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| --- | --- | --- | --- |
| Client: XYZ Ltd | Prepared by: Mr. Y | Date: | Ref: **C2** |
| Year end: 31-12-2014 | Reviewed by: Mr. X | Date: |
| File no: |  |  |

**AUDIT PLANNING CHECKLIST**

*The auditor should plan and perform an audit with an attitude of professional skepticism recognising that circumstances may exist that cause the financial statements to be materially misstated!*

| **Particulars** | **Comment** | **WP Ref** |
| --- | --- | --- |
| **Preliminary Engagement Activities** |  |  |
| **1. Acceptance procedures** |  |  |
| 1.1 Confirm that the Acceptance Procedures questionnaire has been satisfactorily completed. | Yes | C1.1 |
| 1.2 Where appropriate, confirm that the firm has communicated with the previous auditor. | Yes | P/C |
| **2. Engagement terms** |  |  |
| 2.1 Confirm that there is an engagement letter on the permanent file. | Yes | P |
| 2.2 Consider whether there is a need to revise the existing terms and issue a new letter. | No |  |
| 2.3 Consider whether there is a need to remind the client of the existing terms. | No |  |
| 2.4 Where appropriate consider whether those charged with governance have a copy of the engagement letter. |  |  |
| **Planning Activities**  **3. Strategic considerations** |  |  |
| 3.1 Confirm that key characteristics which determine the scope of the engagement are identified such as: |  |  |
| (a) the financial reporting framework used; | IAS and IFRS |  |
| (b) any industry specific requirements; | Company Act-1994, SECRules-1987 |  |
| (c) geographical location; | Bangladesh |  |
| (d) group reporting requirements; | No |  |
| (e) the use of service organizations. | No |  |
| 3.2 Confirm that the reporting requirements are understood, including third parties, in terms of the timing and format of reports and to whom they should be sent. | Yes | Engagement letter |
| 3.3 Are there any other factors that may have a significant effect on the overall focus of the audit? | Litigation, and claim |  |
| **4. Client background** |  |  |
| 4.1 Confirm that there is a completed copy of the ‘Know your client checklist’ on the permanent file (PAF04). | Yes | PF |
| 4.2 Where the checklist was completed in an earlier year review its completion with the client and update the information on the permanent file as necessary. | No |  |
| 4.3 Ensure that the review of significant accounting policies on the permanent file (PAF07) has been updated. | Yes | A |
| **5. Laws and regulations** |  |  |
| 5.1 Ensure that in determining our overall audit approach that we consider the effects of non-compliance with relevant laws and regulations. | Yes | PF |
| 5.2 Obtain a general understanding of: |  |  |
| 1. the legal and regulatory framework applicable to the entity and the industry; | Yes | PF |
| (b) how the entity is complying with that framework, and | Yes | PF |
| (c) the procedures followed by the entity to ensure compliance with that framework. | Yes | PF |
| 5.3 Ensure that the register of significant laws and regulations contained on the permanent file (PAF05) is up-to-date. | Yes | PF |
| **6. Internal Controls** |  |  |
| 6.1 Complete the systems and internal controls summary (C5). | Yes | C5 |
| **7 Audit risk** |  |  |
| 7.1 Complete the audit risk summary (C6). | Yes | C6 |
| 7.2 Ensure that in determining our overall audit approach that we consider the risks of material misstatements in the financial statements due to fraud or error. | Yes | PF |
| 7.3 Make inquiries of those charged with governance, management and others as appropriate to: | Yes | Meeting notes |
| (a) obtain the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud; and | Yes | C6 |
| (b) determine whether they have knowledge of any actual, suspected or alleged fraud affecting the company or its financial statements. | Yes | Meeting note, IA report |
| 7.4 Ensure that members of the audit team discuss the susceptibility of the entity’s financial statements to material misstatement and in particular misstatement due to fraud. | Yes | Meeting notes |
| 7.5 Ensure that that key issues arising from the above discussion are communicated to other members of the team who did not attend the meeting. | Yes | All team member were present |
| 7.6 Ensure that we have documented our evaluation of the entity’s controls in all areas where the risk of misstatement due to fraud is assessed as significant. | Yes |  |
| 7.7 Ensure that where appropriate an element of unpredictability is incorporated into the testing. | Yes |  |
| 7.8 Where there is a risk of management override of controls plan audit procedures to |  |  |
| (a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of accounts; | Yes | JEC- |
| (b) Review accounting estimates for bias that could result in material misstatement due to fraud, and | Yes | Tax,WP. |
| (c) Obtain an understanding of the business rationale of significant trans- actions that are outside of the normal course of business for the entity, or that otherwise appear to be unusual given our understanding of the entity and its environment. | Yes | RPT |
| * 1. Have we planned substantive procedures for each material class of transactions, account balance, and disclosure irrespective of the assessed risk of material misstatement? | Yes | C6.2 |
| **8. General** |  |  |
| 8.1 Has an acceptable materiality level been determined for the audit? | Yes | C8 |
| 8.2 Review points forward from last year’s schedule (B10on previous file). File on current year’s working paper file. | First year of audit |  |
| 8.3 Review correspondence file and note relevant points arising during the year. | Yes |  |
| 8.4 Where stock is material to the financial statements has attendance been planned at the physical stocktaking?  8.5 Determine whether the use of external confirmations, in addition to  those for the bank balances, is necessary to obtain sufficient appropriate  audit evidence at the assertion level? | Yes  Yes | Stock take audit program |
| 8.6 For initial engagements or where an audit was not undertaken in the  previous year complete the ‘Opening balance and comparatives  checklist’ (C10.1). | Yes | C10.1 |
| 8.7 Where the previous period’s audit report was qualified or there was a  fundamental uncertainty, consider what impact, if any, it will have on  the current period’s report. | No |  |
| 8.8 Have sample sizes been planned so as to ensure sufficient appropriate audit evidence will be obtained? | Yes | C9.2 |
| 8.9 Have we planned to obtain sufficient appropriate audit evidence concerning the reasonableness of accounting estimates? | Yes | C6.2 |
| 8.10 Consider whether any activities undertaken by service organisations are relevant to the audit: where appropriate complete the optional programme ‘Use of service organisations’ (**Cop11**). | No such activities |  |
| 8.11 Consider whether the valuation of assets at fair values will have a material impact on the audit: where appropriate complete the optional program (Cop)‘Fair value measurement and disclosure’ | No such material impact on audit |  |
| 8.12 Consider whether there is a risk that the non-disclosure of related party transactions will have a material impact on the audit: where appropriate complete the optional program ‘Related party transactions’ (R2). | Yes | R2 |
| 8.13 Where it will be necessary to place reliance on the work of another auditor complete the optional programme (Cop) ‘Reliance on the work of another auditor’ (Cop13). | No |  |
| 8.14 Where the work of an expert is to be relied upon concerning: the valuation of assets; the determination of quantities; the application of specialised techniques to determine amounts; or the measurement of work completed, complete the optional program (Cop) ‘Using the work of an expert’ (Cop14). | No |  |
| 8.15 Where other information is expected to be issued with the financial statements review of this information should be planned so as to allow sufficient time for resolution of an inconsistencies. | No |  |
| 8.16 Consider and schedule impact of changes in legislation IFRSs on the accounts. | Yes |  |
| 8.17 Meet/discuss with client current year’s accounts and timetable. | yes | Meeting note |
| * 1. Consider whether there are any indications that the going concern basis of accounting may not be appropriate. | Yes |  |
| 8.19 Where there may be a requirement to report to an external regulator have we considered the scope of the client’s authorisation and the effectiveness of its control environment? | No |  |
| 8.20 If appropriate, prepare a brief file note of matters arising from the review of the correspondence file and the meetings/discussions with the client. | Yes | Meeting notes |
| 8.21 Obtain print-out of the firm’s WIP and prepare fee budget. Agree fee estimate with client where necessary | Yes |  |
| 8.22 Carry out analytical review based on the preliminary figures or other information available and conclude upon the impact on the audit approach. | Yes | C7 |
| 8.23 Consider whether extensive analytical review can be used to improve the efficiency and effectiveness of the audit. |  |  |
| 8.24 Review/tailor the summary sheets for all relevant sections to ensure adequate tests planned for all objectives. | Yes |  |
| 8.25 Review/tailor/prepare audit programme as directed by C6.2 and C6.3. | yes |  |
| 8.26 Prepare a formal planning memorandum documenting the overall audit strategy and the detailed audit plan. | Yes | C3 |
| 8.27 Where substantive procedures were performed at an interim date have we planned further substantive procedures (and tests of controls) to cover the remaining period from the interim date to the period end? | No |  |
| 8.28 Having regard to the risks identified and the specialist knowledge required: allocate and brief staff as appropriate. | No |  |
| **9. Quality Control** |  |  |
| 9.1 Consider whether there is a need under the firm's procedures or ethical requirements for an engagement quality control review. | No |  |
| 9.2 Agree the timing and scope of the review with the partner (or other external consultants) who will be undertaking it. | Yes |  |
| 9.3 Confirm that the time budget and completion timetable have been updated accordingly. | Yes |  |
| 9.4 Where applicable, have points raised in a cold review of the previous year been incorporated into this period's planning? |  |  |

***Conclusion***

I am satisfied that:

(a) the planned audit procedures have been determined having regard to the requirements of ISAs, relevant professional bodies, legislation, regulations and, where appropriate, the terms of the audit engagement and reporting requirements;

(b) the engagement team collectively has the appropriate capabilities, competence and time to perform the audit engagement in accordance with professional standards and regulatory and legal requirements, and to enable an auditor’s report that is appropriate in the circumstances to be issued;

(c) the staff assigned have been adequately briefed;

(d) the audit has been planned effectively, and that it is adequate to meet the financial statement assertions: existence; rights and obligations; occurrence; completeness; valuation; measurement and presentation; of disclosure, and

(e) the file does/does not\* require second partner external\* review.

Senior/Manager: \_\_\_\_\_\_\_\_\_\_Sd\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_DD/MM/YY\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

In approving the planning I acknowledge my responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and regulatory and legal requirements, and for the auditor’s report that is issued to be appropriate in the circumstances.

Engagement Partner: \_\_\_\_\_Sd\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_

DD/MM/YY \_\_\_\_\_\_\_\_\_\_\_

**Disclaimer: Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.**