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PREPARE FOR AND COLLECT EVIDENCE FOR AUDIT

You will prepare for, and collect evidence for statutory audits, internal reviews or investigations. You will need to understand the nature of the client's organisation, its areas of operation and the industry in which it operates. You must thoroughly plan your approach to this work and ensure that your recommendations are based on sufficient and appropriate evidence. You must keep accurate records and communicate effectively in order to resolve issues and queries arising during the audit.

TO PERFORM EFFECTIVELY YOU NEED TO:

- understand the client's business objectives, personnel and the industry in which they operate
- identify key risk areas and understand how management seeks to mitigate these risks
- plan your approach based on your understanding of risks and management approach to them
- test and evaluate the adequacy of the client systems
- plan and conduct work in order to obtain sufficient and appropriate audit evidence
- record and evaluate further information provided by the client where previously there was insufficient evidence
- ensure that all work undertaken is complete and accurate and queries are dealt with as fully as possible
- test and evaluate evidence and draw conclusions.

Achievement of this performance objective requires consistent performance over a period of time.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- preparing and reviewing audit programmes
- conducting or attending audit planning meetings with both client and audit staff
- collecting and analysing information about the organisation and its trading position
- documenting and reviewing the client's systems (accounting, reporting etc)
- preparing working papers that document and evaluate audit tests
- discussing and resolving issues arising during the audit with appropriate members of client staff
- planning and conducting substantive tests
- planning and conducting tests of control procedures and activities.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

KEY KNOWLEDGE AND UNDERSTANDING: AUDIT AND ASSURANCE

- Implement efficient and effective audit assignments and other audit and assurance based services for clients
- Describe the audit regulatory and legal framework and identify other professional and ethical considerations and constraints in auditing, assurance and practice management
- Explain the overall role and process of internal audit, review and control.

LINKED EXAM PAPERS

Paper F8, Audit and Assurance

Paper P7, Advanced Audit and Assurance.