

Small and Medium - Sized Entities Audit Manual

Volume 3 – Small and Medium - Sized Entities Audit Templates (SMET)

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Disclaimer

SMET is designed to assist practitioners in the implementation of the Sri Lanka Auditing Standards (SLAuS) on the audit of small- and medium-sized entities, but is not intended to be a substitute for the SLAuSs themselves. Furthermore, a practitioner should utilize SMET in light of his/her professional judgment and the facts and circumstances involved in each particular audit. CA Sri Lanka disclaims any responsibility or liability that may occur, directly or indirectly, as a consequence of the use and application of this SMET.

Preface

The Primary objective of the Small- and Medium-Sized Entity Audit Templates (SMET) is to support SMPs to document of audit work that provide;

- A sufficient and appropriate record of the basis for the auditor’s report; and
- Evidence that the audit was planned and performed in accordance with Sri Lanka Auditing Standards and applicable legal and regulatory requirements.

SMET are derived using the “CA Sri Lanka Audit Manual” and applying the “**Three step Risk based audit process**’ referred to this Audit Manual (Refer CA Sri Lanka Audit Manual – Volume 1, page 29). The templates have been organized is in compliance with Sri Lanka Auditing Standards.

Applicability and Criteria for use

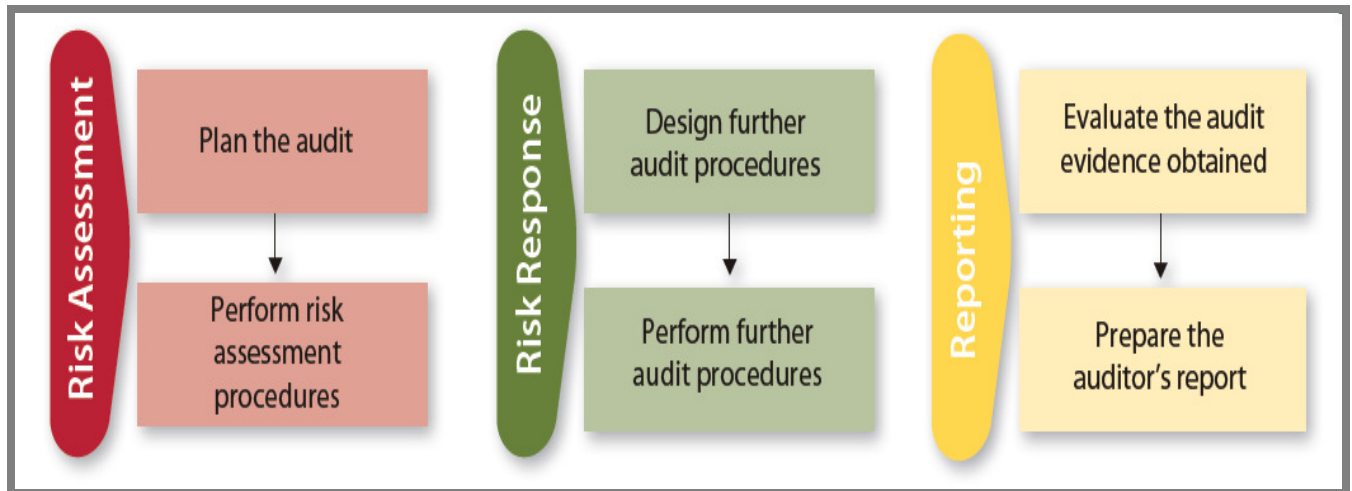
An accounting practice/firm that has following characteristics is considered a SMP.

- Its clients are mostly small and medium sized entities (SMEs).
- External sources are used to supplement limited in-house technical resources.
- It employs a limited number of professional staff.

The SMET is recommended for use on audit engagements where all of the following criteria are met.

- 1) There is a concentration of ownership and management in a small number of individuals.
- 2) The entity has few sources of income.
- 3) The entity has non-complex record-keeping.
- 4) The nature of the entity’s business has not, and is not expected to, change significantly.
- 5) The entity is non-regulated, non listed Company (Not a “PLC”) and a Specific Business Entity (SBE) which complies with Sri Lanka Accounting Standard for SMEs.

Three Step “Risk Based” Audit Process



(Reference: CA Sri Lanka Audit Manual - Volume 1, Page 29)

Small and Medium - Sized Entities – Audit Manual

Volume 3 – Small and Medium - Sized Entities Audit Templates (SMET)

Index of Templates

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Acronyms used

SMP – Small and Medium Practitioners

SME – Small and Medium-sized Entities

SMET – Small and Medium-sized Entity Audit Templates

CA Sri Lanka – The Institute of Chartered Accountants of Sri Lanka

OM – Overall Materiality

PM – Performance Materiality

SBPs – Significant Business Processes

RMM – Risk of material misstatement

TCWG – Those Charged with Governance

SMET- Eligibility Criteria

Company Name: _____

Reporting Period: _____

If the answer is “No” to one or more of these criteria, SMET is not recommended to be used for the engagement. Refer to the additional information provided for each criterion to assist in your evaluation.

	Yes	No
1) There is a concentration of ownership and management in a small number of individuals. <i>A small business ordinarily has only a few owners; often just a single proprietor. SMET may be applied to subsidiaries or branches of multinational entities with the approval of the Primary Team.</i>		
2) The entity has few sources of income. <i>A small business typically has a limited range of products or services and operates from a single or limited number of locations. Small businesses typically do not have a high volume of transactions.</i>		
3) The entity has non-complex record-keeping. <i>A small business typically has non-complex systems, with one or only a few individuals responsible for processing transactions. These entities often use a branded accounting software package running on a single desktop computer or small local area network. SMET assumes a simple (i.e. non-complex) IT environment. If SMP believe the IT environment may be more complex, SMP should not respond to this criterion unless they have first assessed complexity by answering the questions in the “Understand the IT Environment” in SMET 3 – Overall Audit Strategy Template.</i>		
4) The nature of the entity’s business has not, and is not expected to, change significantly. <i>A small business often operates in a relatively stable business environment (e.g., a small manufacturing entity with an established market niche that is expected to be maintained for the foreseeable future). An entity may operate in a dynamic industry (e.g., technology) but the nature of its business is not expected to change significantly, other than occasional refinements of its business plan or strategies as a reaction to current market forces. In this case, the engagement would satisfy this criterion provided that the other criteria are met and minimal effort is needed to understand the business and identify potential business or financial statement risks.</i>		
5) The entity is non-regulated, non listed Company (Not a “PLC”) and a Specific Business Entity (SBE) which complies with Sri Lanka Accounting Standard for SMEs.		

Approval for use of the SMET

I have reviewed the responses to the criteria, and approve the use of the SMET on this engagement.

Approved by _____

Engagement Partner: _____

Date: _____

Note: Sign-off by the individuals preparing (or updating) and reviewing the information contained within the SMET indicate that all information being carried forward has been re-challenged, particularly for changes in risk assessments and resulting audit program procedures.

SMET 1: Audit Client and Engagement Acceptance/Continuance Form

Process to accept/continue with an audit engagement



(Reference: CA Sri Lanka Audit Manual - Volume 2, Page 25)

This form should be completed at the following stages;

- When accepting a new client – At proposal stage
- When continuing an existing client to the next year – In the current year after sending the audit report.

1. Client Information

1.1 Registered Name: _____

1.2 Address: _____

1.3 Company Registration No: _____

1.4 Legal form of the business

Private Limited Liability Company registered under Company's Act No.7 of 2007	Partnership
Limited Liability Company (other than Listed) registered under Company's Act No.7 of 2007	Other (Describe)

1.5 Client Contacts/Key Client Personnel

Contact Name	Position	Telephone Number

1.6 Ownership Lists

Name	Officer Yes/No	Director Yes/No	Major Shareholder Yes/No	Percentage ownership	Other information

1.6.1 Is there any public information available against the Company and Directors?

☐ Yes ☐ No

If yes, Please provide details

1.7 Organization Structure and Brief Description of the Business (e.g. industry, products or services, major customers, major suppliers):

1.8 Is the business currently in the start-up phase (i.e. started within the past 5 years)?

☐ Yes ☐ No

If yes, indicate the year:

1.9 Financial Information (for the last three years)

1.9.1 Is financial statement information available for all of the last three years?

☐ Yes ☐ No

If no, explain why.

- 1.10 Other Information (e.g. information with regard to the client that may assist in our client and engagement acceptance continuance)

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2. *Engagement Information*

- 2.1 Financial periods covered by the statutory audit: _____

- 2.2 Scoping of the Audit Engagement

Inquiry	Assessment Comments
What is the nature and scope of the audit?	
What accounting framework will be used?	
What is the deadline (if any) for completing the audit?	

- 2.2.1 Does the parent company of the client, or any company in whose consolidated financial statements the client is included, have publicly traded debt or equity securities?

☐ Yes ☐ No

If yes, specify the full names of the companies: (Also attach “**Organizational Chart**” as an appendix to this SMET)

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- 2.2.2 Has management or those charged with governance imposed any type of limitation on the scope of the audit? *(This could include unrealistic deadlines, not accepting certain firm's staff to perform the work, and denial of access to a facility, key personnel, or relevant documents. If such a limitation would result in a disclaimer of opinion, the firm should decline the engagement, unless the firm is required by law or regulation to proceed with the engagement)*

☐ Yes ☐ No

If yes, specify:

--

- 2.3 Are there any industry-specific accounting practices or principles that need to be considered?

☐ Yes ☐ No

If yes, briefly describe.

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- 2.4 Key Client Service Team

Engagement Partner	
Engagement Manager	
Engagement Quality Review Partner (If required)	

3. *Evaluation of Independence and Conflicts of interest*

- 3.1 Is the client already a client of the firm?

☐ Yes ☐ No

If yes identify the types of services provided at present?

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3.2 Review of independence in compliance with Company's Act No.7 of 2007 – Sec. 157. (3) (4) at present or within last two years

3.2.1

Has any Partner/Partners of the firm held any of the following positions in the Company?		Yes	No
a)	A Director or Employee of the Company		
b)	A person who is a partner or in the employment of a director or employee of the company		
c)	A liquidator or an administrator or a person who is a receiver in respect of the property of the company		
d)	Is not a Director or employee, a Partner or in the employment of a Director or employee, a liquidator or an administrator or a person who is a receiver in respect of the property		

(Please note that a "Yes" answer to the above may result in the firm not being able to accept the audit engagement)

3.2.2 If the answer to of above is "Yes", Please state the period of relationship

Nature of the relationship	Period
Eg. Director or Employee	

3.3 Will the above relationship preclude the firm from accepting the audit?

☐ Yes ☐ No

If No, identify the reason for the conclusion

4 Predecessor Auditor

4.1 Is there an external predecessor auditor?

☐ Yes ☐ No

If yes, answer questions 4.2 and 4.3

4.2 Firm name and office :

4.3 Have we written to the predecessor auditor requesting for audit clearance?

☐ Yes ☐ No

Date request sent:

4.3.1 Have we received clearance from the predecessor auditor to accept the assignment?

☐ Yes ☐ No

(Obtaining clearance from the predecessor auditor is a requirement of CA Sri Lanka. A member is in violation of the CA Sri Lanka Code if this process is not followed)

Date request
sent:

4.3.2 Is there any reason given by the predecessor auditor that prevents us from accepting the assignment?

☐ Yes ☐ No

4.3.3 Why the client has decided to change the auditor?

4.4.4 Based on the above conclude on the reason for accepting/declining the engagement

5 Audit Opinion

5.1 Type of opinion issued last year?

☐ Unqualified ☐ Adverse

☐ Qualified ☐ Disclaimer

If Qualified, Adverse or Disclaimer to Question 5.1, the engagement is presumptively greater than low risk.

5.2 Did the prior year audit opinion include a going concern modification?

☐ Yes ☐ No

If you answered Yes to Question 5.2, the engagement is presumptively greater than low risk.

5.3 Was the prior year auditor's opinion modified in any other way?

☐ Yes ☐ No

If yes, describe the modification:

If you answered Yes to Question 5.3, the engagement is presumptively greater than low risk.

6 *Other Significant Considerations*

6.1 Will the engagement require specialized (e.g., industry-specific) knowledge and experience not now available in practice?

☐ Yes ☐ No

If yes, describe the plan to obtain necessary expertise from other offices and/or to develop it within the office. Explain or attach a memorandum.

6.2 Are there any other factors that should be considered in evaluating the prospective client?

☐ Yes ☐ No

If yes, explain or attach a memorandum.

7 *Preparer's Sign Off*

I have completed the audit client and engagement acceptance/continuance from for this client and to the best of my knowledge all of the information is accurate.

Based on my assessment, the overall risk designation is (Low/Moderate/High)

Based on my assessment we should/should not accept the client /engagement

Comments on risk designation and overall conclusion:

Preparer's Title:

Preparer's Signature:

Date:

8 *Conclusions on Client and Engagement Acceptance/Continuance*

8.1 Anticipated Engagement Service Partner

I have considered the integrity of management, the risks (monetary and reputation) to the firm, the ability of the firm to provide quality services, and the professional, business and economic factors regarding this engagement and recommend that the firm should accept/continue this client and engagement?

☐ Yes ☐ No

If No state below the rational for not acceptance/continuions client/engagement

Engagement Service Partner Signature:

Date:

8.2 Declaration- Other Partners

I am satisfied that this recommendation is in compliance with the firm's policy on client acceptance/ continuance and I concur with the acceptance/continuance of this prospective client and the risk rating assigned.

☐ Yes ☐ No

If No, give reasons below

Signature of Partner 1:

[Name of the Partner 1]

Date:

Signature of Partner 2:

[Name of the Partner 2]

Date:

Signature of Partner 3:

[Name of the Partner 3]

Date:

Signature of Partner 4:

[Name of the Partner 4]

Date:

SMET 2: Audit Engagement Letter Template

[Firm's letterhead]

[Date]

[Key client personnel and business address]

Dear Mr/Mrs

[Name of the Client]: Audit Engagement Letter

You have requested that we audit the financial statements of **[Name of the client]** which comprise the statement of financial position as at **[year end]**, and the statement of comprehensive income, statement of changes in equity and statement of cash-flow for the year then ended, and a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Our Responsibilities and Limitations

The objective of our audit is to express an opinion on whether the Company financial statements give a true and fair view of (or present fairly, in all material respects), the financial position, results of operations and cash flows of **[Name of the Client]** in accordance with **[Sri Lanka Accounting Standards or Sri Lanka Accounting Standard for Small-and Medium-sized Entities]** (*Use as appropriate*).

We will conduct our audit in accordance with Sri Lanka Auditing Standards (SLAuS) and CA Sri Lankas Code of Ethics for Professional Accountants (Code) issued by the Institute of Chartered Accountants of Sri Lanka. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with SLAuS.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

Management's Responsibility

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with Sri Lanka Accounting Standards and the requirements of the Companies Act No.7 of 2007.
- (b) 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
- (c) To provide us with:
 - i. Access to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii. Additional information that we may request from you for the purpose of the audit; and
 - iii. Unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence.

The directors are responsible for safeguarding the company's assets and for the prevention and detection of fraud, error and non-compliance with regulatory requirements.

Our audit procedures are designed to provide reasonable assurance that there are no undetected errors or irregularities, including fraud and other illegal acts, material to the financial report. There is an unavoidable risk that audits planned and executed in accordance with SLAuS may not detect a material error or irregularity, particularly where there has been concealment through collusion, forgery and other illegal acts. As audit testing is based on samples it may not result in errors and irregularities being detected. Our audit can only provide reasonable, not absolute, assurance that the financial report is free of material misstatement.

As part of our audit process, we will request from management and, where appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Documents accompanying the audited financial report

Sri Lanka Auditing Standards (SLAuS) require that we read any annual report and any other documents that contain our audit opinion. The purpose of this procedure is to consider whether other information in this document, including the manner of its presentation, is materially inconsistent with information appearing in the audited financial report. We assume no obligation to perform procedures to corroborate such other information as part of our audit

Quality Control

The conduct of our audit in accordance with Sri Lanka Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the quality control review program of CA Sri Lanka/SLAASMB which monitors compliance with professional standards by its members.

We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to the audit will be made available under the review programs outlined above. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Internet communication

During the engagement, we may from time to time communicate with the company electronically. We will take all necessary procedures to ensure integrity of such information shared with us. However, the electronic transmission of information cannot be guaranteed to be secure, error free or virus free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe for use. We shall not have any liability of whatsoever nature to the company arising from or in connection with electronic transfer of communication and information to the company.

Fees

Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

This letter will be effective for future periods unless it is terminated, amended, or superseded.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements.

Yours truly,

[Name of the Engagement Partner]

[Name of the firm]

Acknowledgement on behalf of [Name of the Client] by

[Name of the key Client personnel, Designation and Date]

Note:

- 1) Two copies of this letter should be signed. One copy to be retained by the client and the other copy by the auditor.
- 2) The auditor is required to evaluate annually whether there are significant changes that would require the letter to be re-issued. This letter should be filed in the permanent file and retained till superseded.
- 3) This is a standard letter for an audit engagement which should be customized by the engagement team as appropriate if required. This letter should be customized on the scope of the engagement accepted by the firm.

SMET 3: Overall Audit Strategy Template



(Reference: CA Sri Lanka Audit Manual- Volume 2, Page 43)

Company Name: _____

Reporting Period: _____

Audit Scope				
Describe scope of services				
	Statutory audit report	Reporting to parent company	Management letter	Other (specify):
Reporting requirement				
Significant reporting				
Reporting framework	<input type="checkbox"/> SLFRSs – SLFRS/LKAS <input type="checkbox"/> SLFRS for SMEs	<input type="checkbox"/> SLFRSs – SLFRS/LKAS <input type="checkbox"/> SLFRS for SMEs <input type="checkbox"/> Group Reporting Policy		
Client and Engagement Acceptance/Continuance	Risk designation as <input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High		Reasons for Risk ratings :	
Engagement Letter	Date:..... <input type="checkbox"/> Engagement letter signed by client			

Brief Description of the Client's Business (Including significant changes during the reporting period)

Provide a brief description of the client's business, including its principal activities, main products and services, the industry in which it operates, and the key market forces and environmental factors affecting the entity

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Overall analysis of financial and non-financial information

Based on the analysis done in SMET- 4 Analysis of financial and non-financial information identifies significant variations or unexpected relationships.

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Determine the Complexity of the IT Environment

"No" responses to the following questions generally indicate a low level of complexity. Any "Yes" responses may be indicative of a more complex environment, which generally will require more extensive documentation. The engagement team should discuss any concerns about the complexity of the IT environment with an IT professional.

	Yes	No
Has the client modified its purchased ("off-the-shelf") accounting software or has it internally developed any of its important software applications?		
Does the purchased software allow employees to make (and do they have the technical skills to make) changes to the programs?		
Does the client use more than one computing platform to process accounting and/or business information?		
Does any member of management devote significant time to or have full-time responsibility for the IT environment?		
Is electronic commerce a significant part of the client's business (e.g., extensive use of the Internet for initiating or processing transactions, or extensive use of telecommunications links)?		
Is the business significantly dependent on its information systems (i.e., business would be severely slowed or halted if the systems were down for an extended period)?		
Would the audit require services of an IT professional?		

Summary of significant issues discussed with client

State the date of meeting and names of client officers and firm representation presenters

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Assessment of risk of material misstatement in the financial statements

Based on the detail analysis in “SMET 07 business and fraud risk assessment”, identify significant risks and the related risk response (Identity Changes in the control environment, Fraud that has been perpetrated or any alleged or suspected fraud, including allegations of fraudulent financial reporting and management’s assessment of the risk of material misstatement due to fraud)

Significant Risk	Related Significant accounts	Risk Response

Other audit or accounting issues

	Comments
New/changed accounting standards or internal accounting policies	
New important contracts, agreements, etc.	
Significant transactions outside the course of normal business	
Revenue recognition	
Outcome of prior period estimates	
New accounting estimates	
Any additional matters	

Determine Overall Materiality and Performance Materiality

Detail computation for determining overall materiality could be documented if needed in “SMET 06 – Materiality Computation Template”. Document rationale for the basis used for establishing Overall Materiality/Performance Materiality and the factors considered when determining the percentage applied.

	Amount		Basis
Overall Materiality (OM)		%	
Rationale for OM			
Performance Materiality (PM)		%	
Rationale for PM			

Brief Description of our Overall Audit Strategy

Our overall strategy might include a brief discussion of

- a) Significant audit issues or areas of focus noted and are planned procedures in these areas.*
- b) Engagement staffing, including the need for specialists*
- c) Other matters deemed important to the audit*

Approval and sign off:

Audit Supervisor:

(As the preparer)

Date:

Other team member 1:

Date:

Other team member 2:

Date:

Engagement Manager:

(As the 1st reviewer)

Date:

Engagement Partner:

(As the 2nd reviewer)

Date:

SMET 4: Analysis of Financial and Non-Financial Information

Statement of Comprehensive Income

Company Name: _____

Reporting Period: _____

	200X [Current Year] (A)	200X [Previous Year] (B)	Change (A-B=C) (C)	% Change (C/B*100=D) (D)
Revenue				
Cost of Sales				
Gross Profit				
Gross Profit %				
Selling and Distribution Costs				
Administrative Expenses				
Other Operating Income				
Other Expenses				
Profit Before Tax				
Tax Expenses				
Profit After Tax				

Comments for significant variances noted:

Statement of Financial Position

Company Name: _____

Reporting Period: _____

	200X [Current Year] (A)	200X [Previous Year] (B)	Change (A-B=C) (C)	% Change (C/B*100=D) (D)
Non Current Assets				
Property, plant and Equipment				
Intangible Assets				
Current Assets				
Inventory				
Trade and other receivables				
Other short term financial assets				
Cash and cash equivalents				
Total Assets				
Equity				
Stated Capital				
Retained Earnings				
Other Reserves				
Non Current Liabilities				
Borrowings				
Deferred tax liabilities				
Current liabilities				
Trade and other payables				
Borrowings – Current portion				
Tax liabilities				
Provisions				
Other short term financial liabilities				
Total Equity and Liabilities				

Comments for significant variances noted:

Key Financial Ratios

Key Ratios	Formula	200X [Current Year]	200X [Previous Year]
Trade receivable Days			
Inventory Days			
Trade payable Days			
Return on capital employed			
Return on total assets			
Current Ratio			
Solvency test ratio - Se.57(1)(b) of Companies Act no.7 of 2007 (Going concern considerations)			
[Other]			

Comments

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

SMET 5: Time Budget and Work Allocation Template

Company Name: _____

Reporting Period: _____

	Cost – Staff 1 (Rs)	Cost – Staff 2 (Rs)	Total Cost (Rs)
Risk Assessment			
Risk Response			
Reporting			
Total Staff Hours			
Engagement Manager*			
Other Members (Eg. Tax Expert)*			
Engagement Partner*			
Engagement Quality Reviewer (If required)*			
Total Budgeted Cost (A)			
CY Audit Fee (B)			
Margin [(B-A)/A]			

*Total Hours @ Rate per Hour

Objective/Procedure	Related SMET	Staff 1	Staff 2	Total Budget	Total Actual	Over/ (Under) Budget
RISK ASSESSMENT						
Preliminary Activities						
Engagement Acceptance and Continuance						
Letter of Engagement						
Planning the Audit						
Develop Overall Audit Strategy						
Determine Materiality						
Audit Team Discussion						
Perform Risk Assessment Procedures						
Identify Significant Risk Factors						
Understanding Internal Controls - At Entity Level						
Understanding Internal Controls - At Transactions Level						
Evaluating Internal Control - At Entity Level						
Evaluating Internal Control - At Transactions Level						
A. Cash receipts						
B. Cash Payments						
C. Sales and Trade Receivables						
D. Purchase and Trade Payables						
E. Payroll						
F. Financial Statement Close Process						
G. Accounting Estimates						
H. Related Party						
<i>Assess Risk of Material Misstatements (RMM)</i>						
Supervise and Review Planning Activities						
Total Hours						
Rate per Hour						
Total Cost						
RISK RESPONSE						
Design Detail Audit Plan						
Perform Test of Controls						
A. Cash receipts						
B. Cash Payments						
C. Sales and Trade Receivables						
D. Purchase and Trade Payables						
E. Payroll						
F. Financial Statement Close Process						

Perform Substantive Audit Procedures						
Property, Plant, Equipment and Investment Property						
Intangible Assets						
Investments in group companies, associated undertakings and joint ventures						
Other Investments and Derivatives						
Inventories						
Trade and Other Receivables						
Bank Balance and Cash						
Equity						
Long term Loans						
Trade and Other Payables						
Taxation						
Provisions for liabilities and charges, contingent liabilities and financial commitments						
Perform other Audit Procedures						
Obtain Management Representation						
Review & Supervision of Substantive Audit Procedures						
Total Hours						
Rate per Hour						
Total Cost						

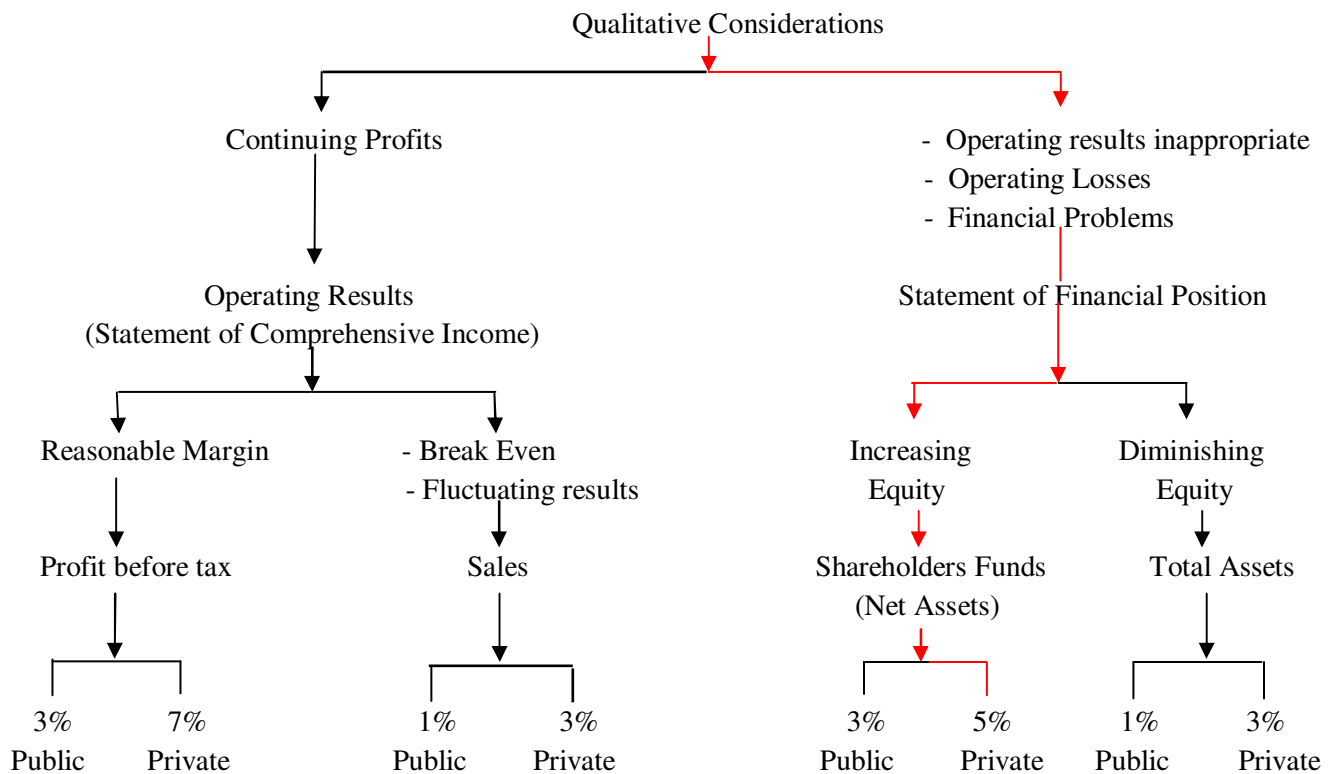
REPORTING						
Evaluate audit Evidence - Summary of Significant Findings						
Perform Overall Financial Statement Review Procedures						
Prepare Summary of Uncorrected Misstatements						
Communicate Audit Results with TCWG						
Prepare Audit Report						
Identify Management Letter Points and Prepare Management Letter						
Review & Supervision of Reporting Work						
Archive the Engagement						
Total Hours						
Rate per Hour						
Total Cost						

SMET 6 - Materiality Computation Template

Company Name: _____

Reporting Period: _____

(Use the below path as a guidance to calculate overall materiality. The path should be selected after concluding on the intended user and their consideration/s)



Summary of Materiality Computation

Basis Selected -		200X	Rationale for selected basis (Planning and completion stage)
		(Rs.)	
Overall Materiality (OM)	Planning Stage		
	Completion Stage		
Performance Materiality (PM) (60% - 85% of OM)	Planning Stage		
	Completion Stage		

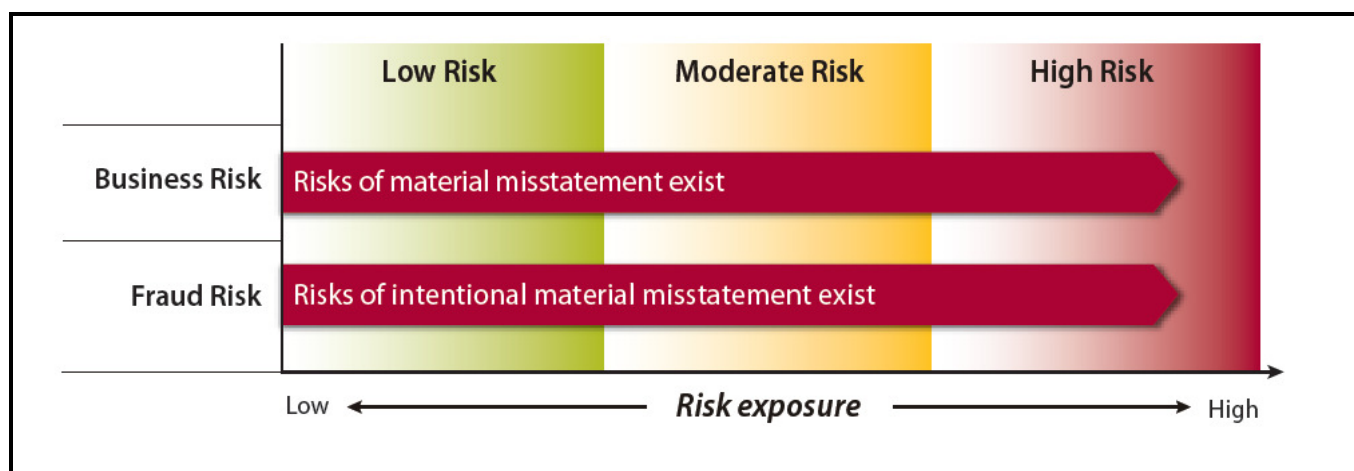
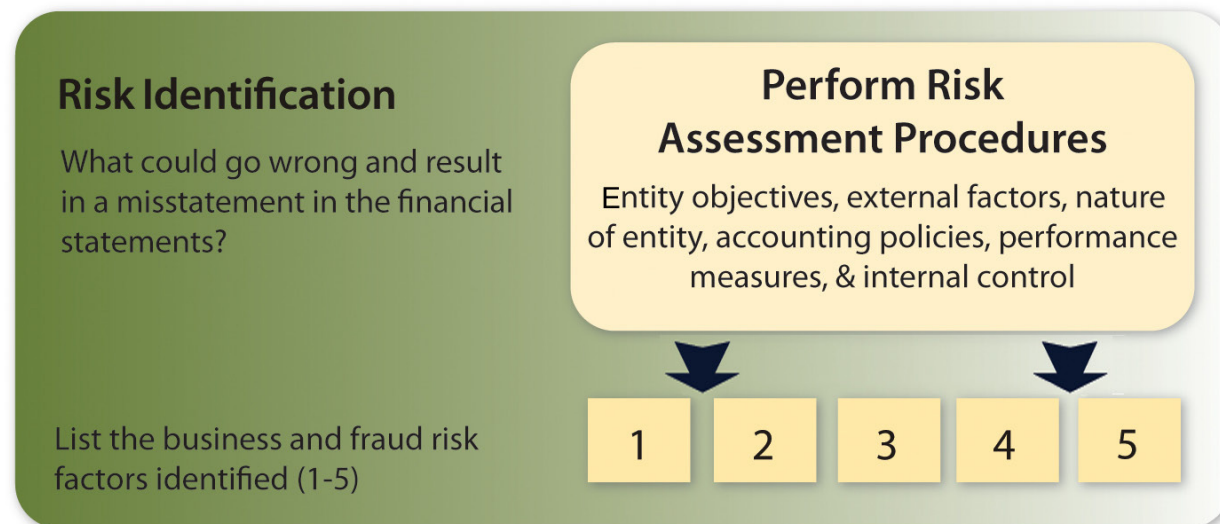
Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

SMET 7: Business and Fraud Risk Assessment Template

Company Name: _____

Reporting Period: _____



(Reference: CA Sri Lanka Audit Manual- Volume 2, Page 80 and 81)

- This template is used to assess overall internal controls and to identify significant risks, including fraud risks.
- Assessment of overall Internal Controls in an entity is carried out using a sample of common questions. The team should add any other factors that they feel are important in assessing overall internal control environment and identifying significant risks.
- Auditor should use Professional judgment to assess inherent risk as high or moderate or low and also to identify any significant risks.

Assessment of overall internal controls

1. Control Environment

1.1 Communication and enforcement of integrity and ethical values

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Policies regarding the client's values and behavioral standards and codes of conduct (written or adequately communicated via other means)					
	Effective means of communicating and supporting the client's values or ethics.					
	Management is of high integrity based on past experience and our current knowledge					
	Management and/or key executives lead by example					
	[Other matters]					

1.2 Participation by those charged with governance

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Adequate communications among those charged with governance, and external auditors (and internal auditors if applicable)					
	Those charged with governance are sufficiently independent of management.					
	Adequate number of meetings, or the matters discussed are appropriate.					
	Those charged with governance adequately scrutinize activities, e.g., difficult questions are raised and pursued with management.					
	Those charged with governance are adequately involved in financial reporting process.					
	Size and composition of the board or those charged with governance is appropriate given the company's industry and stage of growth.					
	[Other matters]					

1.3 Management philosophy and operating style

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Domination of management by one or a few individuals with effective oversight by those charged with governance					
	Entrepreneur and /or management has a proven track record in this or other business					
	Non-financial management's excessive participation in, or preoccupation with, the selection of accounting principles or the determination of significant estimates.					
	Management's is interested in maintaining or increasing the company's earnings trend.					
	There are conditions (external or internal) that might create pressure on management to adopt an unduly aggressive financial reporting bias (e.g., maximize income or earnings growth, smooth reported earnings, minimize taxable income)					
	Management gives appropriate attention to internal control, including the effects of information system processing.					
	Management does not correct known reportable conditions on timely basis.					
	Management sets unduly aggressive financial targets and expectations for operating personnel					
	A significant portion of compensation is derived from bonuses, or other incentives, the value of which is contingent upon the entity achieving unduly aggressive targets for operating results or financial position					
	Personal accounts of entrepreneur and/or key executives are segregated from those of the business					
	Management is aggressive in selecting accounting principles and determining the estimates					
	Management commits to analysts, creditors and other third parties to achieve what appear to be unduly aggressive or unrealistic forecasts.					
	Management consult us on significant matters relating to internal control and accounting issues					
	There is a history of statutory law violations or claims against the client or its entrepreneur/ management alleging fraud or violations of statutory laws					
	[Other matters]					

1.4 *Organizational structure and assignment of authority and responsibility*

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Overall complex organizational structure involving numerous or unusual legal entities, managerial lines of authority, or contractual arrangements without apparent business purpose.					
	Appropriate management oversight (for example, adequate supervision or monitoring of accounting personnel, information system, or remote locations)					
	High turnover of senior management.					
	Appropriate system of authorization and approval of transactions					
	Clear assignment of responsibilities, including those specific to information systems processing and program development.					
	Commitment by management to providing sufficient accounting and financial personnel to keep pace with the growth of the business					
	If the entity is a subsidiary, division or branch, the parent company to exercise effective controls (e.g., standardized financial reporting requirements, monitoring of reported results, internal audit visits)					
	[Other matters]					

1.5 *Human resources policies and procedures and commitment to competence*

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Adequate standards and procedures for hiring, promoting, compensating or terminating personnel.					
	Job applicant screening procedures relating to employees with access to assts susceptible to misappropriation.					
	Written job descriptions informing personnel of their duties (or, in the absence of written documentation, communication of job responsibilities and expectations).					
	Employees with access to cash, securities, and other valuable assets are not bonded.					
	[Other matters]					

Inherent Risk Assessment _____ *(Low/Moderate/High)*
(Control Environment)

2. Risk Assessment

2.1 Information about the entity

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Unusually rapid growth or unusually high profitability especially compared with those of other companies in the same industry.					
	High degree of competition or market saturation, accompanied by declining margins.					
	Declining industry with increasing business failures.					
	Rapid changes in industry, such as significant declines in customer demand, high vulnerability to rapidly changing technology or rapid product obsolescence.					
	[Other matters]					

2.2 Operations

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Changes in entity's operating environment.					
	New personnel in key financial or operating positions.					
	New or revamped information systems.					
	Significant new lines, products, or activities					
	Significant operations in countries where business practices are questionable.					
	Especially high vulnerability to changes in interest rates.					
	Small number of transactions that have a material effect on the client.					
	High level of sales returns.					
	Assets are susceptible to misappropriation, such as large amount of cash or assets easily convertible into cash; goods in inventory are small in size, high in value, or high in demand; fixed assets are small, marketable, or lack ownership identification.					
	[Other matters]					

2.3 Financial Condition

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Threat of imminent bankruptcy or foreclosure.					
	Severely deteriorating financial condition or liquidity.					
	Inadequate capital base to be competitive.					
	Limited access to capital to sustain operations.					
	Marginal ability to meet debt repayment requirements.					
	Compliance with restrictive loan covenants is difficult to maintain.					
	Inability to generate cash flows from operations while reporting earnings and earnings growth.					
	Operating losses or significant deterioration in earnings.					
	Poor or deteriorating financial position when the entrepreneur and/ or key executives have personally guaranteed significant debts of the entity.					
	[Other matters]					

2.4 Accounting

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Public criticism or litigation involving accounting, financial reporting, or business practices of the client or of companies in one or more of its industries.					
	New accounting, statutory, or regulatory requirements that could impair the financial stability or profitability of the client.					
	Adverse consequences on significant pending transactions, such as business combination or contract award, if poor financial results are reported.					
	Assets. Liabilities, revenues, or expenses are based on significant estimates that involve unusually subjective judgments or uncertainties, or that are subject to potential significant changes in the near term in a manner that may have a financially disruptive effect on the client.					
	An extraordinary volume of shipment shortly before or at year end quarter ends.					
	Restatement of the prior year's financial statements for the correction of an error.					
	[Other matters]					

2.5 Related Parties

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Significant related party transactions not in the ordinary course of business or with related entities not audited or audited by another firm.					
	Other auditors involved with related entities (or in the annual audit), or some related entities not audited.					
	[Other matters]					

Inherent Risk Assessment _____ (*Low/Moderate/High*)
(*Risk Assessments*)

3. *Information system and control activities*

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Ability to prepare accurate and timely financial reports, including interim reports.					
	Entrepreneur and/or key executives routinely monitor or review interim financial information (e.g., monthly financial statements) or arrange for timely investigation and follow-up on unusual or unexpected variances.					
	Planning and reporting systems (such as business planning; budgeting, forecasting) that adequately set forth management's plans and the results of actual performance.					
	Adequate methods of identifying and communicating variances from planned performances.					
	Adequate policies for developing and modifying accounting systems and controls, including changes to and use of computer programs and/or data files.					
	Overall coordination between the accounting and data processing functions.					
	Understaffed accounting department, inexperienced or ineffective accounting personnel, or high turnover.					
	Timely and appropriate documentation for transactions.					
	[Other matters]					

Inherent Risk Assessment _____ (*Low/Moderate/High*)
(*Information system and control activities*)

4. **Monitoring**

Yes/No	Related factor	Inherent Risk			Significant Risk?	
		Low	Moderate	High	Yes	No
	Adequate monitoring of the continued functioning of the significant controls.					
	Reportable conditions/material weaknesses in internal controls.					
	High level of customer complaints					
	Control-related recommendations from external and/or internal auditors are ignored.					
	Entrepreneur/owner/manager actively involved in the business.					
	[Other matters]					

Inherent Risk Assessment _____ (*Low/Moderate/High*)
(*Monitoring*)

Overall Inherent Risk Assessment

Internal Control Component	Overall Inherent Risk		
	Low	Moderate	High
1. The control environment			
2. Risk assessment			
3. Information system and control activities			
4. Monitoring			

5. *Inquiries regarding the risks of material misstatement due to of fraud*

Auditors inquire of management (and others, including those charged with governance, unless all are involved in managing the entity, and internal audit, as appropriate), as to whether they have knowledge of any actual or suspected fraud.

Auditors also inquire of management about:

- *Management's assessment of the risks of material misstatement due to fraud, including the nature, extent and frequency of such assessments.*
- *Management's process for identifying and responding to risks of fraud in the entity, including any risks of fraud that have been identified by management or brought to management's attention. We pay particular attention to controls designed to identify fraud or to prevent frauds from occurring.*
- *Management's communication, if any, to those charged with governance regarding its process for identifying and responding to the risk of fraud*
- *Management's communication to employees regarding its views on business practices and ethical behavior.*

Name	Title	Date of inquiries
Matters discussed:		

6. ***Fraud risk factors***

Indicate any risk factors for fraudulent financial reporting or the misappropriation of assets. In the context of the related incentives/pressures, opportunities and attitudes, evaluate the type, magnitude, likelihood and pervasiveness of the risk to determine whether they represent a risk of material misstatement due to fraud. Our consideration includes an evaluation of whether the selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.

Fraud risk factors involving management

Fraud risk factors involving employees

7. Risk identification, Related significant accounts and Risk response

Document below significant risks identified based on overall internal control assessment and fraud discussion. Also document related significant accounts and risk response.

Significant Risk	Financial Statement Implication	Related Significant Accounts	Risk Response

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

SMET 8: Understand Significant Business Processes (SBP), Perform Walkthrough and Test of Controls-Cash Receipts

Company Name: _____

Reporting Period: _____

Background

We obtain an understanding of the significant business processes to identify and understand;

- What risks require mitigation and
- Controls designed to mitigate such risks

(Discuss with client to gain an understanding of the Cash receipt process and identify designated persons to perform following key activities; indicate designation only)

Our understanding of the Critical Business Process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
Opens mail and lists cheques				
Handles receipts of currency				
Prepares bank deposits				
Compares listing of cheques to bank deposit				
Maintains cash receipts journal				
Maintains trade receivable records				
Reconciles bank accounts				
Authorizes write-offs of uncollectible accounts				
Reconciles trade receivable records to the general ledger				
Controls the accuracy, completeness of, and access to cash receipts programs and data files				

Provide any other details below or in an attachment that are necessary to understand and initiation, recording, processing and reporting of the transactions, including major input and output sources, if not included in the description above: (Use a separate memorandum for detail documentation, if required)

Inherent Risk Considerations

The following factors should be considered in our assessment of inherent risk for the significant accounts affected by cash receipts. 'Yes' responses generally would indicate support of a low inherent risk assessment for the significant accounts affected. Conversely, 'No' responses generally would indicate a high inherent risk assessment for those accounts.

	Yes	No
Are there receipts from cash?	<input type="checkbox"/>	<input type="checkbox"/>
Are there receipts from cheques?	<input type="checkbox"/>	<input type="checkbox"/>
Are there receipts from bank standing order/Direct Deposit?	<input type="checkbox"/>	<input type="checkbox"/>
Is the number of customers and volume of activity consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are cash receipts processed and recorded at a single location?	<input type="checkbox"/>	<input type="checkbox"/>
Has our prior experience with the client been favorable in this area (e.g., few errors or adjustments in the significant accounts affected by this application)	<input type="checkbox"/>	<input type="checkbox"/>

Overall Inherent Risk Assessment: _____ (Low/Moderate/High)

Risk Considerations (What risks requires mitigation) and Related Controls

Risk Considerations	Relevant Controls	Risk Response
Are cash receipts deposited in the bank at least daily?		Refer "Test of control Procedures and SMET 17- Detail Audit Plan (Related Significant Accounts)
Are unpaid trade receivable timely followed up and collected?		
Is someone responsible for ensuring a proper cutoff (i.e., all cash receipts are recorded in the period received)?		
Are bank reconciliations performed and reviewed by supervisory personnel, with reconciling items followed-up on and resolved in a timely manner?		
Is the trade receivable listing reconciled to the general ledger and reviewed by supervisory personnel, with reconciling items followed-up on and resolved in a timely manner?		

Perform Walkthrough

Describe the walkthrough procedures to confirm understanding of the design of the controls and that they have been implemented. As team walk through the prescribed procedures and controls, team should ask personnel to describe their understanding of the control activities and demonstrate how they are performed.

A) Walkthrough procedures			
Transaction selected for walkthrough:			
Individual(s) we talked with to confirm our understanding:		Date:	
Description of the walkthrough procedures performed:			
B) Segregation of incompatible duties, authorization and management override of controls	Yes	No	Additional observations
a. Was anything noted in our background confirmation walkthrough procedures that would indicate there are incompatible duties?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the incompatible duties represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further documentation and the related effect on our audit strategy.			
b. Was anything noted in our walkthrough procedures that would indicate there are issues related to authorization?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the authorization issues represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further documentation and the related effect on our audit strategy.			

c. Was anything noted in our walkthrough of controls that indicate the potential for management override of controls or that such override may have occurred?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Does the potential for management override of controls represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

C) Conclusion	Yes	No	N/A	Additional observations
Did our walkthrough procedures confirm our understanding of the routine significant business processes?	<input type="checkbox"/>	<input type="checkbox"/>		
Did our walkthrough procedures confirm that the controls have been properly designed and implemented?	<input type="checkbox"/>	<input type="checkbox"/>		

Test of Control Procedures

If our understanding confirms that the entity has an effective business process, the audit team has the option of selecting the test of controls as an audit strategy.

	Test of Control Procedures	Detail	Key Findings	Working Paper Reference
1.				
2.				

Engagement teams should document above the testing procedures relating to the controls identified. Document in detail the nature, timing and extent of our test of controls.

Overall Control Risk Assessment: _____ (Low/Moderate/High)

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

SMET 9: Understand Significant Business Processes (SBP), Perform Walkthrough and Test of Controls-Payments

Company Name: _____

Reporting Period: _____

Background

We obtain an understanding of the significant business processes to identify and understand;

- What risks require mitigation and
- Controls designed to mitigate such risks

(Discuss with client to gain an understanding of the Cash payment process and identify designated persons to perform following key activities; indicate designation only)

Our Understanding of the Critical Business Process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
Listing of items to be paid (e.g., cash requirements listing) prepared				
Cheques prepared and matched with support				
Cheques (and voucher package) reviewed and approved for payments)				
Cheques signed				
Cheques mailed				
Cash payments journal prepared				
Cash payments journal summarised and posted to the general ledger				
Paid invoices removed from trade payables detail or vendor master file				

Provide any other details below or in an attachment that are necessary to understand and initiation, recording, processing and reporting of the transactions, including major input and output sources, if not included in the description above: (Use a seperate memorandum for detail documentation, if required)

Inherent Risk Considerations

The following factors should be considered in our assessment of inherent risk for the significant accounts affected by cash payments. ‘Yes’ responses generally would indicate support of a low inherent risk assessment for the significant accounts affected. Conversely, ‘No’ responses generally would indicate a high inherent risk assessment for those accounts.

	Yes	No
Are cash payment transactions relatively non-complex and/or homogeneous in nature?	<input type="checkbox"/>	<input type="checkbox"/>
Is the volume of activity low and consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are payments made only by cheque?	<input type="checkbox"/>	<input type="checkbox"/>
Is the number of customers and volume of activity consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are cash payments processed and recorded at a single location?	<input type="checkbox"/>	<input type="checkbox"/>
Has our prior experience with the client been favorable in this area (e.g., few errors or adjustments in the significant accounts affected by this application)?	<input type="checkbox"/>	<input type="checkbox"/>

Overall Inherent Risk Assessment: _____ (Low/Moderate/High)

Risk Considerations (What risks requires mitigation) and Related Controls

Risk Considerations	Relevant Controls	Risk Response
Are bank reconciliations performed and reviewed by supervisory personnel, with reconciling items followed-up on and resolved in a timely manner?		Refer “Test of control Procedures and SMET 17- Detail Audit Plan (Related Significant Accounts)
Is someone responsible for ensuring a proper cutoff (i.e., all cash payments are recorded in the period received)?		
Are cash payment journals reviewed both for unusual items and gaps in the numerical sequence of payments?		
Is appropriate documentation (e.g., voucher package) included when cheques are prepared and signed?		
Are all electronic transfers of funds properly approved?		
Are there only a few authorized signers?		
Are limits established for cheque signing authority or are cheques over a certain amount required to be counter-signed?		
Is access to blank cheques controlled?		
Is access to internet keys for remote banking controlled?		

Perform Walkthrough

Describe the walkthrough procedures to confirm understanding of the design of the controls and that they have been implemented. As team walk through the prescribed procedures and controls, team should ask personnel to describe their understanding of the control activities and demonstrate how they are performed.

A) Walkthrough procedures			
Transaction selected for walkthrough:			
Individual(s) we talked with to confirm our understanding:		Date:	
Description of the walkthrough procedures performed:			
B) Segregation of incompatible duties, authorization and management override of controls	Yes	No	Additional observations
a. Was anything noted in our background confirmation walkthrough procedures that would indicate there are incompatible duties?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the incompatible duties represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further documentation and the related effect on our audit strategy.			
b. Was anything noted in our walkthrough procedures that would indicate there are issues related to authorization?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the authorization issues represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	

If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			
c. Was anything noted in our walkthrough of controls that indicate the potential for management override of controls or that such override may have occurred?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Does the potential for management override of controls represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

C) Conclusion	Yes	No	N/A	Additional observations
Did our walkthrough procedures confirm our understanding of the routine significant business processes?	<input type="checkbox"/>	<input type="checkbox"/>		
Did our walkthrough procedures confirm that the controls have been properly designed and implemented?	<input type="checkbox"/>	<input type="checkbox"/>		

Test of Control Procedures

If our understanding confirms that the entity has an effective business process, the audit team has the option of selecting the test of controls as an audit strategy.

	Test of Control Procedures	Detail	Key Findings	Working Paper Reference
1.				
2.				

Engagement teams should document above the testing procedures relating to the controls identified. Document in detail the nature, timing and extent of our test of controls.

Overall Control Risk Assessment: _____ (Low/Moderate/High)

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

SMET 10: Understand Significant Business Processes (SBP), Perform Walkthrough and Test of Controls- Sales And Trade Receivables

Company Name: _____

Reporting Period: _____

Background

We obtain an understanding of the significant business processes to identify and understand;

- What risks require mitigation and
- Controls designed to mitigate such risks

(Discuss with client to gain an understanding of the sales and trade receivable process and identify designated persons to perform following key activities; indicate designation only)

Our understanding of the critical business process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
Customer places sales order and order input into the system				
Credit and/or credit terms approved				
Order filled and readied for shipment				
Shipping documents prepared				
Order shipped/delivered to or picked up by customer				
Sales invoices prepared				
Prices (or deviations from standard prices) approved				
Invoices reviewed for accuracy and mailed/delivered to customers				
Sales journal produced				
Sales journal summarised and posted to general ledger and receivables detail				

Briefly describe the client's revenue recognition policy, including standard billing and collection terms:

Briefly describe client's credit terms and credit authorization procedures, as well as procedures for identifying and writing off uncollectible accounts and for establishing the allowance for doubtful accounts:

Briefly describe the client's procedures for sales returns and allowances and the issuance of credit memos:

Provide any other details below or in an attachment that are necessary to understand and initiation, recording, processing and reporting of the transactions, including major input and output sources, if not included in the description above: (Use a separate memorandum for detail documentation, if required)

Inherent Risk Considerations

The following factors should be considered in our assessment of inherent risk for the significant accounts affected by sales and trade receivables. 'Yes' responses generally would indicate support of a low inherent risk assessment for the significant accounts affected. Conversely, 'No' responses generally would indicate a high inherent risk assessment for those accounts.

	Yes	No
Are sales transactions relatively non-complex and/or homogeneous in nature?	<input type="checkbox"/>	<input type="checkbox"/>
Is the volume of sales activity (including the number of customers and products) low and consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are the types of customers consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are all sales made from a single location?	<input type="checkbox"/>	<input type="checkbox"/>
Can the timing of the revenue recognition be clearly established?	<input type="checkbox"/>	<input type="checkbox"/>
Are all sales unconditional (i.e., few, if any, sales on a trial basis or with a right of return)?	<input type="checkbox"/>	<input type="checkbox"/>
Is the volume of returns (and credit notes) low?	<input type="checkbox"/>	<input type="checkbox"/>
Are customer rebates, charge-backs, and credit notes insignificant?	<input type="checkbox"/>	<input type="checkbox"/>
Do clients have the right to return goods at their discretion?	<input type="checkbox"/>	<input type="checkbox"/>
Has our prior experience with the client been favorable in this area (e.g., few errors or adjustments in the significant accounts affected by this application)?	<input type="checkbox"/>	<input type="checkbox"/>

Overall Inherent Risk Assessment: _____(Low/Moderate/High)

Risk Considerations (What risks requires mitigation) and Related Controls

Risk Considerations	Relevant Controls	Risk Response
Is the trade receivable listing reconciled to the general ledger and reviewed by supervisory personnel, with reconciling items followed-up and resolved in a timely manner?		Refer "Test of control Procedures and SMET 17- Detail Audit Plan (Related Significant Accounts)
Is someone responsible for ensuring a proper cutoff (i.e., all sales are recorded in the period in which goods are shipped or services are performed)?		
Are unmatched sales orders and invoices investigated in a timely manner?		
Are pre-numbered invoices used to document all sales transactions?		
Is the modification of standard pricing by sales personnel or management properly authorized?		

Perform Walkthrough

Describe the walkthrough procedures to confirm understanding of the design of the controls and that they have been implemented. As team walk through the prescribed procedures and controls, team should ask personnel to describe their understanding of the control activities and demonstrate how they are performed.

A) Walkthrough procedures			
Transaction selected for walkthrough:			
Individual(s) we talked with to confirm our understanding:		Date:	
Description of the walkthrough procedures performed:			
B) Segregation of incompatible duties, authorization and management override of controls		Yes	No
a. Was anything noted in our background confirmation walkthrough procedures that would indicate there are incompatible duties?		<input type="checkbox"/>	<input type="checkbox"/>
If we answered "Yes" to the above: Do the incompatible duties represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?		<input type="checkbox"/>	<input type="checkbox"/>
If we answered "Yes" to the above, provide further documentation and the related effect on our audit strategy.			
b. Was anything noted in our walkthrough procedures that would indicate there are issues related to authorization?		<input type="checkbox"/>	<input type="checkbox"/>
If we answered "Yes" to the above: Do the authorization issues represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?		<input type="checkbox"/>	<input type="checkbox"/>
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

c. Was anything noted in our walkthrough of controls that indicate the potential for management override of controls or that such override may have occurred?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Does the potential for management override of controls represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

C) Conclusion	Yes	No	N/A	Additional observations
Did our walkthrough procedures confirm our understanding of the routine significant business processes?	<input type="checkbox"/>	<input type="checkbox"/>		
Did our walkthrough procedures confirm that the controls have been properly designed and implemented?	<input type="checkbox"/>	<input type="checkbox"/>		

Test of Control Procedures

If our understanding confirms that the entity has an effective business process, the audit team has the option of selecting the test of controls as an audit strategy.

Test of Control Procedures	Detail	Key Findings	Working Paper Reference
1.			
2.			
3.			

Engagement teams should document above the testing procedures relating to the controls identified. Document in detail the nature, timing and extent of our test of controls.

Overall Control Risk Assessment: _____ (Low/Moderate/High)

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

SMET 11: Understand Significant Business Processes (SBP), Perform Walkthrough and Test of Controls- Purchase and Trade Payables

Company Name: _____

Reporting Period: _____

Background

We obtain an understanding of the significant business processes to identify and understand;

- What risks require mitigation and
- Controls designed to mitigate such risks

(Discuss with client to gain an understanding of the purchase and trade payables process and identify designated persons to perform following key activities; indicate designation only)

Our understanding of the critical business process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
Purchase requisition prepared				
Purchase requisition approved				
Purchase order issued				
Goods/services received and inspected/approved				
Receiving report prepared				
Receipt of inventory (materials) entered into inventory perpetual system				
Invoice received and matched with purchase order and receiving report				
Invoice reviewed for accuracy, account code assigned, and transaction entered into the system				
Purchase journal produced				
Purchase journal summarised and posted to general ledger and creditor detail				

Provide any other details below or in an attachment that are necessary to understand and initiation, recording, processing and reporting of the transactions, including major input and output sources, if not included in the description above: (Use a separate memorandum for detail documentation, if required)

--

Inherent Risk Considerations

The following factors should be considered in our assessment of inherent risk for the significant accounts affected by purchases and trade payables. ‘Yes’ responses generally would indicate support of a low inherent risk assessment for the significant accounts affected. Conversely, ‘No’ responses generally would indicate a high inherent risk assessment for those accounts.

	Yes	No
Are purchase transactions relatively non-complex and/or homogeneous in nature?	<input type="checkbox"/>	<input type="checkbox"/>
Is the volume of activity and the number and type of suppliers low and consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Are suppliers rebate, charge-backs, and debit memoranda insignificant?	<input type="checkbox"/>	<input type="checkbox"/>
Are all purchases made from a single location?	<input type="checkbox"/>	<input type="checkbox"/>
Considering the nature of purchase items, is it difficult for employees to easily resell these items without the company’s knowledge?	<input type="checkbox"/>	<input type="checkbox"/>
Has our prior experience with the client been favorable in this area (e.g., few errors or adjustments in the significant accounts affected by this application)?	<input type="checkbox"/>	<input type="checkbox"/>

Overall Inherent Risk Assessment: _____ (Low/Moderate/High)

Risk Considerations (What risks requires mitigation) and Related Controls

Risk Considerations	Relevant Controls	Risk Response
Is the trade payable listing reconciled to the general ledger and reviewed by supervisory personnel, with reconciling items followed-up and resolved in a timely manner?		Refer ‘Test of control Procedures and SMET 17- Detail Audit Plan (Related Significant Accounts)
Is someone responsible for ensuring a proper cutoff (i.e., all purchases are recorded in the period in which goods are received or services are performed)?		
Are unmatched purchase orders, receiving reports, and invoices investigated in a timely manner?		
Are purchase authorization limits established?		

c. Was anything noted in our walkthrough of controls that indicate the potential for management override of controls or that such override may have occurred?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Does the potential for management override of controls represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

C) Conclusion	Yes	No	N/A	Additional observations
Did our walkthrough procedures confirm our understanding of the routine significant business processes?	<input type="checkbox"/>	<input type="checkbox"/>		
Did our walkthrough procedures confirm that the controls have been properly designed and implemented?	<input type="checkbox"/>	<input type="checkbox"/>		

Test of Control Procedures

If our understanding confirms that the entity has an effective business process, the audit team has the option of selecting the test of controls as an audit strategy.

	Test of Control Procedures	Detail	Key Findings	Working Paper Reference
1.				
2.				
3.				

Engagement teams should document above the testing procedures relating to the controls identified. Document in detail the nature, timing and extent of our test of controls.

Overall Control Risk Assessment: _____ (Low/Moderate/High)

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

SMET 12: Understand Significant Business Processes (SBP), Perform Walkthrough and Test of Controls-Payroll

Company Name: _____

Reporting Period: _____

Background

We obtain an understanding of the significant business processes to identify and understand;

- What risks require mitigation and
- Controls designed to mitigate such risks

(Discuss with client to gain an understanding of the payroll process and identify designated persons to perform following key activities; indicate designation only)

Our understanding of the critical business process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
New hires and terminations approved				
Pay rates reviewed and approved				
Time cards/reports prepared and information (hours,etc.) input or transferred into the payroll system				
Payroll calculated using pay rates in employee master file (including salaried employees)				
Payroll cheques prepared				
Payroll approved and cheques signed				
Payroll cheques distributed or mailed (or direct deposit made)				
Payroll journal prepared				
Payroll journal summarized and posted to general ledger				

Provide any other details below or in an attachment that are necessary to understand and initiation, recording, processing and reporting of the transactions, including major input and output sources, if not included in the description above: (Use a separate memorandum for detail documentation, if required)

Inherent Risk Considerations

The following factors should be considered in our assessment of inherent risk for the significant accounts affected by payroll. ‘Yes’ responses generally would indicate support of a low inherent risk assessment for the significant accounts affected. Conversely, ‘No’ responses generally would indicate a high inherent risk assessment for those accounts.

	Yes	No
Is the volume of activity (including the number of employees, and changes in employee basis) low and consistent with the prior year?	<input type="checkbox"/>	<input type="checkbox"/>
Is the level of activity (i.e., hours worked) consistent throughout the year?	<input type="checkbox"/>	<input type="checkbox"/>
Are payments made only by cheque or direct deposit (i.e., no payments in cash)?	<input type="checkbox"/>	<input type="checkbox"/>
Is there consistency in the nature of services rendered by employees (i.e., employees or groups of employees do not perform different tasks at different wage rates)?	<input type="checkbox"/>	<input type="checkbox"/>
Is payroll processed at a single location?	<input type="checkbox"/>	<input type="checkbox"/>
Is payroll processed by a service provider?	<input type="checkbox"/>	<input type="checkbox"/>
Is the owner-manager familiar with most, if not all, of the employees?	<input type="checkbox"/>	<input type="checkbox"/>
Has our prior experience with the client been favorable in this area (e.g., few errors or adjustments in the significant accounts affected by this application)?	<input type="checkbox"/>	<input type="checkbox"/>
Does financial management review compliance with social contribution and withholding tax requirements?	<input type="checkbox"/>	<input type="checkbox"/>
Does the company make significant use of temporary work?	<input type="checkbox"/>	<input type="checkbox"/>
Does the company outsource activities on the Company’s premises (e.g., cooperative)?	<input type="checkbox"/>	<input type="checkbox"/>

Overall Inherent Risk Assessment: _____ (Low/Moderate/High)

Risk Considerations (What risks requires mitigation) and Related Controls

Risk Considerations	Relevant Controls	Risk Response
Are bank reconciliations performed and reviewed by supervisory personnel, with reconciling items followed-up and resolved in a timely manner?		Refer “Test of control Procedures and SMET 17- Detail Audit Plan (Related Significant Accounts)
Is the employee master file, including pay rates, maintained independent of accounting and operations?		
Does the calculation of accrued vacation pay consider the actual days of vacation earned as of the calculation date and used as of the same date? Is this reviewed for reasonableness?		
If an outside payroll service is used, does someone compare information received from the payroll service organization to data submitted by the client maintained in the payroll file (i.e., comparison of input and output)?		
Are social contribution and tax withholding payments reviewed by finance manager in addition to payroll manager?		

Perform Walkthrough

Describe the walkthrough procedures to confirm understanding of the design of the controls and that they have been implemented. As team walk through the prescribed procedures and controls, team should ask personnel to describe their understanding of the control activities and demonstrate how they are performed.

A) Walkthrough procedures			
Transaction selected for walkthrough:			
Individual(s) we talked with to confirm our understanding:		Date:	
Description of the walkthrough procedures performed:			
B) Segregation of incompatible duties, authorization and management override of controls	Yes	No	Additional observations
a. Was anything noted in our background confirmation walkthrough procedures that would indicate there are incompatible duties?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the incompatible duties represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further documentation and the related effect on our audit strategy.			
b. Was anything noted in our walkthrough procedures that would indicate there are issues related to authorization?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Do the authorization issues represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

c. Was anything noted in our walkthrough of controls that indicate the potential for management override of controls or that such override may have occurred?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above: Does the potential for management override of controls represent a deficiency in the design of controls that is not sufficiently mitigated by other management actions or controls that have been identified?	<input type="checkbox"/>	<input type="checkbox"/>	
If we answered "Yes" to the above, provide further Documentation and the related effect on our audit strategy.			

C) Conclusion	Yes	No	N/A	Additional observations
Did our walkthrough procedures confirm our understanding of the routine significant business processes?	<input type="checkbox"/>	<input type="checkbox"/>		
Did our walkthrough procedures confirm that the controls have been properly designed and implemented?	<input type="checkbox"/>	<input type="checkbox"/>		

Test of Control Procedures

If our understanding confirms that the entity has an effective business process, the audit team has the option of selecting the test of controls as an audit strategy.

	Test of Control Procedures	Detail	Key Findings	Working Paper Reference
1.				
2.				
3.				

Engagement teams should document above the testing procedures relating to the controls identified. Document in detail the nature, timing and extent of our test of controls.

Overall Control Risk Assessment: _____ (Low/Moderate/High)

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

SMET 13: Understand Accounting Estimates Process

Company Name: _____

Reporting Period: _____

Name of Estimate: _____

Understand the Accounting Estimate

Obtain an understanding of how management makes the accounting estimate and how data on which the accounting estimate is based is generated.

Briefly describe the important elements of the entity's estimation process (Inputs, methods used to calculate and key assumptions, output)

--

Consideration	Response
Is the method used based on that prescribed by the financial reporting framework? If not, is the method appropriate e.g., is the method used common to the industry or environment in which the entity operates?	
Has there been, or ought to have been, a change in the method from prior period?	
Has management assessed the effect of estimation uncertainty? <i>Estimation uncertainty is the susceptibility of the accounting an estimate and related disclosures to an inherent lack of precision in its measurement.</i>	
How does the management determine the completeness, relevance and accuracy of the data used in the calculation of the estimate?	
Who prepares, reviews, and approves the estimate, including the assumptions used?	
Are there appropriate segregation of duties between those committing the entity to the transactions giving rise to the estimates and those calculating and authorizing the estimate?	
Has management used an expert?	

Review of Relevant Prior Year Estimates

Does the outcome support the effectiveness of the process in the prior year?	
Were the assumption applied considered appropriate?	
As we consider this and other estimates are there indications of management bias?	

Significant Risk Identified

--

Risk Response (Include a summary of key risk response)

--

Conclusions (Based on risk response results)

Procedure	Key Findings
Base on the audit evidence is the estimate reasonable in the context of the financial reporting framework?	
Are there indicators of possible management bias in the calculation of the estimate?	
Do we require specific written representations from managements?	

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

SMET 14: Understand the Financial Statement Close Process

Company Name: _____

Reporting Period: _____

Background

We understand and evaluate the design and operation of the financial statement close process (FSCP) and the relevant controls used by the entity to initiate, authorize, and record journal entries. The FSCP transforms the transactions reflected in the entity's accounting records into financial statements and related disclosures, and represents a separate significant business process. The extent of our understanding is determined by the complexity of the FSCP.

Understanding the Critical Business Process

Key Activities	Authorization	Custody of Assets	Recording	Control Activity
Prepare the trial balance				
Prepare the consolidations (if applicable)				
Reconcile significant accounts to subsidiary ledgers				
Accumulate, prepare and record post-closing journal entries				
Draft the financial statements				
Prepare information resulting in financial statement disclosures associated with all significant accounts				
Prepare information resulting in financial statement disclosures that are not related to specific significant account and require specially extracted data (e.g. related party transactions, contingencies etc.)				
Prepare final reports (e.g., directors' report)				
Prepare analyses of financial statements and related disclosures for submission to management or other parties (e.g., directors)				

If necessary, provide additional comments below on the client's FSCP from initiation through reporting in the financial statements, including who participates from management, and significant inputs and outputs of the process:

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

SMET 15: Understand Significant Business Process-Related Party relationship and transactions

Company Name: _____

Reporting Period: _____

Risk assessment procedures and related activities for related party relationships and transactions.

Identify related party relationships and transactions

1. Obtain a list of relationships and transactions with related parties, or inquire of management about related party relationships and transactions and document below.

Name of the related party	Relationship to entity	Nature of transactions	Dominant influence?

Details of related party relationships and transactions are shared with all members of the engagement team (and with component teams when performing a multi location audit).

2. Inquire of management about significant transactions outside the entity's normal course of business to establish the nature of these transactions and whether related parties could be involved.

(Document Results of work performed)

Inquire how management authorizes and approves significant transactions and arrangements outside the normal course of business with related parties.

(Document Results of work performed)

3. *At the team meeting, discuss information about the entity's related party relationships and transactions. Include specific consideration of the susceptibility of the financial statements to material misstatement due to fraud or error that could result from the entity's related party relationships and transactions.*

(Document results of discussion)

Gain an understanding of how related party transactions are processed

1. Obtain an understanding of how management identifies, authorizes, processes and accounts for significant related party transactions in accordance with the applicable financial reporting framework.

Often related party transactions are processed separately from transactions with unrelated parties. In other circumstances, related party transactions may be processed within the same process as those with unrelated parties. Regardless of how related party transactions are processed and whether auditors are taking a controls reliance strategy or a substantive only strategy, obtain a high-level understanding of relevant controls over related party transactions and perform walkthroughs to confirm the design and implementation of the relevant controls.

When related party transactions are processed in the same Significant Business Process (SBPs) as transactions with unrelated parties, auditor may cross reference to our documentation of that SBPs. However, we include additional documentation of relevant controls over the initiation (including authorization), recording, processing and reporting of related party transactions where these have not already been identified and documented. Document below the understanding at related party transactions or cross reference to other workpapers.

2. Through inquiry, obtain an understanding of the significant disclosure process and related controls that management has established to disclose related party relationships in accordance with the applicable financial reporting framework.

Completeness of related party transactions

1. Inspect the following documents for existence of related party relationships or transactions that management has not previously identified or disclosed.
 - Bank and legal confirmations obtained
 - Minutes of shareholder meetings and minutes of meetings of those charged with governance
 - Any other records or documents that we deem necessary. *[list documents]*

2. During the audit, remain alert for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to us.

(Document arrangements or information that suggest the existence of previously undisclosed related party relationships or transactions, or note "None" if none are identified)

Significant Risks

Consider the results of above procedures and the identified risks of material misstatements. *[Determine whether auditors have identified significant risks, including risks of material misstatements due to fraud, arising from related party relationships and transactions. In making this determination, related party transactions outside the entity's normal course of business always give rise to a significant risk.]*

(Document significant risks, including risks of material misstatements due to fraud)

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

Appendix 1 Examples of procedures when testing related party relationships and transactions

The following are examples of procedures auditor may perform to respond to risks of material misstatement associated with related party relationships and transactions:

- Test the entity's compilation of the amounts to be disclosed in the financial statements with respect to related party relationships and transactions.
- Test the entity's controls over the completeness and accuracy of the recording of related party relationships and transactions.
- Examine invoices, agreements, contracts and other pertinent documentation supporting the related party transactions.
- Confirm amounts and terms of related party transactions, including guarantees and other significant information, with the other parties to the transactions.
- Confirm or discuss significant information with intermediaries such as banks, guarantors, agents, or lawyers to obtain a better understanding of the related party transaction.
- Inspect or confirm the transferability and value of collateral, if any.
- Obtain information about the financial capabilities of the other parties to the transaction when it results in material uncollected balances, guarantees or other obligations. Possible sources of such information include audited or unaudited financial statements, income tax returns and reports issued by regulatory agencies, financial publications or credit agencies.
- Arrange for:
 - The review of intercompany account balances all at the same date, even if the related entities' period ends differ
 - The audit of specified, important and representative transactions with related parties by the auditors of each of the related entities.

Some examples of procedures auditor may perform when evaluating transactions with a related party when we consider there to be dominant influence:

- Inquiries of management and those charged with governance
- Inquiries of the related party
- Inspection of significant contracts with the related party
- Appropriate background research of the related party and the business relationship with the entity to determine potential influences on the transaction
- Review of employee whistle-blowing reports if these are retained

SMET 16: Risk of Material Misstatement Assessment Form (RMM form)

Company Name: _____

Reporting Period: _____

Significant Account	Related Business Significant Processes	Assertions	IR	CR	RMM	Risk Assessment Comments
Statement of Comprehensive Income						
Sales	Sales and Trade Receivable, Cash Receipts	C	H	L	M	
		E				
		A				
		V				
		P&D				
Cost of Sales	Purchase and Trade Payable	C				
		E				
		A				
		V				
		P&D				
Administrative Expenses	Purchase and Trade Payable, Accounting Estimates	C				
		E				
		A				
		V				
		P&D				
[Other 1]						
[Other 2]						
Statement of Financial Position						
Property, Plant & Equipment	Purchase and Trade Payable, Accounting Estimates	C				
		E				
		A				
		V				
		P&D				
Inventory	Purchase and Trade Payable	C				
		E				
		A				
		V				
		P&D				
Trade Receivables	Sales and Trade Receivable, Cash Receipts	C				
		E				
		A				
		V				
		P&D				
[Other 1]						
[Other 2]						

Key:

H – High	IR – Inherent Risk	C – Completeness	V – Valuation
L – Low	CR – Control Risk	E – Existence	P&D – Presentation and Disclosure
M – Moderate	RMM – Risk of Material Misstatement	A - Accuracy	

Note :

1. If there is one or more significant risks associated with a significant account balance (i.e., significant risks identified during the risk assessment procedures), RMM should be set at high for those areas.
2. Refer “SMET 17 – Detail Audit Plan” for detail response for assessed RMM.

SMET 17A- Detail Audit Plan: Property, Plant and Equipment

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests which satisfy objective*	Are you satisfied that the objectives have been met?	Comments	Initials
1 To establish that property, plant & equipment and leased assets exist and its register/ listing is complete.	10,11	Yes/No		
2 To establish that property, plant & equipment and leased assets are beneficially owned.	12	Yes/No		
3 To verify that all property, plant & equipment and leased assets are recorded at cost or valuation and that the basis is acceptable.	13, 14, 15, 16, 17, 18, 19, 20, 23	Yes/No		
4 To confirm that impairment and depreciation are adequately provided for the property, plant, equipment and leased assets.	21, 22	Yes/No		
5 To confirm that all necessary disclosures concerning fixed assets have been made and that the information is appropriately presented and described.	24, 25, 26, 27	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion property, plant & equipment and leased assets are fairly stated/ *not fairly stated as described below

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

*Delete as appropriate

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
9 Review capitalization policy which is in accordance with the definition of relevant accounting standards and satisfy recognition criteria and lease classification where applicable.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Existence/Completeness</i>					
10 Carry out physical inspection of assets including both current year additions and assets purchased in previous years.					
(a) Test for existence by selecting items from the asset register and checking back to the physical assets.					
(b) Test for completeness by selecting physical assets and checking the quantity counted with the asset register.					
(c) Where physical verification has not been undertaken, detail the steps carried out to establish that all assets exist.					
11 Ensure the completeness of PPE and leased assets by:					
(a) examining board minutes					
(b) identifying unrecorded liabilities					
<i>Ownership</i>					
12 (a) Confirm or inspect title deeds to all properties.					
(b) Perform land search for properties situated both locally or overseas.					
(c) Inspect lease agreement or obtain direct confirmation from bank or other custodian of PPE.					
(d) Inspect the motor vehicle registration documents for motor vehicles owned by the Company.					
(e) if an asset is acquired under a finance lease, ensure that substantially all the risks and rewards of that asset are incidental to its ownership.					
<i>Cost and valuation</i>					
13 Ensure the entity has accounted for its PPE by adopting the cost model or the revaluation model.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
14 Vouch additions to supporting documentation. Ensure that:					
(a) the cost is correctly recorded;					
(b) they have been properly authorized;					
(c) they are correctly classified;					
(d) they are of a capital, not revenue nature;					
(e) the value has been correctly computed where they represent the capitalization of items made internally;					
(f) assets acquired were delivered prior to the balance sheet date;					
(g) assets acquired under finance leases are treated correctly in accordance with provision of relevant standards.					
15 Ensure cost has been correctly determined					
16 For leases concerning land and buildings consider whether:					
(a) it is necessary to measure the land and buildings elements separately					
(b) any of the exceptions from the need to follow this treatment as in SLFRSs					
(c) proper distinction has been drawn as follows:					
<ul style="list-style-type: none"> land in Sri Lanka and held on long, medium-term and long leases land outside Sri Lanka, freehold and held on long, medium-term and long leases 					
17 Vouch disposals to available evidence. Ensure that:					
(a) sales proceeds have been correctly accounted for;					
(b) profit /loss on disposal has been correctly calculated;					
(c) They have been properly authorized;					
(d) they have been removed from the fixed asset register/listing.					
18 Where there is a policy of revaluation for a class of assets is that policy applied consistently to all assets in that class?					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
19 Where property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary asset, ensure that the cost of property, plant and equipment is measured at fair value unless:					
(a) the exchange transaction lacks commercial substance; or					
(b) the fair value of neither the asset received nor the asset given up is reliably measurable.					
(c) If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.					
20 Where the valuation model is being applied confirm that:					
(a) supporting documentations exists for the valuations such as an appraisal report or an estimate of fair value using an income or depreciated replacement cost approach;					
(b) any revaluation increase is credited to equity;					
(c) any revaluation decrease is debited first against any previous revaluation surplus and secondly to in the statement of comprehensive income.					
(d) where a revalued asset was disposed of; any revaluation surplus was transferred to equity and not recycled through the statement of comprehensive income.					
Impairment					
21 Consider whether there are any indicators of impairment, which might adversely affect the value of the assets, and ensure that these have been dealt with in accordance with applicable accounting standards.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(a) Where any such indication exists, enquire if the entity has estimated the recoverable amount of assets (i.e. the higher of an asset's fair value less cost to sell and its value in use).					
(b) Where an increase in carrying value is attributable to a reversal of previous impairment loss; confirm that the carrying value (net of depreciation and amortization) does not exceed the value at which the asset would have been stated had no previous impairment loss been recognized.					
Depreciation					
22 In respect of the charge to depreciation:					
(a) Compare bases and rates of depreciation with accounting policy note and ensure consistency.					
(b) Have rates been considered for each significant part of PPE based on different useful life, rate of consumption and separability etc.					
(c) Review the methods applied and consider whether they are appropriate to the pattern of consumption of the assets.					
(d) Confirm that all assets are being depreciated in accordance with the company's accounting policy.					
(e) Test the Reasonableness of depreciation charge for the year/period.					
(f) Ensure that no assets have been Depreciated by more than the lower of cost or residual value.					
(g) Where leasehold land is treated as a finance lease because lease payments cannot be allocated reliably between land and buildings: ensure that it is amortized / depreciated over its useful life or a lease term.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Foreign Currencies</i>					
23 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs					
<i>Presentation and disclosure</i>					
24 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
25 Ensure that there is sufficient appropriate evidence on the file to support the disclosures made such as property valuations, the book value of leased assets and assets pledged as security for liabilities.					
26 Ensure that where assets have been revalued during the year:					
(a) the revaluation is accounted for correctly through the income statement or statement of comprehensive income as appropriate; and					
(b) any necessary historical cost information is available for disclosure purposes.					
27 Accumulate information regarding long-term lease commitments including finance leases (as lessees) and operating leases (as lessors), such as lease term, monthly rental, expiry date, outstanding principal balances and finance charges etc.					
<i>Uncorrected Misstatements</i>					
28 Identify and report all uncorrected misstatements.					
<i>Conclusion</i>					
29 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17B- Detail Audit Plan: Intangible Assets

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests Which satisfy objective*	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that all intangible assets exist and the register/listing is complete.	10,11	Yes/No		
2 To ensure that intangible assets have been valued properly.	12, 13, 14, 15, 16, 17, 18, 19, 23	Yes/No		
3 To ensure amortization and impairment are adequate if applicable.	20, 21, 22	Yes/No		
4 To confirm that all necessary disclosures concerning intangible fixed assets have been made and that the information is appropriately presented and described.	24, 25	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements.
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached.
- in my opinion intangible assets are fairly stated/ *not fairly stated as described below:

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree the opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments . Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
9 Review capitalization policy to ensure that it is in accordance with relevant standards					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Existence</i>					
1. Ensure the existence of intangible assets by:					
(a) inspecting documents of title e.g. patent, license, etc.					
(b) examining evidence of expenditure incurred e.g. purchase details for intangible asset separately acquired, acquired in a business combination, internally generated, etc.					
<i>Completeness</i>					
2. Ensure the completeness of intangible assets by:					
(a) assessing whether there was any expenditure that should have been capitalized as intangible assets but expensed in the income statement.					
(b) reviewing board minutes and					
(c) performing search for unrecorded liabilities					
<i>Cost/valuation</i>					
3. Ensure intangible assets are properly classified under:					
(a) Intangible assets with finite useful lives; and					
(b) Intangible assets with indefinite useful lives.					
4. Ensure sufficient and appropriate reasons are obtained to support indefinite useful life assessments.					
5. Ensure the entity has accounted for its intangible assets by adopting the cost model or the revaluation model					
6. Vouch additions to supporting documentation. Ensure that:					
(a) cost has been correctly recorded;					
(b) they have been added to the intangible asset register/listing;					
(c) they have been appropriately capitalized in the current financial year/period; and					
(d) they have been properly authorized.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
16 Has the cost been correctly determined as follows:					
(a) For assets separately acquired: purchase price plus any directly attributable costs					
(b) For assets acquired as part of a business combination: fair value at the acquisition date					
(c) For assets exchanged and internally generated, relevant guidance in the standards have been followed.					
(d) For assets internally generated: expenditure incurred and any directly attributable costs.					
17 Ensure that expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.					
18 Vouch disposals to supporting documentation. Ensure that:					
(a) any sales proceeds have been correctly accounted for;					
(b) any profit or loss on disposal has been correctly calculated;					
(c) they have been removed from the intangible asset register/ listing;					
(d) they should be derecognized in the current financial year/ period; and					
(e) they have been properly authorized.					
19 Where the revaluation model is being applied for a class of assets ensure that:					
(a) the policy is applied consistently to all assets in that class.					
(b) revaluation increases and decreases are properly recorded and					
(c) where a revalued asset was disposed of, any revaluation surplus was transferred to equity and not recycled through the statement of comprehensive income.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Amortization</i>					
20 For intangible assets with finite useful lives:					
(a) Compare bases and rates of amortization with accounting policy note and ensure consistency.					
(b) Review the methods applied and consider whether they are appropriate to the pattern of future economic benefits embodied in the assets.					
(c) Confirm that all assets are being amortized in accordance with the company's accounting policy.					
(d) Test check calculations or check reasonableness of amortization charge for the year/period.					
(e) Ensure that no assets have been amortized by more than the lower of cost or residual value.					
21 For intangible assets with indefinite useful lives:					
(a) Reviewed each year/period to determine whether events and circumstances continue to support an indefinite useful life assessment for such asset.					
(b) If not, amortization shall be tested in step 20.					
<i>Impairment</i>					
22 Consider whether there are any indicators of impairment, which might adversely affect the value of the assets, and ensure that these have been dealt with in accordance with applicable accounting standards. In addition, intangible assets with indefinite useful lives and intangible asset not yet available for use must be assessed for impairment annually.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Impairment</i>					
(a) If the recoverable amount of an asset (i.e. the higher of an asset's fair value less cost to sell and its value in use) is less than the carrying amount, ensure an impairment loss has been recognized immediately in profit or loss, unless the asset is carried at revalued amount;					
(b) Where an increase in carrying value is attributable to a reversal of previous impairment loss; confirm that the carrying value (net of amortization) does not exceed the value at which the asset would have been stated had no previous impairment loss been recognized.					
<i>Foreign Currencies</i>					
23 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs.					
<i>Presentation and disclosure</i>					
24 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
25 Ensure that there is evidence on the file to support the disclosures made.					
<i>Uncorrected Misstatements</i>					
26 Identify and report all uncorrected misstatements.					
<i>Conclusion</i>					
27 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17C- Detail Audit Plan: Investment Properties

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests which satisfy objective*	Are you satisfied that the objectives have been met?	Comments	Initials
1 To establish that investment properties exist and the register/ listing is complete.	10, 11, 12	Yes/No		
2 To establish that investment properties are beneficially owned.	13	Yes/No		
3 To verify that all investment properties are recorded at cost or valuation and that the basis is acceptable.	14, 15, 16, 17, 18, 19, 22	Yes/No		
4 To confirm that impairment and depreciation is adequately provided for properties where applicable.	20, 21	Yes/No		
5 To confirm that all necessary disclosures concerning investment property have been made and that the information is appropriately presented and described.	23, 24	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements; and
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached.
- in my opinion investment properties are fairly stated/ *not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
9 Review capitalization policy which is in accordance with the definition and satisfy recognition criteria					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Existence/Completeness</i>					
10 Carry out physical inspection of investment property including both current year additions and property purchased in previous years.					
11 Where physical verification has not been undertaken, detail the steps carried out to establish that all investment properties exist.					
12 Ensure the completeness of investment property by :					
(a) examining board minutes and					
(b) identifying unrecorded liabilities					
<i>Ownership</i>					
13 (a) Confirm or inspect title deeds to all properties.					
(b) Perform land search for properties situated both locally or overseas.					
(c) Inspect lease agreement or obtain direct confirmation from bank or other custodian of investment properties.					
<i>Cost and Valuation</i>					
14 Ensure the entity has accounted for its investment property by adopting the cost model or the fair value model.					
15 Vouch additions to supporting documentation. Ensure that:					
(a) the cost (or deemed cost*) is correctly recorded;					
(b) they have been properly authorized;					
(c) they are correctly classified;					
(d) they are of a capital, not revenue, nature;					
(e) the value has been correctly computed where they represent the capitalization of items made internally; and					
(f) assets acquired were delivered prior to the balance sheet date;					
16 Ensure cost been correctly determined					
17 Ensure the transfers to and from investment properties have been properly accounted for under applicable accounting standards.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
18 Vouch disposals to available evidence. Ensure that:					
(a) sales proceeds have been correctly accounted for;					
(b) profit /loss on disposal has been correctly calculated;					
(c) they have been properly authorized;					
(d) they have been removed from the asset register/listing.					
19 Where the fair value model is being applied confirm that:					
(a) the entity measures all of investment properties at fair value;					
(b) supporting documentation exists for the valuation such as an appraisal report or an estimate of fair value using an income or depreciated replacement cost approach;					
(c) any gain or loss arising from a change in fair value of investment property is recognized in profit & loss in the period in which it arises.					
<i>Impairment (Cost model)</i>					
20 Consider whether there are any indicators of impairment, which might adversely affect the value of the assets, and ensure that these have been dealt with in accordance with applicable accounting standards.					
(a) Where any such indication exists, enquire if the entity has estimated the recoverable amount of assets (i.e. the higher of an asset's fair value less cost to sell and its value in use).					
(b) Where an increase in carrying value is attributable to the reversal of a previous impairment loss; confirm that the carrying value (net of depreciation and amortization) does not exceed the value at which the asset would have been stated had no previous impairment loss been recognized.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Depreciation (Cost model)</i>					
21 In respect of the charge to depreciation					
(a) Compare bases and rates of depreciation with accounting policy note and ensure consistency.					
(b) Have rates been considered for each significant part of asset based on different useful life, rate of consumption and separability etc.					
(c) Review the methods applied and consider whether they are appropriate to the pattern of consumption of the assets.					
(d) Confirm that all assets are being depreciated in accordance with the company's accounting policy.					
(e) Test check calculations or check reasonableness of depreciation charge for the year/period.					
(f) Ensure that no assets have been depreciated by more than the lower of cost or residual value.					
<i>Foreign Currencies</i>					
22 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs.					
<i>Presentation and disclosure</i>					
23 Confirm that a disclosure checklist will be completed for this year. Where that is not the case, explain how the objectives relating to disclosure will be achieved.					
24 Ensure that there is sufficient appropriate evidence on the file to support the disclosures made.					
<i>Uncorrected Misstatements</i>					
28 Identify and report all uncorrected misstatements.					
<i>Conclusion</i>					
29 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17D- Detail Audit Plan: Investment in Group companies (including Associates and Joint Ventures)

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests which satisfy objective*	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that the company has good title to all investments in group companies and associated undertakings.	9	Yes/No		
2 To ensure that investments in group and associated undertakings are valued correctly, with provision being made for any permanent diminution in value.	10, 11, 12	Yes/No		
3 To ensure that inter-company balances are correctly recorded and adequate allowance for impairment and or uncollectibility has been made for any irrecoverable balances.	12	Yes/No		
4 To ensure that investments in group companies and associated undertakings are accounted for correctly.	14, 15, 16	Yes/No		
5 To confirm that all necessary disclosures concerning investments in group companies and associated undertakings have been made and that the information is appropriately presented and described.	17, 18	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements.
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached.

- in my opinion investments in group companies are fairly stated/ *not fairly stated as described below.

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Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Ownership/existence					
9 Inspect share certificates, or obtain confirmation of ownership from third party.					
Cost/valuation					
10 Vouch all current period/ year additions to supporting documentation.					
11 (a) Obtain a copy of the latest management/audited accounts and assess the value of the investment in their light.					
(b) Obtain the market value at the reporting date where the investee companies are listed.					
12 Where an investment in a subsidiary is held for resale have the provisions of relevant standard been applied?					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Inter-company balances</i>					
13 (a) Ensure that all inter-company balances agree to the respective accounts of those companies at the year end.					
(b) Obtain confirmation where there any group companies are not audited by the Firm.					
(c) Consider the recoverability of amounts owed by group companies at the reporting date, and assess if adequate allowance for impairment and/ or uncollectibility has been made.					
<i>Accounting treatment</i>					
14 Review the accounting treatment of all subsidiaries, associates and joint ventures and ensure that this is in accordance with relevant standards.					
<i>Foreign currencies</i>					
15 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs					
16 Confirm that all monetary assets/ liabilities have been translated at the closing rate.					
<i>Presentation and disclosure</i>					
17 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
18 Ensure that there is sufficient appropriate evidence on the file to support the disclosures made in respect of investments in group companies					
<i>Uncorrected Misstatements</i>					
28 Identify and report all uncorrected misstatements.					
<i>Conclusion</i>					
29 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17E- Detail Audit Plan: Other Investments

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests which satisfy objective*	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To ensure that the company has good title to all investments.	8, 9	Yes/No		
2 To ensure that investments are valued correctly, with provision being made for any permanent diminution in value.	10, 11, 12, 13, 14	Yes/No		
3 To ensure that all income from investments has been accounted for.	15	Yes/No		
4 To ensure that investments and other instruments are properly classified as either fixed or current assets and treatment is consistent.	16	Yes/No		
5 To confirm that all necessary disclosures concerning investments have been made and that the information is appropriately presented and described.	17, 18	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion other investments are fairly stated/ *not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
Ownership					
8 Inspect documents of title such as share certificates. Ensure that:					
(a) details are correctly recorded including name, number of shares, type of shares (or equivalent information if not share based);					
(b) the instrument is in the company name;					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(c) where the company is not the registered owner such as where employees of the company hold a nominee interest confirm:					
- the company has a signed declaration from the said person stating that he/she does not beneficially own the interest;					
- a blank signed share transfer form or equivalent exists;					
(d) all documents of title are held in a secure place;					
(e) examine stamped bought and sold notes, stamped instruments of transfer or other data supporting transactions such as brokers advices;					
9 Consider obtaining written confirmation where documents of title are held by a third party.					
Cost/valuation					
10 Vouch additions to supporting documentation. Ensure that the:					
(a) cost;					
(b) company name; and					
(c) number of shares have been correctly accounted for.					
11 Vouch disposals to supporting documentation: Ensure that:					
(a) sales proceeds have been correctly accounted for;					
(b) profit/loss on disposal has been correctly computed;					
(c) transactions have been properly authorized.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
12 For listed investments:					
(a) check the market values;					
(b) consider whether any provision for diminution in value is necessary.					
13 For unlisted investments:					
(a) obtain a copy of the latest accounts or other means of considering valuation;					
(b) consider whether any provision for diminution in value is necessary.					
14 Check that we have sufficient evidence regarding the valuation of any long term investments.					
Income					
15 Refer to the available evidence (e.g., dividend slips) and check that income and approved income have been correctly accounted for (<i>NB dates of disposal and acquisition</i>).					
Presentation and disclosure					
16 Consider the nature of investments held and whether they have been correctly classified and their treatment consistent.					
17 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
18 Check that we have sufficient evidence regarding the disclosure of any complex financial instruments.					
Uncorrected Misstatements					
28 Identify and report all uncorrected misstatements.					
Conclusion					
29 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17F- Detail Audit Plan: Inventories

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>	
	Number of key tests which satisfy objective*	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that the company has good title to inventories.	8, 9, 10	Yes/No		
2 To ensure that all inventories exist.	11, 12, 13	Yes/No		
3 To ensure that inventories have been valued correctly, consistently and in accordance with applicable legislation and accounting standards.	14, 15, 22	Yes/No		
4 To ensure that full provision has been made for all damaged, obsolete or slow moving inventories.	16, 17, 18, 19, 20	Yes/No		
5 To ensure that cut-off has been strictly applied.	21	Yes/No		
6 To confirm that all necessary disclosures concerning inventories have been made and that the information is appropriately presented and described.	23, 24	Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final Conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion inventories are fairly stated/ *not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
Ownership					
8 Enquire if any of the inventories are held on behalf of third parties and ensure that such items are excluded from the accounts. Where material, obtain confirmation from the third party.					
9 Where inventories are held by third parties on behalf of the company:					
(a) obtain certificates where amounts are material; and					
(b) consider matters as required by the auditing standards.					
10 Consider whether any inventories held on consignment have been accounted for.					
Existence					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
11 Complete the physical inventory counting programme,(SMET 17I). Trace all items selected at the count to the final inventory listings, and, where appropriate, internal inventory records. Obtain explanations for any differences.					
12 Select a sample of items from the final inventory listings and trace to the copies of the rough inventory listings taken during the physical inventory counting.					
13 Where there are material inventories that have not been physically verified at the year-end physical inventory counting:					
(a) take or observe some physical counts on an alternative date and, where necessary, perform audit procedures on intervening transactions.					
(b) specify below any other audit work required to verify existence.					
Valuation					
14 Test the additions and extensions of the final inventory listings.					
15 Ascertain the method used for valuing inventories and consider whether:					
(a) It has been correctly applied.					
(b) It is an acceptable basis of valuation under applicable legislation and accounting standards.					
(c) It is consistent with previous years and with the company's accounting policy.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
Provisions					
16 Obtain details of the basis for making provisions and determine if it is both adequate and consistent.					
17 Where the client determines the provision on the basis of a formula consider whether:					
(a) it is appropriate for the nature of business;					
(b) it is consistent;					
(c) it has been accurately applied;					
(d) where the formula relies on the age of the inventories, check to ensure that the ageing is accurate.					
18 Review the inventory listings and ensure that any items identified as damaged, slow moving or obsolete have been correctly written down.					
19 Review all inventories and consider whether any further provision is necessary:					
(a) whether production levels are falling;					
(b) whether inventory levels are high in comparison to orders received and anticipated demand;					
(c) any fluctuations in cost or selling price;					
(d) any likely change in technology or market demands.					
20 Select a sample of inventories and compare costs to the selling price less expenditure necessary for realization.					
(a) Lines need to be examined individually. Losses on one line cannot be set off against profits on another.					
(b) Where a provision is made on a finished product consider whether any provision should be made against unfinished units and materials used in the process.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>NB Expenditure necessary for realizing inventories should include a proportion of marketing, selling and distribution expenses as well as an allowance for scrap and reworking costs.</i>					
<i>Cut-off</i>					
21 Review the results of the tests on cut-off carried out on trade receivables and payables and ensure they provide adequate assurance as to the accuracy of the year end cut-off.					
<i>Foreign currencies</i>					
22 Ensure that the entity accounted for foreign currency transactions in accordance with SLFRSs.					
<i>Presentation and disclosure</i>					
23 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
24 Ensure that there is sufficient appropriate evidence on the file to support the disclosures made such as replacement value or payments on account.					
<i>Uncorrected Misstatements</i>					
28 Identify and report all uncorrected misstatements.					
<i>Conclusion</i>					
29 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17G- Detail Audit Plan: Physical Inventory Counting

Nature of test:	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Record the following details for each location visited:					
(a) location(s) being counted;					
(b) date(s) of count and attendance;					
(c) types of inventories held at location;					
(d) approximate value of inventories by category at location;					
(e) details of any inventories at locations not covered by the count and any alternative method used to verify their existence;					
(f) brief description of the procedures adopted;					
(g) names of client staff counting;					
(h) names of audit staff taking part.					
2 Ascertain and note whether:					
(a) the teams were properly briefed prior to commencing the count;					
(b) the teams only include people who are not responsible for the storing and recording of inventories;					
(c) inventories were counted by teams of two (one counting and one checking and recording);					
(d) the teams were asked to identify damaged, slow moving or obsolete inventories;					
(e) the teams were made aware of any inventories held on behalf of third parties and these were excluded from the count.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Inventory Counting</i>					
3 Determine whether:					
(a) the teams were counting and recording accurately;					
(b) the counts were being controlled to ensure that all inventories were counted and only once;					
(c) there was adequate control over inventory listings to ensure that they are all accounted for (e.g., pre-numbered).					
4 Where serially numbered sheets are used, record the numbers of all sheets used at the end of the count.					
5 Select a sample of items from completed inventories sheets and check to ensure that the number has been recorded properly. (These should be followed through to final inventory listings at the final audit).					
6 Count a sample of inventories and ensure that they have been recorded properly on the final inventory listings.					
7 Where possible, copy or extract details of a sample of rough inventory listings for checking at the final audit.					
8 Where inventories are valued at selling price less mark-up, record the shelf price of a number of inventories.					
9 Ascertain whether any inventories are held on behalf of a third party. Where applicable ensure that they have been separately identified and excluded from the count.					
10 Ascertain whether any inventories are held on consignment. Ensure, where appropriate, a full record is made.					
11 Note any old or damaged inventories during the count. Ensure that they are marked as such on the final inventory listings.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Cut-off</i>					
12 Ensure that no movements in or out took place during the physical inventory counting.					
13 Record details of the last goods dispatch number and the last goods received note number to follow up at the final audit.					
<i>Other work</i>					
14 Note any instances of the client's procedures not being satisfactorily carried out or any other weaknesses that should be brought to the attention of management.					
15 Perform any other procedures that would normally be carried out at the physical inventory counting;					
(a) Select a sample of assets for verification from the fixed asset register.					
(b) Undertake a cash count.					
(c) Other (specify):					
<i>Conclusion</i>					
16 Write a report on the physical inventory counting concluding on its accuracy and our ability to rely on it.					

SMET 17H- Detail Audit Plan: Trade & Other Receivables

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Are you Satisfied that the objectives have been met	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To ensure that trade receivables are due at the value recorded.	9, 10, 11, 12, 13, 14, 15, 16, 17, 28, 29	Yes/No			
2 To ensure that adequate allowance for impairment and /or uncollectibility has been made for all receivables.	18, 19	Yes/No			
3 To ensure that proper cut-offs has been made.	20	Yes/No			
4 To ensure that prepayments and loan receivables (including staff and directors) are properly valued, classified, and verified.	21, 22, 23, 24, 25, 26, 27	Yes/No			
5 To confirm that all necessary disclosures concerning receivables have been made and that the information is appropriately presented and described.	30, 31, 32, 33	Yes/No			

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with detail audit plan;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion trade and other receivables are fairly stated/ *not fairly stated as described below.

--

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Cost/existence					
9 Obtain or prepare an aged list of balances and test the casts.					
10 Agree the aged list of balances to the control account. Obtain explanations for all material adjustments to the control account.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
11 Perform a circularization of trade receivables.					
(a) Select a sample of accounts for confirmation from a complete list of balances (include nil and credit balances where applicable). Record the details on the standard working paper.					
(b) Confirm with client the receivables you wish to circularise.					
(c) Obtain explanations where the client does not want you to circularize particular balances and consider alternative procedures that can be applied.					
(d) Consider whether the refusal to allow circularization of particular balances will impose a limitation of scope on the audit?					
(e) Send the confirmation requests. Enclose a prepaid envelope for return to the firm. Ensure the reply part of the letter is properly referenced.					
(f) Record replies on the control sheet.					
(g) Where replies are not received within a reasonable period send a follow-up letter.					
(h) Follow the alternative procedures for any unfavorable responses or where no response obtained.					
(i) Summarise the results and consider whether adequate audit comfort has been obtained for trade debtors.					
12 Where circularization has not been carried out select a sample of trade receivables or where unsatisfactory results are obtained carry out alternative procedures.					
(a) Examine the ledger for cash after date;					
(b) For unpaid items inspect proof of delivery or dispatch. If no such documentation is available, inspect the sales invoice supporting them; and					
(c) Review correspondence files for items in (b) to determine whether any disputes exist.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
13 List all credit balances over LKR_____ and obtain explanations.					
14 If the entity has retained substantially all the risks and rewards of ownership of any transferred assets (e.g. discounted bills, factored trade receivables), ensure the entity continues recognizing such assets as receivables and that a financial liability is recognized for the consideration received.					
15 Trade receivables are normally treated as 'loans and receivables' under LKAS 39 and carried at amortized cost using the effective interest rate method. Where this is not the case ensure that the presentation is in accordance with SLFRSs.					
16 If trade receivable are classified as "loans and receivables":					
(a) Ensure that they are carried at amortized cost in the balance sheet;					
(b) Identify if there is objective evidence that a trade receivable or group of trade receivables is impaired after individual assessment of trade receivables that are individually significant and collective assessment of trade receivables that are not individually significant; and					
(c) Consider the estimates of "Present value of estimated future cash flow" in determining the amortized cost by reference to Sri Lanka Auditing Standards.					
17 Check whether any gain or loss arising from a change in fair value is recognized in the income statements for the period in which it arises.					
18 Review ledger accounts and obtain a list of any debts with balances:					
(a) not paid within months of the period end;					
(b) in excess of their credit limit;					
(c) in the hands of liquidators or receivers;					
(d) in the hands of lawyers for collection.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
19 Compare the client's allowance for uncollectibility for trade receivables with the list completed under 18 above and consider its adequacy. Obtain explanations for and justify any material accounts omitted from the client's list.					
<i>Cut-off</i>					
20 Cut-off testing is covered in SMET 17Q .					
<i>Prepayments</i>					
Obtain a list of items included as prepayments:					
(a) Test mathematical accuracy;					
(b) Vouch all items over LKR by reference to the cash book and invoices;					
(c) Compare the list in detail to last year's and enquire into any major differences;					
(d) Review the cash book, general ledger and profit and loss account and ensure that all likely prepayments are included; and					
(e) Review for reasonableness and verify significant/unusual items, comparing with last year and expectations.					
<i>Deposits</i>					
Obtain a list of deposits and perform the following procedures:					
(a) Ascertain the nature of the deposits and sight deposits receipts ensure that they are: <ul style="list-style-type: none"> • current; • originals; • in the name of the entity; and • in the correct amount. 					
(b) Consider the outstanding amount of contract sum in relation to the deposits paid for assets as capital commitments.					
(c) Consider whether any allowance for impairment and / or uncollectibility is necessary (see question 19).					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Bills receivables</i>					
23 Obtain or prepare a list of bills receivables and perform the following procedures:					
(a) Obtain banking facilities letter to see if such facilities have been granted by bank;					
(b) Obtain a list of bills receivable balances;					
(c) Check details of bills receivable balances to bills statements;					
(d) Check the bills receivable balances to bank confirmation;					
(e) Check subsequent settlement of bills receivable balances to bank statements; and					
(f) Consider whether any allowance for impairment and / or uncollectibility is necessary (see question 19).					
<i>Other receivables</i>					
24 Obtain or prepare a list of other receivables:					
(a) Vouch material items to supporting documentation;					
(b) Compare with previous year and enquire into major differences;					
(c) Ensure that other receivables are carried at amortized cost if they are classified as "loans and receivable"					
(d) Consider whether any allowance for impairment and / or uncollectibility is necessary (see question 19); and					
(e) Obtain confirmation from independent third party.					
<i>Loan receivable</i>					
25 Ensure that no loans have been made to directors unless within the provisions of applicable legislation.					
26 For loans made in the year:					
(a) Obtain confirmations of loans receivable;					
(b) Verify for loans in existence at the year end that:					
- security exists and is in the hands of the company;					
- the value of security is adequate;					
- any provision against loans is adequate; and					
- confirmations relating to the loans agree with the balances.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(c) Check that loans granted during the year are properly authorized;					
(d) Check that loan repayments are received on the due date and correctly recorded; and					
(e) Check that interest on loans receivable is: - correctly recorded; - received on the due dates; and - correctly accrued at the year end					
(f) Consider whether any allowance for impairment and / or uncollectibility is necessary (see part 19).					
Long-term receivables/retentions					
27 Where a receivable, or portion thereof is recoverable after more than one year, consider:					
(a) whether any allowance for impairment and / or uncollectibility is necessary;					
(b) whether adequate disclosure has been made;					
(c) whether the receivable is properly accounted for under relevant SLFRSs unless the fair value effect is immaterial; and					
(d) whether a gain or loss arising from a change in the fair value is recognized in the income statements for the period in which it arise.					
Foreign Currencies					
28 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs					
29 Confirm that all monetary assets have been translated at the closing rate.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Presentation and disclosure</i>					
30 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
31 Ensure that there is sufficient appropriate evidence on the file to support the disclosures made.					
32 Review transactions and balances with directors and ensure they are properly presented as related party transactions.					
33 Ensure that any factored debts have been accounted for in accordance with the substance of the agreement.					
<i>Uncorrected Misstatements</i>					
34 Identify and record all uncorrected misstatements.					
<i>Conclusion</i>					
35 Consider whether there are any points which need to be included in a letter of representation or Management letter.					

SMET 17I- Detail Audit Plan: Cash & Bank Balances

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To establish that all bank balances and overdrafts have been included at the correct amount.	9, 10, 17, 18		Yes/No		
2 To ensure that bank balances and overdrafts are correctly disclosed.	11, 12, 13		Yes/No		
3 To ensure that cash balances are genuine and have been included at the correct amount.	14, 15, 16, 17, 18		Yes/No		
4 To confirm that all necessary disclosures concerning bank and cash balances have been made and that the information is appropriately presented and described.	19, 20, 21		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion (subject to matters highlighted on **B5** or **B8**)* bank and cash are fairly stated/ *not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

*Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Valuation and existence					
9 Obtain bank confirmations for all bank accounts open at any time during the year					
10 Obtain or prepare bank reconciliations for all accounts and verify:					
(a) Check bank balances to bank statement and bank confirmation;					
(b) Check cash book balance to general ledger;					
(c) Check casting of the reconciliations;					
(d) Check a sample of uncleared items through to the new period (noting dates). Obtain reason where any item has taken longer than expected to clear; and					
(e) Obtain explanations and substantiate all adjustments on the bank reconciliations.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
11 Ensure that all matters dealt with in the bank confirmations have been referenced to the relevant schedule/sections.					
12 Ensure that bank balances and overdrafts are only netted off where a formal right of set-off exists.					
13 Ensure that the company has not exceeded any restrictions on borrowing powers imposed in the Articles of Association or any loan agreement.					
Cash					
14 For businesses receiving cash income, ensure unbanked takings before and after the year end have been accounted for in the correct period.					
15 For businesses receiving cash income, ensure that all unbanked takings at the year end have been timeously banked in the new period.					
16 Obtain certificates for all cash balances not counted.					
Foreign Currencies					
17 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs.					
18 Confirm that all monetary assets have been translated at the closing rate.					
Presentation and disclosure					
19 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
20 Ensure that there is evidence on the file to support all disclosures made.					
21 Review the bank confirmations and correspondence and ensure that all necessary disclosures have been made.					
Uncorrected Misstatements					
22 Identify and record all uncorrected misstatements					
Conclusion					
23 Consider whether there are any points which need to be included in a letter of representation or management letter					

SMET 17J- Detail Audit Plan: Equity

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that the statutory records have been properly maintained and are up-to-date.	9, 10, 11, 12, 13, 14, 15		Yes/No		
2 To ensure that any changes in stated capital are supported by appropriate resolutions and are properly reflected in the financial statements.	20, 21, 22, 23, 29		Yes/No		
3 To ensure that capital instruments and the related interest or dividends are properly presented in accordance with the substance of the arrangements.	16, 17, 18, 19, 24, 25, 26, 27, 28, 29		Yes/No		
4 To confirm that all necessary disclosures concerning reserves and other statutory information have been made and that they are appropriately presented and described.	29, 31		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion stated capital and reserves are fairly stated/ * not fairly stated as described below.

--

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Ref/ Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as: (a) comparison of the current figures with those of prior periods; (b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Statutory records					
9 Perform company search and obtain copies of statutory records for this period.					
10 Obtain a copy of the Memorandum and Articles of Association ("M&A").					
11 Inspect original statutory records for this period and up to the date of auditor's report.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Ref/ Comments	Initials and date
12 Ensure that all changes in directors and secretaries and their interests in shares or debentures have been properly authorized and entered into the relevant register.					
13 Ensure that all charges have been entered into the relevant register.					
14 Agree details in the share/director/charges register to:					
(a) the financial statements;					
(b) the annual return; and					
(c) the directors' report.					
15 Review minutes for:					
(a) proper approval and authorization for additions, disposals, impairment loss provided and reversal of impairment loss on assets during the year;					
(b) major contracts or capital commitments;					
(c) changes in stated capital;					
(d) dividend proposed and distribution;					
(e) changes in directorship, secretary, shareholding;					
(f) proper approval and authorization for loan advance from / to; and					
(g) other matters that may affect the audit.					
Dividends					
16 Where a dividend is proposed or has been paid in the period, consider whether the distribution is properly authorized and paid out of profits:					
(a) check calculation and the payment for cash dividend; and					
(b) ensure proper amount has been transferred from retained profits to the stated capital accounts for stock dividend					
17 Where a dividend is illegal consider whether:					
(a) this is adequately disclosed in the accounts; and					
(b) a debtor or contingent asset should be shown.					
18 Have interest, dividends, losses or gains relating to a financial instrument or a component that is a financial liability been recognized as income or an expense in the income statement?					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Ref/ Comments	Initials and date
19 Have distributions to holders of equity instruments been debited directly to equity?					
Stated capital					
20 Check authorized share capital with M & A or resolution for subsequent increase.					
21 Record details of any changes in stated capital in this period and ensure that these have been properly authorized and reflected in the financial statements.					
22 Check evidence for receipt of consideration for shares issued in the period.					
23 For capital instruments issued in the period, have these (or their components) been classified on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument?					
Share-based payments					
24 Ensure share-based payment are verified and properly accounted for in accordance with SLFRSs					
Other financial instruments					
25 Have the different components of compound financial instruments been classified separately as financial liabilities, financial assets or equity instruments in accordance with SLFRSs?					
26 When a derivative financial instrument gives one party a choice over how it is settled has it been treated as a financial asset or a financial liability except where all of the settlement alternatives would result in it being an equity instrument?					
Reserves					
27 Review schedule of all movements in reserves.					
(a) Ensure that transfers between reserves are correctly treated and authorized.					
(b) Ensure that the treatment in the financial statements is correct.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Ref/ Comments	Initials and date
(c) Ensure prior-year adjustment are properly reflected in the reserve					
Foreign currencies					
28 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs					
Control					
29 Ascertain details of the ultimate controlling party as required by LKAS 24 and ensure that correct disclosure is made in the financial statements.					
Uncorrected Misstatements					
30 Identify and record all uncorrected misstatements					
Conclusion					
31 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17K- Detail Audit Plan: Long term Loans & deferred income

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To ensure that all material loans have been correctly accounted for.	9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20		Yes/No		
2 To ensure that deferred income has been correctly accounted for and is complete.	18, 19, 20		Yes/No		
3 To confirm that all necessary disclosures concerning long term loans and deferred income have been made and that the information is appropriately presented and described.	21, 22		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion long term loans and deferred income are fairly stated/ *not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments.. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Loans					
9 Obtain direct confirmation from lenders and confirm that other matters such as security have been dealt with.					
10 Review loan agreements and consider the implications of any breach of covenants.					
11 Check supporting evidence for loan advance and repayment during the year.					
12 Calculate the apportionment of loan between non-current and current portion.					
13 Determine split of loans between secured/unsecured and interest bearing/non-interest bearing.					
14 Verify interest charged for the period and the adequacy of accrued interest.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
15 Confirm that loans payable more than one year are from the balance sheet date are measured in accordance with relevant SLFRSs.					
16 Ensure the completeness of loans by :					
(a) examining board minutes					
(b) reviewing bank confirmation and other correspondences					
(c) identifying unrecorded liabilities					
<i>Deferred income</i>					
17 Review the basis for deferring income:					
(a) vouch to supporting documents; and					
(b) ensure that it is valid, complete and has been correctly and consistently applied with the prior year.					
<i>Foreign currencies</i>					
18 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs					
19 Confirm that all monetary liabilities have been translated at the closing rate.					
<i>Presentation and disclosure</i>					
20 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
21 Ensure that there is sufficient appropriate evidence on the file to support all disclosures made.					
<i>Uncorrected Misstatements</i>					
22 Identify and record all uncorrected misstatements					
<i>Conclusion</i>					
23 Consider whether there are any points which need to be included in a letter of representation or management letter					

SMET 17L- Detail Audit Plan: Trade Payables

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To ensure that liabilities exist and are supported by satisfactory independent evidence.	9, 10		Yes/No		
2 To ensure that trade payables have been fully and accurately recorded.	11, 12, 13, 14, 15, 16, 28, 29		Yes/No		
3 To ensure that proper cut-off has been applied.	17		Yes/No		
4 To ensure that all hire purchase and finance leases have been accounted for in accordance with applicable accounting standards.	18, 19, 20, 21, 22, 28, 29		Yes/No		
5 To ensure that all material accruals, loans and other payables have been properly accounted for.	23, 24, 25, 26, 27, 28, 29		Yes/No		
6 To confirm that all necessary disclosures concerning payables have been made and that the information is appropriately presented and described.	30, 31		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion trade and other payables are fairly stated/ *not fairly stated as described below.

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Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Existence					
9 Obtain or prepare a list of trade payables. Agree the list to the control account. Obtain explanations for all material adjustments to the control account.					
10 Test the casts of the list.					
Completeness					
11 List all debit balances over LKR_____ and obtain explanations. Ensure they are correctly treated in the accounts.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
12 Perform a trade payables' circularization:					
(a) Select a sample of accounts from a complete list of balances for example an activity report (include nil and debit balances where applicable). Record the details on the standard working paper;					
(b) Confirm with client the trade payables you wish to circularize;					
(c) Obtain explanations where the client does want you to circularise particular balances and consider alternative procedures that can be applied;					
(d) Consider whether the refusal to allow circularization of particular balances will impose a limitation of scope on the audit?					
(e) Send the confirmation requests. Enclose a prepaid envelope for return to the firm. Ensure the reply part of the letter is properly referenced;					
(f) Record replies on the control sheet;					
(g) Where replies are not received within a reasonable period send a follow-up letter;					
(h) Follow the alternative procedures for any unfavorable responses or where no response is obtained; and					
(i) Summarise the results and consider whether adequate audit comfort has been obtained for trade payables.					
13 Where a circularization is not carried out, or the results are unsatisfactory, test trade payables for completeness as follows:					
(a) obtain the year end trade payables listing;					
(b) compare to prior year to identify obvious omissions;					
(c) review purchase day book during the year and payments after the end to identify main suppliers;					
(d) review purchase YTD information where available to identify major suppliers;					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(e) enquire to major suppliers not on the list. Ensure the list is in fact complete;					
(f) enquire into low balances with major suppliers to ensure they are complete;					
(g) obtain the file for year end supplier statements. Check a sample and agree/reconcile to the list of balances;					
(h) for major suppliers (regardless of recorded balance outstanding) and for all material recorded balances, identify the related statement and agree/reconcile to the creditors' listing;					
(i) where a statement is not available for any major supplier(s) consider faxing a request for a copy statement;					
(j) review after-date payments. Ensure those paying off pre-year end items are included in creditors;					
(k) extend the scope of (i) above if statements are not retained for all suppliers.					
14 Review invoices in the new period to ensure all material amounts have been provided for.					
Valuation					
15 Where trade payables are valued on a basis other than amortized cost using the effective interest method, ensure that the treatment complies with the requirements of relevant SLFRSs.					
16 Where trade payables are carried at amortized cost, consider the present value of estimated future cash flow in determining the amortized cost by reference to SLAuSs					
Cut-off					
17 Cut-off test is covered in SMET 17Q					
Leasing					
18 Review the treatment of all operating and finance leases.					
(a) Confirm that the distinction between operating and finance leases has been properly applied;					
(b) Consider any new agreements and ensure that the accounting treatment is in accordance with SLFRSs; and					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(c) Confirm that any assets, liabilities or finance charges are in accordance with SLFRSs.					
19 Have any sale and lease back transactions in the period been identified and accounted for under SLFRSs as an operating or finance lease as appropriate?					
20 Obtain direct confirmation of relevant details of loans payable.					
21 Physically inspect the asset, if possible, or determine that the asset exists and is in use by the client.					
Bills payable					
22 Perform the following procedures:					
(a) Obtain banking facilities letter to see if such facilities have been granted by bank;					
(b) Obtain a list of bills payable balances;					
(c) Check details of bills payable balances to bills statements; and					
(d) Check the bills payable balances to bank confirmation.					
Accruals					
23 Review accruals for completeness comparing to:					
(a) last year's list;					
(b) expectations.					
Income Taxes					
24 Agree the current tax liability to SMET17O					
Provisions					
25 Carry out audit tests as detailed in SMET17P					
Other payables					
26 Vouch any material other payables to supporting documentation and ensure that other payables are carried at amortized cost.					
Foreign Currencies					
27 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
28 Confirm that all monetary liabilities have been translated at the closing rate.					
Presentation and disclosure					
29 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
30 Ensure that there is sufficient appropriate evidence on the file to support all disclosures made.					
Uncorrected Misstatements					
31 Identify and record all uncorrected misstatements					
Conclusion					
32 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 17M- Detail Audit Plan: Income Taxes

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you Satisfied that the objectives have been met?	Comments	Initials
1 To ensure that the current tax is computed and accounted for in accordance with applicable regulations and financial reporting standards respectively.	9, 10, 11, 12, 13		Yes/No		
2 To ensure that deferred taxation has been correctly accounted for.	14, 15, 16, 17		Yes/No		
3 To confirm that all necessary disclosures concerning current and deferred tax have been made and that the information is appropriately presented and described.	18, 19, 20, 21		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme
- the work performed and the results obtained have been adequately documented
- all necessary information has been collected for the presentation and disclosure in the financial statements.
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached.
- in my opinion (income taxes are fairly stated/ * not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Current tax					
9 Obtain and check, or prepare the following:					
(a) draft tax computations;					
(b) an analysis of movement on the current tax account (including local tax and overseas tax); and					
(c) a proof of tax/tax reconciliation in the form required by SLFRSs.					
10 For the movement of the current tax account (both local tax and overseas tax):					
(a) test for mathematical accuracy;					
(b) check the amounts paid during the current period to bank statements and copies of assessments and compare refunds received to correspondence;					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(c) review the current position on agreement of tax computations with relevant tax authorities; and					
(d) obtain details of any significant matters currently outstanding with the tax authorities.					
11 Verify the computation of the tax charges (both local tax and overseas tax):					
(a) obtain or prepare analyses of expense accounts which may contain items that are disallowable, restricted, or result in temporary differences, e.g.:					
<ul style="list-style-type: none"> - travel / entertainment - subscriptions - sundries - legal / professional fees - repairs / maintenance (for capital items) - hire charges (for expensive motor vehicles); and - payments under finance leases 					
(b) Check calculation of capital allowances;					
(c) Verify the mathematical accuracy of the computations; and					
(d) Review the allocation of the tax charge to income tax and other taxes.					
12 Ensure profit before tax used in the computation agrees to draft profit and loss account.					
13 Have current tax liabilities (assets) for the current and prior periods been measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date?					
Deferred taxation					
14 Except where permitted has a deferred tax liability been recognized for all taxable temporary differences?					
15 Has a deferred tax asset been recognized for all deductible temporary differences only to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized?					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
16 Has a deferred tax asset been recognized for the carry forward of unused tax losses and unused tax credits only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.					
17 Have deferred tax assets and liabilities been measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date?					
Presentation and disclosure					
18 Are there tax assets and tax liabilities that were offset and presented on a net basis? If yes, ensure these tax assets and liabilities meet the right to offset in accordance with SLFRSs.					
19 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
20 Ensure that there is sufficient appropriate evidence on the file to support all disclosures made.					
21 Have current tax and deferred tax been charged or credited directly to equity (e.g. surplus from revaluation of assets) where the tax relates to items that are credited or charged, in the same or a different period, directly to equity?					
Uncorrected Misstatements					
22 Identify and record all uncorrected misstatements					
Conclusion					
23 Consider whether there are any items which need to be included in a letter of representation or management letter.					

SMET 17N- Detail Audit Plan: Provisions & Contingent Liabilities

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that full provision has been made for all liabilities or losses which are likely to be incurred, or certain to be incurred, but uncertain as to the amount or date on which they will arise.	9, 10, 11, 12, 13, 14, 15, 22, 23		Yes/No		
2 To ensure that all contingent liabilities have been identified and adequate provision made.	16, 17, 18, 19		Yes/No		
3 To ensure that capital and other commitments have been properly accounted for.	20, 21		Yes/No		
4 To confirm that all necessary disclosures concerning provisions, contingent liabilities and commitments have been made and that the information is appropriately presented and described.	24, 25, 26		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion provisions for liabilities and charges, contingent liabilities and financial commitments are fairly stated/ *not fairly stated as described below.

--

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable.

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Provisions for liabilities and charges</i>					
<i>General</i>					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;					
(b) review and comparison of key ratios or other performance indicators.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
<i>Liabilities and contingent liabilities</i>					
9 (a) Review obligations under pension and similar post-retirement schemes, obtain a copy of the scheme rules or policies and ensure that adequate provision has been made.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(b) Where the company operates a pension scheme discuss the administration under relevant regulatory bodies, reporting and whistle-blowing obligations with the directors/ trustees to ensure its affairs are being properly administered.					
10 Obtain or prepare a list of other obligations of uncertain timing and amount existing at the balance sheet date. Ensure its completeness by reviewing:					
(a) the previous year's provisions and contingent liabilities;					
(b) items recorded on the bank confirmations and/or banking facilities letter;					
(c) minutes of meetings;					
(d) major contracts;					
(e) client's correspondence; and					
(f) documents regarding legal cases; and					
(g) other (specify)					
11 Discuss the list with the client and ensure that it is complete and that adequate provision has been made for likely losses.					
12 Perform search for unrecorded liabilities					
13 Review the list in 9 above for contingent liabilities and discuss with the entity and ensure that it is complete and that adequate disclosure has been made for all contingent liabilities.					
Recognition					
14 Review the treatment of all provisions and contingent liabilities and ensure that:					
(a) A provision is recognized when and only when there is a present obligation in respect of a past event, it is probable that there will be an outflow of resources, and this can be estimated reliably; and					
(b) Contingent liabilities do not satisfy the criteria in (a) above and are properly disclosed unless the possibility of an outflow of resources is remote.					
15 Consider reasonableness of assumptions and bases used to estimate the amount of provisions and obligations.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<i>Laws and regulations</i>					
16 (a) Enquire of the directors whether they are on notice of any possible instances fraud or of other noncompliance with such laws or regulations;					
(b) Update the permanent audit file for any changes identified since the planning stage;					
(c) Review correspondence files of any relevant licensing or regulatory authorities for any indications of breaches of laws and regulations;					
(d) Confirm compliance with those laws and regulations that could have a material impact on the accounts by completing the tests set out in the audit approach column of the register of laws and regulations and;					
(e) Draft specific representations for inclusion in the letter of representation.					
<i>Litigations and claims</i>					
17 To identify any possible claims or litigation against the entity and consider whether the matters have been adequately and properly accounted for in the financial statements:					
(a) Make appropriate inquiries of management including obtaining representations;					
(b) Review minutes of those charged with governance and correspondence with the entity's legal advisers;					
(c) Examine legal expense accounts;					
(d) Write to company's legal advisers enquiring about the status and possible outcome of any legal cases; and					
(e) Use any information obtained regarding the entity's business such as other third party evidence (for example, newspaper) and discussion with in-house legal counsel (where appointed) for any possible claims and litigations					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
18 Where actual or potential litigation or claims against the entity have been identified consider whether direct communication with the entity's legal advisers is required.					
19 If permission is refused by management to contact the entity's legal advisers directly: consider the impact on the audit opinion.					
Capital and other commitments					
20 Review the management's minutes, invoices (capital expenditure committed before and after year end), contracts, agreements or other documents and ensure that all material capital commitments have been identified as follows:					
(a) contracted but not provided for.					
(b) authorized but not contracted for.					
21 Obtain details of future commitments under operating leases and ensure they are correctly disclosed.					
Foreign currencies					
22 Ensure the entity accounted for foreign currency transactions in accordance with SLFRSs.					
23 Confirm that all monetary liabilities have been translated at the closing rate.					
Presentation and disclosure					
24 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
25 Ensure that there is sufficient appropriate evidence on the file to support all disclosures made.					
26 Where disclosures about provisions or contingent liabilities include management's opinion on an issue ensure that these opinions are confirmed in the letter of representation.					
Uncorrected Misstatements					
27 Identify and record all uncorrected misstatements.					
Conclusion					
28 Consider whether there are any points (in addition to laws and regulations) which need to be included in a letter of representation or management letter					

SMET 170- Detail Audit Plan: Income Statements

<i>Audit objectives</i>	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you satisfied that the objectives have been met?	Comments	Initials
1 To ensure that income is fairly stated and correctly classified.	9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23		Yes/No		
2 To ensure that expenditure is fairly stated, authorized and correctly classified.	24, 25, 26, 27, 28		Yes/No		
3 To ensure that wages and salaries are correctly accounted for.	29, 30, 31, 32, 33, 34, 35, 39, 40, 41		Yes/No		
4 To ensure that items requiring specific disclosure are correctly reported.	36, 37, 38		Yes/No		
5 To ensure that any share based payments are properly accounted for.	42, 43, 44, 45		Yes/No		
6 To confirm that all necessary disclosures concerning the profit and loss account have been made and that the information is appropriately presented and described.	36, 37, 38, 46, 47		Yes/No		

Planning conclusion

I am satisfied that from the tests planned sufficient appropriate evidence can be gained to satisfy the objectives.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Final conclusion

From the audit work carried out I confirm that:

- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the presentation and disclosure in the financial statements;
- sufficient and appropriate evidence has been obtained to support the audit conclusion reached; and
- in my opinion the income statement are fairly stated/ * not fairly stated as described below.

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

* Delete if not applicable

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
General					
1 Agree opening balances to last year's accounts.					
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the general ledger.					
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.					
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of budgets and prior periods (e.g. monthly analysis), obtain explanations in respect of material variations from those of expectation or last period;					
(b) review and comparison of key ratios (e.g. G.P.ratio) or other performance indicators and obtain reasons for fluctuation; and					
(c) scrutinise the general ledger on those accounts with material variances to see whether there are any unusual and abnormal items.					
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.					
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments. Consider the impact on the remainder of the audit work and on any work undertaken to date.					
7 Review for large and/or unusual items and verify.					
8 Review of appropriateness and consistency of accounting policies used by the entity.					
Income					
9 Identify all material sources of income:					
(a) specify how each source has been audited; and					
(b) ensure recognition of income in compliance with SLFRSs					
10 Where pre-numbered invoices, goods dispatched notes and credit notes are used, check the sequence and investigate missing items and determine the full population.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
11 Where available, select a sample of copy sales invoices, and vouch to supporting documentation.					
(a) Compare data on the sales invoice to the sales day book, customer orders, dispatch and other supporting documents; and					
(b) Review the sales invoices for evidence of approval, clerical accuracy, terms and prices in relation to pricing policies and credit limits.					
12 Where available, select a sample of goods dispatched notes, including a number of items around the year end (where required) and vouch to supporting documentation:					
(a) Ensure details are correctly reflected on the sales invoice;					
(b) Agree invoices through to the sales ledger and general ledger;					
(c) Ensure item are properly approved and accounted for in the correct period; and					
(d) Investigate any unusual delays between date of dispatch and the date of invoicing.					
13 Where goods dispatched notes are not used/retained, specify the audit work (e.g. the verification of contract and delivery to the customer) to ensure that all sales made are invoiced.					
14 Test the sales day book/ledger as follows:					
(a) Test the casts and crosscasts;					
(b) Test posting of the totals to the general ledger;					
(c) Test vouch entries in the sales day book with copies of invoices;					
(d) Trace entries from the cash book to the sales ledger; and					
(e) Scrutinise unusual entries.					
<i>Cut-off on sales</i>					
15 Test sales cut-off as follows:					
(a) Review credit notes after the year end and consider whether these have been accounted for in the correct period;					
(b) If the company has dispatch records, examine sales and dispatch records before and after the year end and ensure that:					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
- all goods dispatched before the year end are excluded from inventories and included in sales and trade receivables where appropriate;					
- all goods dispatched after the year end are included in inventories and excluded from sales and trade receivables where appropriate. (Refer to notes from physical inventory counting.); and					
(c) If the company does not have dispatch records, specify the audit work to ensure that cut-off has been correctly applied.					
Cash sales					
16 Check to ensure that cash sales are banked regularly.					
17 Select a sample of till rolls or sales dockets, and vouch to supporting documentation.					
(a) check the additions;					
(b) check the numerical sequence and investigate any missing items;					
(c) check the pricing;					
(d) for till rolls, ensure that the level of “no sales” is acceptable; and					
(e) check total cash sales to the cash book.					
Sales returns					
18 Review sales returns and, where material, select a sample.					
(a) check the quantity and description on the credit note to a goods returned note or other documentary proof of receipt of goods;					
(b) ensure the details agree to the original invoice;					
(c) review the credit notes and supporting data for evidence of approval, clerical accuracy and nominal coding;					
(d) compare the credit note to entries in the sales ledger;					
(e) examine paid cheques if a refund was issued to the customer; and					
(f) consider the effect that any normal delay between receipt of returned goods or customers' request for credit and the recording of the credit note may have on cut-off.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
Government grants					
19 In respect of government grants:					
(a) check that, prima facie, all grants to which the client is entitled have been claimed and recognized;					
(b) confirm that there is reasonable assurance that the entity will comply with the conditions attaching to all grants recognized; and					
(c) have grants been recognized in the income statement in accordance with SLFRSs?					
Other income					
20 Vouch any material other income (e.g. fair value changes, written back of provision and gain on disposal of assets) to supporting documentation and ensure that it is correctly described.					
21 Test the receipts side of the cash book as follows:					
(a) test casts and crosscasts; and					
(b) test postings to the general ledger.					
22 Check rental income to tenancy agreement.					
23 Check reasonableness of interest income.					
Expenditure					
24 Check numerical sequence of goods received notes and investigate missing items.					
25 Select a sample of goods received note and purchase orders for the goods / services received:					
(a) examine for supplier's name, approval, clerical accuracy, delivery terms and other information;					
(b) check the goods received note and purchase order with the supplier invoices, payments made and other supporting records; and					
(c) trace the details of invoices for inventory items to posting in the perpetual inventory records (if any) and purchase day book.					
26 Select a sample of purchases from the purchases day book:					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(a) review the supplier invoice and supporting data for evidence of approval, suppliers' name, clerical accuracy, quantities and prices in relation to the purchase order and supporting documentation, reasonableness of the expenditure; and					
(b) check the goods received note and purchase order with the supplier invoices, payments made and other supporting records.					
(c) consider whether there is adequate control over the issue of cheques.					
<i>Cut-off on purchases</i>					
27 Test cut-off on purchases as follows:					
(a) If the company retains goods received records, examine the goods received/purchased records immediately before and after the year end and ensure that:					
- all goods delivered prior to the year end are included in inventories, purchases and trade payables where appropriate; and					
- all goods delivered after the year end are excluded from inventories, purchases and trade payables where appropriate.					
(b) If the company does not have goods received records, specify below the audit work to ensure that cut-off has been correctly applied.					
<i>Accounting estimates</i>					
28 Consider the following procedures where estimates are used by management (e.g. in determining the value of inventories, accruals or provisions):					
(a) where not already done, obtain audit evidence about the general reliability of the company's estimating procedures and methods, including relevant control activities;					
(b) consider whether adjustments to any estimating formulae may be required;					
(c) consider whether differences between actual results and previous estimates have been quantified and that, where necessary, appropriate adjustments or disclosures made; and					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
(d) if expert opinion is sought, whether assessment of the independence of the expert and basis of the underlying assumptions have been performed.					
<i>Wages and salaries</i>					
29 Reconcile a list of employees and their gross pay to the staff costs charge in the accounts. Explain and verify any material differences.					
30 Where considered necessary in view of the results of the above test:					
(a) check the casts and crosscasts;					
(b) check the postings to the nominal ledger;					
(c) check details of the gross to net pay calculation; and					
(d) ensure that the payroll is authorized by a responsible official.					
31 Select a sample of employees and check to supporting documents (e.g. employment contracts, time cards, employer's returns)					
32 Enquire into unclaimed wages and verify the explanations.					
33 Where payments to casual workers are significant, check the validity and authority of such payments (e.g. approved time cards, wage rate and overtime payments)					
34 Obtain details of emoluments paid and payable, including benefits-in-kind for directors and key management personnel.					
35 Verify whether the directors' emoluments and interests in contracts are properly stated in the financial statements by reference to:					
(a) service contracts;					
(b) board minutes; and					
(c) articles of Association					
<i>Related party transactions</i>					
36 Have we obtained sufficient appropriate audit evidence regarding the identification and disclosure by management of related parties in compliance with LKAS 24 and the effect of related party transactions that are material to the financial statements?					
37 Where we do not have sufficient evidence or if there is any indication that a material misstatement regarding related parties may have occurred then complete the optional programme (Rop02) Related Party Transactions.					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
Other					
38 Prepare analysis schedules for any expense categories where this is required for tax or disclosure purposes not yet shown in Q section. Specify below the accounts to be analyzed.					
39 Test the payment side of the cash book:					
(a) test casts and crosscasts.					
(b) test postings to the general ledger.					
40 For expense other than purchases, select a sample of cash paid entries:					
(a) compare the information on the cheques to entries in the cash book and check dates, amounts, payees, signatures and endorsements;					
(b) test vouch with invoices and other supporting evidence, checking accuracy of general ledger analysis ; and					
(c) investigate cheques, especially those payable to cash, banks, directors, employees, subsidiary and related companies, which appear unusual.					
41 Review the general ledger for unusual adjustments and verify.					
Employee benefits and share-based payment					
42 Confirm that an expense and corresponding liability been recognized for all profit-sharing and bonus arrangements where a present legal or constructive obligation exists.					
43 Where post employment benefits (such as pensions) are provided confirm that the accounting treatment is in accordance with SLFRSs.					
44 Confirm that an expense was recognized in the income statement as part of the profit or loss for the period where the entity entered into any share based payment transaction.					
45 Ensure that the accounting treatment of any share based payment transactions is in accordance with relevant SLFRSs; in particular:					
(a) For equity-settled share-based payment transactions, has the entity measured the goods or services received, and the corresponding increase in equity at:					

	Test required Y/N	Results satisfactory Y/N	W.P Ref	Comments	Initials and date
<ul style="list-style-type: none"> - the fair value of the goods or services received; or - if the entity cannot estimate reliably the fair value of the goods or services received then by the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted? 					
(b) For cash-settled share-based payment transactions, has the entity measured the goods or services acquired and the liability incurred at the fair value of the liability?					
(c) For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments: has the entity accounted for that transaction, or the components of that transaction, as either:					
<ul style="list-style-type: none"> - a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash or other assets; or - as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred? 					
Presentation and disclosure					
46 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.					
47 Ensure that there is sufficient appropriate evidence on the file to support all disclosures made.					
Uncorrected Misstatements					
48 Identify and record all uncorrected misstatements					
Conclusion					
49 Consider whether there are any points which need to be included in a letter of representation or management letter.					

SMET 18: Uncorrected Misstatement schedule Cash and Bank

Summary of Uncorrected Misstatements

Document below all the Uncorrected Misstatements identified (cash and bank balances), including nature of misstatements, detail working paper reference and required adjustments (Journal entry) to the financial statements.

Misstatement 1	
Details of the Misstatement	
Required Adjustments	
WP Reference	

Misstatement 2	
Details of the Misstatement	
Required Adjustments	
WP Reference	

Prepared by : _____
(Engagement Manager)

Date : _____

Reviewed by : _____
(Engagement Partner)

Date : _____

SMET 19: Lead Schedule

Step 1 : General information

Name of the Client
Year End
Significant Account

Step 2 : Lead schedule

GL Account no	Account Name	Draft Current Year	Adjustments	Adjusted Current Year	Prior Year	Variance (Rs)	Variance (%)	Notes

Accounting Policy (Provide a brief description about accounting policy related to the particular balance)

Step 3 : Account details and comments on variances and ratios

Account Details

Comments on variances and ratios

Note 1:

Note 2:

Step 4: Significant audit findings and management letter points	WP Reference
<u>Significant audit findings</u>	
<u>Un-corrected Misstatements</u>	
<u>Management letter points</u>	

Step 5: Overall Conclusion

SMET 20: Management Representation Letter Template

[The following illustrative letter includes written representations that are required by SLAuSs in effect for audits of financial statements. It is assumed in this illustration that the applicable financial reporting framework is Sri Lanka Accounting Standards. The SMPs are advised to modify the form and content of this letter, if required referring to SLAuS guidance,]

(Firm's letterhead)

(To Auditor)

(Date)

This representation letter is provided in connection with your audit of the financial statements of **[Name of the Client]** for the year ended **[Reporting Period]** for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, (or *give a true and fair view*) in accordance with Sri Lanka Accounting Standards.

We confirm that *(to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):*

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated **[insert date]**, for the preparation of the financial statements in accordance with Sri Lanka Accounting Standards; in Particular the financial statements are fairly presented (or give a true and fair view) in accordance with Sri Lanka Accounting Standards.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Sri Lanka Accounting Standards.

All events subsequent to the date of the financial statements and for which Sri Lanka Accounting Standards require adjustment or disclosure have been adjusted or disclosed.

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. [A list of the uncorrected misstatements is attached to the representation letter]

[Any other matters that the auditor may consider appropriate]

Information Provided

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

- a. Management;
- b. Employees who have significant roles in internal control; or
- c. Others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

[Any other matters that the auditor may consider necessary]

[Name of the key Client personal, Designation and Date]

Attachment: Summary of uncorrected misstatements (signed by key client personnel)

SMET 21: Other Audit Procedure Template

Consider performing other audit procedures as given below and document findings.

Other Audit Procedures	WP Reference	Work Performed by /Reviewed by
1. Audit Client and engagement acceptance/continuance procedures Confirm that appropriate audit client and engagement continuance procedures (or in the case of an initial audit, audit client acceptance procedures) were performed prior to beginning the audit work (or accepting the audit client).		
2. Independence Confirm that required independence procedures have been completed to determine that members of the engagement team comply with all personal independence requirements with respect to this audit client and its affiliates.		
3. Terms of our engagement Confirm that an engagement letter have been sent covering this engagement, in accordance with SLAuSs. If the engagement letter was prepared in a prior year, confirm that the engagement letter is still applicable and no need of updating.		
4. Minutes and contracts <ol style="list-style-type: none"> Obtain information regarding meetings of the board of directors, shareholders, and important committees (e.g., audit, executive, and other committees) up to the date of auditors' report. Read minutes. Obtain copies of the signed minutes or prepare appropriate excerpts. (If the copies are not signed, compare them with the original signed minutes.) If minutes have not been prepared for recent meetings, perform alternative procedures to determine the matters covered at these meetings. Determine the completeness of the minutes of the meetings of shareholders, those charged with governance and committees in which auditor is interested. Obtain and read significant contracts, agreements, and similar documents and consider their accounting or auditing implications. Cross-reference significant accounting and auditing issues affecting the financial statements to the appropriate work papers. 		
5. Litigation and claims Perform procedures in order to become aware of any litigation and claims involving the entity which may have a material effect on the financial statements: <ul style="list-style-type: none"> Inquire of management, including in-house legal counsel, about matters such as the entity's policies and procedures for identifying, evaluating and accounting for litigation and claims. 		

Other Audit Procedures	WP Reference	Work Performed by /Reviewed by
<ul style="list-style-type: none"> • Read minutes of meetings of those charged with governance. • Read correspondence between the entity and its external legal counsel for indications of actual or threatened litigation and claims. • Review legal expense accounts for unusual or unexpected amounts and for the use of legal firms or in-house counsels for which separate legal inquiries may be warranted. • Obtain and review a list of known actual or possible litigation and claims, including an assessment of the outcome and its estimated financial effect, from management and in-house legal counsel. • Establish whether auditor is aware of any potential litigations or claims as a result of obtaining an understanding of the entity and its environment or from our other planning procedures. • Obtain written representations from management and, when appropriate, those charged with governance, that all known, actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to us and accounted for and disclosed in accordance with the applicable financial reporting framework. 		
6. Going Concern <ul style="list-style-type: none"> • Consider the entity's ability to continue as a going concern. • If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as going concern, perform additional procedures (including obtaining going concern assessment done by the management). 		
7. Considerations of Laws and regulations <ul style="list-style-type: none"> • Obtain and document sufficient appropriate audit evidence regarding the entity's compliance with relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. • Plan and perform specific procedures to help identify instances of non-compliance with those laws and regulations that may have a material effect on the financial statements. 		
8. Related Parties Perform following audit procedures (or provide reference to other related working papers)for related parties <ul style="list-style-type: none"> • Identify related party relationships and transactions • Understand related party transactions • Evaluate completeness of related party transactions • Identify significant audit issues and auditor response • Document findings 		
9. Management Representation (Refer SMET 20- Management Representation Letter Template) Obtain representation from management Subsequent Events Review		

Review by the Engagement Partner

I have reviewed this Other Audit Procedures Template and the results of the procedures for this engagement and am satisfied that all applicable other audit procedures have been completed, the conclusions are reasonable and consistent with professional standards, and the financial statements and/or the auditor's report properly reflect the issues addressed.

Signature: _____

Date: _____

SMET 22: Significant Audit Findings Template

Significant Accounting and Auditing Issues and their Resolution:

Indicate below the significant accounting and auditing issues addressed during the audit. Attach separate memorandum(s) as required to fully explain a particular issue and its resolution (provide working paper reference for detail explanation).

Issue 1	
Resolution	
Issue 2	
Resolution	
Issue 3	
Resolution	
Issue 4	
Resolution	
Issue 5	
Resolution	

Overall Analysis of Analysis of Financial and Non-Financial Information

Based on the analysis done in SMET 04—Analysis of financial and non-financial information, provide a summary of key comments.

Evaluation of Misstatements

Document below a summary of identified misstatements and conclude on the impact of total uncorrected misstatements. (The auditor should ask management to correct all the misstatements. Uncorrected misstatements should be communicated to TCWG. If TCWG is in the opinion that the aggregation of uncorrected misstatements is not material to the financial statement, a management representation should be obtained in the “Management Representation Letter”. Consider need for modification of audit report if uncorrected misstatements are material).

Performance Materiality: _____

Description	Required Adjustment (Journal Entry)	Working Paper Ref.	Amount of Over/Under Statement				
			Assets	Liability	Pre-Tax Income	Equity	Corrected Yes/No
Total of identified misstatements during the year							
Misstatements corrected by management							
Total uncorrected misstatements							

Overall Conclusion**Opinion and Sign-off**

(If there is a modification in the audit report, modify the following statement appropriately)

It is our opinion that the scope of the audit was adequate and the financial statements of [Name of the client] for the year ended are presented fairly, in all material respects, in conformity with [Reporting framework], applied on a consistent basis.

Prepared by :

Team Member 1: _____ Date : _____

Team Member 2: _____ Date : _____

Engagement Manager: _____ Date : _____

Reviewed by : _____ Date : _____
(Engagement Partner)

Reviewed by : _____ Date : _____
(Engagement Quality Reviewer)

SMET 24: Management Letter Comments Template

Company Name: _____

Reporting Period: _____

Prepared by: _____

Reviewed by: _____

Description of problem (include specific examples)

How was problem noted (reference to working papers, if applicable)

Suggestion for improvement

Benefits client should realize by adopting our suggestion

Comment discussed with

Client's comments

Comment included in letter Yes ☐ No ☐

If not included, explain:

Supplement 1- Minimum Sample Size (Test of Controls)

Sample Size depends on following Factors.

1. Potential for Risk of material misstatement
2. Population Size
3. Reliance on Overall Internal Controls

Sample Size Tables

Tables are not available for every size population

1. Population of controls that operated approximately 500 times*

Not rely on Overall Internal Controls	Risk of Material Misstatement (RMM)		
	High	Medium	Low
Sample Size	45	25	14
	If there is no controls or if controls are not effective	If there is no controls or if controls are not effective	If there is no controls or if controls are not effective

Rely on Overall Internal Controls	Risk of Material Misstatement (RMM)			Re-performance of Internal Audit testing (additional items for controls where there is a High or Medium potential for control failure)
	High	Medium	Low	
Some	If there are controls, but provide moderate satisfaction. 25 plus re-performance items	If there are controls, but provide moderate satisfaction. 14 plus re-performance items	If there are controls, but provide moderate satisfaction. 14 inclusive of re-performance items	2
Maximum	If there are controls, but provide moderate satisfaction. 14 plus re-performance items	If there are controls, but provide moderate satisfaction. 14 plus re-performance items	If there are controls, but provide moderate satisfaction. 14 inclusive of re-performance items OR (if client does at least 20 and satisfies competence and objectivity criteria more than moderately) 4 re-performance items only	3

2. Population of controls that operated approximately 350 times*

Not rely on Overall Internal Controls	Risk of Material Misstatement (RMM)		
	High	Medium	Low
Sample Size	25	20	14
	If there is no controls or if controls are not effective	If there is no controls or if controls are not effective	If there is no controls or if controls are not effective

Rely on Overall Internal Controls	Risk of Material Misstatement (RMM)			Re-performance of Internal Audit testing (additional items for controls where there is a High or Medium potential for control failure)
	High	Medium	Low	
Some	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>20 plus re-performance items</p>	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>14 plus re-performance items</p>	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>14 plus re-performance items</p>	1
Maximum	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>14 plus re-performance items</p>	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>14 plus re-performance items</p>	<p>If there are controls, but provide more than a moderate satisfaction.</p> <p>14 inclusive of re-performance items OR (if client does at least 20 and satisfies competence and objectivity criteria more than moderately) 4 re-performance items only</p>	2

3. Population of controls that operated approximately 50 times*

Not rely on Overall Internal Controls	Risk of Material Misstatement (RMM)	
	High	Low
Sample Size	8 If there is no controls or if controls are not effective	5 If there is no controls or if controls are not effective

Rely on Overall Internal Controls	Risk of Material Misstatement (RMM)		Re-performance of Internal Audit testing (additional items for controls where there is a High or Medium potential for control failure)
	High	Low	
Maximum	If there are controls, but provide more than a moderate satisfaction 5 plus re-performance items	If there are controls, but provide more than a moderate satisfaction 5 inclusive of re-performance items	2

Note – because the above sample size ranges are small, the above tables do not cover where there is a medium potential for control failure and some reliance on Overall Internal Controls. We may judgmentally select a sample size between the minimum and maximum if circumstances indicate that the medium potential and some reliance categories are appropriate for a control operating approximately 50 times.

4. Population of controls that operated approximately 12 times*

	Risk of Material Misstatement (RMM)		Re -performance of Internal Audit tests (additional items for controls where there is a high potential for control failure)
	High	Low	
Not rely on Overall Internal Controls	4 If there is no controls or if controls are not effective	2 If there is no controls or if controls are not effective	None
Rely on Overall Internal Controls	If there are controls, but provide more than a moderate satisfaction 2 plus re-performance items	If there are controls, but provide more than a moderate satisfaction 2 inclusive of re-performance item	1

Note – because the above sample size ranges are small, the above tables do not cover where there is a medium potential for control failure and moderate reliance on Overall Internal Controls. We may judgmentally select a sample size between the minimum and maximum if circumstances indicate that the medium potential and some reliance categories are appropriate for a control operating approximately 12 times.

5. Population of controls that operated approximately 4 times*

	Risk of Material Misstatement (RMM)		Re -performance of Internal Audit tests (additional items for controls where there is a high potential for control failure)
	High	Low	
Not rely on Overall Internal Controls	2 If there is no controls or if controls are not effective	1 If there is no controls or if controls are not effective	None
Rely on Overall Internal Controls	If there are controls, but provide more than a moderate satisfaction 1	If there are controls, but provide more than a moderate satisfaction 1	1

Note – because the above sample size ranges are small, the above tables do not cover where there is a medium potential for control failure and moderate reliance on Overall Internal Controls. We may judgmentally select a sample size between the minimum and maximum if circumstances indicate that the medium potential and some reliance categories are appropriate for a control operating approximately 4 times.