: (a) the contingent fee is material to the audit firm, or that part of the firm by reference to which the audit engagement partner's profit share is calculated or (b) the outcome of those non-audit services (and, therefore, the amount of the fee) is dependent on a future or contemporary audit judgment relating to a material matter in the financial statements of an audited entity	No	B2 Section 2	-
52	Have the Audit Manager and or Ethics Partner been notified of where others within the audit firm propose to adopt contingent fee arrangements in relation to the provision of non audit services to the audited entity or its affiliates	N/A	B2 Section 2	-
53	Has the audit fee for the previous audit and the arrangements for its payment agreed with the audited entity before the audit firm formally accepts appointment as auditor in respect of the following period	Yes		-
<b>Ethical Standard 5 Provision of Non Audit services</b>				
54	Have any non-audit services been provided to the audit client?  - Is the firm permitted to provide such services? If so, are suitable safeguards in place and the reasons documented?  Special provisions applicable to "small entities" are indicated below	Yes	B2 ES 5	30 Jan 16
55	Are there any other actual or potential conflicts of interest or any other reason why our objectivity and independence may be impaired? Document any such considerations and any safeguards applied  Consider the following: <ul style="list-style-type: none"> <li>- A self-interest threat.</li> <li>- A self-review threat.</li> <li>- A management threat.</li> <li>- An advocacy threat.</li> <li>- A familiarity threat.</li> <li>- An intimidation threat.</li> </ul>	Yes	B2	-
<b>Ethical Standard Part B Section 6 - Provision available for smaller entities (N/A for large/Medium entities)</b>				
56	Where the client is a "small entity" has any former partner of the firm, who has acted as client engagement partner, independent review partner, key audit partner or a partner in the chain of command in relation to this client at any time in the last two years, been appointed as a director or to a key management position with the client? If so it will be necessary to:  - Has there been any significant threat to the audit team's integrity, objectivity and independence? - If so, disclose, in the auditors' report, the fact that the firm has applied and taken advantage of the exemption available under the PASE, and - Either in the financial statements, or the auditors' report, the fact that a former audit engagement partner has	N/a		-
		N/A		-
		N/A		-
		N/A		-
57	- In the case of an audit of a small entity, alternative procedures involve discussions with "informed management" supplemented by an extension of the firm's cyclical inspection of completed	N/A		-





Compliant Client Large Co  
 31 December 2017

B 3

	Initials	Date
Prepared by:	Aud Snr	-
Reviewed by:	Aud Ptnr	-

[Index](#)

**Acceptance of Appointment or Re-Appointment**

	Where any of the answers below are yes, provide details on a supporting schedule or refer to the relevant section of the Planning Memorandum on B2	Yes/No/NA	Schedule / Comment	Date
66	It has been communicated and acknowledged that it is the responsibility of (j) the firm, and (i) each covered person and any other person with responsibility to behave with integrity and objectivity and to maintain their independence (or to ensure that others do so). If required it can be demonstrated that any conditions or relationships that exist, taking account of any safeguards implemented, would not compromise the independence of the firm or any covered person. (Point 11)	Yes		-
67	All partners and staff of the firm and all other covered persons will remain alert to conditions or relationships which could compromise the independence of the firm or any covered person. (Points 19-20)	Yes		-
68	All matters have been communicated to the Firms Ethics Partner/Function and Engagement Partner which could impair the independence of the firm and any covered person by the all partners and staff of the firm (Points 15 - 16, 46, 52, 54 - 55)	Yes		-
69	Any matters communicated which could impair the independence of the firm and any covered person has been investigated promptly in accordance with the policies and procedures of the firm (Points 16, 24, 42, 44, 46, 47, 52)	Yes		-
70	The firm has not agreed a basis for determining fees, or partners and staff remuneration or evaluation policies for this engagement (points 38 - 48, 50 - 53)	Yes		-
71	The firm, its partners and staff and any other covered person, and persons closely associated with covered persons, has not provide or accept gifts and hospitality in relation to this engagement which are not otherwise trivial or inconsequential (Point 50)	Yes		-
72	There is no litigation in relation to any engagement between the firm its partners or any covered person and the entity or its affiliates already in progress, or probable, which would compromise the independence of the firm or any covered person. (Point 49)	Yes		-
73	The firm has not provided any non-audit / additional services to an entity relevant to the engagement, which would compromise the independence of the firm or any covered person. (Point 51, 54, 55)	Yes		-
74	Has any breach, departure or failure been addressed in accordance with paragraphs 1.22 and 1.23 of Section 1 of Part B of this Ethical Standard.	Yes		-

I am satisfied that:

As engagement partner of this assignment I am satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed.

I have documented all the threats to independence and objectivity, and safeguards implemented/At the planning stage in my opinion no threats to independence have arisen, this will be reviewed again at the Conclusion stage of the audit.

I am satisfied that the firm, its partners and all staff shall behave with integrity and objectivity in all professional and business activities and relationships in accordance with Ethical Standard Part A - overarching principle 1 and supporting ethical provisions

I am satisfied that the firm, and each covered person, shall ensure (in the case of a covered person, insofar as they are able to do so) that the firm and each covered person is free from conditions and relationships which would make it probable that an objective, reasonable and informed third party would conclude the independence of the firm or any covered person is compromised as required by Ethical Standard Part A - overarching principle 2 and supporting ethical provisions

I am satisfied that there are no reasons why we should not accept appointment/re-appointment as auditors to this client.

Aud Ptnr	Audit Engagement Partner
-	Date
	Ethics Partner (if necessary)
	Date

**The Board of Directors  
Compliant Client  
Address**

**Date**

Re: Audit Planning Letter

Dear Sirs

We are writing in connection with the audit due to start on **[Date]**. Further to our meeting we now set out below some matters in relation to our audit planning.

International Auditing Standards (ISA's) require us to communicate our mutual understanding of the audit and the respective responsibilities of the auditors and the directors

In addition to providing our formal audit report on your financial statements, we will communicate in our audit findings letter those matters, which we believe to be relevant to the directors that come to our attention as a result of the performance of our audit of the financial statements.

### **Independence and objectivity**

IAASA's *Ethical Standard (Ireland)* requires me as audit engagement partner to ensure that those charged with the governance of the audit client are appropriately informed on a timely basis of all significant facts and matters that bear upon us, the auditor's objectivity and independence.

The aim of these communications is to ensure full and fair disclosure by the auditor to those charged with governance of the audit client on matters in which they have an interest. These will generally include the key elements of the audit engagement partner's consideration of objectivity and independence such as:

- The principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the audit client, its affiliates and directors and the audit firm.
- Any safeguards adopted and the reasons why they are considered to be effective.
- Any independent partner review.
- The overall assessment of threats and safeguards.
- Information about the general policies and processes within the audit firm for maintaining objectivity and independence.

### **OPTION 1**

In this regard we confirm that in our opinion there are no threats with regard to our objectivity and independence. Should such a threat exist we will implement safeguards in accordance with Ethical Standard and our firms Internal Control procedures which include the following

- Independent external quality control review.
- External review of the significant subjective audit issues before the audit report is signed off

- Involving an additional partner not involved on the audit engagement to review the work done by the audit partner and to advise as necessary (in the case of practices with one partner this could involve a reciprocal arrangement with a partner from another audit firm).
- Consultation on subjective matters with an independent external third party (e.g. partner under reciprocal arrangement, expert) or with the Institute before the audits signed off

We confirm that, in our professional judgement and having regard to the safeguards in place, the firm is independent within the meaning of the Ethical Standard and the objectivity of the audit engagement partner and staff is not impaired. Therefore, we are pleased to proceed in accordance with our appointment.

#### OPTION 2 (INCLUDE AS RELEVANT)

Potential threats to objectivity and independence have been identified during our audit planning process. In this regard we have implemented effective safeguards as detailed below to ensure we remain objective and independent in carrying out the audit of your company.

#### Ethical Standard Part B Section 3 -Long-Term Association (if applicable)

**Compliant Accountant & Co** has been the auditor to this company for the last **XX** years.

In accordance with the Ethical Standard and the firms Internal Control procedures safeguards should be implemented in a situation where **Compliant Accountant & Co** is the auditor for more than ten years

To this end **Compliant Accountant & Co** will obtain an independent external review as a safeguard against long association combined with performing internal peer reviews and consulting on any relevant technical issues.

#### Ethical Standard Part B Section 5 –Provision of Non Audit Services ( if applicable)

**Compliant Accountant & Co** provides outsourced financial control services in the form of basic bookkeeping to the company.

In our professional opinion these activities of providing bookkeeping and management accounting services do not present a serious danger in terms of independence objectivity and integrity. The provision of non- accounting services enables us obtain a better understanding of the client and assists us form our audit opinion due to our extensive review of transactions in preparing the accounts of the company.

We consider that despite providing these non-audit services as described in the Ethical Standard to the client that none of the following threats exist to the extent that we should resign the audit engagement or cease providing non audit services:-

- Self interest threat
- Self review threat
- Management threat
- Advocacy threat
- Familiarity threat
- Intimidation threat

## **ALL OPTIONS**

We confirm that, in our professional judgement and having regard to the safeguards in place, the firm is independent within the meaning of the Ethical Standard and the objectivity of the audit engagement partner and staff is not impaired. Therefore, we are pleased to proceed in accordance with our appointment.

### **Nature and scope of the audit**

We set out below an outline of the nature and scope, including where relevant, any limitations thereon, of the work we propose to undertake and the form of the report we expect to make.

We have a duty to form an opinion on the financial statements at the end of the audit. We must give an opinion on whether the financial statements give a true and fair view at the year-end, whether the financial statements have been properly prepared in accordance with the Companies Act 2014, we must also state whether all the information and explanations which we consider necessary for the purpose of the audit have been obtained, whether proper books of account have been kept by the company and whether the information given in the Directors' Report is consistent with the financial statements.

We will express an unqualified opinion when the financial statements give a true and fair view in accordance with the financial reporting framework. Any modification to this unqualified audit opinion will be expressed in our auditor's report and in the audit findings letter.

We will conduct our audit in accordance with the International Standards on Auditing (ISA's) issued by IAASA. An audit includes an examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements.

We will also document the internal controls and the systems of your company. We will review internal and external operational, financial, compliance and other risks facing the company, which might affect the financial statements, including the likelihood of those risks materialising and how they are managed.

We will also document and review the control environment within the company, including the attitude of management to controls and whether management have a process for keeping under review the effectiveness of the system of internal control and, where a review of the effectiveness of internal control has been carried out and the results of that review.

We will also review the actions that the directors' plan to take in response to matters such as developments in law, accounting standards and other developments relevant to the Company's financial statements.

### **Findings from the audit**

At the end of the audit we will draft an audit findings letter for the attention of the directors of the company.

The audit findings letter will include our views and comments on the following:

- Our views as auditors regarding the quality and acceptability of the entities internal controls and accounting systems with a description of any suggested improvements;
- Significant deficiencies in internal control identified during the audit;
- Our views as auditors regarding the quality of the entity's accounting practices and financial reporting with a description of any suggested improvements;
- A description of the significant audit risks that have impacted on our audit report;
- A description of any fraud/information that indicates that a fraud may exist or breaches in laws or regulations noted during our audit;
- Any potential modifications to the auditor's report, including to description of any suggested qualification or explanatory paragraphs;
- Any matters of governance interest;
- A description of any unadjusted misstatements (uncorrected errors and omissions);
- Significant difficulties, if any, encountered during the audit;
- Other deficiencies, that have not been communicated by other parties, that in the auditor's professional judgment are of sufficient importance to merit management's attention; and
- Any other issues required to be communicated to those charged with governance in accordance with the ISA's.

This letter was prepared for the sole use of the company; the content must not be disclosed to any third party, without our prior written consent and we assume no responsibility to any other person.

Yours faithfully

---

**Compliant Accountant & Co.**

Compliant Client Large Co  
 31 December 2017

B 9 - 1

	Initials	Date
Prepared by:	Aud Snr	1-Jan-18
Reviewed by:	Aud Ptnr	1-Jan-18

**Covid-19 Considerations**

**Audit Planning Meeting with those Charged with Governance**

**Note:** Commentary should consist of a brief outline of the discussion held with the Engagement team under each of the headings. N/A or No answers will not suffice. What are the actual issues and areas to be considered. Additional headings to be added as required.

**Timing**

The audit planning meeting was held on the morning of the **[Insert Date]**

**Attendees**

Engagement partner, Audit Manager, senior accountant and X, Y and Z representing the board of directors were present at the meeting.

**Topics of Discussion/Minutes of Meeting**

The following areas were discussed and the directors assessments and comments were recorded accordingly.

**Audit Timescale**

The timescale of the audit is **XXXXX** weeks commencing on **XXX 2015** and has been outlined in writing in the planning letter (B7).

**Changes in Audit Timescale**

The engagement partner has extended the timescale from **XXX 2015** to **xxxx 2015** due to (eg, technical issues).

**Provision of Non Audit Services**

An external "hot" file review and OR (another firm) has agreed to conduct a review and to document their evaluation (File ref B3).

The audit firm do not take decisions that are the responsibility of management.

Provision of Non- Audit Services has been outlined clearly in the Planning Letter.

**Misstatements in Opening Balances**

Document any misstatements noted in the opening balances.

**Prior Year Financials - Modification to the auditor's opinion**

Indicate the specific modification in the prior year and the impact on the current year.

**Changes in the business since last audit**

There have been no changes in the firm's business since the prior year.

Expand where the activities have changed in the year, indicate the new business and the effect on the company.

**Changes in accounting standards since last audit**

There have been no changes in accounting standards since the prior year. The firm continues to apply its selected policies consistently year on year.

Expand where the accounting standards have been noted that impact on the accounting policies applied by the company.

Companies Act 2014 and the implications of the legislation as discussed with these changed with governance. Specifically, the disclosure requirements in accordance with S.305 to S.313 of chapter 6 of part 6, S.314 to S.323 of chapter 7 of part 6 and schedule 3 of the Act.

Based on our discussions with those changed with governance there were no issues, however, we will maintain awareness of the requirements through our audit.

For all periods commencing on or after 1st January 2015, FRS 102 must be applied. Based on a December 2017 year this company must prepare their financial statements in accordance with FRS 102.

### **Understanding of Engagement/Acceptance and Continuance**

We have a statutory responsibility to report to the members whether in our opinion the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Companies Act 2014.

We have completed our standard acceptance and continuance procedures as part of our planning process and no issues have been noted that would restrict us from accepting this engagement.

Expand to identify any third party reporting responsibilities to the Financial Regulator, Grant Agencies or PSRA.

### **Ethical issues and applied safeguards**

No ethical issues have been noted as a result of our planning procedures applied. Through our discussions with management no other issues or concerns have been noted.

The audit partner has acted for a period in excess of 10 yrs. Being a sole practitioner there is no opportunity for the audit partner to rotate. Therefore in accordance with Ethical Standard Part B Section 3 to continue management were informed verbally of the long association and the reasons for continuation without rotation.

Include any other ethical issues noted.

### **Consideration of laws and regulations**

Laws and regulations are consistent for this company year on year. Management have confirmed that they continue to comply with all applicable legislation. No instances of non compliance have been noted by management.

### **Consideration of Fraud**

Management do not believe that there is any risk of fraud within the financial statements. They monitor the staff. As part of our planning procedures we have identified fraud risks as documented in our planning memo. Management have discussed these risks and our proposed testing has been finalised as a result to reduce the risk to an acceptable level.

### **Consideration of Business Risk**

COMMENT

### **Identification of specific areas of Risk and potential Fraud**

The directors are not aware of any actual or suspected fraud committed during the period. Based on our initial analytical review detailed above there are no unexplained inconsistent relationships that suggest the possibility that a fraud has been committed.

### **The company's control environment**

Management feel that the current control system is capable of identifying any fraud within the company. Management have personal knowledge of all the customers, suppliers and transactions undertaken by the company. As the company develops, if management identify a scope for a potential fraud they amend and update their systems accordingly.



### Internal controls and the information system

COMMENT - DISCUSS IF ANY INTERNAL CONTROL WEAKNESSES WERE NOTED IN THE PRIOR YEAR AND

### Potential areas of weakness in the company's information system

COMMENT

### Consideration of related party transactions

Name of the Related Parties and Relationships & Transactions.

Details of authorisation and approval of significant transactions.

Details of authorisation and approval of significant transactions outside the normal course of business.

### Going Concern

The initial assessment of going concern based on the company's past performance, current financial position and projected trade performance for the coming year suggests that going concern is not likely to be an issue.

### Initial Analytical Review/Review of Results to Date

The results of our preliminary AR were discussed with management.

Document the key movements from the preliminary AR here.

### Review of Engagement Letter and Audit Planning Letter

The engagement letter has been agreed and signed at this point.

The audit planning letter as recorded on file was presented to management.

### Any further issues for discussion

COMMENT

### Covid-19 considerations

Commentary required in relation to:

- 1 Audit timeline & scheduling (& possible impact on audit opinion);  
Update to knowledge of business & entity (changes resulting from Covid-19 including business risk);
- 2
- 3 If audit has commenced pre-Covid-19 - discussion of revision to audit plan including associated revised Covid-19 audit risks;
- 4 Client access issues (access to books and records / access to client premises / access to key client staff);
- 5 Consideration of going concern (including additional work to be carried out);
- 6 Consideration of events after the balance date (i.e. Covid-19);  
Consideration of potential audit opinion resulting from Covid-19 (Material Uncertainty Going Concern / limitation of scope / disclaimer);
- 7
- 8 Consideration of changes to laws and regulations resulting from Covid-19;  
Consideration of additional Covid-19 specific risk areas i.e. impairment of assets / fair value issues / provisions & estimates);
- 9
- 10 Consideration of additional / increased risk of fraud;  
Consideration of design & implementation of internal controls (associated weaknesses resulting from Covid-19) and associated walk-through testing;
- 11
- 12 Other Covid-19 audit matters.

Signed: Aud Ptr  
Date: 01/01/2018 \_\_\_\_\_ (Engagement Partner)

Compliant Client Large Co  
 31 December 2017

B 8 - 1

	Initials	Date
Prepared by:	Aud Snr	1-Jan-18
Reviewed by:	Aud Ptnr	1-Jan-18

**Covid-19 Considerations**

**Internal Engagement Team Planning Meeting (not required in the case of a Sole Practitioner with no staff but ensure that planning memo is updated accordingly to reflect)**

*Note: Commentary should consist of a brief outline of the discussion held with the Engagement team under each of the headings. N/A or No answers will not suffice. What are the actual issues and areas to be considered. Additional headings to be added as required*

<b>Timing</b>			
---------------	--	--	--

**(AT LEAST 2 WEEKS PRIOR TO THE AUDIT BEING UNDERTAKEN)**

The engagement team meeting was held on the morning of ?????

<b>Attendees</b>		
------------------	--	--

Engagement partner, senior accountants and junior accountant were in attendance.

<b>Topics of Discussion/Minutes of Meeting</b>	
--	--

The following areas were discussed and the Partner and staff comments were recorded as follows:

**Audit Opinion**

Last year we issued a qualified/unqualified audit opinion.

This year we expect to issue qualified/Unqualified/Limitation of Scope audit opinion.

**Threats to Objectivity and Independence**

No issues have been noted as part of our planning procedures in relation to our independence.

e.g. An Independence threat has been identified and has been reported to the Ethics partner on xxx 2011.

**OR**

Where threats cannot be reduced to a level where objectivity and independence is not compromised, we shall not accept appointment.

At the meeting engagement team members have re-affirmed their independence to the client.

**Has any close family member entered into a business relationship with the audit client**

Document relationship and business relationship and approach adopted by firm.

**Team for Assignment (for specific audit areas)and responsibilities of each staff member**

The team has been chosen as all members have relevant experience with similar clients and industries. Staff are competent to respond to anticipated risks and complete assigned work. The budget has been discussed as documented.

**Experienced team members for high risk areas**

Include specific references of key areas specifically assigned.

**Changes to our Audit Plan and reasons for such changes(see review of planning memo below too)**

Document any changes noted to the audit plan as a result of the internal team meeting.

**Group Structure (If Applicable)**

Comment on the group Structure, its components & Environment.

Comment on Prior year Working Papers.

Comment on Component Auditors skills & technical competence and consider whether you need to engage in an expert.

**Audit Timetable, Review of Budget in detail**

Budget has been reviewed as documented, staff are aware of the assigned areas of responsibility.

**Acceptance and Continuance, Ethical issues and applied safeguards**

There are no issues noted that prevent us from accepting this appointment.

Document any ethical issues noted at planning to demonstrate discussion.

**Professional Competence and due care**

Staff are capable and competent to complete the engagement, the firm does not have an issue on related skills and all work will be completed with due care.

**Confidentiality & Professionalism**

All work will be completed in a professional manner and in accordance with the firm procedures all information is deemed confidential.

**Ethical Breaches by Audit Client**

Expand if ethical breaches have been noted.

**Knowledge of the client by audit staff & Engagement Partner which may be pertinent to this year's audit**

The audit partner has a continuing involvement with the company and all information of relevance has been included in the planning memo.

**Changes in the business and changes in accounting & auditing standards since the last audit**

There have been no changes in auditing and accounting standards since the previous year. The firms business is consistent with the year before also

Amend if standards have been amended or updated in the year

**Draft results/accounts discussion**

Include meaningful commentary, identify key movements that link to planning AR and audit risk identification.

**Update/Consideration of laws and regulations**

No new laws and regs applicable in the current year.

Amend if legislation has been amended or updated in the year

**Consideration of Fraud**

Include meaningful commentary of fraud discussion identifying the fraud risk factors noted at planning. The discussion should identify the susceptibility of the entity's financial statements to material misstatement due to fraud.

**Identification of specific areas of Risk and potential Fraud**

Include meaningful commentary of discussion identifying the audit risk factors noted at planning.

**Consideration of Going Concern**

The initial assessment of going concern based on the company's past performance, current financial position and projected trade performance for the coming year suggests that going concern is not likely to be an issue.

**Consideration of related party transactions**

Name of the Related Parties and Relationships & Transactions

Details of authorisation and approval of significant transactions

Details of authorisation and approval of significant transactions outside the normal course of business

**Materiality levels/Sample sizes**

Materiality has been calculated and documented at B4. The audit engagement team is aware of the materiality selection and the application of performance, specific and trivial levels as documented.

**Assessment/Update of companies information systems/internal controls**

Controls systems is as documented, no change noted to the system from last year, staff have continuing experience with the system used by the company.

**Review of Auditing Planning Memo**

The audit planning memo as documented at B2 was reviewed and discussed. No issues noted in addition.

**Requirement for use of external expert**

COMMENT

**Need for an independent review of file**

COMMENT

**Any further issues for discussion**

COMMENT

**Covid-19 considerations**

Commentary required in relation to:

- 1 Audit team resource planning (i.e. remote working & audit timeline);  
If audit has commenced pre-Covid-19 - consideration of revision to audit plan including associated Covid-19
- 2 audit risks;  
Client access issues (access to books and records / access to client premises / access to key client staff);
- 3
- 4 Consideration of going concern (including additional work to be carried out);
- 5 Consideration of events after the balance date (i.e. Covid-19);  
Consideration of potential audit opinion resulting from Covid-19 (Material Uncertainty Going Concern / limitation
- 6 of scope / disclaimer);
- 7 Consideration of changes to laws and regulations resulting from Covid-19;  
Consideration of additional Covid-19 specific risk areas i.e. impairment of assets / fair value issues / provisions
- 8 & estimates);
- 9 Consideration of additional / increased risk of fraud;  
Consideration of design & implementation of internal controls (associated weaknesses resulting from Covid-19)
- 10 and associated walk-through testing;
- 11 Other Covid-19 audit matters.

Signed: Aud Ptnr (Engagement Partner)  
Date: 01/01/2018

Compliant Client Large Co  
31 December 2017

A 11 - 1

	Initials	Date
Prepared by:	Aud Snr	1-Jan-18
Reviewed by:	Aud Ptr	1-Jan-18

**Covid-19 Considerations**

**Audit Conclusion Meeting with Those Charged with Governance**

**Note:**

**Commentary should consist of a brief outline of the discussion held with the client under each of the headings.  
Tailor the headings and the content to reflect the actual discussions held with the client at the conclusion stage of the audit specifically focussing on the issues potentially impacting on the audit  
N/A or No answers will not suffice**

The audit conclusion meeting was held on the morning of the 15th of XX XX,

Engagement partner, **senior accountant** and X,Y and Z representing the board of directors were present at the meeting

All schedules relating to the knowledge and background of the business were reviewed with those charged with governance. The engagement partner reviewed and commented on the initial engagement planning meeting and issues identified at that time.

The following areas were discussed and the directors assessments and comments were recorded accordingly on the working papers of the file.

**TOPICS OF DISCUSSION**

**Audit Opinion**

Following on from our discussions documented on WP B10 we will issue a XXXXX Audit Opinion  
(If you have issued a modified opinion ensure that an audit opinion letter is also issued)

**Litigation and Claims**

COMMENT

**New Commitments, Borrowings, Guarantees**

COMMENT

**Sales or Acquisitions of Assets**

COMMENT

**Measurement of Estimates or Provisions**

COMMENT

**Review of significant matters arising/issues outstanding**

COMMENT

**Discussion regarding significant difficulties amounted during the audit**

COMMENT

**Consideration of laws and regulations including reporting obligations of the auditor and accountant**

COMMENT

**Consideration of Fraud**

COMMENT

**Consideration of Risk**

COMMENT

**Consideration of materiality levels applied**

COMMENT

**Evidence gathered in relation to specific areas of Risk and potential Fraud**

COMMENT

**Areas of weakness in the company's information system/internal controls**

COMMENT

**Consideration of related party transactions**

COMMENT

**Detected errors / frauds**

COMMENT

**Review of statement of unadjusted differences**

COMMENT

**Review of material adjustments**

COMMENT

**Going Concern**

COMMENT

**Post balance sheet events**

COMMENT

**Final Analytical Review**

COMMENT

**Budget V Fee**

COMMENT

**Contents of letter of representation**

COMMENT

**Contents of audit findings letter**

COMMENT

**Modifications to the audit report**

COMMENT

**Ethical Standard issues**

- If transactions between the Firm and entity occurred and the safeguards applied to ensure independence
- Former audit staff employed in the entity
- Long association and the safeguards applied
- Non-audit services - details of any services provided in the period and safeguards applied on the audit
- Fee's if substantial - detail the safeguards applied especially those for non-audit services
- Quality Control review and safeguards
- If other Audit Related Services were performed as part of the engagement but not linked to the provision of an audit opinion

COMMENT

**ANY OTHER ISSUES TO BE INCLUDED**

COMMENT

**Covid-19 considerations**

Commentary required in relation to:

- Discussions regarding possible impact on audit opinion from Covid-19
- 1
- 2 Deficiencies in internal controls as a result of Covid-19;  
Deficiencies in accounting practices and financial reporting as a result of Covid-19;
- 3
- 4 Significant audit risks that had an impact on the audit and audit report as a result of Covid-19;
- 5 Any breaches of laws and regulations as a result of Covid-19;  
Any instances of / possible instances of fraud as a result of Covid-19;
- 6
- 7 Significant difficulties encountered during the audit as a result of Covid-19;
- 8 Impact of Covid-19 on the clients' going concern assessment.
- 9 Impact of Covid-19 on subsequent events etc.

Signed:  
Date:

Aud Ptnr  
01/01/2018

(Engagement Partner)



**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

**Contents**

Overall Audit Strategy & Planning Summary ..... 3  
 Section A Client Acceptance & Preliminary Engagement Activities ..... 7  
     A1 Acceptance & Continuance ..... 8  
     A2 Knowledge of the Entity ..... 15  
         A Industry, Regulatory and Other External Factors ..... 15  
         B Nature of the Entity ..... 17  
         C Measurement & Review of Financial Performance ..... 19  
         D Objectives and Strategies and Related Business Risks ..... 21  
         E Group Financial Statements ..... 23  
     A3 Internal Controls & Systems ..... 24  
     A4 Accounting Estimates ..... 25  
     A5 New Engagements ..... 26  
     A6 Opening Balances / Comparatives ..... 26  
     A7 Matters Brought Forward ..... 27  
 Section B Communications ..... 29  
     B1 Acceptance & Planning Communications ..... 30  
     B2 Overall Engagement & Reporting Requirements ..... 33  
 Section C Risk Assessment and Responses ..... 34  
     C1 Audit Risk Assessment ..... 35  
     C2 Fraud ..... 37  
     C3 Materiality ..... 40  
     C4 Setting Sample Sizes ..... 41  
     C5 Specific Risk Assessment ..... 43  
     C6 Nature, Timing & Extent of Audit Procedures ..... 49  
 Section D Other Matters ..... 56  
     D1 Related Parties ..... 57  
     D2 Going Concern ..... 57  
     D3 Events After the Balance Sheet Date ..... 58

*KEY TO NOTATIONS BELOW*

<i>WP</i>	<i>Working Paper</i>
<i>CAF</i>	<i>Current Audit File</i>
<i>ACM</i>	<i>Audit Conclusion Memo</i>
<i>APM</i>	<i>Audit Planning Memo</i>

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### Disclaimer

This Audit Planning Memo is provided to give guidance in relation to the format and contents of a typical Audit Planning Memo under the relevant auditing standards. It does not purport to give definitive professional advice in any form. It should, accordingly, not be relied upon as such. Auditors using these Work Programmes and any programmes or templates, should **TAILOR** the approach and the evidence gathered to comply with Generally Accepted Accounting Practices in Ireland in accordance with the Financial Reporting Council, applicable auditing framework guidance and standards as issued by the Irish Auditing & Accounting Supervisory Authority ("IAASA") and the UK's Financial Reporting Council ('FRC') and Company Law

Despite taking every care in the preparation of this document OmniPro does not guarantee the accuracy or veracity of any information or opinion, or the appropriateness, suitability or applicability of any practice or procedure contained therein

OmniPro does not take any legal responsibility for the contents of this manual and the consequences that may arise due to any errors or omissions. OmniPro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication

### All areas of this document need to be specifically tailored to each individual client

#### Guidance

- *Items included in blue italics provide guidance of the underlying auditing standard or guidance in relation to completing the document*
- **Items included in red identify key areas requiring tailoring by the firm to complete this document**
- **For the purposes of this Memo, Companies (Accounting) Act 2017 and Companies Act 2014 are referenced as Companies Act 2014 as permitted by Companies (Accounting) Act 2014**
- **Items included in Green identify key areas / considerations requiring tailoring by the firm in relation to Covid-19.**

All guidance and tailoring options should be deleted prior to completion of the document.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### Overall Audit Strategy & Planning Summary (REF ISA 300)

In accordance with the requirements of ISA 300 planning an audit involves establishing an overall audit strategy for the engagement and developing an audit plan. Any Auditor & Co. is an SME firm with predominantly SME clients. The division between an overall audit strategy and audit plan is not quite as clear cut as in a larger audit. To avoid duplication and to ensure that an efficient and effective audit is performed we document an overall audit strategy at the start of every audit but that overall audit strategy links in and ties in very closely with our planning process as documented within our audit planning memorandum.

#### Overall Audit Strategy

##### Characteristics of the Engagement

This company is a family owned and operated supermarket trading in [location]. **The financial statements have been prepared under Irish GAAP, in the form of FRS 102 and Companies Act 2014.** There are no specific reporting requirements for supermarkets or the retail sector that would have an impact on our audit plan. Given that we act as accountants and business advisors to the company it is anticipated that extensive audit work be done in all areas. The company is / is not part of a group structure and details of the group and related parties have been documented in full in Section D of the planning memorandum. There are not any other auditors involved in the audit of this company or its components. The company does not use internal auditors, service organisations and the systems and controls are not such that the use of computer assisted techniques are necessary. The planning memorandum and the permanent section of the file will give a fuller insight into all elements of the company.

##### Reporting Objectives, Timing of the Audit

There are no specific reporting objectives other than forming an opinion in accordance with ISA's (Ireland) **on the financial statements which are prepared in accordance with FRS 102 and Companies Act 2014.**

The audit is expected to commence on [insert start date] and it is our intention to complete the audit work and form our opinion within [insert length of engagement] weeks of commencement. The ultimate deadline driving the company is the requirement to hold an AGM within 9 months of the year end and to meet the companies ARD date of [insert ARD date].

##### Nature of Communications

We have ongoing communications with the client based on our ongoing relationship with them. In the context of the audit we will have a client planning meeting and will issue an audit planning letter. The full details of our communications with the client are specified in Section B of the planning memorandum dealing with this area.

We will hold an engagement team meeting at the outset of the audit and there will be formal and informal engagement team meetings throughout the engagement with issues being documented as required if necessary. The initial engagement team meeting is documented on WP B.8

##### Significant Factors

All significant factors will be considered throughout the audit and in particular at the Risk Assessment stage of the Audit as documented in Section C of the audit planning memorandum.

Without pre-empting the significant factors but based on our expert knowledge of the supermarket sector significant factors affecting the audit are likely to include:

- Going concern on the basis that although the company is essentially profitable that there is significant leverage and borrowings on the balance sheet.

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

- **Property valuations.** Supermarkets and their properties were changing hands at inflated values like all businesses and properties during the Celtic Tiger years. On this basis there is a risk that the property values may be overstated and property impairments should be considered.
- **Related party transactions and the collectability of group intercompany balances** may be a risk depending on the going concern status of each of the individual companies in the group and the extent and nature of the borrowings.
- **Completeness of income** is a key risk and a significant factor in the audit of supermarkets as a cash business.
- **There is a fraud risk** from an employee cash theft and stock mis-appropriation perspective.
- **The valuation of investments in subsidiaries** may potentially be overstated depending on the trading status of the company.
- **Although stock forms a significant part of the company's business** it is not considered a significant factor as margins in supermarkets are very easily analysed and stock turnover is high.
- **The impact of the Covid-19 situation on the client's business and on the audit.** Travel restrictions and social distancing measures have affected the clients business and trading. The issues of access to clients premises and books and records and the availability of audit staff and remote working arrangements could affect the conduct of the audit.

### **Preliminary Engagement Activities**

Preliminary engagement activities in terms of acceptance and continuance have been documented in the B Section of the Planning Memorandum.

Materiality, lower levels of materiality for specific items, performance materiality, the trivial misstatement thresholds and the sample sizes will be assessed and calculated in the C section of the planning memorandum as supported by WP B4.1 and B4.2.

All elements of internal controls and information systems are documented in either Section C of the planning memorandum or the Permanent Section of the file in Section P.

### **Knowledge Gained on Other Engagements**

Specifically, in relation to this client the firm provides other non-audit services which provide information and knowledge that supports the overall audit opinion and evidence that is integral in deeming sufficient appropriate audit evidence be obtained. Any Auditor & Co. provide the following services to this client:

- Preparation of quarterly management accounts based on basic books and records produced and maintained by the client.
- Preparation of detailed management reports and analysis based on those quarterly management accounts.
- Preparation of year end Trial balance based on basic books and records produced and maintained by the client.
- Drafting of financial statements on behalf of the directors of the company based on the year end trial balance.
- The provision of compliance and advisory tax services as is consistent with any Irish SME Accountancy firm servicing an SME client.
- The provision of compliance and advisory services in relation to company law as is consistent with any Irish SME Accountancy firm servicing an SME client.
- Assisting the client in relation to the provision of ongoing information for the bank as is consistent with any Irish SME Accountancy firm servicing an SME client.
- The provision of general business advisory and support services.

All of these services will be considered in the context of the client acceptance and if any ethical threats arise appropriate safeguards will be put in place.

One of the key areas of knowledge and insight that Any Auditor & Co. gains through their work with this client and multiple other clients in the sector is the ability to benchmark supermarkets against each other. Through the quarterly management accounts preparation and the client reporting extensive ongoing analytical review is performed. completeness of income is largely addressed by a honed insight into sales mix and margins.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

Specifically, the approach to finalising the trial balance and drafting the financial statements for this client included:

- Step 1 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 2 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 3 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 4 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 5 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 6 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 7 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 8 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 9 Preparing accounts for clients and audit evidence obtained as part of the process
- Step 10 Preparing accounts for clients and audit evidence obtained as part of the process
- Keep in mind issues impacting the process resulting from Covid-19, such as access to books and records and to client's management.

*Include details such as:*

- *How the accounts are prepared*
- *Involvement of the accountant in preparing the books and records*
- *The accountants involvement in drafting the financial statements*
- *How does this impact and support the audit engagement*

### Planning Summary

In summary our basic audit strategy is as follows:-

- Planning Checklist @ WP Ref B 1 will be completed as part of the overall quality control in relation to planning.
- Acceptance & Continuance procedures will be dealt with in Section A1 below and the Acceptance and Continuation Checklist on WP B3. Without doing the full acceptance and continuance procedures we have not identified any reasons at the outset for not accepting/continuing the engagement.
- Independence and Objectivity and other ethical threats will be assessed in Section A1 but it is not anticipated based on previous years audits that issues will arise that will impact the acceptance of the engagement. If any potential independence threats arise, safeguards will be put in place to eliminate the threats.
- The general profile of the client will detail in Section A2 of the planning memorandum.
- A full company search will be obtained and is included on the Permanent Section of this file @ WP Ref P 6
- Relevant laws and regulations will be documented and assessed in Section A2 of the planning memorandum.
- Internal Controls will be addressed in Section A3 with more detailed documentation in the Permanent section of the file.
- The specific Engagement Requirements for this assignment are set out in Section B2 below. There are no specific regulatory requirements arising from the decision to retain the engagement.
- All formal communications with our client will be summarised in Section B.
- Knowledge gained by Engagement Partner for the Entity which is relevant to the audit and directing the engagement team has been documented on B8.
- Any significant changes to our audit plan will be documented on B8 and also documented as an addendum to the planning memorandum.
- The overall risk assessment will be documented in Section C with the Specific Risks identified in Section C1 below. The risk associated with the engagement will result in the testing being tailored to address those risks.
- The Nature, Timing & Extent of Audit Procedures is summarised in Section C6 below specifically extensive substantive audit testing will be performed on transactions throughout the year and combined with the extensive balance sheet substantive testing performed sufficient appropriate audit evidence should be obtained.

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

- Section C2 in the planning memorandum will deal with our approach regarding Fraud.
- Materiality and Sample Size Selection will be addressed at Section C4 and C5, respectively.
- Matters Brought Forward from our previous year's work will be outlined in section C of the planning memorandum.
- Section D of the planning memorandum deals specifically with Related Parties, Going Concern and Post Balance Sheet Events;
- Each section of the Audit Planning Memo will be specifically tailored to deal with the impact of Covid-19 on the audit.

All audit procedures will be performed based on the issues identified as part of the planning process. Standard audit testing will be done addressing all balance sheet and P&L items. If further issues arise during the course of the audit we will tailor our approach at the execution stage to ensure sufficient appropriate audit evidence is obtained to support our opinion.

As Covid-19 is deemed to be a significant risk to the company and therefore, to the audit process, the OmniPro Covid-19 Audit Consideration checklist will be completed and all considerations arising from this will be fully documented.

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

## **Section A Client Acceptance & Preliminary Engagement Activities**

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### A1 Acceptance & Continuance

(including Ethical Considerations & Staffing) (REF ISA 200, ISA 210, ISA 220, ISA 300, ES, ISQC1)

#### Ethical Standard Part A and Part B Section 1, ISA 210, ISA 220

The objective of the auditor is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through:

- Establishing whether the preconditions for an audit are present; and
- Confirming that there is a common understanding between the auditor and management and, where appropriate, those charged with governance of the terms of the audit engagement.

Regarding preconditions we confirm that

- The financial reporting framework to be applied in the preparation of the financial statements is acceptable, the client prepares the financial statements in accordance with Irish GAAP (**FRS 102 and Companies Act 2014**)
- We have obtained the agreement of management through a signed Letter of Engagement @ WP Ref B 6 that they acknowledge and understand their responsibility:
  - For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation;
  - For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
  - To provide the auditor with:
    - Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters;
    - Additional information that the auditor may request from management for the purpose of the audit; and
    - Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence
- In accepting and continuing this engagement, the engagement ethics meets the principles of the Ethical Standard.

We have confirmed that there is a common understanding between the auditor and management/those charged with governance of the terms of the audit engagement during our Audit Planning Meeting with those charged with governance as documented @ WP Ref B 9.

We do not expect management or those charged with governance to impose a limitation on the scope of our work in the terms of our proposed audit engagement which could result in a disclaimer of opinion on the financial statements. However, should such a limitation of scope arise we will consider our position and the terms of the audit engagement as outlined in the signed Letter of Engagement

The Letter of Engagement @ WP Ref B6 outlines the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.

As a sole practitioner firm an informal discussion has been held between the audit partner and (senior staff on this job) in relation to the potential ethical issues as part of the internal engagement team planning meeting as documented @ WP Ref B 8

A detailed time budget has been prepared on WP Ref B 5

The audit firm has established policies and procedures (ISQC1) which require partners and employees of the firm, including those providing non-audit services to an audited entity or its affiliates, do not take decisions that are the responsibility of management of the audited entity on WP B3 and B9.



**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

The audit firm has established policies and procedures (ISQC1) to require persons in a position to influence the conduct and outcome of the audit to be constantly alert to circumstances that might reasonably be considered threats to their objectivity or the perceived loss of independence and, where such circumstances are identified, to report them to Any Auditor, file ref B8 & A11.1.

Any Auditor is satisfied that the audit staff will act in a professional and courteous manner and any acts of unprofessional behaviour will be dealt with in the audit firm’s disciplinary process.

Any Auditor and staff will remain strictly confidential in relation to the information gathered during the course of the audit.

Any Auditor and staff have ensured that the client’s information, paperwork, and documentation is kept secure and that access is not gained to clients’ information by unauthorised individuals. (Due to Covid-19 and the requirement to work remotely, Any Auditor has put in place policies and procedures to address the risk of working remotely).

Any Auditor has made the final decision on the best course of action relating to contentious or complex issues, and all correspondence relating to this has been placed on the current year’s audit file and documented accordingly, A11.1.

Any Auditor is satisfied that the engagement team, and any auditor’s experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to:

- Perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements; and
- Enable an auditor’s report that is appropriate in the circumstances to be issued.

Any Auditor will monitor engagement performance through:

- Direction, Supervision and Performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements.
- Reviews being performed in accordance with the firm’s policies and procedures (ISQC1), and on or before the date of the auditor’s report a discussion will be held with the engagement team to ensure that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued, WP Ref A11.1
- Consultation on difficult or contentious matters between engagement team and others at appropriate level outside the firm A11.1
- Engagement Quality Control Review which will involve discussion of significant matters with the engagement team, and evaluating the conclusions reached in formulating the auditor’s report and consideration of whether the proposed auditor’s report is appropriate, on WP A11.1.
- Differences of Opinion between the engagement team and the engagement quality control reviewer will be resolved through the firm’s policies and procedures, ISQC1 and documented as part of this engagement file.

Staff Assigned to this engagement includes:

Position	Name	Qualification	Reason for selection	Experience
Principal	Any Auditor	ACCA		
Senior	Compliant Staff	ACA / ACCA		

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

**Ethical Standard – Part B Section 2 – Financial, Business, Employment and Personal Relationships**

**Consideration of threats**

Overall, there is no financial, business, employment or personal relationships that may affect the independence of the firm.

No one employed by the audit client has been employed by the firm or admitted to partnership.

Neither the firm nor anyone closely connected with it have loans or guarantees to or from the client.

There are no direct or indirect financial interests in the audit client held by a partner or somebody in a position to influence the conduct and outcome of the audit (“Covered Person”), or an immediate family member of theirs.

There are no business relationships between the firm and the audit client except those at arm’s length and which are immaterial to both parties.

Where there are potential threats to independence these should be documented with specific safeguards outlined.

No Close family members of Any Auditor or covered persons has entered into a business relationship with the audit client, however, should we become aware of any such relationship it will be discussed with the audit engagement partner, File Ref B8.

The firm has not employed or admitted to partnership a person to undertake audit work who is also employed by the audit client or its affiliates (“dual employment”).

Employee/partner – “Loan staff Employment” has not been given any role on the audit involving any function or activity that he/she performed or supervised during the assignment.

No partners or team members have joined the audit client, and OR XXXX has become director of the audit client on DD/MM/YEAR (less than 2 years the firm shall resign as auditor) or we confirm there are no significant connections between the firm and the individual.

No directors or former employees of the audit client have become employees of The firm, however, should a director/former employee become an employee he/she will not be assigned to a position where he/she is able to influence the conduct and outcome of the audit for a period of 2 years following the date of leaving the audit client.

**Safeguards implemented**

Potential Threat to Independence	Safeguards Implemented	Communicated to management

**Ethical Standard – Part B Section 3 – Long Association with the Audit client**

*Extracts below are taken from Section 3*

- *The audit firm shall establish policies and procedures to monitor the length of time that audit engagement partners, key partners involved in the audit and partners and staff in senior positions, including those from other disciplines, serve as members of the engagement team for each audit [para 1]*
- *Where partners and staff in senior positions have a long association or extensive involvement with an entity relevant to the engagement, the firm shall assess the threats to integrity, objectivity and independence of the firm and covered persons and shall:*
  - *apply safeguards to reduce the threats to a level where independence would not be compromised; and*

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- *disclose the engagements previously undertaken by the firm for an entity relevant to the engagement to those charged with governance and, where applicable, any other persons or entities the firm is instructed to advise.*

*Where appropriate safeguards cannot be applied, the firm shall not accept the engagement, shall resign from the engagement, or not stand for reappointment, as appropriate. Where the responsibility for the engagement is assigned by legislation or regulation and the firm cannot resign from the engagement (e.g. in the case of certain public sector bodies) the firm shall consider alternative safeguards that can be put in place. [para 2]*

- *In order to address such threats, audit firms apply safeguards. Appropriate safeguards may include:*
  - *appointing a partner who has no previous involvement with the entity as the engagement partner;*
  - *removing ('rotating') the partners and the other senior members of the engagement team after a pre-determined number of years;*
  - *involving an additional partner, who is not and has not recently been a member of the engagement team, to review the work done by the partners and the other senior members of the engagement team and to advise as necessary;*
  - *arranging an engagement quality control review of the engagement in question*

**[para 4]**

- *Once an audit engagement partner has held this role for a continuous period of ten years, careful consideration is given as to whether a reasonable and informed third party would consider the audit firm's objectivity and independence to be impaired. Where the individual concerned is not rotated after ten years, it is important that:*
  - (a) *safeguards other than rotation, such as those noted in paragraph 3.4, are applied; or*
  - (b) *(i) the reasoning as to why the individual continues to participate in the engagement without any safeguards is documented; and*
    - (ii) *the facts are communicated to those charged with governance of the entity in accordance with paragraphs 1.55 – 1.63 of Section 1 of Part B of this Ethical Standard.*

**[para 5]**

### Consideration of threats

The firm has been auditor of this company for the last number of years (specify number of years).

#### Option 1

#### **IF NUMBER OF YEARS IS GREATER THAN TEN THEN ADD NEXT PARAGRAPH**

In accordance with the Ethical Standard and the firms Internal Control procedures safeguards should be implemented in this situation. The firm is aware of its options under Ethical Standard Part B Section 3 being;

- Obtaining an Independent external quality control review
- Obtaining External review of the significant subjective audit issues before the audit report is signed off
- Involving an additional partner not involved on the audit engagement to review the work done by the audit partner and to advise as necessary (in the case of practices with one partner this could involve a reciprocal arrangement with a partner from another audit firm).
- Consultation on significant subjective matters with an independent external third party (e.g. partner under reciprocal arrangement, expert) or with the Institute before the audits signed off

To this end the firm will employ OmniPro to provide independent external review as a safeguard against long association combined with performing internal peer reviews and consulting on any relevant technical issues. OmniPro will also be consulted before the audit report is signed in cases where there are significant subjective audit issues

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

**Option 2**

**WHERE NUMBER OF YEARS IS LESS THAN TEN THEN ADD NEXT PARAGRAPH**

The firm has no ethical issues under Ethical Standard Part B Section 3 Long Association with the Audit Client. The number of years the firm is auditor to this client is reviewed in each year and in reaching the 10th year of being auditor to this company the firm will review its options of safeguards in accordance with the Ethical Standard and the firms Internal Control procedures.

**Option 3**

The audit engagement partner has acted for a period in excess of 10 years, as a sole trader the RI is unable to rotate the engagement and continues due to the ongoing client relationship with the firm. This fact has been communicated to the client in the audit planning letter. The partner has noted no issues that would affect his continuing appointment.

**Option 4**

The audit engagement partner has acted for a period in excess of 10 years, as a sole trader the RI is unable to rotate the engagement and continues due to the ongoing client relationship with the firm. This fact has been communicated to the client in the audit planning letter. If significant issues are encountered during the course of the audit work the firm will consult with a party independent to the audit.

**Safeguards implemented**

Potential Threat to Independence	Safeguards Implemented	Communicated to management

**Ethical Standard Part B Section 4 – Fees Remuneration and Evaluation Policies**

**Consideration of threats**

The estimated audit fee for the coming year of €**XX,XXX** represents **Y%** of the total practice income. The total fee income derived from this company and related companies for the year is estimated to be €**ZZ,ZZZ**. This represents **T%** of the total practice income.

There are no material outstanding fees outside the normal expected payment period in an SME practice dealing with an SME client. There are no contingency fee arrangements in place.

The objectives of the audit team do not include cross selling and their remuneration is not related to their performance or cross selling. Promotion prospects within the firm do not include a fee-based success element.

There is no litigation or threatened litigation between the firm and the client. No gifts or hospitality have been received from the audit client and no gifts, hospitality or sponsorship has been given to the audit client.

All partners and staff have the appropriate time and skill to perform the audit.

**The total fees expected for audit and non-audit services for non-listed entity and subsidiaries will not exceed 15% of the annual fee income, therefore there is no requirement to resign or not stand for reappointment.**

**Safeguards implemented**

Potential Threat to Independence	Safeguards Implemented	Communicated to management

**Ethical Standard Part B Section 5 – Non- Audit Services provided to audit clients**

**Any Auditor is confident that there are no threats to objectivity or independence.**

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

**Consideration of threats**

The provision of non-audit services have been communicated to those charged with governance on WP Ref B9.

The fees for non-audit services in relation to listed companies is not greater than the annual audit fees, if the fees increase Any Auditor will discuss this with the ethics partner.

**COMPANY NAME** is a typical small family owned and managed business. They have neither the requirement nor the financial capacity to engage separate auditors and an accountant or a tax advisor.

**Describe the services provided** e.g. The firm provides outsourced financial control services in the form of basic bookkeeping (and Covid-19 related additional services (detail the type of additional services and state if these services are not normally carried out by the firm on a regular basis)). Quarterly management accounts are produced based on the books and records obtained from the client. These activities of providing bookkeeping and management accounting services do not present a serious danger in terms of independence objectivity and integrity. The provision of non-audit services enables us to obtain a better understanding of the client and assists us in forming our audit opinion due to our extensive review of transactions in preparing the accounts of the company.

**Describe the accounting workings provided by client** e.g. The company maintains the basic books and records and records the prime entry data. They operate a simple financial control system that has controls over the flow of information, transactions, and the recording of those transactions. The management ultimately make all the relevant decisions. The firm uses the basic books and records provided to produce accounts and do not make any management decisions. The firm effectively performs a 100% audit through their extensive accounts preparation procedures. The fact that they gather the data for accounts preparation does not constitute self-review in the opinion of the firm. The basic tax services provided are purely computational rather than opinion and advisory

We consider that despite providing non-audit services to the client that none of the following threats exist to the extent that we should resign the audit engagement or cease providing non audit services:

- Self-interest threat
- Self-review threat
- Management threat
- Advocacy threat
- Familiarity threat
- Intimidation threat

The firm have decided to engage the use of an outside reviewer by availing the services of OmniPro to conduct a "hot" file review in order to reduce the threat of independence to an acceptable level, file ref B3.

**Safeguards implemented**

Potential Threat to Independence	Safeguards Implemented	Communicated to management

**Summary**

We have completed the Acceptance of Appointment or Re-Appointment Checklist @ Ref B 3 and no other issues have been identified.

As engagement partner of this assignment I am satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed and specifically:

- There are no relationships or circumstances which affect our independence in forming an audit opinion on this engagement that have not been addressed by the safeguards in place and communications with

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

those charged with governance of the company. As auditors we are able to continue giving an objective audit opinion as there are no significant subjective issues. If any subjective issues arise on this client the appropriate steps will be taken and if necessary external advice will be obtained **OR**

- I have documented all the threats to independence and objectivity and safeguards implemented

We have complied with both the Overarching Principles and Supporting Ethical Provisions as outlined in the Ethical Standard for Auditors (Ireland) Part A and supported by Part B Sections 1 to 6. I am satisfied that there are no reasons why we should not accept appointment/re-appointment as auditors to the client.

We have implemented the following safeguards:

- Document ethical safeguards applied

We have communicated any issues in relation to accepting or continuing this appointment with those charged with governance by way of our audit-planning letter on Ref B7 and during our Audit planning meeting @ WP Ref B 7.

We have considered last year's audit opinion and we expect to issue a qualified/unqualified audit opinion on the current year's audit and have considered any imposed limitations of scope, @ WP Ref B 8.

We have discussed with the audit staff any knowledge which will be relevant to the current audit @ WP Ref B8.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### A2 Knowledge of the Entity (REF ISA 315, ISA 250(A), ISA 250(B))

#### A Industry, Regulatory and Other External Factors (REF ISA 315)

##### The Applicable Financial Reporting Framework

The financial statements for this company are prepared under FRS 102 and Companies Act 2014. The firm draft's the financial statements based on the quarterly management accounts produced from the information presented by the client and any associated audit adjustments.

There are no significant areas, which would give rise to any risks. The accounting policies adopted by the company are standard policies for a company of its size. There are no complex or unusual transactions, which would require any specific accounting treatment.

##### Industry conditions

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

*Firm to clearly document the affect Covid-19 has had on the clients' industry in general (reduced demand due to Covid-19 / temporary / permanent closure of business due to Covid-19 / staffing reductions etc.)*

The company operates in the highly competitive highly populated supermarket industry where there are low barriers to entry and constant downward pressure in relation to price in particular with the emergence of the ALDI/LIDL brands in the Irish market. The current economic trends in Ireland and potential increase competition predicted over the coming years in the sector may give rise to increased pressure on the company to remain competitive and profitable.

##### Regulatory environment & Compliance with Laws and Regulations (REF ISA 250) & (REF ISA 250B (If applicable))

The company is a private company limited by shares and partakes in a non-regulated trade. Apart from the standard laws and regulations as laid out by company law, tax law and the general laws and the land the regulatory environment does not require any specific consideration in accordance with ISA 250.

*Put in Any Auditor & Co. Tailored Assessment of laws and regulations here. Based on your knowledge are there any other laws and regulations that are relevant?*

*Firm to clearly document any changes to the regulatory environment due to Covid-19 and additional regulatory considerations arising from Covid-19, including whether the company availed of any Government incentives i.e. Wages Subsidy Scheme.*

In addition, we will consider the standard laws and regulations as laid out by company law, tax law and the general laws and the land the regulatory environment does not require any specific consideration in accordance with ISA 250.

All the relevant laws and regulations are listed hereunder:

- Companies Act 2014
- Tax Legislation
- Employment law
- Health & Safety
- Environmental Health



**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

- Fire Inspections
- Food Safety including compliance with the following
- Food Safety Authority of Ireland Act, 1998
- EN ISO 22000:2005 'Food Safety Management Systems'
- European Communities (Hygiene of Foodstuffs) Regulations 2006 (S.I. No. 369 of 2006)
- Licensing Acts including the Intoxicating Liquor Act 2008 (only applicable in cases where the Supermarket sell alcohol)
- Public Health (Tobacco) (Amendment) Act 2004/ Public Health (Tobacco) Act, 2002
- Covid-19 Wages Subsidy Scheme.

The laws and regulations were discussed with the clients as part of the audit- planning meeting as recorded on WP Ref B 9. Documentation from regulatory authorities will be reviewed to assess compliance We will review the legal expenses and correspondence during the year and trace to supporting documentation and obtain relevant explanations.

Based on our previous knowledge and background to the company material breaches are not expected but if any are detected they will be considered as part of the ACM on WP Ref A 3.

We will obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

*Put in Any Auditor & Co. Tailored Assessment of laws and regulations here. What are the key laws and regulations and what are the key ones that compliance can be verified on an annual basis*

We have identified relevant laws and regulation which are potentially material, below, testing/inspection done to demonstrate compliance

Laws & Regulation	Identify/Inspect Areas of Non-Compliance	Action
Alcohol Licensing	Does the shop have a valid licence	Physically inspect licence
Health & Safety and or Environmental Health	Does the company have a current and independently certified / prepared Health and Safety Statement	Physically inspect safety statement
Food Safety	Is the company certified and approved for food safety and handling	Physically inspect certification received
Wages Subsidy Scheme	Is the company eligible to participate in scheme; Did the company comply with all conditions?	Complete OmniPro Wages Subsidy Scheme eligibility checklist. Test a sample of employee payslips to ensure compliance.

Where noncompliance has been identified or suspected the auditor will:

- Obtain an understanding of the nature of the act and the circumstances in which it has occurred
- Obtain further information to evaluate the possible effect on the financial statements
- Discuss the matter with management and where appropriate those charged with governance, where those charged with governance do not provide sufficient information that supports that the entity is in compliance with laws and regulations and, in the auditor's judgment, the effect of the suspected non-compliance may be material to the financial statements, the auditor will consider legal advice.
- Evaluate the effect of the lack of sufficient appropriate audit evidence on the auditor's opinion, at WP A11&A11.1



CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- Evaluate the implication of non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations A11 & A11.1

There were no detected instances of non-compliance

Other external factors currently affecting the entity's business

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

*Firm to clearly document the affect Covid-19 has had on the client (reduced demand due to Covid-19 / temporary / permanent closure of business due to Covid-19 / staffing reductions etc.)*

There are no other external factors currently affecting the entity's business. The directors/ shareholders of the company clarified that they are happy with the progress and development of the company and expect that both turnover and bottom line profit will remain sustainable even in the difficult trading times being experienced at present.

Government Policies

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

*Firm to clearly document the affect Covid-19 has had on the client (e.g. additional govt supports i.e. Wages Subsidy Scheme & support for childcare sector (if applicable) & effect lockdown has had on client incl. social distancing etc.).*

Government policies such as the Liquoring Act mentioned above have impacted on the permitted selling times for alcohol on the premises. The company is constantly keeping itself abreast of new policies being enforced by the Government and complies fully with all such policies.

Environmental Factors

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

There are no environmental factors that have a significant impact on the company other than an increased awareness and more proactive attitude to Food Safety.

General economic factors and industry conditions affecting the entity's business

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

*Firm to clearly document the affect Covid-19 has had on the overall economy (i.e. unemployment rates have increased / reduced consumer spending / increased govt support for social welfare & health / possible downturn in economy etc.)*

With such regular stock turnover and high margins, the company is not likely to suffer irrecoverable losses due to short- term swings in the market.

## **B Nature of the Entity (REF ISA 315)**

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client. Tailor, Tailor Tailor. Standardise within the firm in terms of your approach but tailor in terms of the client.*

### Overall Business Operations & Background

The company operates as a supermarket in LOCATION under the COMPANY LABEL. It is a close company by definition and is owned and operated by the XXXXXX family. Irrespective of the company law criteria the company is a small company and operates a simple structure of management and control. The entity sources and buys its goods primarily from the COMPANY LABEL and local suppliers and ANY OTHERS IF APPLICABLE and then resells in smaller batches to its approx. no of customers. Overheads are low relative to the potential mark-up and net profit margins are high. All purchases are on credit with 30-60 days credit received. All sales are on a cash basis.

*Firm to clearly document the affect Covid-19 has had on the client (reduced demand due to Covid-19 / temporary / permanent closure of business due to Covid-19 / staffing reductions / customers in trouble / liquidation etc. Each heading should have a Covid-19 specific comment demonstrating knowledge of entity etc.*

### Location(s)

The company operates from their registered office address at ADDRESS(ES)

### How long in existence

The company has been in existence for the last SPECIFY NO OF YEARS. During the entire time of this company's existence they have been clients of the firm.

### Main Products & Services

Give detail of products by Group i.e. fruit & veg, meat, dairy, dry goods, non-food, alcohol, tobacco, newspapers, confectionery and approx., % of total sales

*Comment on reduction in demand due to Covid-19.*

### Main Suppliers

DETAIL

### Main Customers

Explanation as to whether customers are from local area, passing traffic etc

*Comment on reduction in demand due to Covid-19.*

### Customers gone into Liquidation or Bankrupt

DETAIL

*Comment on whether customers have gone into liquidation etc due to Covid-19.*

### Competitors

DETAIL MAIN COMPETITORS

### Board of Directors/Shareholders

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

DETAIL

### **Related Parties**

DETAIL

### **Management and Staff experience and background including years of service and roles**

DETAIL

### **Governance & Reporting Structures**

DETAIL who is in charge, reporting structures etc

### **How long do we know the client?**

DETAIL

### **Previous Auditors**

DETAIL if Applicable

### **Company's Solicitors**

DETAIL

### **Company's Bankers**

DETAIL

### **Other Professional Advisers**

DETAIL if Applicable

### **Research & Development**

Detail

### **Alliances, joint ventures, and outsourcing activities**

Detail

### **Foreign Currency**

Detail

### **Is this company part of a Group Structure**

Detail

## **C Measurement & Review of Financial Performance (REF ISA 315)**

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

*Put in Any Auditor & Co. Tailored Wording here. This is an opportunity to show your knowledge and tailor the file to reflect your client.*

*Firm to clearly document the affect Covid-19 has had on the client (additional financing during Covid-19 / issues regarding finance etc. / supports from Govt (i.e. Wages Subsidy Scheme / Childcare sector support scheme / support from banks i.e. moratorium on loan repayments, etc)*

### Sources of Financing

**If loans and cashflows are an issue address that here**

The company is a cash rich business. The company is predominantly self-financing carrying a small amount of working capital finance in the form of a short-term loan and some finance leases relating to assets. The company has an excellent longstanding relationship with the bank. The company has a significant amount of un-financed assets that are available as security if a borrowing requirement arises.

### Financial Reporting

**Reflect what you do for the client and how you do it.**

The financial reporting systems are not overly complicated given the size of the entity. Management accounts are prepared on a quarterly basis. The internal accountant/bookkeeper maintains the debtor's ledger, creditor's ledger, and bank accounts. Non-routine transactions and non-transactional based postings are done under the supervision of the firm on a quarterly basis when management accounts are produced.

### Accounting Policies

The directors select accounting policies under the supervision of the firm in accordance with S.10 of FRS 102.

### Accounting Estimates

Events and Conditions considered:

- Impairment of Fixed assets under S.17 and S.27 of FRS 102.
- Impairment of intangible assets under S.18, S.19 and S.27 of FRS 102
- Depreciation method or asset useful life under S.17 of FRS 102
- Carrying value of Investments in accordance with S.11 of FRS 102
- Costs arising from litigation under S.21 of FRS 102
- The estimates and assumptions used in the adoption of the going concern policy in accordance with S.3 , S.8 and S.10 of FRS 102
- *Note the impact Covid-19 has had on the calculation of any accounting estimates.*

### Critical Accounting Judgement & Estimates

S.8 of FRS 102 requires the disclosure of the judgements management have made in the process of applying the entities accounting policies that the most significant effect on the amounts recognised in the financial statements and information about the key assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

We will consider these key judgements and management uncertainties throughout each element of the financial statements and file and assess the disclosure of same at the conclusion stage of the audit.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

*Firm to document any specific critical accounting judgements and estimates impacted by Covid-19 (firm should refer to OmniPro Covid-19 sample FRS 102 Financial Statements for examples of wording etc.). Key Critical Accounting Judgements & Estimates to be considered; Going Concern, Exceptional items & impairment.*

### Investments

*Put in Any Auditor & Co. Tailored Wording here that reflects the client.*

The company does not have a stated investment policy. Any surplus funds are re-invested in the company.

The principal investment made in recent years is the building it purchased to act as its head office and storage yard during the year. There has already been significant capital appreciation in the value of these premises due to the re-designation of the surrounding lands to mixed commercial and retail zoned areas.

### Measurement and review of the entity's financial performance

*Put in Any Auditor & Co. Tailored Wording here that reflects the client.*

The company measures and reviews its performance by maintaining, debtors, creditors and bank control accounts and producing quarterly management accounts within 10 days of the months end. The directors are very involved in the day-to-day operation and manage and review key performance indicators on an ad-hoc basis.

Based on a review of the company's performance over the years and the trends the company has been steadily expanding over recent years and based on contracts under discussion there will be a significant expansion in the next twelve months

The company only prepares an annual target as part of its strategic review. Extremely detailed variance review is performed on each product line. The company aims for DETAIL % gross margin on all products.

There are no key financial performance indicators that give rise to significant indications of risk as outlined on the analytical review on Sch Ref A 6

*Firm to clearly document the affect Covid-19 has had on the client (major movements noted on analytical review and impact on risk etc & how mgmt. are addressing issues)*

## **D Objectives and Strategies and Related Business Risks (REF ISA 315)**

*Put in Any Auditor & Co. Tailored Wording here that reflects the client. This can be simple as the strategy of most SME Clients is simple*

*Firm to clearly document the affect Covid-19 has had on the client (reduced demand due to Covid-19 / temporary / permanent closure of business due to Covid-19 / staffing reductions / customers in trouble / liquidation etc. Each heading should have a Covid-19 specific comment demonstrating knowledge of entity etc.*

**Existence of objectives (i.e. how the entity addresses industry, regulatory and other external factors)**

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

Given that this is a small family run company the objectives of the entity are relatively primitive. The overall objective of the business is to maximise profitability and ultimately achieve the personal objectives of the business owners.

Given the nature of the business there are not necessarily any regulatory risks, which may affect the business, thus no objectives have been set in this regard. The company is also aware that other risks may exist that have an impact on the company and in response to that they are constantly on the look at for these.

### **Effects of implementing a strategy (particularly any effects that will lead to new accounting requirements (a potential related business risk might be, for example, incomplete or improper implementation)**

There is no aspect of any of the new strategies currently being implemented that will lead to any new accounting treatments. The full extent of the strategies set by the company revolve around improving profitability, market share, consolidating the future of the company and reducing costs. Any of the changes currently being implemented or likely to be implemented in coming months are not going to pose a threat to or lead to new accounting requirements

### **Important characteristics of the entity, its business, principal business strategies, financial performance, and its reporting requirements, including changes since the previous audit.**

The company is a typical owner managed family business. The **xxxxxxx** family own **85%** of the shares with Senior Employee A and senior employee B owning the remaining 15%. The owners are involved in a hands-on way on a day-to-day basis involved in both management and operations. Extensive internal control and procedures are not in place. The systems and controls in place have evolved as the business grew over the years. The systems and controls in place are adequate given the size and complexity of the business.

The businesses strategies are detailed below:

- Consistently maintain gross profit % in excess of 30%
- Consistently maintain net profit% of 20%
- Attain 20% of national market share by 2015

Develop and systemise business to make owners noncritical to day-to-day operations

Provide for exit mechanism for the 1st generation of the xxxxxx family and succession of the 2nd generation

The company has historically operated profitably on an annual basis and continues to do so in the current year. The overall financial performance is consistent with the company's ongoing expansion. Based on the initial analytical review there are no significant areas of risk and going concern indicators suggest that going concern is not an issue.

There have been no changes in the:

- Management structure
- Operations
- Internal Controls
- Financial reporting
- Staffing
- Operations

That may affect the current year's audit.

### **The operating style and control consciousness of directors and management.**

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

The directors are very hands on in their management style and employee fraud risk is minimised by the day-to day presence of the directors combined with their rigorous measurement and assessment of the company's transactions.

The entire management team is extremely conscientious and take pride in the accuracy of the financial reporting and stock management systems. Despite the fact that the company does not have complicated or extensive control systems it has systems and controls that are befitting of a company of it's size and complexity

### Management Culture

Management constantly strive to provide and maintain a high culture of honesty and ethical behaviour.

## E Group Financial Statements (ISA 600)

### OPTION 1 NO GROUP

### OPTION 2

I (name auditor) have been appointed as Group Auditor as at DD/MM/YR.

We will issue a letter of engagement as documented at WP B6.

We will obtain an understanding of the group as outlined in our group engagement team meeting documented @ WP B8.

We will consider the consolidation adjustments and reclassifications as documented at WP T 3.

We will consider the work of component auditors @ WP B8, to include:

- a) Independence;
- b) Ethical guidelines;
- c) Timescales; and
- d) Access to working papers and key supporting documentation to be copied.

Financial Statements and Trial Balances for each company will be filed at WP T4. Intra group accounts will be reconciled at WP T5 with written confirmation on WP T6.

### OPTION 3

I have been appointed auditor to [**Subsidiary Company**] as at DD/MM/YR.

[**Lead Firm Name**] have been appointed lead auditors to the parent company.

We have a reporting responsibility to [**Lead Firm Name**] and have received reporting communication from [**Lead Firm Name**].

Copies of our reporting requirements is held on file at [Insert Ref here].

Our reporting requirements are:

- Insert details of reporting requirements

*Firm to document whether Covid-19 will impact on the firm's role as group auditor to carry out audit.  
Firm to record its consideration of;*

- *Ability to carry out group audit due to fact that components operate in areas where restrictions apply (restrictions over travel or over access to information).*
- *Auditor should record what alternative procedures they can carry out to obtain the necessary evidence/information.*
- *If firm as group auditor is unable to carry out their review of component auditor working papers as planned, they should record what alternative procedures they can carry out to obtain the necessary evidence (remote access / thoroughly executed and clearly documented electronic and video review of component auditors' work).*

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### A3 Internal Controls & Systems (REF ISA 265, ISA 315)

The company's accounting and internal control systems which have been documented @ WP Ref P1 have not substantially changed in recent years.

Management are heavily involved in the day to day operations of the company, who provide effective control over important account balances and transactions, lessening the need for more detailed control activities.

However during the audit we will be alert and or aware of any potential for management to override controls, documented below.

#### Accountants Role in Producing Financial Statements

*Put in Any Auditor & Co. Tailored Wording here that reflects exactly what you do for the client and how you do it. Link back into the detail included in the audit strategy memorandum at the very start of the planning memorandum if necessary.*

*Firm to clearly document the affect Covid-19 has had (if any) on the firm's work in preparing and finalising the clients financial statements (such as; delay in getting books and records / access to client's premises / access to clients staff).*

*Firm should keep in mind whether any issues regarding access to books and records / client keeping adequate accounting records will result in a reporting requirement to CRO & ODCE.*

#### EXAMPLE WORDING

The firm produces quarterly accounts and prepares and finalises the financial statements based on information received from the client. Audit work is then carried out

Specific information/documentation received from the client include the following:

- Bank statements
- Cash/Cheque Receipts Book
- Purchase Invoices
- Cheque/Debit Ledger
- Wages information including details of gross wages, taxes to be deducted etc

During the accounting process all banks are fully reconciled and all purchases invoices are reviewed for reasonableness.

#### Maintenance of Books And Records

The management acknowledge their responsibilities to maintain the accounting records of the company in the letter of engagement signed by them on **dd/mm/yyyy** filed @ WP Ref B 6. In performing our audit we will assess

- Whether the books and records are appropriately kept,
- Whether the books contain the necessary information to support the financial statements
- Whether there were any accounting system breakdowns in the period under review and the impact of such breakdowns on the financial statements
- Whether the accounting records are maintained in accordance with Section 281 to Section 285 of the Companies Act 2014.

Any issues during the course of the audit in relation to material weaknesses will be discussed with the client by Any Auditor @ WP Ref B10 who will give the client ample opportunity to address the weaknesses. Where the client refuses to correct the error(s) or weaknesses, Any Auditor will consider both the impact the error/weakness has on the audit report and, in certain circumstances, the appropriateness of continuing to act for the audit client.



CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

Audit conclusion Memorandum (REF A 3) will document final issues.

The reporting obligations as auditors to the ODCE and other reporting requirements of accountants and auditors will be considered throughout the audit.

### Our responsibilities in accordance with ISA 265

In accordance with ISA 265 and ISA 315 we should assess the company's internal controls and systems and conclude whether any deficiencies in internal controls noted constitute "significant deficiencies" as defined in ISA 265. Should such deficiencies arise we will formally communicate these to those charged with governance as part of the audit findings letter (WP Ref A12).

*Issues to keep in mind resulting from Covid-19 which may result in a requirement to communicate to management;*

- *Deficiencies in internal controls as a result of Covid-19;*
- *Deficiencies in accounting practices and financial reporting as a result of Covid-19;*
- *Significant audit risks that had an impact on the audit and audit report as a result of Covid-19;*
- *Any breaches of laws and regulations as a result of Covid-19;*
- *Any instances of / possible instances of fraud as a result of Covid-19;*
- *Significant difficulties encountered during the audit as a result of Covid-19;*
- *Impact of Covid-19 on the clients' going concern assessment.*

### **A4 Accounting Estimates (REF ISA 540)**

**THIS SECTION NEEDS TO BE TAILORED SPECIFICALLY TO EACH CLIENT. COMMENTS BELOW ARE FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY, EXAMPLE FOR A SUPERMARKET BELOW**

*The objective of the auditor is to obtain sufficient appropriate audit evidence about whether:*

- a) accounting estimates, including fair value accounting estimates, in the financial statements, whether recognised or disclosed, are reasonable; and*
- b) related disclosures in the financial statements are adequate,*  
*in the context of the applicable financial reporting framework.*

*An accounting estimate is defined as an approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this ISA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.*

*The auditor shall consider the following when assessing accounting estimates:*

- a) The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures;*
- b) How management identify transactions, events and conditions that may give rise to the need for accounting estimates to be recognised or disclosed in the financial statements; and*
- c) How management make the accounting estimates and an understanding of the data on which they are based.*

### **OPTION 1**

**Situations where accounting estimates, other than fair value accounting estimates, may be required include:**

- Allowance for doubtful accounts (S.11 of FRS 102)
- Inventory Obsolescence (S.13 and S.27 of FRS 102)

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- Warranty Obligations (S.21 of FRS 102)
- Depreciation method or asset useful life (S.17, S.18 and S.19 of FRS 102)
- Provision against the carrying amount of an investment where there is uncertainty regarding its recoverability (S.11 and S.27 of FRS 102)
- Outcome of long term contracts (S.23 of FRS 102)
- Costs arising from litigation settlements and judgments (S.21 of FRS 102)

For key accounting estimates identified in the prior year, document how last year's estimates carried forward compare to actuals to identify management's ability at accurately determining accounting estimates.

### OR

#### Option 2

There are no areas that require the use of accounting estimates.

## A5 New Engagements (REF ISA 300, ISQC1)

[This is a recurring engagement and not the first year of engagement therefore this is not applicable]

This is the first year that we have undertaken this audit and the following procedures have been applied.

Client acceptance has been documented in Section A and the specific engagement requirements have been considered. The firm has determined that it has the appropriate skills and resources to complete the engagement.

The client has been assessed and identified for money laundering purposes using the firm's anti-money laundering procedures and identification process as set out in the internal control procedures manual.

Professional clearance has been obtained from the predecessor auditor no issues of concern have been noted in correspondence received. The letter of professional clearance is on the Permanent Section of this file @ WP Ref P 7

The previous year's financial statements have been read by all members of the engagement team. The financial statements contained an unqualified audit opinion and the closing comparatives have been agreed to the current year opening trial balance as prepared.

*Amend if the audit report in the prior year was modified with respect to Emphasis of Matter, Limitation of Scope, Disclaimer or Adverse opinion*

*Expand. If necessary, to include details of company specific disclosures or notes included in the prior year financial statements that are relevant for an understanding of the entity.*

There are no obvious reasons why the firm should not accept this engagement.

We have examined the audit working papers of [Insert Prior Auditor] and there are no issues that would prevent us from accepting appointment, the following key information was noted on our review:

- Insert details of our review here

## A6 Opening Balances / Comparatives (REF ISA 510)

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

A comparison between the Closing Trial Balance from the previous year and the Opening Balances for this year shows that all amounts have balanced forward consistently @ WP Ref R2

*If the prior year was audited has the firm reviewed the working papers of the predecessor auditor*

*If the prior year is audit exempt indicate how the firm is comfortable with the opening figures.*

*If the firm prepared audit exempt accounts is it happy that the closing balances are correct based on the information that was presented and prepared*

*If another firm prepared the prior year information – can the firm obtain any comfort over the non audit figures through specific tests or should the firm consider a limitation of scope or disclaimer in the current year regarding opening balances not being audited.*

This is a continuing engagement and we as ongoing auditors have assessed the accounting treatment and policies adopted in the current and previous year and no changes have been made

In conjunction with performing the above testing we have documented the testing performed in relation to the reliability of opening balances by performing the following tests:-

- Tracing last year closing balances through to lead schedules provided by previous auditor
- Assessing the comments made if any in the letter of professional clearance obtained from the outgoing auditor
- Assessing the qualifications and reliability of the previous audit in accordance with ISA 520

Performing transaction and systems testing on opening nominal codes to ensure the accuracy, cut off, existence and valuation of all material transactions and balances

As part of our substantive testing on material transactions and balances for the current year audit we would reasonably expect to detect any material differences that may exist and if any differences are detected that relate to prior periods these will be quantified and assessed as part of our final opinion in our Audit Conclusion Memorandum on Schedule A 3.

*Firm to clearly document the affect Covid-19 has had (if any) on the work carried out on 'first-year appointment's. Firms need to address issues over restrictions on travel and office-based working as this may make it impossible for an incoming auditor to carry out their review of the previous auditors working papers (if deemed necessary). If deemed necessary, the incoming auditor should consider what work can be undertaken remotely (such as access to the audit file remotely) and assess which areas are contingent on being physically present at a later stage and ensure that these outstanding matters are completed before the conclusion of the audit.*

### A7 Matters Brought Forward

The following files were reviewed on today's date.

- Previous years audit file
- Audit Findings from previous year audit file
- Audit Opinion
- Related Parties
- Significant Deficiencies in Systems and Controls
- Significant Accounting Estimates
- Company secretarial file
- Correspondence file
- Tax files
- Permanent Audit File
- Management Accounts File

There are no points forward or issues for consideration.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

Or

The following issues were identified:

- Insert details of review here

*If the prior year audit report contains a disclaimer of opinion arising from a limitation of scope imposed by management, and management have not rectified the circumstances, the audit firm should not accept the engagement.*

*If in the prior period, the Summary of Unadjusted Misstatements contained significant items then consider reducing the level (hair cut) to get from overall materiality to performance materiality.*

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

## **Section B Communications**

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### **B1 Acceptance & Planning Communications (REF ISA 200, ISA 210, ISA 260, ISA 300, ISA 600, ISQC1)**

#### **Letter of Engagement**

A tailored letter of engagement reflecting the requirements of the client and the specific nature of the engagement in hand has been issued. A signed copy can be found @ WP Ref B 6.

#### **Communication with those charged with Governance**

*Where restriction on travel resulting from Covid-19 has resulted in inability to have physical meetings with audit client, firm should record the alternate methods to communicate with the audit client (Zoom call's / phone calls etc)*

*Minutes of planning meeting with audit client (sch B9) should record specific issues relating to Covid-19 (access to books and records, access to client premises, additional risk areas, additional considerations in relation to risk of fraud, audit time schedule & whether additional time will be required to carry out the audit in light of Covid-19).*

*If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit client and updated planning meeting minutes?*

#### **Those Charged with Governance**

##### **Communication with a subgroup of Those Charged with Governance**

*If the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body.*

*When considering communicating with a subgroup of those charged with governance, the auditor may take into account such matters as:*

- The respective responsibilities of the subgroup and the governing body.*
- The nature of the matter to be communicated.*
- Relevant legal or regulatory requirements.*
- Whether the subgroup has the authority to take action in relation to the information communicated, and can provide further information and explanations the auditor may need.*

*When deciding whether there is also a need to communicate information, in full or in summary form, with the governing body, the auditor may be influenced by the auditor's assessment of how effectively and appropriately the subgroup communicates relevant information with the governing body. The auditor may make explicit in agreeing the terms of engagement that, unless prohibited by law or regulation, the auditor retains the right to communicate directly with the governing body.*

*Audit committees report to the board on various matters related to the discharge of their responsibilities, including those related to the financial statements, the annual report and the audit process. The auditor, when assessing whether there is a need to communicate with the full board regarding matters communicated by the auditor to the audit committee, takes into consideration the adequacy of the communications between the audit committee and the board, including whether they appropriately address relevant matters communicated to the audit committee by the auditor. This may be achieved in one or more ways including: where judged appropriate attending the relevant part of a board meeting where the audit committee reports to the board, holding discussions with individual board members, or reviewing any written reports from the audit committee to the board.*

*Audit committees (or similar subgroups with different names), where one exists, has become a key element in the auditor's communication with those charged with governance. Good governance principles suggest that:*

- The auditor will be invited to regularly attend meetings of the audit committee.*
- The chair of the audit committee and, when relevant, the other members of the audit committee, will liaise with the auditor periodically.*

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- *The audit committee will meet the auditor without management present at least annually.*

### **When all of Those Charged with Governance are Involved in Managing the Entity**

*In some cases, all of those charged with governance are involved in managing the entity, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity.*

### **Clarification and Distinction between Management AND Those Charged with Governance – ISA 260**

#### **Management**

*The person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager. In Ireland, management will not normally include non-executive directors.*

#### **Those Charged with Governance**

*The person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.*

*In Ireland, those charged with governance include the directors (executive and non-executive) of a company and the members of an audit committee where one exists. For other types of entity it usually includes equivalent persons such as the partners, proprietors, committee of management or trustees.*

We as auditors have determined the appropriate person(s) within the entity's governance structure with whom to communicate at (WP Ref B9):

- **Identify details of who we have chosen to communicate with**

The practice has open channels of communication with the client. The timeline for finalising the financial statements and issuing an audit report is set out above in Section C. Together with our appropriate planning communication as detailed the following formal client communications will also be documented and recorded on completion of the audit:

- Letter of Representation (WP Ref A2)
- Audit findings letter (WP Ref A12)
- Minutes of Audit closing meeting with client (A 11)

All other client communications which are relied upon in the course of the audit or which are required to ensure good communication with those charged with governance will be recorded on an ad-hoc basis as the engagement progresses

### **Audit Planning Letter**

Arising out of our engagement team meeting, the client planning meeting and our acceptance and continuance procedures an audit-planning letter has been issued to the client. A signed copy can be found @ WP Ref B 7. The Timescale has been agreed (WP Ref B9) and in our Planning letter (WP Ref B7)

### **Other verbal communications and meetings, which will be recorded, include**

Audit planning meeting with client (WP Ref B 9)

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### Internal Meeting with Engagement Partner and audit Staff which will be recorded 2 weeks prior to the audit being undertaken

*Where restriction on travel resulting from Covid-19 has resulted in inability to have physical meetings with audit team members, firm should record the alternate methods to communicate with the audit team (Zoom call's / phone calls etc)*

*Minutes of planning meeting with audit team (sch B8) should record specific issues relating to Covid-19 (access to books and records, access to client premises, additional risk areas, additional considerations in relation to risk of fraud, audit time schedule & whether additional time will be required to carry out the audit in light of Covid-19).*

*If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit team and updated planning meeting minutes?*

Internal Engagement Team audit planning meeting (WP Ref B 8)

OR

As a sole trader with no staff there is no internal meeting held.



CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### **B2 Overall Engagement & Reporting Requirements (REF ISA 200, ISA 220, ISA 300, APB ES, ISQC 1)**

There are no specific statutory responsibilities that affect this audit other than to perform the audit in accordance with the ISAs, the financial reporting framework and the Irish Companies Act 2014.

There are no specific 3rd party reporting requirements for this client to regulators or third parties.

#### OR

The client is regulated by the Central Bank and as auditors we have a statutory reporting responsibility to the Financial Regulator under Section 27 of the Central Bank Act 1997

To comply with our responsibility we are required to submit to the Financial Regulator a Statutory Duty Confirmation (Section 27C) within one month of the date of our audit report and a copy of our management communications (Section 27C) at the same time as we issue them to management.

In addition we are also required to submit a copy of any report made to the Office of the Director of Corporate Enforcement (ODCE) to the Financial Regulator, at the same time as making the ODCE report.

*Firm to clearly record impact of Covid-19 on firm's requirement to report to regulatory bodies (Charity Regulator / HSE & Tusla / Central Bank / Registrar of Credit Unions etc.) and whether extended reporting timelines are required & how firm is addressing this (direct contact with regulator?)*

The following additional legislative obligations will be considered as part of the audit:

- Money Laundering Reporting (Money Laundering & Terrorist Financing) Act 2010 (Section 25) and the Criminal Justice Act 2013.
- Reporting to ODCE under the CLEA 2001
- Criminal Justice Theft & Fraud Offences Act 2001
- The Criminal Justice Act 2011
- S1079 Taxes Consolidation Act

In accordance with ISA 200 we will

- Comply with relevant ethical requirements (a) Integrity (b) Objectivity (c) Professional competence and due care (d) Confidentiality and (e) Professional behaviour, including those pertaining to independence, relating to financial statement audit engagements
- Plan and perform the audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated
- Exercise professional judgment in planning and performing an audit of financial statements
- Obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable us to draw reasonable conclusions on which to base the auditor's opinion
- Comply with all ISAs relevant to the audit. An ISA is relevant to the audit when the ISA is in effect and the circumstances addressed by the ISA exist
- Have an understanding of the entire text of an ISA, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.
- Determined that there are no other audit procedures in addition to those required by the ISA's necessary in pursuance of the objectives stated in the ISAs.

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

## **Section C Risk Assessment and Responses**

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

### **C1 Audit Risk Assessment (REF ISA 315, ISA 330)**

**Fully Tailor with Any Auditor & Co. Wording where appropriate**

#### **The Entities Risk Assessment Process**

The company does not have a formal risk assessment process other than the annual audit and ongoing review and involvement of the company's directors on a day-to-day basis in the operations and outputs of the company.

We will discuss with management whether business risks relevant to financial reporting objectives have been identified and how have they been addressed during our Audit Planning Meeting (Ref WP B9). We will evaluate whether the absence of a documented risk assessment process is appropriate in the circumstances, or determine whether it represents a significant deficiency in control.

We will discuss reviews carried out by the client to date during the Audit Planning Meeting to be documented @ WP Ref B 9 to obtain an understanding of the reviews carried out, and the results thereof. If we identify risks of material misstatement that management failed to identify, we shall evaluate whether there was an underlying risk of a kind that we expect would have been identified by the entity's risk assessment process. If there is such a risk, we shall obtain an understanding of why that process failed to identify it, and evaluate whether the process is appropriate to its circumstances or determine if there is a significant deficiency in internal control with regard to the entity's risk assessment process.

#### **Risk Assessment Procedures**

The risk assessment procedures shall include the following:

- Inquiries of management and of others within the entity who in the auditor's judgment may have information that is likely to assist in identifying risks of material misstatement due to fraud or error
- Analytical procedures
- Observation and inspection

No information obtained from our client acceptance or continuance process is relevant to identifying risks of material misstatement (for this particular client).

The firm has not performed other engagements for the entity therefore information was not obtained from other assignments which could be relevant in carrying out risk assessment procedures.

There are no matters brought forward from previous years to consider

The susceptibility of the entity's financial statements to material misstatement, and the application of the applicable financial reporting framework to the entity's facts and circumstances will be discussed during the Internal Engagement Team Planning Meeting (WP Ref B 9).

#### **Inquiry of Management and Others within the entity**

Risk was discussed with the management extensively during the overall process of obtaining background knowledge of the client and its entity a specific conversation relating to risk in the entity with the directors was recorded in the audit planning meeting at WP Ref B 9

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### Analytical procedures (REF ISA 520)

**Do this based on management accounts or draft TB which is likely to be available at the commencement of the audit.**

*Select 5 – 6 key items movements year on year, identify the value and percentage movement year on year and provide a reasonable explanation for the movement that can be supported by further testing. Planning AR is a tool used to identify key movements that directs audit focus and assists with risk assessment.*

*Firm to clearly document the impact Covid-19 has had on the material movements / variances noted as part of the preliminary analytical review (i.e. reduced demand due to Covid-19 / temporary / permanent closure of business due to Covid-19 / staffing reductions etc.)*

The overall performance and results of the entity will be discussed with the client as part of our initial planning meeting and documented and recorded in the audit planning meeting memo on WP Ref B 9.

Based on preliminary analytical review the following areas have been identified as key areas of focus for the audit team.

- Sales fluctuations year on year
- Cost of sales fluctuations year on year
- Change in sales mix
- Stock fluctuations
- Covid-19 impacts

Based on our initial analytical review there are no significant or unusual relationships that specifically indicate a risk of fraud.

### Observation and Inspection

**The firm should document some form of walk through tests where possible but there is an option of saying that those tests were not performed.**

**Walk through tests and test of control were performed based on the information systems and internal controls documented in the P section of the file.**

### Or

**No specific systems testing were performed as part of the auditors risk assessment procedures as the company has basic systems and internal controls (which are fitting for a company of this size) that are not solely relied upon in forming the overall audit opinion. The opinion is based on performing extensive substantive testing on the balance sheet items combined with extensive transaction testing in the course of preparing the accounts.**

*Firm to clearly document the impact Covid-19 has had on the auditors ability to evaluate the design & implementation of internal controls and in carrying out walk-through testing (such as access to books and records, access to client premises and access to client staff).*

### Summary

The overall inherent risk is assessed as low based on our knowledge of the client.

While the firm will not rely solely on past experience in assessing the potential risk and fraud factors, based on previous knowledge of the client the risks associated with the engagement are relatively low apart from some of the specific risk areas identified below in Section C.

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

Fraud has been assessed and is detailed in Section C below. There is nothing to suggest that any fraud has been committed by any officers or employees of the company.

There are no complex accounting areas (or significant or unusual accounting estimates) relevant to this client as it is a relatively straight-forward trading company.

Based on our knowledge of the client and/or *long association* combined with the size and complexity of the company and engagement in our professional opinion there are no material risks which may have an adverse impact on the truth and fairness that are not adequately dealt with by our extensive substantive testing set out below in Section C detailing specific risks and testing to address those risks.

Any perceived areas of weakness in the internal controls and systems will be identified as part of gathering our information on the background of the client and documenting and reviewing their internal control systems. These weaknesses will be considered as part of our overall audit opinion in the Audit Completion Memorandum communicated to the client as part of our audit findings letter.

### C2 Fraud (REF ISA 240)

**Put in Any Auditor & Co. Tailored Wording here that reflects the client.**

#### Our Responsibilities in accordance with ISA 240

- To identify and assess the risks of material misstatement of the financial statements due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit.

In this regard the Fraud questionnaire has been completed at the Planning stage @ WP Ref A13. This will also be reviewed again at the Completion stage. Specific tests will be carried out during the audit on individual sections in areas where fraud has been assessed as a potential risk.

#### **Guidance: When completing the Fraud Questionnaire**

- *Maintain Professional Scepticism*
- *Think about the client and genuine possibilities of Fraud that could arise*
- *Management override*
- *Owner Manager Override*
- *Staff Theft*
- *Non Staff Theft*
- *The industry sector and the business and whether it is susceptible to fraud of any kind*
- *Payroll fraud*
- *Invoice fraud*
- *Revenue fraud*
- *Fraud offences under S.59 CJA 2001*
- *Money Laundering Offences*
- *By the business*
- *By employees of the business*
- *By other through the business*

*The consideration of fraud through completing the Fraud Questionnaire and general assessment of the business and their systems should allow the auditor come up with the fraud risks specific to that business.*

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

**Potential Risk of Fraud**

*Put in Any Auditor & Co. Tailored Wording here that reflects the client. What are the standard fraud risks affecting a supermarket client. Ultimately they will be addressed and assessed based on the standard work being performed if the completeness of income working paper is used correctly along with all sections of the file being completed.*

*Firm to clearly document the affect Covid-19 has had on the auditor's consideration and responses to possible fraud including fraudulent financial reporting arising from closure of premises, restrictions on travel & access to books and records and client staff.*

*Firm to ensure it can clearly demonstrate its professional scepticism and its challenging of management in relation to judgements, assumptions (incl; going concern) & estimates.*

Based on an initial assessment of Fraud using the Fraud questionnaire @ WP Ref A13 the following areas have been identified as potential fraud risk areas

Section	Specific Risk	Testing Required
Sales	Completeness of Income – Management override	Addressed as part of general completeness of income testing (included reference to audit file sections where testing performed)
Cash/Bank	Misappropriation of Cash amounts	Walk through testing, completeness of income testing

Specific responses for each risk have been identified and have been included on the working papers for completion during the audit fieldwork

**Guidance: Potential Fraud Risk Indicators**

- *Poor trading results, significant losses, possible liquidation*
- *Significant related party transactions with un-audited entities*
- *Domination of management by a single person or group of people*
- *Ineffective internal controls and system weaknesses*
- *Large amounts of cash*
- *Large number of small stock items*
- *Lack of control over assets and stock*
- *Discrepancies in accounting records*
- *Missing documents*
- *Inconsistent or vague management and/or employee responses*
- *Denial of access to records and information on a timely basis*
- *Large number of credit entries*
- *Transactions not recorded on a timely basis*
- *Unwillingness to address system weaknesses*

**Other Areas of Consideration**

- *Revenue recognition – pulling back from or shifting forward to other periods*
- *Expense manipulation*
- *Falsification and forgery of supplier invoices*
- *Payroll fraud involving the creation of fictitious employees or use of former employees*

**How to Deal with Fraud**

*If elevated risks of fraud are identified the auditor can respond to assessed fraud risks by a combination of the following*

- *Location visits and surprise or unannounced tests*
- *Interviews of personnel*
- *Cut off testing*

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- *Substantive P&L & System testing*
- *Cash counts*
- *Random sample selection for testing purposes*
  - *Not tested due to materiality or risk, different timing methods, different sampling methods*
- *3rd party confirmations*
- *Selecting balances under Scope Levels to incorporate and element of unpredictability in work performed.*

*A key area of possible fraud is revenue recognition and completeness of income. See specific section of Planning Memo and relevant working paper for details*

### **Engagement Team Consideration of Fraud**

The engagement team consideration of fraud has been documented on the engagement team planning meeting memo on WP Ref B 8.

*Guidance – tailor the minutes of the meeting to genuinely reflect the team consideration of fraud based on all of the above and the actual partner direction as to what their perception are of the issues and how they should be tackled*

*Where restriction on travel resulting from Covid-19 has resulted in inability to have physical meetings with audit team members, firm should record the alternate methods to communicate with the audit team (Zoom call's / phone calls etc)*

*Minutes of planning meeting with audit team (sch B8) should record specific issues relating to Covid-19 (additional considerations in relation to risk of fraud).*

*If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit team and updated planning meeting minutes?*

### **Management's Assessment of risk of Fraud**

Our discussions with management as part of the audit-planning meeting in relation to all fraud related considerations are recorded on WP Ref B 9.

*Guidance – tailor the minutes of the meeting to genuinely reflect the discussion with management in relation to fraud based on all of the above and the actual partner direction as to what their perception are of the issues and how they should be tackled and where the risk areas are*

*Where restriction on travel resulting from Covid-19 has resulted in inability to have physical meetings with audit client, firm should record the alternate methods to communicate with the audit client (Zoom call's / phone calls etc)*

*Minutes of planning meeting with audit client (sch B9) should record specific issues relating to Covid-19 (additional considerations in relation to risk of fraud).*

*If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit client and updated planning meeting minutes?*

### **Initial Assessment of Fraud**

Based on our knowledge as accountants and auditors there are no areas that suggest a potential fraud have been identified.

As with all companies irrespective of management's assessments and beliefs there is a potential for employee fraud. Based on our knowledge of the client their operations and the staff we do not believe that employee fraud presents a significant risk. We will however still undertake testing that we believe will give us reasonable assurance that if a fraud existed that we would detect it. This testing will include significant amounts of substantive testing on transactions and the original client records on a random basis.



CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

As documented above in Section A the company has implemented internal control procedures that are sufficient to eliminate or detect fraud in a company of this size and complexity

*Guidance – It is critical to put in some tailored wording here that reflects Any Auditor & Co.'s interpretation of the issues and possibility in relation to Fraud. A standard firm wide wording is not ideal. Fraud is something that there is a potential for and requirement for tailoring from client to client. If the checklist is completed and this section is some way tailored to reflect the client with a genuine basic consideration of fraud provided the auditor follows through on basic fraud testing the issue will be deemed to be adequately dealt with. The directors are signing a letter of engagement. They are signing a letter of representation. They are giving oral confirmations. The auditor only needs to exercise professional scepticism and keep an open mind in their general consideration of risk for possible frauds. This is not a forensic audit engagement*

As with all small to medium owner managed businesses there is a potential for management to override the internal control procedures. This ability to override the internal control procedures may result in the suppression or exclusion of revenues. This potential fraud will be tested and assessed by the auditors by performing substantive audit procedures to assess the completeness and accuracy of the sales and debtors systems. Sampling will be done on a random basis in conjunction with using professional judgement to ensure that the risk of this potential fraud is minimised. The directors have a very negative attitude towards tax evasion and believe on a personal level in paying their dues to society. On this basis it is highly unlikely that the directors are going to be in any way involved in tax evasion or suppression of revenues

### Reportable Offences

No reportable fraud offences were detected during the course last year's audit and based on the client planning meeting there were no offences during the current year. If any are detected during the course of our audit they will be reported accordingly.

### **C3 Materiality (REF ISA 320)**

#### The setting of materiality for audit planning purposes

*Overall materiality is calculated at a percentage of Assets/Turnover, whichever is most appropriate to the company. Performance materiality is set at a level lower than overall materiality to reduce the probability that the aggregate of uncorrected and detected misstatements exceeds overall materiality. Performance materiality is normally set at a level of 50% - 80% of overall materiality. Factors such as significant past weaknesses, prior year adjustments and the auditor's judgement in relation to risk impact on the level of performance materiality.*

*Firm to clearly document the impact of Covid-19 on whether the firm will apply specific and separate materiality levels transactions, balances and disclosures resulting from Covid-19 (such as impairments adjustments, provisions, Covid-19 disclosures etc.).*

In accordance with ISA 320 overall materiality has been set for the company/financial statements as a whole @ WP Ref B4.1. Overall Materiality has been set at XXXX while performance materiality has been set at 70% of overall materiality at XXXX

Materiality has been calculated as follows on individual classes of transactions and accrued balances:

- Fixed Assets
- Stocks
- Debtors
- Creditors



**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

- **Bank & Cash on Hand**

For the purposes of determining a performance materiality level, materiality levels have also been calculated for particular classes of transactions and account balances at WP Ref B4.2. The materiality level has been based on 1% -2% of the total sample population for each set of transactions and balances.

Trivial misstatement threshold has been documented on WP B4.1 and agreed at **XXXX**.

*Trivial Materiality:*

*Trivial Materiality is the level below which identified misstatements are essentially ignored on the basis that they cannot individually (or cumulatively) affect decisions taken by users on a set of Financial Statements.*

The materiality levels set will be continually reviewed and assessed throughout the audit fieldwork to ensure that the initial levels set are appropriate. Materiality levels will be revised in the event of becoming aware of information that would have caused Compliant Auditor to determine a different amount initially.

**Optional Commentary**

While materiality has been set above in reality this will have no real impact on our audit work as all adjustments are made to the accounts however small/material they may be in accordance with the expectations of the client during our accounts production process.

**C4 Setting Sample Sizes  
 (REF ISA 315, ISA 330, ISA 530)**

Audit Sample selection will not be required for the majority of tests because 100% transaction testing has taken place as the firm is involved in producing the accounts for the company and finalising the financial statements based on information received from the client. However in certain sections where we deem sample size selection appropriate we will use the methodology as set out below

**Setting initial sample sizes and sampling methodologies-Judgement Basis**

*Under ISA 530 an auditor may exercise professional judgement in calculating sample sizes that will enable the auditor gather sufficient appropriate evidence. In our professional judgement based on our knowledge of our clients it is our opinion that using the sample sizes as set out below, will reflect the attributes of the entire population being tested and provide us with sufficient appropriate audit evidence on which to base our conclusions.*

Inherent & Control Risk →	High	Medium	Low
Specific Risk Area ↓			
High	25	20	15
Medium	20	15	10
Low	15	10	8

**NOTE: Each firm should establish its own Sample Size matrix by which their basis of sample testing can be verified for each assignment section by section.**

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Based on our professional judgement the following samples will be selected in the respective areas:

Testing Area	Risk Assessment H/M/L	Sample Size	Comment
<b>Fixed Assets</b>			
Additions			
Disposals			
Vehicle registration documents			
Physical verification			
Repairs and Maintenance Review			
Title Documents			
Useful Lives			
Investment properties			
<b>Investments</b>			
<b>Intangible Assets</b>			
<b>Stocks</b>			
Cost testing			
Net realisable value testing			
Physical stock take attendance			
Floor to sheet			
Sheet to floor			
Stock Cut Off Testing			
Slow Moving Stock			
3 <sup>rd</sup> Party Stocks			
WIP			
Construction Contracts			
<b>Debtors</b>			
Circularisation			
Post year end receipts			
Credit Balances			
Post Year end Credit Notes			
Debtors Lising to Nominal Ledger			
Amounts Due from associated undertakings			
Potential Bad Debts/Bad Debt Provision			

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Sales/ Debtor Cut Off			
Prepayments			
<b>Bank</b>			
Unusual Entries			
Payments and Lodgements			
Post period payments and lodgements			
<b>Creditors</b>			
Statement Reconciliation			
Debit Balances			
Control Account rec to Creditor NL			
Long term creditors			
Post yr end payments			
Purchases/ Creditors Cut Off			
Accruals			
<b>Sales</b>			
Cash Sales / Till Rolls			
Sequential invoice numbering			
Sales transaction testing			
<b>Expenses</b>			
<b>Payroll</b>			
<b>Related Parties</b>			
Other Areas and tests as appropriate			

**C5 Specific Risk Assessment  
 (REF ISA 315, ISA 330)**

Area of the File	Initial Risk Assessment – High / Medium / Low
Tangible Fixed Assets	
Intangible Fixed Assets	
Investments	
Stock and Work in Progress	

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Debtors	
Bank Balances and Cash in Hand	
Creditors & Accruals	
Taxation	
Statutory Matters, Share Capital and Reserves	
Sales and Income	
Purchases and Expenditure	
Salaries and Wages	
Related Parties	
Other Areas	

All Areas of the client were considered and the following specific audit risks were noted:

*The Risk Assessment should be performed from the perspective of a 3<sup>rd</sup> party auditor not having knowledge of experience of the client. The risks set out below are sample risks only and should be tailored to reflect the risks affecting the client. Consider using the Risk Assessment Matrix as a basis for assessing risks.*

*Covid-19 has affected almost all aspects of the financial statements. The firm needs to assess the financial statements and evaluate whether specific Covid-19 risks are applicable.*

*The principle risks from Covid-19 will surround;*

- the valuation and impairment of assets (tangible fixed assets, intangible assets, financial assets, stocks & WIP and debtors);*
- fair value calculations;*
- assumptions used to calculate provisions and contingent liabilities;*
- compliance with loan covenants resulting in breaches of covenants etc,*
- eligibility and compliance with government incentives i.e. wages subsidy scheme etc;*
- going concern;*
- subsequent events;*
- company secretarial issues surrounding documenting of decisions i.e. to avail of wages subsidy scheme; and*
- related parties matters (recoverability of related loans & going concern across group companies etc.).*

*Firm to clearly record the alternative procedures used (if applicable) obtain sufficient, appropriate audit evidence due to Covid-19. However, firm needs to assess both the sufficiency and appropriateness of the audit evidence produced. The basis for this assessment should be clearly documented on the file. That assessment should recognise and explain how the firm addresses any risk that the quality and reliability of such evidence may be lower (through more directed testing of items where evidence obtained through alternative means).*

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Section	Risk of Material Misstatement	Risk Level	Assertion Impacted	Testing Required	Sch. Ref
Property Assets	Assets may be overvalued at the year end	M	V	Where assets have been previously revalued upwards an independent valuation should be obtained to assess what the current valuation is and what should be disclosed by the directors in the financial statements	C
	Assets may be overvalued at the year end	M	V	Assets need to be reviewed for impairment at the period end. The NBV should be compared to the recoverable value. The recoverable value is defined as the higher of net realisable value less any costs associated with the disposal in comparison to the value in use of the asset	C
	Property Assets may not belong to the company	L	R&O	Verify title deeds and bank mortgages to ensure that the property is in the name of the company	C
Intangible Assets	The off-licence licence may be overvalued at the year end	L	V	The licence needs to be reviewed for impairment at the period end. The NBV should be compared to the recoverable value. The recoverable value is defined as the higher of net realisable value less any costs associated with the disposal in comparison to the value in use of the asset	D
	The goodwill may be overvalued at the year end	L	V	The goodwill needs to be reviewed for impairment at the period end. The NBV should be compared to the recoverable value. The recoverable value is defined as the higher of net realisable value less any costs associated with the disposal in comparison to the value in use of the asset	D
	The intangible asset depletion does not reflect the economic	L	V, P&D	The amortisation rates applied to the intangible asset	D

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

	use by the company of that asset			will be considered in the context of the justifiable remaining economic life	
Investments	That investments are not appropriately valued at the period end	L	V, P&D	Assess the valuation of investments to assess whether there has been a significant and permanent diminution in the value of the investments at the period end	E
	That investments in subsidiaries are not appropriately valued at the period end	M	V, P&D	Assess the valuation of investments in subsidiaries based on the balance sheet value of the subsidiary combined with its ability to generate a return on investment.	
Stocks	The Stock may not be correctly counted and valued at the year end	M	E, CO, V, A, P&D	Attend Stock take and do spot checks	F
	The Stock may not be correctly counted and valued at the year end	M	E, CO, V, A, P&D	Engage with and assess the work of the independent stock taker in accordance with the requirements of ISA 620	F
	The Stock may not be correctly valued at the year end	L	V	Perform cost and NRV testing	F
	Incorrect treatment of obsolete/slow moving stock	L	V	NRV Testing on slow moving stocks identified during stock take	F
	Misappropriation of stocks	L	CO, A	Assess the margins as part of the detailed analytical review and assess the possibility of stock misappropriation in all elements of the engagement from documentation of the system and walk through tests through all substantive tests performed throughout the entire engagement	
	Use of independent experts	L		Assess the independent expert from the perspective of their independence, their approach to doing the stock take, their results and their valuation methodology in accordance with the requirements of ISA 620 – Relying on the work of an expert	

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Cash	Misappropriation of Cash	M	C, V	See detailed Completeness of Income Responses below	H
	That the cash control system works and that the cash recorded is accurate and reflective of all the cash held	M	A, CO, V	Perform physical cash count	H
Creditors	All creditors may not be included at the year end and creditors may not be valued at the year end	L	V, CO, A	Complete cut off testing on creditors to ensure that all amounts are correctly accounted for, reconcile to a sample of creditors to creditors statements and test post year end payments	I
Going Concern	Despite the fact that the trade of the company is viable, the directors adoption of the Going Concern policy may be an issue based on the level of debt in the company and the company's requirement to service that debt	M	P&D	Assess the assumptions that the directors have used in adopting the Going Concern Policy and test the cash flows and projections they have prepared	B & A
	Despite the fact that the trade of the company is viable, the directors adoption of the Going Concern policy may be an issue based on the level of debt in the company and the company's requirement to service that debt	M	P&D	Review the disclosures of the directors in the financial statements and ensure that appropriate disclosures have been made in accordance with ISA 570	B & A
Related Party Transactions	There are related parties and there are related party transactions during the period. Ensure that these are accounted for correctly and disclosed of appropriately.	M	V, CO, E, A, P&D	Assess the accuracy, cut off and presentation and disclosure of related party transactions	O
	Are the intercompany loan balances fully repayable and should they be considered from a recoverability and repay ability perspective	M	V, A, P&D	Assess the status of the companies who have intercompany loans and their going concern status. If there is not repayment capacity this should be discussed with the directors in the first instance but the disclosures in the financial statements and the audit opinion should also be considered	O

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

Sales	All sales of the company not completely recorded in accounts of company	3	C, A E	See detailed Completeness of Income response below	Multi
-------	---	---	-----------	--	-------

**Completeness of Income – Risk Assessment and Response as part of the Planning Memorandum**

*The auditor should consider all elements of income and the entity’s controls to record income in the period, the firm should assess the risk that income will not be recorded by the firm and perform tests to address the risks identified.*

This is a cash based business so risk must be considered. Based on our documentation of the systems and controls in a family owned supermarket combined with our knowledge of the client and the sector in-general completeness of income is a significant risk which we must consider. The risks in relation to completeness of income span the combined risks of:

- Owner manager override resulting in income potentially being suppressed and not recorded
- Staff theft and misappropriation of cash resulting in all receipts not being recorded
- Systemic weaknesses which may result in staff or owner manager override

There is no definitive way to address the Completeness of Income risk in the context of an SME business of this nature but in order to reduce the risk to an acceptably low level for the purposes of our audit we propose to take the following steps to address the issue.

**Risk Responses**

1. We will consider the testing performed and results of that testing in conjunction with any points brought forward from the previous years file.
2. All of the systems and information systems of the company will be documented in full at the planning stage of the audit with a specific focus on the sales and income aspects of the system.
3. Walk through testing to be performed on all elements of the sales system to prove that system operates as documented.
4. Key controls to be tested on an appropriate sampling basis.
5. Detailed initial analytical review to be performed.
6. Based on documentation of systems and information systems, walk through testing, control testing and detailed initial analytical review risk will be formally assessed in relation to completeness of income.
7. Physical cash count will be performed as a definitive systems test to demonstrate that the system operates in accordance with how it is documented.
8. Further transaction testing will be performed in relation to individual cash sales reconciliations, till reconciliations, transfers to ATMs and any other test deemed appropriate.
9. Throughout all transaction and substantive testing being performed on all elements of the audit the possibility of management override and staff theft or fraud will also be considered.
10. An overall sales reconciliation will be performed.
11. Sales cut off testing will be performed
12. As part of the final analytical review a sales mix analysis and margin review will be performed.

**Outcome**

If any issues arise in relation to completeness of income this will be considered in forming our overall audit opinion.



**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

During the course of all of these tests if any issues arise in relation to systems and controls matters will be brought to the attention of management and where appropriate those charged with governance in our audit findings letter.

We have also performed substantive procedures relating to the Financial Statements by agreeing financial statements with the underlying accounting records, documented on WP Ref R1.

Examining material journal entries and other adjustment made during the preparation of the financial statements, documented on WP Ref R1.

### **C6 Nature, Timing & Extent of Audit Procedures (REF ISA 200, ISA 300, ISA 315, ISA 330, ISA 500, ISA 240, ISQC1)**

#### **Audit file set up and the relative emphasis expected to be placed on tests of control and substantive procedures.**

As set out in Section A based on past knowledge of the client and previous audits undertaken the basic systems and controls will not be heavily relied upon and a predominantly substantive approach for the audit will be taken.

Based on our assessment of the company and the specific risks identified we determine that no additional audit procedures are required in addition to those required by the ISA's in pursuance of the objectives stated in the ISAs (ISA 200)

#### **Assignment approach and tailoring the work programmes.**

The basic structure of the audit file adopted will be similar to last year with the firm standard audit programmes being implemented with tailoring carried out where deemed necessary. Given the nature and complexity of the client combined with our extensive involvement in the finalisation of accounts from draft trial balance it is not expected that any non-standard audit tests will be required.

#### **Detailed Consideration in other areas of the file not addressed as specific Risk Areas**

##### Planning

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

##### Fixed Assets

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -

##### **OR**

- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

### Intangible Assets

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -
- OR**
- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Investments

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -
- OR**
- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Stock

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -
- OR**
- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Debtors & Prepayments

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -
- OR**
- Additional testing will be performed in the following areas
  - 
  -

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Bank and Cash

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Creditors and Accruals

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Taxation

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Share Capital

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Income

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -

### OR

- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Expenses

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -

### OR

- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Fraud

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements
  - 
  -

### OR

- Additional testing will be performed in the following areas
  - 
  -
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Related Parties

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### The Work of Independent Experts

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Going Concern

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

- 
- 

- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Completion and Forming the Audit Opinion

- The following audit evidence will be obtained as part of our accounts preparation procedures and non audit engagements

- 
- 

**OR**

- Additional testing will be performed in the following areas

-

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- 
- The standard audit programmes will be completed in this area of the file and apart from the specific issues raised in this planning memorandum there are no additional requirements in order to satisfy the audit objectives

### Staffing requirements – timetable, budget, staff assessments and choice of staff based on competence

The budget is set out at WP Ref B 5. The audit fieldwork is due to commence on DATE with the finalisation of financial statements expected on DATE.

Staff have been selected with specific consideration of relevant experience with similar clients operating in similar industries. All staff are competent to respond to anticipated risks and complete work assigned to them.

All audit staff will act in a professional, confidential and courteous manner and any acts of unprofessional behaviour will be dealt with using the audit firm's disciplinary process.

*Firm to clearly document the impact Covid-19 has had on the firm's resource planning of the audit (restrictions on travel, availability of audit staff due to self-isolation or other reasons & access to client).*

### Timescale

3 months notice required prior to undertaking the audit. Any Auditor will decide on the best course of action where the timescale is less. Timescale has been documented on WP B9 and B7 (Planning Letter)

*Firm to clearly document the impact Covid-19 has had on the firms audit timeframe (note where additional time will be required, how the firm has addressed this with the client & if client has refused the additional time the impact on the audit and the audit opinion).*

### Use of Independent Experts (ISA 620)

**Expert advice is required from ???? who has expertise in the area of ?????. The expert opinion will be used so as to achieve our audit objectives in the area of ?????.The Checklist @ Q 1 has been completed in accordance with ISA 620. A written agreement has been put in place which sets out:**

- **The nature, scope and objectives of that expert's work**
- **The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert; and**
- **The need for the auditor's expert to observe confidentiality requirements**

### Stock take Attendance (ISA 501)

The stock take and other on site physical verifications were performed at the year end and at random intervals during the audit period. Details of the stock take are recorded on WP Ref F 10.

*Firm to clearly document the affect Covid-19 has had year-end balances and time-critical audit procedures (i.e year end stock-takes). Restrictions on movement / access to premises / access to client staff / lack of audit staff could result in that work cannot be carried out as planned and where physical verification is deemed necessary to the audit this could have an impact on overall audit and therefore have implications on the audit opinion.*

### External Confirmations (ISA 505)

External confirmations will be obtained in relation to:

- Bank Confirmations
- Standard Solicitors letter
- Specific confirmations in relation to potential claims based on client representations

CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

- Creditors Circularisation (if applicable)
- Professional Valuations (if applicable) (eg – Stocktake)

*Firm to clearly document the affect Covid-19 has had obtaining independent confirmations (bank confirmation letters / debtor circularisation / solicitors letters etc as this may be impacted. Firm to clearly record any alternative procedures planned / used.*

### **Co-ordination, direction, supervision and review**

The audit will be co-ordinated at an operational level by NAME and the ultimate direction, co-ordination, supervision and review will be the responsibility of Compliant Accountant, Audit Partner.

*Firm to clearly document the impact Covid-19 has had (if any) on the direction, supervision and review process & communication with audit team. Firms will need to comply with all of the requirements in respect of quality control in ISQC1 and ISA 220. However, in the current circumstances, some meetings, discussions and access to files will be virtual and facilitated through technology and the firm will need to document clearly on the file how the direction, supervision and review process was structured and operated to overcome obstacles, and how communication with team members and in particular: key audit partners; engagement quality control reviewers; and any firm technical reviewers was maintained.*

### **The involvement of other auditors, including other offices of the same firm, in the audit of components, for example subsidiary undertakings, branches and divisions**

There is no requirement to involve any other auditors other than the staff of The firm. The company has no subsidiaries branches or divisions audited externally.

### **The involvement of, and communications with, experts, other third parties and internal auditors.**

The only experts involved are the company's solicitor. Bank confirmations along with a limited number of creditor's confirmations will be sought during the audit to achieve the audit objectives.

### **The number of locations.**

There business only runs from the one principal place of business. The principal onsite work will be performed at the client's premises.

### **Use of Service Organisations (ISA 402)**

If the client uses a service organisation then the following should be included

*We will obtain an understanding of how a user entity uses the services of a service organisation in the user entity's operations. In cases where a Type 2 Report (which covers the effectiveness of controls at a service organisation will be used as audit evidence) particular guidance drawn from ISA 402 should be adhered to @ WP S1 and S2.*

### **Independent Partner Review if appropriate.**

Based on past experience of the client and initial consideration of the ethical standards and the independence policy of the firm there are no issues which suggest that Independent Partner Review is appropriate or necessary. This should be monitored throughout the engagement and if any areas of significant risk or potential threats to independence arise the possibility or requirements to undertake an independent partner review should be documented on the file.

### **External Consultation**

External Consultation will be sought in accordance with the firms internal policies should the need arise.

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

## **Section D Other Matters**



CLIENT NAME

Prepared by: \_\_\_\_\_

PERIOD END

Reviewed by: \_\_\_\_\_

**B 2**

## AUDIT PLANNING MEMORANDUM

### D1 Related Parties (REF ISA 550)

The full group structure and related party transactions have been documented in Section C of the Audit Planning Memorandum.

We reviewed last years audit file and financial statements for the identification of related parties including loans to Directors. There were no illegal loans to directors or related companies under Section 239 of CA 2014 in the previous year.

Related parties testing will be performed and considered throughout in all areas in the course of our walk through, transaction and substantive testing.

Statutory minute review, legal correspondence review, bank confirmations and guarantees and general correspondence will be reviewed throughout the audit with details of unusual and /or possible related party transactions documented on WP Ref O3.

We will discuss related party transactions with management. Our discussions with management at the planning stage will be recorded in the audit planning meeting @ WP Ref B 9.

All intercompany loans and directors loans to be assessed from the perspective of being accounted for and disclosed in accordance with the requirements of S.11 of FRS 102.

All directors emoluments and transactions with directors and connected persons to be considered from the perspective of the disclosure requirements of S.305 to S.313 of CA 2014.

Additional tests will be designed and performed as deemed necessary during the course of the audit.

Written confirmations will be obtained from those charged with governance as part of the tailored letter representation.

If there is any evidence of window dressing or unrecorded related party transactions based on the above testing and any other testing deemed necessary and designed during the course of the audit this will be considered as part of the ACM WP Ref A3.

### D2 Going Concern (REF ISA 570)

**Put in Any Auditor & Co. Tailored Wording here that reflects the client. This should be reflective of the issues and the more significant the concern is likely to be at the conclusion stage of the audit the more detailed the assessment should be.**

***Firm to clearly document the impact Covid-19 has had on going concern note at the planning stage.***

The initial assessment of going concern based on the company's past performance, current financial position and projected trade performance for the coming year suggests that going concern is not likely to be an issue.

This will be reviewed as the engagement progresses to assess whether there are any other going concern indicators not obvious based on an initial review of the company's draft financial results. Work performed will be recorded @ WP Ref A9.1, A9.2 & A9.3. In particular the checklist @ A9.2 will be completed both at the planning and the conclusion stages.

We will discuss Going Concern with management. Our discussions with management at the planning stage have been recorded in the audit planning meeting WP Ref B 9. ***Summarise key points from planning meeting in relation to going concern here.***

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

## **AUDIT PLANNING MEMORANDUM**

Written confirmations will be obtained from those charged with governance as part of the tailored letter representation.

We will request management to make their assessment of Going Concern for a period of 12 months from the anticipated audit report date and this will be recorded @ WP A9.3

*This needs to be expanded where going concern was an issue in the prior year, if this is the case include:*

*The Report by Exception issued (opinion) and details of the Material Uncertainty related to going concern.*

*Summarise management actions as committed in the prior year and assess how management have implemented their commitments*

*Summarise external factors such as grant funding or continued banking support in the year*

*Summarise results for the year against those projected in the prior year assessment*

### **D3 Events After the Balance Sheet Date (REF ISA 560)**

A detailed review of all Events after the Balance Sheet will take place at the completion stage of the audit. Work performed will be recorded @ WP Ref A 10.1& A 10.2.

We will discuss Events after the Balance Sheet date with management as part of the Audit Conclusion Meeting to be documented at WP Ref A 11.

Written confirmations will be obtained from those charged with governance as part of the tailored letter representation.

*This needs to be expanded where subsequent events were noted in the prior year, if this is the case include:*

*The details of subsequent noted the prior year and whether it was an adjusting or non adjusting event*

*Given the experience in the prior year the firm will have to be alert for a similar event in the current year and this will need to be demonstrated at planning*

**CLIENT NAME**

**Prepared by:** \_\_\_\_\_

**PERIOD END**

**Reviewed by:** \_\_\_\_\_

**B 2**

**AUDIT PLANNING MEMORANDUM**

The contents of the audit planning memorandum was discussed in detail by the audit engagement team during the course of the audit planning engagement team meeting held on **dd/mm/yyyy** as detailed on WP Ref B 8.

We have read and understood the Planning Memorandum			
	Name	Signed	Date
Independent Review Partner (if appropriate)			
Audit Engagement Partner			
Manager			
Senior 1			
Senior 2			
Semi-Senior 1			
Semi-Senior 2			
Junior			

**Subsequent Changes to the Audit Plan (ISA 300)**

There were no subsequent changes to the audit plan that need to be documented.

Or

During the course of the audit the plan was changed as set out below based on the initial evidence we obtained and subsequent risks that were identified.

**Risks Identified**

- Risk 1 identified subsequent to the audit plan
- Risk 2 Identified subsequent to the audit plan
- Risk 3 Identified subsequent to the audit plan

**Risk Responses and Alteration of the Audit Approach**

- Arising out of Risk 1 identified subsequent to the audit plan the approach adopted was as follows .....
- Arising out of Risk 2 identified subsequent to the audit plan the approach adopted was as follows .....
- Arising out of Risk 3 identified subsequent to the audit plan the approach adopted was as follows .....

## **Documentation of Systems and Controls**

### **Systems and Controls Documentation Index**

- **Minutes of Initial Client Meeting**
- **Company Background (If not included in Planning Memo Refer as appropriate)**
- **Overall Company Structure and Operations**
- **Locations**
- **Related Parties (If not included in Planning Memo but in this section specifically how they impact on systems and controls)**
- **Internal Controls & Systems – Risk Assessment & Overview**
- **Accounting Systems**
- **Income & Debtors**
- **Purchases & Creditors**
- **Stocks**
- **Expenses**
- **Bank & Cash Including Petty Cash**
- **Fixed Assets**
- **Payroll**
- **Taxes**
- **Other Areas Specifically Relevant to the Client**

## **Documentation of Systems and Controls**

### **Initial Client Meeting**

This meeting should only focus on the systems and controls. Refer to the general client meeting dealing with other issues on the relevant WP reference on the file

### **Company Background**

Document client background but if this has already been documented as part of the audit planning memo there is no need to duplicate work or documentation and refer to the relevant section of the audit planning memo.

### **Overall Company Structure and Operations**

There is no need to duplicate Nature of the Entity as documented in the planning memo. Refer back if appropriate. If the firms preference is to document elements of the Nature of the Entity here rather than in the planning memorandum just refer from the planning memo to here.

### **Locations**

There is no need to duplicate Nature of the Entity as documented in the planning memo. Refer back if appropriate. If the firms preference is to document elements of the Nature of the Entity here rather than in the planning memorandum just refer from the planning memo to here.

### **Related Parties**

As above if included in Planning Memo do not duplicate. This section specifically focus on how related parties interact and what systems and controls are in place and how related parties impact on systems and controls. (See documentation approach below)

### **Internal Controls & Systems – Risk Assessment and Overview**

#### **Internal Controls & Systems (REF ISA 315, ISA 330)**

- **The auditors' cumulative knowledge of the accounting and internal control systems and any expected changes in the period.**

The company's accounting and internal control systems (as documented below) have not changed in recent years.

## Documentation of Systems and Controls

- **The Company's Internal Controls**

This is a small company that is owned and controlled by shareholders who are the directors and ultimately the responsible for the day-to-day management and operations. For this reason there are not highly evolved or complex controls. The control environment is largely based on maintaining books and records with a hands-on management style combined with some basic physical and financial controls. Our review of the company's internal controls will involve extensive substantive testing as part of our general audit procedures which will give us sufficient comfort that although the control systems are weak that the risk of material misstatement has been significantly diminished.

The principal features of the internal control environment are laid out below in the form of the accounting and control systems.

### Performance Reviews

The company does not perform budget and actual or prior period and actual reviews. This is a small company with a simple financial reporting function and that level of financial control is not deemed necessary to eliminate and minimise the risk of potential misstatement.

### Information Processing

The authorisation and processing of information is monitored by the finance director. Reconciliations are done on a monthly basis on creditors, debtors and banks to ensure the mathematical accuracy of the processing of all transactions. No payments or orders are made in excess of 1000 without the authorisation of the finance directors

There are strict controls over how all financial and transactional information is filed and recorded. Each transaction is checked for accuracy prior to and after posting. The work of each individual is independently checked by another member of the finance/admin team

The individual controls over the various aspects of the finance system are detailed below. Because Compliant Accountant & Co are involved in the bookkeeping and accounts preparation any perceived weaknesses in the basic financial control system are compensated by the fact that 100% auditing is performed on the books and records of the company

### Segregation of Duties

This is a small company and segregation of duties is not practical in all regards. There are controls and segregation of duties where possible within the ordering and payment of bills and the recording and lodging of cheques

### Monitoring of Internal Controls

The management monitor the processing of all transactions and review the control systems on a quarterly basis

## Documentation of Systems and Controls

### Material Weaknesses in the control system

The control systems are appropriate given the size and complexity of the organisation. There are no material weaknesses that need to be specifically notified to those charged with governance. The management need to consider employing a financial controller and implementing more complex and advanced control systems if the company continues to grow. Particular areas of risk are detailed below in Para XX

- **The Entities Risk Assessment Process**

The company does not have a formal risk assessment process other than the annual audit and ongoing review and involvement of the company's directors on a day-to-day basis in the operations and outputs of the company.

### Accounting Systems

- Give an explanation of how the accounts are maintained and processed
- Who is involved
- What the roles and responsibilities are of those involved
- What software is involved
- What are the accounting outputs
- What happens when
- How the accounting outputs are monitored or checked
- What segregation of duties exist if any
- For smaller companies where the firm is heavily involved in the preparation of accounts, management accounting or maintenance of books and records clarify exactly what the firm does, how that strengthens the client systems and how you might rely on that work and role from an audit perspective assuming you have implemented the appropriate ethical safeguards

### Financial Statement Presentation

Is the overall presentation of the financial statements in accordance with the applicable financial reporting framework. In making this evaluation, consider whether the financial statements are presented in a manner that reflects the appropriate:

- Classification and description of financial information and the underlying transactions, events and conditions; and
- Presentation, structure and content of the financial statements.

## Documentation of Systems and Controls

### Small Company Example

- **The Company's Information System**

Who is responsible for the finance function?

- Ms B Director
- Mr Office Assistant - Bookkeeper
- Ms General Overseer - Overall responsibility

Who can exercise dominant influence?

- Mr A Director and Mrs B Director

Who signs the cheques?

- Mr A Director and Ms B Director
  
- Both signatories required on all cheques

Controls and Systems

- Wages paid by standing order usually
- Meeting every Thursday all expenses for week passed (signed on the invoice) and paid
- DD for Vat and PAYE

Mr Office Assistant maintains the books and records of the company but Compliant Accountant & Co posts

- Cheques and lodgements
- Sales and Purchases
- Debtors and Creditors
- and maintains the nominal ledger on a monthly basis for the purpose of preparing bi-monthly VAT returns and monthly management accounts

**Sales**

- All sales are by way of cash therefore there is no need for a Debtors Ledger. The record of Sales is based on the Point of Sale reports (till rolls). Prices for all items are managed and controlled by A Director and A Staff who are the only personnel who have access to the POS system.
- Daily reconciliations between cash received and till rolls are carried out with any discrepancies over more than 10 thoroughly investigated



## Documentation of Systems and Controls

### Purchase invoice book

- Purchases are posted based on invoices once they have been agreed to signed delivery docket
- Purchases are maintained on Big Red Book accounts package
- Monthly creditors reconciliation performed based on creditors statements.
- Payments are only made upon receipt of a statement and signed authorisation of both of the directors
- Compliant Accountant & Co. maintains all aspects of the purchases ledger

The Books and records are maintained on the Big Red Book accountancy package

- Cash receipts book
- Cheques journal
- Purchase invoice book
- Creditors control
- Sales invoice book
- Debtors control account maintained on excel
- Bank account
- VAT Reports
- Computerised payroll
- Petty cash book

Specific detail should be added here how the books and records are physically maintained under each of the headings in terms of data in, entering onto the system, reports produced etc

The Vat is returned on a bi monthly basis

The PAYE is returned on a monthly basis

Compliant Accountant & Co produces monthly management accounts.

## Documentation of Systems and Controls

### Larger Company Example

#### Income & Debtors

- Where does income come from?
- What are the individual sources of income and the different ways that revenue comes into the business?
- Pay specific attention to cash income and income sources that may be susceptible to completeness of income issues
- For each revenue stream or income type document the following
  - The Process
  - Documentation involved – physical paperwork & transactions
  - People involved – internally and externally
  - Recording and how the transaction is actually captured
  - Validity Checks
  - Authorisation
  - Segregation of Duties
  - Checks and controls
  - Linked documentation and linked other areas
  - Diagrammatic representation
  - Walk through tests performed
- Link and where relevant document separately how debtors are handled in the context of the various revenue streams
- System deficiencies identified for communication with management
- System deficiencies identified that may warrant communication with those charged with governance pending management response

#### Guidance

***When the documentation is complete to set out the step by step process in the form of bullet points so that walk through tests can be performed. The walk through tests need to prove that the system operates as set out. The aim in setting this out in bullet point form is to clarify the narrative that you have just created into something concise that is auditable. Firstly from the perspective of doing walk through tests at the outset and secondly when it comes to the execution section of the file that the framework within which you are auditing is clearly set out.***

***Interlink from one system to how and where it ties in with another EG bank and cash***

***As you document the systems and perform walk through at the planning stage of the audit (and when you perform substantive transaction testing at the execution stage) specifically consider and document weaknesses and deficiencies that may form part of your Management Weakness Letter and/or Audit Findings Letter***

## **Documentation of Systems and Controls**

*When documenting any sources of income always keep Completeness of Income and Management Override in mind in terms of risks and also how the client can improve their systems to address the risk*

### **Purchases & Creditors**

- Identify how purchases are made and whether there are different types of purchases and procedures followed
- For each purchase type document the following
  - The Process
  - Documentation involved – physical paperwork & transactions
  - People involved – internally and externally
  - Recording and how the transaction is actually captured
  - Validity Checks
  - Authorisation
  - Segregation of Duties
  - Checks and controls
  - Linked documentation and linked other areas
  - Diagrammatic representation
  - Walk through tests performed
- Link and where relevant document separately how creditors are processed reflecting the various different types of transactions

### **Stocks**

**As above Purchases and Sales tailored for stocks**

### **Expenses**

**As above Purchases and Sales tailored for expenses**

### **Bank & Cash Including Petty Cash**

**As above Purchases and Sales tailored for bank and cash**

### **Fixed Assets**

**As above Purchases and Sales tailored for Payroll**

### **Payroll**

**As above Purchases and Sales tailored for Payroll**

### **Taxes**

**As above Purchases and Sales tailored for Taxes and Tax Payments**

### **Other Areas Specifically Relevant to the Client**

**As above**

## **Disclaimer**

This Audit Risk Matrix is provided to give guidance in relation to audit risk areas and proposed testing to reduce the risks to an acceptable level. It does not purport to give definitive professional advice in any form. It should, accordingly, not be relied upon as such. Auditors using these Work Programmes and any programmes or templates, should tailor the approach and the evidence gathered to comply with Generally Accepted Accounting Practices in Ireland in accordance with the Financial Reporting Standards, International Standards on Auditing and Company Law

Despite taking every care in the preparation of this document OmniPro does not guarantee the accuracy or veracity of any information or opinion, or the appropriateness, suitability or applicability of any practice or procedure contained therein

OmniPro does not take any legal responsibility for the contents of this manual and the consequences that may arise due to any errors or omissions. OmniPro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
<b>Tangible Fixed Assets</b>	Additions and disposals are not accounted for correctly	Completeness Classification	<ul style="list-style-type: none"> <li>Verify sample of additions and disposals to source documentation</li> </ul>
	Additions and disposals are not recorded in the correct period	Cut off Accuracy	<ul style="list-style-type: none"> <li>Verify sample of additions and disposals pre and post year end</li> </ul>
	Tangible assets may not be correctly recorded by the company	Completeness Occurrence Accuracy Classification	<ul style="list-style-type: none"> <li>Examine P&amp;L expenditure for incorrectly recorded expenditure on tangible assets</li> <li>Review cash book for unrecorded tangible asset disposals</li> </ul>
	Assets may not belong to the company	Rights & Obligations	<ul style="list-style-type: none"> <li>Confirm invoices are made out in the name of the company</li> <li>Confirm title deeds and registration documents</li> </ul>
	Assets may be overvalued at the year end	Valuation	<ul style="list-style-type: none"> <li>Review assets for impairment at the year end</li> </ul>
	Assets may be overvalued at the year end	Valuation	<ul style="list-style-type: none"> <li>Has the revaluation policy been correctly applied by the company</li> </ul>
	Asset depletion does not reflect the economic use by the company of that asset	Valuation Presentation & Disclosure	<ul style="list-style-type: none"> <li>Check amortisation rates applied to intangible assets</li> </ul>
	Fixed assets do not physically exist	Existence	<ul style="list-style-type: none"> <li>Physically verify fixed assets including pre existing assets and new additions in the year</li> </ul>
	Motor vehicles are not owned by the company	Existence	<ul style="list-style-type: none"> <li>Inspect vehicle registration documents for company vehicles</li> <li>Inspect insurance policies to ensure assets are correctly insured</li> </ul>
	Assets acquired under finance lease are not correctly classified	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Review lease agreements and ensure correct classification of leased assets</li> </ul>
	Tangible fixed assets may not be presented in accordance with S.17 of FRS 102	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Check intangibles for disclosure in accordance with S.17 of FRS 102</li> </ul>
	Tangible assets are misclassified in the	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Ensure lead schedule agrees to</li> </ul>

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
	financial statements	Classification	financial statements
<b>Intangible Fixed Assets</b>	Additions and disposals are not accounted for correctly	Completeness Classification	<ul style="list-style-type: none"> <li>Verify sample of additions and disposals to source documentation</li> </ul>
	Additions and disposals are not recorded in the correct period	Cut off	<ul style="list-style-type: none"> <li>Verify sample of additions and disposals pre and post year end</li> </ul>
	Intangible assets may not be correctly recorded by the company	Completeness Occurrence Accuracy Classification	<ul style="list-style-type: none"> <li>Examine P&amp;L expenditure for incorrectly recorded expenditure on intangible assets</li> <li>Review cash book for unrecorded intangible asset disposals</li> </ul>
	Assets may not belong to the company	Rights & Obligations	<ul style="list-style-type: none"> <li>Confirm ownership by reference to purchase contracts or invoices</li> </ul>
	Assets may be overvalued at the year end	Valuation	<ul style="list-style-type: none"> <li>Review assets for impairment at the year end in accordance with S.27 of FRS 102</li> </ul>
	Asset depletion does not reflect the economic use by the company of that asset	Valuation Presentation & Disclosure	<ul style="list-style-type: none"> <li>Check amortisation rates applied to intangible assets</li> </ul>
	Intangible assets do not exist	Existence	<ul style="list-style-type: none"> <li>Confirm by reference to purchase contracts or other means</li> </ul>
	Intangible fixed assets may not be presented in accordance with S.18 & S.19 of FRS 102	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Check intangibles for disclosure in accordance with S.18 &amp; S.19 of FRS 102</li> </ul>
	Intangible assets are misclassified in the financial statements	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Ensure lead schedule agrees to financial statements</li> </ul>
<b>Stock</b>	All stock may not be included at the year end	Completeness Classification	<ul style="list-style-type: none"> <li>Review stock cut off at the year end to ensure all stock is correctly accounted for</li> </ul>
	Stock may not belong to the company	Rights & Obligations	<ul style="list-style-type: none"> <li>Identify ownership rights to year end stock, ensure third party stock is correctly identified</li> </ul>
	Stock may not be valued correctly at the	Valuation	<ul style="list-style-type: none"> <li>Review stock valuation and assess</li> </ul>

<b>Audit Component Affected</b>	<b>Possible Risk Identified</b>	<b>Audit Assertion Impacted</b>	<b>Proposed Audit Response</b>
	year end		cost and net realisable value at the year end
	Incorrect treatment of obsolete/slow moving stock	Valuation	<ul style="list-style-type: none"> <li>• NRV testing on specific slow moving stock at the year end</li> </ul>
	Stock may not physically exist	Existence	<ul style="list-style-type: none"> <li>• Physical attendance at year end stock count</li> </ul>
	Stock may not physically exist	Existence	<ul style="list-style-type: none"> <li>• Confirmation of third party stock count completed and review of stock count results</li> </ul>
	Stock may not be presented in accordance with S.13 of FRS 102	Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Check WIP and Long term contracts for correct classification in accordance with S.13 of FRS 102</li> </ul>
	Stock may be misclassified in the financial statements	Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Ensure lead schedule agrees to financial statements</li> </ul>
<b>Debtors</b>	All debtors may not be included at the year end	Completeness Classification	<ul style="list-style-type: none"> <li>• Complete cut off testing on debtors to ensure all amounts are correctly accounted for</li> </ul>
	Debtors may not be legal debtors of the company	Rights & Obligations	<ul style="list-style-type: none"> <li>• Review customer contracts for validity</li> <li>• Review post year end cash receipts to confirm payment of debts</li> </ul>
	Debtors may not be valued correctly at the year end	Valuation	<ul style="list-style-type: none"> <li>• Review post year end cash receipts</li> </ul>
	Bad Debt provision may be overvalued	Valuation	<ul style="list-style-type: none"> <li>• Review debtors for slow moving debts at the year end</li> </ul>
	Debtors identified by the company may not physically exist	Existence	<ul style="list-style-type: none"> <li>• Complete year end debtors circularisation to confirm existence</li> </ul>
	Debtors identified by the company may not physically exist	Existence	<ul style="list-style-type: none"> <li>• Test post year end cash receipts</li> </ul>
	Debtors may be misclassified in the financial statements	Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Ensure lead schedule agrees to financial statements</li> </ul>
<b>Cash</b>	Cash may be misappropriated during the	Completeness	<ul style="list-style-type: none"> <li>• Review annual cash book and test</li> </ul>

<b>Audit Component Affected</b>	<b>Possible Risk Identified</b>	<b>Audit Assertion Impacted</b>	<b>Proposed Audit Response</b>
	year	Classification	cut off at year end
	Bank accounts may not be under the control of the company	Rights & Obligations	<ul style="list-style-type: none"> <li>• Confirm accounts to bank title on bank statements</li> <li>• Confirm accounts to bank letter at the year end</li> </ul>
	Bank balances may be incorrect at the year end	Valuation	<ul style="list-style-type: none"> <li>• Test bank account reconciliations at the year end</li> </ul>
	Bank accounts may not physically exist	Existence	<ul style="list-style-type: none"> <li>• Test bank accounts to bank confirmation letter at the year end</li> </ul>
	Cash may be misclassified in the financial statements	Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Ensure lead schedule agrees to financial statements</li> <li>• Ensure if accounts are set off that a right of set off exists</li> </ul>
<b>Creditors</b>	All creditors may not be included at the year end	Completeness Classification	<ul style="list-style-type: none"> <li>• Complete cut off testing on creditors to ensure all amounts are correctly accounted for</li> </ul>
	The company may not have a legal obligation to creditors	Rights & Obligations	<ul style="list-style-type: none"> <li>• Review creditor statements at the year end</li> <li>• Review post year end payment to creditors</li> </ul>
	Creditors may not be valued correctly at the year end	Valuation	<ul style="list-style-type: none"> <li>• Review creditor statement reconciliations at the year end</li> </ul>
	Creditors may not exist	Existence	<ul style="list-style-type: none"> <li>• Review creditor statement reconciliations and test sample of payments to creditors</li> </ul>
	Lease creditors may not be recorded correctly at the year end	Valuation Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Review lease creditor workings in accordance with S.20 of FRS 102</li> </ul>
	Creditors may be misclassified in the financial statements	Presentation & Disclosure	<ul style="list-style-type: none"> <li>• Ensure lead schedule agrees to financial statements</li> </ul>
<b>Share Capital</b>	Ensure all issued capital is correctly authorised	Completeness Classification	<ul style="list-style-type: none"> <li>• Review share register and confirm shareholdings at the end of the year</li> </ul>
	Ensure share capital is issued in the	Rights & Obligations	<ul style="list-style-type: none"> <li>• Review share register and confirm</li> </ul>



Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
	correct name of the company		details
	Ensure shares are issued at the correct price	Valuation	<ul style="list-style-type: none"> <li>Examine share issues and agree share price to CRO documents</li> </ul>
	Confirm shareholders exist	Existence	<ul style="list-style-type: none"> <li>Confirmed when meeting with directors who are also shareholders</li> </ul>
	Authorised and Issued shares may not be presented correctly in the financials	Presentation & Disclosure	<ul style="list-style-type: none"> <li>Ensure lead schedule agrees to financial statements</li> </ul>
<b>Revenue</b>	All revenue is not recorded in the period	Completeness Accuracy	<ul style="list-style-type: none"> <li>Document systems and controls</li> <li>Perform physical walkthrough tests</li> <li>Perform initial Analytical review</li> <li>Discuss potential for unrecorded cash with management</li> <li>Perform physical cash/stock count</li> <li>Check invoice sequences and cut off at the year end</li> <li>Check receipts post year end to ensure correct treatment</li> <li>Reconcile sales to point of sales reports</li> <li>Test sample of sample of sales reports</li> <li>Check cash receipts for unrecorded sales</li> </ul>
	Ensure transactions are recorded correctly	Classification	<ul style="list-style-type: none"> <li>Test a sample of transactions selected at random during the year end to ensure correct classification</li> </ul>
	Ensure transactions are recorded in the correct period (window dressing)	Cut-off	<ul style="list-style-type: none"> <li>Test cut off at year end</li> </ul>
	Ensure transactions actually occurred during the year	Occurrence	<ul style="list-style-type: none"> <li>Test a sample of transactions selected at random during the year end to ensure the transaction occurred</li> </ul>

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
<b>Expenditure</b>	All expenditure is not recorded in the period	Completeness Accuracy	<ul style="list-style-type: none"> <li>• Check payments post year end to ensure correct posting</li> </ul>
	Ensure transactions are recorded correctly	Classification	<ul style="list-style-type: none"> <li>• Test a sample of transactions selected at random during the year end to ensure correct classification</li> </ul>
	Ensure transactions are recorded in the correct period (window dressing)	Cut-off	<ul style="list-style-type: none"> <li>• Test cut off at year end</li> </ul>
	Ensure transactions actually occurred during the year	Occurrence	<ul style="list-style-type: none"> <li>• Test a sample of transactions selected at random during the year end to ensure the transaction occurred</li> </ul>
<b>Going Concern</b>	Have the directors made appropriate disclosures in relation to going concern and what impact does going concern and the directors disclosures have on our audit opinion if any.	Presentation & Disclosure Accuracy Valuation	<ul style="list-style-type: none"> <li>• Review the directors disclosures in relation to going concern and ensure that they contain the detail and information as set out in accordance with ISA 570</li> </ul>
	Have the directors provided sufficient appropriate audit evidence in relation to going concern in the form of projections and cashflows and are the assumptions underpinning those cashflows supported by documentary audit evidence	Presentation & Disclosure Accuracy Valuation	<ul style="list-style-type: none"> <li>• Review the directors cashflows and projections with reference to actual results and performance during the period and since the period end tying the results into management accounts and underlying records including banks statements, sales records, expense records and relevant correspondence</li> <li>• Document the assumptions included by the directors in their cashflows and projections and assess individually and collectively for reasonableness based on the current period and post period information reviewed</li> </ul>

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
			<ul style="list-style-type: none"> <li>Review previous projections prepared by the directors in previous periods if applicable and assess whether they were reasonable and reflected the subsequent performance of the business and thus whether the cashflows and projections for the current period can be deemed to be reliable</li> </ul>
<b>Reliance on Experts</b>	Is the expert independent and objective and have they been engaged in an appropriate manner	Valuation and Allocation	<ul style="list-style-type: none"> <li>Assess the independent valuer through online investigation and assess their business and their independence of the client</li> <li>Discuss with the client the role and connection with the independent valuer</li> <li>Review expenses and nominal ledger codes to assess the extent of the relationship with the independent expert</li> </ul>
	Do the experts relied upon have the expertise and adequate skills, knowledge and experience	Valuation and Allocation	<ul style="list-style-type: none"> <li>Ascertain whether the expert has the appropriate qualifications and is a member of an appropriate body or organisation to perform the work they are doing</li> <li>Gain an understanding of the experts organisation/ entity including their structure, services, resources, staffing, experience and how long they have been existence</li> </ul>

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
	Is the basis on which they have done their work in accordance with the accounting standards and applicable GAAP	Valuation and Allocation	<ul style="list-style-type: none"> <li>Review the expert report or communication and ensure that it has been presented based on assumption that are reflective of the relevant accounting standards and applicable GAAP</li> </ul>
<b>Transition to FRS 102 Section 1A (If Applicable)</b>	Transition to FRS 102	Presentation & Disclosure	Complete FRS102 Transition Checklist and Consider on all Sections of the File to ensure that transition has been performed in accordance with S.35 of FRS 102
	Accounting Policy Choices	Presentation & Disclosure	Review the accounting policy choices made by management and those charged with governance in accordance with FRS 102.
	Critical accounting judgements and estimation uncertainty	Presentation & Disclosure	Consider critical accounting judgements and estimation uncertainty for all elements of the entity and appropriateness of the disclosures in relation to same if considered necessary to show a true and fair view.
	Directors Loans from the Company to Directors/shareholders and Intercompany Loans falling due after more than 1 year which do not attract a market rate of interest	Presentation & Disclosure	Where loans falling due after more than 1 year are at non-market rates ensure amortised cost model has been applied and calculated in accordance with S.11 of FRS 102
	Valuation of listed investments	Presentation & Disclosure	For investments where there is not significant influence ensure that those investments are presented at fair value

Audit Component Affected	Possible Risk Identified	Audit Assertion Impacted	Proposed Audit Response
			where fair value can be reliably estimated or on a cost less impairment basis if not
	Deferred Tax	Presentation & Disclosure	Assess treatment of deferred tax on transition adjustments and on all fair value adjustments (including investment properties and revalued property plant and equipment)
	Intangible Assets and Goodwill	Presentation & Disclosure	Ensure intangible assets and goodwill are amortised over a maximum of 10 years in absence of a reliable basis of estimation for useful lives.
	Short Term Employee benefits	Presentation & Disclosure	Ensure that short term employee benefits including holiday pay and sick pay are provided for appropriately.