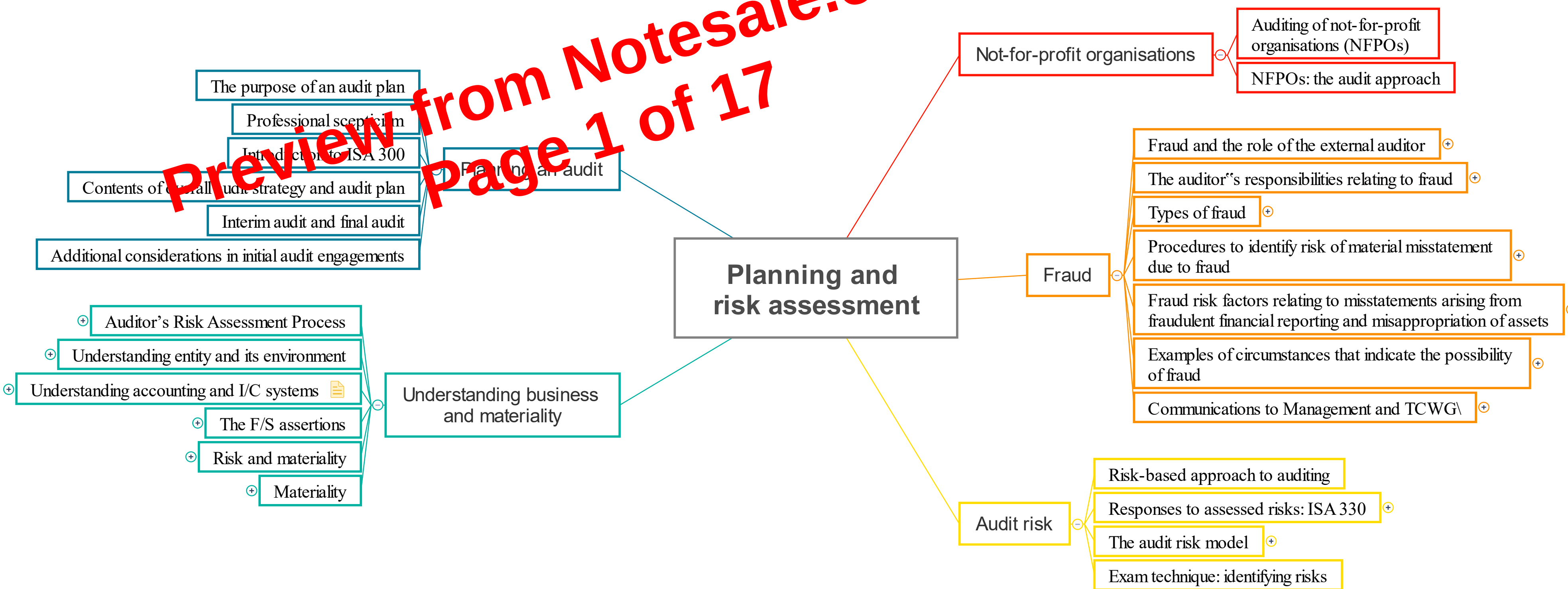
Planning and risk assessment
Planning an audit
The purpose of an audit plan
Professional scepticism
Introduction to ISA 300
Contents of overall audit strategy and audit plan
Interim audit and final audit
Additional considerations in initial audit engagements
Understanding business and materiality
Auditor's Risk Assessment Process
Understanding entity and its environment
Understanding accounting and I/C systems
The F/S assertions
Risk and materiality
Materiality
Not-for-profit organisations
Auditing of not-for-profit organisations (NFPOs)
NFPOs: the audit approach
Fraud
Fraud and the role of the external auditor
The auditor"s responsibilities relating to fraud
Types of fraud
Procedures to identify risk of material misstatement due to fraud
Fraud risk factors relating to misstatements arising from fraudulent financial reporting and misappropriation of assets
Examples of circumstances that indicate the possibility of fraud
Communications to Management and TCWG\
Audit risk
Risk-based approach to auditing
Responses to assessed risks: ISA 330
The audit risk model
Exam technique: identifying risks

Examples of circumstances that indicate the possibility of fraud

- **Discrepancies in accounting records including**
  - Transactions not recorded in a complete or timely manner or are improperly recorded.
  - Unsupported or unauthorized balances or transactions.
  - Last-minute adjustments that significantly affect financial results.
  - Evidence of unauthorized employees' access to systems and records.
  - Tips or complaints to the auditor about alleged fraud
- **Conflicting or missing evidence including:**
  - Missing documents
  - Documents that appear to have been altered
  - Significant unexplained items on reconciliations
  - Unusual balance sheet changes or changes in trends or important F/S ratios etc. (e.g. receivables growing faster than revenues)
  - Inconsistent, vague, or implausible responses from management or employees
  - Unusual discrepancies between the entity's records and confirmation replies
  - Large numbers of credit entries and other adjustments made to accounts receivable
  - Unexplained or inadequately explained differences between
    - Accounts receivable sub-ledger and control account, or
    - Customer statements and accounts receivable sub-ledger
  - Missing or nonexistent cancelled cheques.
  - Missing inventory or physical assets of significant magnitude.
  - Missing electronic evidence, inconsistent with entity's record retention policies
  - Fewer or greater responses to confirmations than anticipated
  - Inability to produce evidence of key systems development and program change testing and implementation activities for current-year system changes and deployments
- **Problematic or unusual relationships between auditor and management including**
  - Denial of access to records, facilities, certain employees customers, vendors, or others etc
  - Undue time pressures imposed by management to resolve complex or contentious issues
  - Complaints by management about conduct of audit
  - Management intimidation of engagement team members
  - Unusual delays by the entity in providing requested info
  - Unwillingness to facilitate auditor access to key electronic files for testing through CAAT
  - An unwillingness to add or revise disclosures in F/S to make them more understandable
  - An unwillingness to address identified deficiencies in internal control on a timely basis
- **Others**
  - Unwillingness by management to permit auditor to meet privately with TCWG
  - Accounting policies that appear to be at variance with industry norms
  - Frequent changes in accounting estimates without reasonable justification
  - Tolerance of violations of the entity's code of conduct