

**INDEPENDENT REGULATORY BOARD FOR AUDITORS
PRACTICE REVIEW DEPARTMENT
FIRM REVIEW PROCESS**

Mapping of ISA's to Firm's Audit Methodology Manual

(Source: Handbook of International Auditing, Assurance, and Ethics Pronouncements – 2008 Edition Part I)

Name of firm:
Name of office:
Prepared by:
Date prepared:

Confidentiality: All information required by this document is subject to the provisions stated in the Auditing Profession Act, section 47(5).

Please provide a reference to the relevant section in your firm's audit methodology manual.

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's audit methodology manual
ISA 200 – Objective and General Principles governing an Audit of Financial Statements	Effective for periods on or after June 15, 2006	
.02 The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework.		
.04 The auditor should comply with relevant ethical requirements relating to audit engagements.		
.06 The auditor should conduct an audit in accordance with International Standards on Auditing.		
.11 In determining the audit procedures to be performed in conducting an audit in accordance with International Standards on auditing, the auditor should comply with each of the International Standards on Auditing relevant to the audit.		
.14 The auditor should not represent compliance with International Standards on Auditing unless the auditor has complied fully with all of the International Standards on Auditing relevant to the audit.		
.15 The auditor should plan and perform an audit with an attitude of professional skepticism recognizing that circumstances may exist that cause the financial statements to be materially misstated.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.24 The auditor should plan and perform the audit to reduce audit risk to an acceptably low level that is consistent with the objective of an audit.		
.37 The auditor should determine whether the financial reporting framework adopted by management in preparing the financial statements is acceptable.	Effective for periods on or after January 1, 2008	
ISA 210 – Terms of Audit Engagement	Effective for periods on or after December 15, 2006	
.02 The auditor and the client should agree on the terms of the engagement.		
.10 On recurring audits, the auditor should consider whether circumstances require the terms of the engagement to be revised and whether there is a need to remind the client of the existing terms of engagement.		
.12 An auditor who, before the completion of the engagement, is requested to change the engagement to one that provides a lower level of assurance, should consider the appropriateness of doing so.		
.17 Where the terms of the engagement are changed, the auditor and the client should agree on the new terms.		
.18 The auditor should not agree to a change of engagement where there is no reasonable justification for doing so.		
.19 If the auditor is unable to agree to a change of the engagement and is not permitted to continue the original engagement, the auditor should withdraw and consider whether there is any obligation, either contractual or otherwise, to report to other parties, such as those charged with governance, the circumstances necessitating the withdrawal.		
ISA 210 – Appendix 2	Effective for periods on or after January 1, 2008. No specific date yet.	
.02 The auditor and the client should agree on the terms of the engagement.		
.10 The terms of the engagement should identify the applicable financial reporting framework.		
.13 The auditor should accept an engagement for an audit of financial statements only when the auditor concludes that the financial reporting framework adopted by management is acceptable or		

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when it is required by law or regulation. When law or regulation requires use of a financial reporting framework for general purpose financial statements that the auditor considers to be unacceptable, the auditor should accept the engagement only if the deficiencies in the framework can be adequately explained to avoid misleading users.		
.16 On recurring audits, the auditor should consider whether circumstances require the terms of the engagement to be revised and whether there is a need to remind the client of the existing terms of engagement.		
.18 An auditor who, before the completion of the engagement, is requested to change the engagement to one that provides a lower level of assurance, should consider the appropriateness of doing so.		
.23 Where the terms of the engagement are changed, the auditor and the client should agree on the new terms.		
.24 The auditor should not agree to a change of engagement where there is no reasonable justification for doing so.		
.25 If the auditor is unable to agree to a change of the engagement and is not permitted to continue the original engagement, the auditor should withdraw and consider whether there is any obligation, either contractual or otherwise, to report to other parties, such as those charged with governance, the circumstances necessitating the withdrawal.		
ISA 220 – Quality Control for Audits of Historical Information	Effective for periods on or after June 15, 2005	
.02 The engagement team should implement quality control procedures that are applicable to the individual audit engagement.		
.06 The engagement partner should take responsibility for the overall quality on each audit engagement to which that partner is assigned.		
.08 The engagement partner should consider whether members of the engagement team have complied with ethical requirements.		
.12 The engagement partner should form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner should: (a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence; (b) Evaluate information on identified breaches, if any, of the firm's		

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<p>independence policies and procedures to determine whether they create a threat to independence for the audit engagement;</p> <p>(c) Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards. The engagement partner should promptly report to the firm any failure to resolve the matter for appropriate action; and</p> <p>(d) Document conclusions on independence and any relevant discussions with the firm that support these conclusions.</p>		
<p>.14 The engagement partner should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed and that conclusions reached in this regard are appropriate and have been documented.</p>		
<p>.18 Where the engagement partner obtains information that would have caused the firm to decline the audit engagement if that information had been available earlier, the engagement partner should communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.</p>		
<p>.19 The engagement partner should be satisfied that the engagement team collectively has the appropriate capabilities, competence and time to perform the audit engagement in accordance with professional standards and regulatory and legal requirements, and to enable an auditor's report that is appropriate in the circumstances to be issued.</p>		
<p>.21 The engagement partner should take responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and regulatory and legal requirements, and for the auditor's report that is issued to be appropriate in the circumstances.</p>		
<p>.26 Before the auditor's report is issued, the engagement partner, through review of the audit documentation and discussion with the engagement team, should be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.</p>		
<p>.30 The engagement partner should:</p> <p>(a) Be responsible for the engagement team undertaking appropriate consultation on difficult or contentious matters;</p> <p>(b) Be satisfied that members of the engagement team have undertaken appropriate consultation during the course of the engagement, both within the engagement team and between the</p>		

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<p>engagement team and others at the appropriate level within or outside the firm;</p> <p>(c) Be satisfied that the nature and scope of, and conclusions resulting from, such consultations are documented and agreed with the party consulted; and</p> <p>(d) Determine that conclusions resulting from consultations have been implemented.</p>		
<p>.34 Where differences of opinion arise within the engagement team, with those consulted and, where applicable, between the engagement partner and the engagement quality control reviewer, the engagement team should follow the firm's policies and procedures for dealing with and resolving differences of opinion.</p>		
<p>.36 For audits of financial statements of listed entities, the engagement partner should:</p> <p>(a) Determine that an engagement quality control reviewer has been appointed;</p> <p>(b) Discuss significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer; and</p> <p>(c) Not issue the auditor's report until the completion of the engagement quality control review.</p>		
<p>.38 An engagement quality control review should include an objective evaluation of:</p> <p>(a) The significant judgments made by the engagement team; and</p> <p>(b) The conclusions reached in formulating the auditor's report.</p>		
<p>ISA 230 Documentation</p>	<p>Effective for periods on or after June 15, 2006</p>	
<p>.02 The auditor should prepare, on a timely basis, audit documentation that provides:</p> <p>(a) A sufficient and appropriate record of the basis for the auditor's report; and</p> <p>(b) Evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.</p>		
<p>.09 The auditor should prepare the audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand:</p> <p>(a) The nature, timing, and extent of the audit procedures performed to comply with ISAs and applicable legal and regulatory requirements;</p> <p>(b) The results of the audit procedures and the audit evidence</p>		

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(c) obtained; and Significant matters arising during the audit and the conclusions reached thereon.		
.12 In documenting the nature, timing and extent of audit procedures performed, the auditor should record the identifying characteristics of the specific items or matters being tested.		
.16 The auditor should document discussions of significant matters with management and others on a timely basis.		
.18 If the auditor has identified information that contradicts or is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor should document how the auditor addressed the contradiction or inconsistency in forming the final conclusion.		
.21 Where, in exceptional circumstances, the auditor judges it necessary to depart from a basic principle or an essential procedure that is relevant in the circumstances of the audit, the auditor should document how the alternative audit procedures performed achieve the objective of the audit, and, unless otherwise clear, the reasons for the departure.		
.23 In documenting the nature, timing and extent of audit procedures performed, the auditor should record: (a) Who performed the audit work and the date such work was completed; and (b) Who reviewed the audit work performed and the date and extent of such review.		
.25 The auditor should complete the assembly of the final audit file on a timely basis after the date of the auditor's report.		
.28 After the assembly of the final audit file has been completed, the auditor should not delete or discard audit documentation before the end of its retention period.		
.30 When the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor should, regardless of the nature of the modifications or additions, document: (a) When and by whom they were made, and (where applicable) reviewed; (b) The specific reasons for making them; and (c) Their effect, if any, on the auditor's conclusions.		
31. When exceptional circumstances arise after the date of the		

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<p>auditor's report that require the auditor to perform new or additional audit procedures or that lead the auditor to reach new conclusions, the auditor should document:</p> <p>(a) The circumstances encountered;</p> <p>(b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached; and</p> <p>(c) When and by whom the resulting changes to audit documentation were made, and (where applicable) reviewed.</p>		
ISA 240 – The Auditors responsibility to consider Fraud in an Audit of Financial Statements	Effective for periods on or after December 15, 2004	
.03 In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud.		
.24 The auditor should maintain an attitude of professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience with the entity about the honesty and integrity of management and those charged with governance.		
.27 Members of the engagement team should discuss the susceptibility of the entity's financial statements to material misstatement due to fraud.		
.29 The engagement partner should consider which matters are to be communicated to members of the engagement team not involved in the discussion.		
<p>.34 When obtaining an understanding of the entity and its environment, including its internal control, the auditor should make inquiries of management regarding:</p> <p>(a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud;</p> <p>(b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or account balances, classes of transactions or disclosures for which a risk of fraud is likely to exist;</p> <p>(c) Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; and</p> <p>(d) Management's communication, if any, to employees regarding its views on business practices and ethical behavior.</p>		
.38 The auditor should make inquiries of management, internal audit,		

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and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.		
.43 The auditor should obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks.		
.46 The auditor should make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.		
.48 When obtaining an understanding of the entity and its environment, including its internal control, the auditor should consider whether the information obtained indicates that one or more fraud risk factors are present.		
.53 When performing analytical procedures to obtain an understanding of the entity and its environment, including its internal control, the auditor should consider unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.		
.55 When obtaining an understanding of the entity and its environment, including its internal control, the auditor should consider whether other information obtained indicates risks of material misstatement due to fraud.		
.57 When identifying and assessing the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures, the auditor should identify and assess the risks of material misstatement due to fraud. Those assessed risks that could result in a material misstatement due to fraud are significant risks and accordingly, to the extent not already done so, the auditor should evaluate the design of the entity's related controls, including relevant control activities, and determine whether they have been implemented.		
.61 The auditor should determine overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level and should design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks at the assertion level.		
.66 In determining overall responses to address the risks of material misstatement due to fraud at the financial statement level the		

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auditor should: (a) Consider the assignment and supervision of personnel; (b) Consider the accounting policies used by the entity; and (c) Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures.		
.76 To respond to the risk of management override of controls, the auditor should design and perform audit procedures to: (a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements; (b) Review accounting estimates for biases that could result in material misstatement due to fraud; and (c) Obtain an understanding of the business rationale of significant transactions that the auditor becomes aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment.		
.85 The auditor should consider whether analytical procedures that are performed at or near the end of the audit when forming an overall conclusion as to whether the financial statements as a whole are consistent with the auditor's knowledge of the business indicate a previously unrecognized risk of material misstatement due to fraud.		
.86 When the auditor identifies a misstatement, the auditor should consider whether such a misstatement may be indicative of fraud and if there is such an indication, the auditor should consider the implications of the misstatement in relation to other aspects of the audit, particularly the reliability of management representations.		
.89 When the auditor confirms that, or is unable to conclude whether, the financial statements are materially misstated as a result of fraud, the auditor should consider the implications for the audit.		
.90 The auditor should obtain written representations from management that: (a) It acknowledges its responsibility for the design and implementation of internal control to prevent and detect fraud; (b) It has disclosed to the auditor the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud; (c) It has disclosed to the auditor its knowledge of fraud or suspected fraud affecting the entity involving: (i) Management;		

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<ul style="list-style-type: none"> (ii) Employees who have significant roles in internal control; or (iii) Others where the fraud could have a material effect on the financial statements; and (d) It has disclosed to the auditor its knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. 		
.93 If the auditor has identified a fraud or has obtained information that indicates that a fraud may exist; the auditor should communicate these matters as soon as practicable to the appropriate level of management.		
.95 If the auditor has identified fraud involving <ul style="list-style-type: none"> (a) Management; (b) Employees who have significant roles in internal control; or (c) Others where the fraud results in a material misstatement, the auditor should communicate these matters to those charged with governance as soon as practicable.		
.99 The auditor should make those charged with governance and management aware, as soon as practicable, and at the appropriate level of responsibility, of material weaknesses in the design or implementation of internal control to prevent and detect fraud which may have come to the auditor's attention.		
.101 The auditor should consider whether there are any other matters related to fraud to be discussed with those charged with governance of the entity.		
.103 If, as a result of a misstatement resulting from fraud or suspected fraud, the auditor encounters exceptional circumstances that bring into question the auditor's ability to continue performing the audit the auditor should: <ul style="list-style-type: none"> (a) Consider the professional and legal responsibilities applicable in the circumstances, including whether there is a requirement for the auditor to report to the person or persons who made the audit appointment or, in some cases, to regulatory authorities; (b) Consider the possibility of withdrawing from the engagement; and (c) If the auditor withdraws: <ul style="list-style-type: none"> (i) Discuss with the appropriate level of management and those charged with governance the auditor's withdrawal from the engagement and the reasons for the withdrawal; and (ii) Consider whether there is a professional or legal requirement to report to the person or persons who made the audit 		

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appointment or, in some cases, to regulatory authorities, the auditor's withdrawal from the engagement and the reasons for the withdrawal.		
.107 The documentation of the auditor's understanding of the entity and its environment and the auditor's assessment of the risks of material misstatement should include: (a) The significant decisions reached during the discussion among the engagement team regarding the susceptibility of the entity's financial statements to material misstatement due to fraud; and (b) The identified and assessed risks of material misstatement due to fraud at the financial statement level and at the assertion level.		
.108 The documentation of the auditor's responses to the assessed risks of material misstatement required by paragraph 73 of ISA 330 should include: (a) The overall responses to the assessed risks of material misstatements due to fraud at the financial statement level and the nature, timing and extent of audit procedures, and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level; and (b) The results of the audit procedures, including those designed to address the risk of management override of controls.		
.109 The auditor should document communications about fraud made to management, those charged with governance, regulators and others.		
.110 When the auditor has concluded that the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, the auditor should document the reasons for that conclusion.		
ISA 250 – Consideration of Laws and Regulations in an Audit of Financial Statements	Effective for periods on or after December 15, 2004	
.02 When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements.		
.13 In accordance with ISA 200, "Objective and General Principles Governing an Audit of Financial Statements" the auditor should plan and perform the audit with an attitude of professional skepticism recognizing that the audit may reveal conditions or events that		

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would lead to questioning whether an entity is complying with laws and regulations.		
.15 In order to plan the audit, the auditor should obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry, and how the entity is complying with that framework.		
.18 After obtaining the general understanding, the auditor should perform further audit procedures to help identify instances of noncompliance with those laws and regulations where noncompliance should be considered when preparing financial statements, specifically: (a) Enquiring of management as to whether the entity is in compliance with such laws and regulations, and (b) Inspecting correspondence with the relevant licensing or regulatory authorities.		
.19 Further, the auditor should obtain sufficient appropriate audit evidence about compliance with those laws and regulations generally recognized by the auditor to have an effect on the determination of material amounts and disclosures in financial statements. The auditor should have a sufficient understanding of these laws and regulations in order to consider them when auditing the assertions related to the determination of the amounts to be recorded and the disclosures to be made.		
.22 The auditor should be alert to the fact that audit procedures applied for the purpose of forming an opinion on the financial statements may bring instances of possible noncompliance with laws and regulations to the auditor's attention.		
.23 The auditor should obtain written representations that management has disclosed to the auditor all known actual or possible noncompliance with laws and regulations whose effects should be considered when preparing financial statements.		
.26 When the auditor becomes aware of a possible instance of noncompliance, the auditor should obtain an understanding of the nature of the act and the circumstances in which it has occurred, and sufficient other information to evaluate the possible effect on the financial statements.		
.28 When the auditor believes there may be noncompliance, the auditor should document the findings and discuss them with management.		
.30 When adequate information about the suspected noncompliance cannot be obtained, the auditor should consider the effect of the		

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lack of sufficient appropriate audit evidence on the auditor's report.		
.31 The auditor should consider the implications of noncompliance in relation to other aspects of the audit, particularly the reliability of management representations.		
.32 The auditor should, as soon as practicable, either communicate with those charged with governance or obtain audit evidence that they are appropriately informed, regarding noncompliance that comes to the auditor's attention.		
.33 If in the auditor's judgment the noncompliance is believed to be intentional and material, the auditor should communicate the finding without delay.		
.34 If the auditor suspects that members of senior management, including members of the board of directors, are involved in noncompliance, the auditor should report the matter to the next higher level of authority at the entity, if it exists, such as an audit committee or a supervisory board.		
.35 If the auditor concludes that the noncompliance has a material effect on the financial statements, and has not been properly reflected in the financial statements, the auditor should express a qualified or an adverse opinion.		
.36 If the auditor is precluded by the entity from obtaining sufficient appropriate audit evidence to evaluate whether or not noncompliance that may be material to the financial statements, has, or is likely to have, occurred, the auditor should express a qualified opinion or a disclaimer of opinion on the financial statements on the basis of a limitation on the scope of the audit.		
.37 If the auditor is unable to determine whether or not noncompliance has occurred because of limitations imposed by the circumstances rather than by the entity, the auditor should consider the effect on the auditor's report.		
.40 As stated in the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, on receipt of an inquiry from the proposed auditor, the existing auditor should advise whether there are any professional reasons why the proposed auditor should not accept the appointment. If permission from the client to discuss its affairs with the proposed auditor is denied by the client, that fact should be disclosed to the proposed auditor.		
ISA 260 - Communication of Audit Matters with those charged with Governance	Effective for periods on or after December 15, 2004	

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.02 The auditor should communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity.		
.05 The auditor should determine the relevant persons who are charged with governance and with whom audit matters of governance interest are communicated.		
.11 The auditor should consider audit matters of governance interest that arise from the audit of the financial statements and communicate them with those charged with governance.		
.11a The auditor should inform those charged with governance of those uncorrected misstatements aggregated by the auditor during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.		
.13 The auditor should communicate audit matters of governance interest on a timely basis.		
ISA 300 - Planning an Audit of Financial Statements	Effective for periods on or after December 15, 2004	
.02 The auditor should plan the audit work so that the audit will be performed in an effective manner.		
.06 The auditor should perform the following activities at the beginning of the current audit engagement: <ul style="list-style-type: none"> • Perform procedures regarding the continuance of the client relationship and the specific audit engagement; • Evaluate compliance with ethical requirements, including independence; and • Establish an understanding of the terms of the engagement. 		
.08 The auditor should establish the overall audit strategy for the audit.		
.13 The auditor should develop an audit plan for the audit in order to reduce the audit risk to an acceptably low level.		
.16 The overall audit strategy and the audit plan should be updated and changed as necessary during the course of the audit.		
.18 The auditor should plan the nature, timing and extent of direction and supervision of engagement team members and review of their work.		
.22 The auditor should document the overall audit strategy and the audit plan, including any significant changes made during the audit engagement.		

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<p>.28 The auditor should perform the following activities prior to starting an initial audit:</p> <p>(a) Perform procedures regarding the acceptance of the client relationship and the specific audit engagement.</p> <p>(b) Communicate with the previous auditor, where there has been a change of auditors, in compliance with relevant ethical requirements.</p>		
<p>ISA 315 - Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement.</p>	<p>Effective for periods on or after December 15, 2004</p>	
<p>.02 The auditor should obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error and sufficient to design and perform further audit procedures.</p>		
<p>.07 The auditor should perform the following risk assessment procedures to obtain an understanding of the entity and its environment, including its internal control:</p> <p>(a) Inquiries of management and others within the entity;</p> <p>(b) Analytical procedures; and</p> <p>(c) Observation and inspection.</p>		
<p>.12 When the auditor intends to use information about the entity and its environment obtained in prior periods, the auditor should determine whether changes have occurred that may affect the relevance of such information in the current audit.</p>		
<p>.14 The members of the engagement team should discuss the susceptibility of the entity's financial statements to material misstatements.</p>		
<p>.22 The auditor should obtain an understanding of relevant industry, regulatory, and other external factors including the applicable financial reporting framework.</p>		
<p>.25 The auditor should obtain an understanding of the nature of the entity.</p>		
<p>.28 The auditor should obtain an understanding of the entity's selection and application of accounting policies and consider whether they are appropriate for its business and consistent with the applicable financial reporting framework and accounting polices used in the relevant industry.</p>		
<p>.30 The auditor should obtain an understanding of the entity's objectives and strategies, and the related business risks that may</p>		

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result in material misstatement of the financial statements.		
.35 The auditor should obtain an understanding of the measurement and review of the entity's financial performance.		
.41 The auditor should obtain an understanding of internal control relevant to the audit.		
.67 The auditor should obtain an understanding of the control environment.		
.76 The auditor should obtain an understanding of the entity's process for identifying business risks relevant to financial reporting objectives and deciding about actions to address those risks, and the results thereof.		
<p>.81 The auditor should obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including the following areas:</p> <ul style="list-style-type: none"> • The classes of transactions in the entity's operations that are significant to the financial statements. • The procedures, within both IT and manual systems, by which those transactions are initiated, recorded, processed and reported in the financial statements. • The related accounting records, whether electronic or manual, supporting information, and specific accounts in the financial statements, in respect of initiating, recording, processing and reporting transactions. • How the information system captures events and conditions, other than classes of transactions, which are significant to the financial statements. • The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures. 		
.89 The auditor should understand how the entity communicates financial reporting roles and responsibilities and significant matters relating to financial reporting.		
.90 The auditor should obtain a sufficient understanding of control activities to assess the risks of material misstatement at the assertion level and to design further audit procedures responsive to assessed risks.		
.93 The auditor should obtain an understanding of how the entity has responded to risks arising from IT.		
.96 The auditor should obtain an understanding of the major types of activities that the entity uses to monitor internal control over		

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financial reporting, including those related to those control activities relevant to the audit, and how the entity initiates corrective actions to its controls.		
.100 The auditor should identify and assess the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances, and disclosures.		
.108 As part of the risk assessment as described in paragraph 100, the auditor should determine which of the risks identified are, in the auditor's judgment, risks that require special audit consideration (such risks are defined as "significant risks") .		
.113 For significant risks, to the extent the auditor has not already done so, the auditor should evaluate the design of the entity's related controls, including relevant control activities, and determine whether they have been implemented.		
.115 As part of the risk assessment as described in paragraph 100, the auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures.		
.120 The auditor should make those charged with governance or management aware, as soon as practicable, and at an appropriate level of responsibility, of material weaknesses in the design or implementation of internal control which have come to the auditor's attention.		
.122 The auditor should document: (a) The discussion among the engagement team regarding the susceptibility of the entity's financial statements to material misstatement due to error or fraud, and the significant decisions reached; (b) Key elements of the understanding obtained regarding each of the aspects of the entity and its environment as identified in paragraph 20, including each of the internal control components identified in paragraph 43, to assess the risks of material misstatement of the financial statements; the sources of information from which the understanding was obtained; and the risk assessment procedures; (c) The identified and assessed risks of material misstatement at the financial statement level and at the assertion level; and (d) The significant risks identified and related controls evaluated as a		

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result of the requirements in paragraph 113 and 115.		
ISA 320 – Audit Materiality	Effective for periods on or after December 15, 2004	
.02 The auditor should consider materiality and its relationship to audit risk when conducting an audit.		
.04 The objective of an audit of the financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.		
.08 Materiality should be considered by the auditor when: (a) Determining the nature, timing and extent of audit procedures; and (b) Evaluating the effect of misstatements.		
.12 In evaluating whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework, the auditor should assess whether the aggregate of uncorrected misstatements that have been identified during the audit is material.		
.15 If management refuses to adjust the financial statements and the results of extended audit procedures do not enable the auditor to conclude that the aggregate of uncorrected misstatements is not material, the auditor should consider the appropriate modification to the auditor's report in accordance with ISA 701, "Modification to the Independent Auditor's Report."		
.17 If the auditor has identified a material misstatement resulting from error, the auditor should communicate the misstatement to the appropriate level of management on a timely basis, and consider the need to report it to those charged with governance in accordance with ISA 260, "Communication of Audit Matters with Those Charged with Governance".		
ISA 330 - The Auditor's Procedures in Response to Assessed Risks	Effective for periods on or after June 15, 2006	
.03 In order to reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level.		
.04 The auditor should determine overall responses to address the risks of material misstatement at the financial statement level.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.07 The auditor should design and perform further audit procedures whose nature, timing, and extent are responsive to the assessed risks of material misstatement at the assertion level.		
.23 When the auditor's assessment of risks of material misstatement at the assertion level includes an expectation that controls are operating effectively, the auditor should perform tests of controls to obtain sufficient appropriate audit evidence that the controls were operating effectively at relevant times during the period under audit.		
.25 When, in accordance with paragraph 115 of ISA 315, the auditor has determined that it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures, the auditor should perform tests of relevant controls to obtain audit evidence about their operating effectiveness.		
.29 The auditor should perform other audit procedures in combination with inquiry to test the operating effectiveness of controls.		
.37 When the auditor obtains audit evidence about the operating effectiveness of controls during an interim period, the auditor should determine what additional audit evidence should be obtained for the remaining period.		
.39 If the auditor plans to use audit evidence about the operating effectiveness of controls obtained in prior audits, the auditor should obtain audit evidence about whether changes in those specific controls have occurred subsequent to the prior audit. The auditor should obtain audit evidence about whether such changes have occurred by performing inquiry in combination with observation or inspection to confirm the understanding of those specific controls.		
.40 If the auditor plans to rely on controls that have changed since they were last tested, the auditor should test the operating effectiveness of such controls in the current audit.		
.41 If the auditor plans to rely on controls that have not changed since they were last tested, the auditor should test the operating effectiveness of such controls at least once in every third audit.		
.43 When there are a number of controls for which the auditor determines that it is appropriate to use audit evidence obtained in prior audits, the auditor should test the operating effectiveness of some controls each audit.		
.44 When, in accordance with paragraph 108 of ISA 315, the auditor has determined that an assessed risk of material misstatement at		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
the assertion level is a significant risk and the auditor plans to rely on the operating effectiveness of controls intended to mitigate that significant risk, the auditor should obtain the audit evidence about the operating effectiveness of those controls from tests of controls performed in the current period.		
.49 Irrespective of the assessed risk of material misstatement, the auditor should design and perform substantive procedures for each material class of transactions, account balance, and disclosure.		
.50 The auditor's substantive procedures should include the following audit procedures related to the financial statement closing process: <ul style="list-style-type: none"> • Agreeing or reconciling the financial statements with the underlying accounting records; and • Examining material journal entries and other adjustments made during the course of preparing the financial statements. 		
.51 When, in accordance with paragraph 108 of ISA 315, the auditor has determined that an assessed risk of material misstatement at the assertion level is a significant risk, the auditor should perform substantive procedures that are specifically responsive to that risk.		
.56 When substantive procedures are performed at an interim date, the auditor should perform further substantive procedures or substantive procedures combined with tests of controls to cover the remaining period that provide a reasonable basis for extending the audit conclusions from the interim date to the period end.		
.65 The auditor should perform audit procedures to evaluate whether the overall presentation of the financial statements, including the related disclosures, are in accordance with the applicable financial reporting framework.		
.66 Based on the audit procedures performed and the audit evidence obtained, the auditor should evaluate whether the assessments of the risks of material misstatement at the assertion level remain appropriate.		
.70 The auditor should conclude whether sufficient appropriate audit evidence has been obtained to reduce to an acceptably low level the risk of material misstatement in the financial statements.		
.72 If the auditor has not obtained sufficient appropriate audit evidence as to a material financial statement assertion, the auditor should attempt to obtain further audit evidence. If the auditor is unable to obtain sufficient appropriate audit evidence, he auditor should express a qualified opinion or a disclaimer of opinion.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.73 The auditor should document the overall responses to address the assessed risks of material misstatement at the financial statement level and the nature, timing, and extent of the further audit procedures, the linkage of those procedures with the assessed risks at the assertion level, and the results of the audit procedures. In addition, if the auditor plans to use audit evidence about the operating effectiveness of controls obtained in prior audits, the auditor should document the conclusions reached with regard to relying on such controls that were tested in a prior audit.		
.73a The auditor should demonstrate that the financial statements agree or reconcile with the underlying accounting records.		
ISA 402 – Audit Considerations relating to Entities using Service Organizations	Effective for periods on or after December 15, 2004	
.02 The auditor should consider how an entity's use of a service organization affects the entity's internal control so as to identify and assess the risk of material misstatement and to design and perform further audit procedures.		
.05 In obtaining an understanding of the entity and its environment, the auditor should determine the significance of service organization activities to the entity and the relevance to the audit.		
.07 If the auditor concludes that the activities of the service organization are significant to the entity and relevant to the audit, the auditor should obtain a sufficient understanding of the entity and its environment, including its internal control, to identify and assess the risks of material misstatement and design further audit procedures in response to the assessed risks.		
.09 If the auditor uses the report of a service organization auditor, the auditor should consider making inquiries concerning that auditor's professional competence in the context of the specific assignment undertaken by the service organization auditor.		
.11 When using a service organization auditor's report, the auditor should consider the nature of and content of that report.		
.13 The auditor should consider the scope of work performed by the service organization auditor and should evaluate the usefulness and appropriateness of reports issued by the service organization auditor.		
.16 For those specific tests of control and results that are relevant, the auditor should consider whether the nature, timing and extent of such tests provide sufficient appropriate audit evidence about the		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
operating effectiveness of the internal control systems to support the auditor's assessed risks of material misstatement.		
.18 When the auditor uses a report from the auditor of a service organization, no reference should be made in the entity's auditor's report to the auditor's report on the service organization.		
ISA 500 – Audit Evidence	Effective for periods on or after December 15, 2004	
.02 The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.		
.11 When information produced by the entity is used by the auditor to perform audit procedures, the auditor should obtain audit evidence about the accuracy and completeness of the information.		
.16 The auditor should use assertions for classes of transactions, account balances, and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatement and the design and performance of further audit procedures.		
ISA 501 – Audit Evidence -Additional Considerations for Specific Items	Effective for periods on or after December 15, 2004	
.05 When inventory is material to the financial statements, the auditor should obtain sufficient appropriate audit evidence regarding its existence and condition by attendance at physical inventory counting unless impracticable.		
.06 If unable to attend the physical inventory count on the date planned due to unforeseen circumstances, the auditor should take or observe some physical counts on an alternative date and, when necessary, perform audit procedures on intervening transactions.		
.07 Where attendance is impracticable, due to factors such as the nature and location of the inventory, the auditor should consider whether alternative procedures provide sufficient appropriate audit evidence of existence and condition to conclude that we need not make reference to a scope limitation.		
.32 The auditor should carry out audit procedures in order to become aware of any litigation and claims involving the entity which may result in a material misstatement of the financial statements.		
.33 When the auditor assesses a risk of material misstatement regarding litigation or claims that have been identified or when the		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
auditor believes they may exist, the auditor should seek direct communication with the entity's legal counsel.		
.34 The letter, which should be prepared by management and sent by the auditor, should request the entity's legal counsel to communicate directly with the auditor.		
.37 If management refuses to give the auditor permission to communicate with the entity's legal counsel, this would be a scope limitation and should ordinarily lead to a qualified opinion or a disclaimer of opinion.		
.38 When long-term investments are material to the financial statements, the auditor should obtain sufficient appropriate audit evidence regarding their valuation and disclosure.		
.42 When segment information is material to the financial statements, the auditor should obtain sufficient appropriate audit evidence regarding its presentation and disclosure in accordance with the applicable financial reporting framework.		
ISA 505 – External Confirmations	Effective for periods on or after December 15, 2004	
.02 The auditor should determine whether the use of external confirmations is necessary to obtain sufficient appropriate audit evidence at the assertion level. In making this determination, the auditor should consider the assessed risk of material misstatement at the assertion level and how the audit evidence from other planned audit procedures will reduce the risk of material misstatement at the assertion level to an acceptably low level.		
.17 The auditor should tailor external confirmation requests to the specific audit objective.		
.25 When the auditor seeks to confirm certain balances or other information, and management requests the auditor not to do so, the auditor should consider whether there are valid grounds for such a request and obtain audit evidence to support the validity of management's requests. If the auditor agrees to management's request not to seek external confirmation regarding a particular matter, the auditor should apply alternative audit procedures to obtain sufficient appropriate audit evidence regarding that matter.		
.26 If the auditor does not accept the validity of management's request and is prevented from carrying out the confirmations, there has been a limitation on the scope of the auditor's work and the auditor should consider the possible impact on the auditor's report.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.30 When performing confirmation procedures, the auditor should maintain control over the process of selecting those to whom a request will be sent, the preparation and sending of confirmation requests, and the responses to those requests.		
.31 The auditor should perform alternative audit procedures where no response is received to a positive external confirmation request. The alternative audit procedures should be such as to provide audit evidence about the assertions that the confirmation request was intended to provide.		
.34 When the auditor forms a conclusion that the confirmation process and alternative audit procedures have not provided sufficient appropriate audit evidence regarding an assertion, the auditor should perform additional audit procedures to obtain sufficient appropriate audit evidence.		
.36 The auditor should evaluate whether the results of the external confirmation process together with the results from any other audit procedures performed, provide sufficient appropriate audit evidence regarding the assertion being audited.		
ISA 510 – Initial Engagements – Opening Balances	Effective for periods on or after December 15, 2004	
.02 For initial audit engagements, the auditor should obtain sufficient appropriate audit evidence that: (a) The opening balances do not contain misstatements that materially affect the current period's financial statements, (b) The prior period's closing balances have been correctly brought forward to the current period or, when appropriate, have been restated, and (c) Appropriate accounting policies are consistently applied, or changes in accounting policies have been properly accounted for and adequately presented and disclosed.		
.11 If, after performing audit procedures including those set out above, the auditor is unable to obtain sufficient appropriate audit evidence concerning opening balances, the audit report should include: (a) A qualified opinion, (b) A disclaimer of opinion, or (c) In those jurisdictions where it is permitted, an opinion which is qualified or disclaimed regarding the results of operations and unqualified regarding financial position		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.12 If the effect of the misstatement is not properly accounted for and adequately presented and disclosed, the auditor should express a qualified opinion or adverse opinion, as appropriate.		
.13 If the current period's accounting policies have not been consistently applied in relation to opening balances and if the change has not been properly accounted for and adequately presented and disclosed, the auditor should express a qualified opinion or an adverse opinion as appropriate.		
.14 However, if a modification regarding the prior period's financial statements remains relevant and material to the current period's financial statements, the auditor should modify the current auditor's report accordingly.		
ISA 520 – Analytical Procedures	Effective for periods on or after December 15, 2004	
.02 The auditor should apply analytical procedures as risk assessment procedures to obtain an understanding of the entity and its environment and in the overall review at the end of the audit.		
.08 The auditor should apply analytical procedures as risk assessment procedures to obtain an understanding of the entity and its environment.		
13. The auditor should apply analytical procedures at or near the end of the audit when forming an overall conclusion as to whether the financial statements as a whole are consistent with the auditor's understanding of the entity.		
.17 When analytical procedures identify significant fluctuations or relationships that are inconsistent with other relevant information, or that deviate from predicted amounts, the auditor should investigate and obtain adequate explanations and appropriate corroborative audit evidence.		
ISA 530 – Audit Sampling and Other Means of Testing	Effective for periods on or after December 15, 2004	
.02 When designing audit procedures, the auditor should determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures.		
.18 In obtaining audit evidence, the auditor should use professional judgment to assess the risk of material misstatement (which includes inherent and control risk) and design further audit		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
procedures to ensure this risk is reduced to an acceptably low level.		
.22 When designing auditing procedures, the auditor should determine appropriate means of selecting items for testing.		
.31 When designing an audit sample, the auditor should consider the objectives of the audit procedure, and the attributes of the population from which the sample will be drawn.		
.40 In determining the sample size, the auditor should consider whether sampling risk is reduced to an acceptably low level.		
.42 The auditor should select items for the sample with the expectation that all sampling units in the population have a chance of selection.		
.44 The auditor should perform audit procedures appropriate to the particular audit objective on each item selected.		
.47 The auditor should consider the sample results, the nature and cause of any errors identified and their possible effect on the particular audit objective and on other areas of the audit.		
.51 For tests of details, the auditor should project monetary errors found in the sample to the population, and should consider the effect of the projected error on the particular audit objective and on other areas of the audit.		
.54 The auditor should evaluate the sample results to determine whether the preliminary assessment of the relevant characteristic of the population is confirmed or needs to be revised.		
ISA 540 – Audit of Accounting Estimates	Effective for periods on or after December 15, 2004	
.02 The auditor should obtain sufficient appropriate audit evidence regarding accounting estimates.		
.08 The auditor should design and perform further audit procedures to obtain sufficient appropriate audit evidence as to whether the entity's accounting estimates are reasonable in the circumstances and, when required, appropriately disclosed.		
.10 The auditor should adopt one or a combination of the following approaches in the audit of an accounting estimate: (a) Review and test the process used by management to develop the estimate; (b) Use an independent estimate for comparison with that prepared by management; or (c) Review of subsequent events which provide audit evidence of the reasonableness of the estimate made.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.24 The auditor should make a final assessment of the reasonableness of the entity's accounting estimates based on the auditor's understanding of the entity and its environment and whether the estimates are consistent with other audit evidence obtained during the audit.		
ISA 545 - Auditing Fair Value Measurement and Disclosures	Effective for periods on or after December 15, 2004	
.03 The auditor should obtain sufficient appropriate audit evidence that fair value measurements and disclosures are in accordance with the entity's applicable financial reporting framework.		
.10 As part of the understanding of the entity and its environment, including its internal control, the auditor should obtain an understanding of the entity's process for determining fair value measurements and disclosures and of the relevant control activities sufficient to identify and assess the risks of material misstatement at the assertion level and to design and perform further audit procedures.		
.14 After obtaining an understanding of the entity's process for determining fair value measurements and disclosures, the auditor should identify and assess the risks of material misstatement at the assertion level related to the fair value measurements and disclosures in the financial statements to determine the nature, timing and extent of the further audit procedures.		
.17 The auditor should evaluate whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework.		
.22 The auditor should obtain audit evidence about management's intent to carry out specific courses of action, and consider its ability to do so, where relevant to the fair value measurements and disclosures under the entity's applicable financial reporting framework.		
.24 Where alternative methods for measuring fair value are available under the entity's applicable financial reporting framework, or where the method of measurement is not prescribed, the auditor should evaluate whether the method of measurement is appropriate in the circumstances under the entity's applicable financial reporting framework.		
.27 The auditor should evaluate whether the entity's method for its fair value measurements is applied consistently.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.29 The auditor should determine the need to use the work of an expert.		
.33 The auditor should design and perform further audit procedures in response to assessed risks of material misstatement of assertions relating to the entity's fair value measurements and disclosures.		
.39 Where the auditor determines there is a significant risk related to fair values, or where otherwise applicable, the auditor should evaluate whether the significant assumptions used by management in measuring fair values, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the entity's financial statements.		
.50 The auditor should perform audit procedures on the data used to develop the fair value measurements and disclosures and evaluate whether the fair value measurements have been properly determined from such data and management's assumptions.		
.53 The auditor should consider the effect of subsequent events on the fair value measurements and disclosures in the financial statements.		
.56 The auditor should evaluate whether the disclosures about fair values made by the entity are in accordance with its financial reporting framework.		
.61 In making a final assessment of whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework, the auditor should evaluate the sufficiency and appropriateness of the audit evidence obtained as well as the consistency of that evidence with other audit evidence obtained and evaluated during the audit.		
.63 The auditor should obtain written representations from management regarding the reasonableness of significant assumptions, including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity where relevant to the fair value measurements or disclosures.		
ISA 550 – Related Parties	Effective for periods on or after December 15, 2004	
.02 The auditor should perform audit procedures designed to obtain sufficient appropriate audit evidence regarding the identification and disclosure by management of related parties and the effect of		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
related party transactions that are material to the financial statements.		
.03 Where there is any indication that such circumstances exist, the auditor should perform modified, extended or additional audit procedures as are appropriate in the circumstances.		
<p>.07 The auditor should review information provided by those charged with governance and management identifying the names of all known related parties and should perform the following audit procedures in respect of the completeness of this information:</p> <ul style="list-style-type: none"> (a) Review prior year working papers for names of known related parties; (b) Review the entity's procedures for identification of related parties; (c) Inquire as to the affiliation of those charged with governance and officers with other entities; (d) Review shareholder records to determine the names of principal shareholders or, if appropriate, obtain a listing of principal shareholders from the share register; (e) Review minutes of the meetings of shareholders and those charged with governance and other relevant statutory records such as the register of directors' interests; (f) Inquire of other auditors currently involved in the audit, or predecessor auditors, as to their knowledge of additional related parties; and (g) Review the entity's income tax returns and other information supplied to regulatory agencies. <p>If, in the auditor's judgment, there is a lower risk of significant related parties remaining undetected, these procedures may be modified as appropriate.</p>		
.08 Where the applicable financial reporting framework requires disclosure of related party relationships, the auditor should be satisfied that the disclosure is adequate.		
.09 The auditor should review information provided by those charged with governance and management identifying related party transactions and should be alert for other material related party transactions.		
.10 When obtaining an understanding of the entity's internal control the auditor should consider the adequacy of control activities procedures over the authorization and recording of related party transactions.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.13 In examining the identified related party transactions, the auditor should obtain sufficient appropriate audit evidence as to whether these transactions have been properly recorded and disclosed.		
.15 The auditor should obtain a written representation from management concerning: (a) The completeness of information provided regarding the identification of related parties; and (b) The adequacy of related party disclosures in the financial statements.		
.16 If the auditor is unable to obtain sufficient appropriate audit evidence concerning related parties and transactions with such parties or concludes that their disclosure in the financial statements is not adequate, the auditor should modify the auditor's report appropriately.		
ISA 560 - Subsequent Events	Effective for periods beginning on or after December 31, 2006	
.02 The auditor should consider the effect of subsequent events on the financial statements and on the auditor's report.		
.05 The auditor should perform audit procedures designed to obtain sufficient appropriate audit evidence that all events up to the date of the auditor's report that may require adjustment of, or disclosure in, the financial statements have been identified.		
.08 When the auditor becomes aware of events that materially affect the financial statements, the auditor should consider whether or not such events are properly accounted for and adequately disclosed in the financial statements.		
.10 When, after the date of the auditor's report but before the date the financial statements are issued, the auditor becomes aware of a fact which may materially affect the financial statements, the auditor should consider whether the financial statements need amendment, should discuss the matter with management, and should take the action appropriate in the circumstances.		
.12 When management does not amend the financial statements in circumstances where the auditor believes they need to be amended and the auditor's report has not been released to the entity, the auditor should express a qualified opinion or an adverse opinion, as described in ISA701, "Modifications to the Independent Auditor's Report".		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.15 When, after the financial statements have been issued, the auditor becomes aware of a fact which existed at the date of the auditor's report and which, if known at that date, may have caused the auditor to modify the auditor's report, the auditor should consider whether the financial statements need revision, should discuss the matter with management, and should take the action appropriate in the circumstances.		
.17 The new auditor's report should include an emphasis of a matter paragraph referring to a note to the financial statements that more extensively discusses the reason for the revision of the previously issued financial statements and to the earlier report issued by the auditor.		
.20 In cases involving the offering of securities to the public, the auditor should consider any legal and related requirements applicable to the auditor in all jurisdictions in which the securities are being offered.		
ISA 570 - Going Concern	Effective for periods on or after December 15, 2004	
.02 When planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.		
.11 In obtaining an understanding of the entity, the auditor should consider whether there are events or conditions and related business risks which may cast significant doubt on the entity's ability to continue as a going concern.		
.12 The auditor should remain alert for audit evidence of events or conditions and related business risks which may cast significant doubt on the entity's ability to continue as a going concern in performing audit procedures throughout the audit. If such events or conditions are identified, the auditor should, in addition to performing the procedures in paragraph 26, consider whether they affect the auditor's assessments of the risks of material misstatement.		
.17 The auditor should evaluate management's assessment of the entity's ability to continue as a going concern		
.18 The auditor should consider the same period as that used by management in making its assessment under the applicable financial reporting framework. If management's assessment of the		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
entity's ability to continue as a going concern covers less than twelve months from the balance sheet date, the auditor should ask management to extend its assessment period to twelve months from the balance sheet date.		
.22 The auditor should inquire of management as to its knowledge of events or conditions and related business risks beyond the period of assessment used by management that may cast significant doubt on the entity's ability to continue as a going concern.		
.26 When events or conditions have been identified which may cast significant doubt on the entity's ability to continue as a going concern, the auditor should: (a) Review management's plans for future action based on its going concern assessment, (b) Gather sufficient appropriate audit evidence to confirm or dispel whether or not a material uncertainty exists through carrying out audit procedures considered necessary, including considering the effect of any plans of management and other mitigating factors, and (c) Seek written representation from management regarding its plans for future action.		
.30 Based on the audit evidence obtained, the auditor should determine if, in the auditor's judgment, a material uncertainty exists related to events or conditions that alone or in aggregate, may cast significant doubt on the entity's ability to continue as a going concern.		
.33 If adequate disclosure is made in the financial statements, the auditor should express an unqualified opinion but modify the auditor's report by adding an emphasis of matter paragraph that highlights the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern and draws attention to the note in the financial statements that discloses the matters set out in paragraph 32.		
.34 If adequate disclosure is not made in the financial statements, the auditor should express a qualified or adverse opinion, as appropriate.(ISA701, "Modifications to the Independent Auditor's Report"). The report should include specific reference to the fact that there is a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.		
.35 If, in the auditor's judgment, the entity will not be able to continue as a going concern, the auditor should express an adverse opinion if the financial statements have been prepared on a going concern		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
basis.		
.37 If management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor should consider the need to modify the auditor's report as a result of the limitation on the scope of the auditor's work.		
ISA 580- Management Representations	Effective for periods on or after December 15, 2004	
.02 The auditor should obtain appropriate representations from management.		
.03 The auditor should obtain audit evidence that management acknowledges its responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework, and has approved the financial statements.		
.04 The auditor should obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.		
.05a The auditor should obtain written representation from management that: (a) It acknowledges its responsibility for the design and implementation of internal control to prevent and detect error; and (b) It believes the effects of those uncorrected financial statement misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such items should be included in or attached to the written representations.		
.09 If a representation by management is contradicted by other audit evidence, the auditor should investigate the circumstances and, when necessary, reconsider the reliability of other representations made by management.		
.15 If management refuses to provide a representation that the auditor considers necessary, this constitutes a scope limitation and the auditor should express a qualified opinion or a disclaimer of opinion.		
ISA 600 – Using the Work of Another Auditor	Effective for periods on or after December 15, 2004	
.02 When the principal auditor uses the work of another auditor, the principal auditor should determine how the work of the other auditor		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
will affect the audit.		
.06 The auditor should consider whether the auditor's own participation is sufficient to be able to act as the principal auditor.		
.07 When planning to use the work of another auditor, the principal auditor should consider the professional competence of the other auditor in the context of the specific assignment.		
.08 The principal auditor should perform procedures to obtain sufficient appropriate audit evidence that the work of the other auditor is adequate for the principal auditor's purposes, in the context of the specific assignment.		
.12 The principal auditor should consider the significant findings of the other auditor.		
.15 The other auditor, knowing the context in which the principal auditor will use the other auditor's work, should cooperate with the principal auditor.		
.16 When the principal auditor concludes that the work of the other auditor cannot be used and the principal auditor has not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditor, the principal auditor should express a qualified opinion or disclaimer of opinion because there is a limitation in the scope of the audit.		
.18 When the principal auditor does so, the principal auditor's report should state this fact clearly and should indicate the magnitude of the portion of the financial statements audited by the other auditor.		
ISA 610 - Considering the Work of Internal Audit	Effective for periods on or after December 15, 2004	
.02 The external auditor should consider the activities of internal auditing and their effect, if any, on external audit procedures.		
.09 The external auditor should obtain a sufficient understanding of internal audit activities to identify and assess the risks of material misstatement of the financial statements and to design and perform further audit procedures.		
.11 The external auditor should perform a preliminary assessment of the internal audit function when internal auditing is relevant to the external auditor's risk assessment.		
.16 When the external auditor intends to use specific work of internal auditing, the external auditor should evaluate and perform audit procedures on that work to confirm its adequacy for the external auditor's purposes.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
ISA 620 - Using the Work of an Expert	Effective for periods on or after June 15, 2005	
.02 When using the work performed by an expert, the auditor should obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.		
.08 When planning to use the work of an expert, the auditor should evaluate the professional competence of the expert.		
.09 The auditor should evaluate the objectivity of the expert.		
.11 The auditor should obtain sufficient appropriate audit evidence that the scope of the expert's work is adequate for the purposes of the audit.		
.12 The auditor should evaluate the appropriateness of the expert's work as audit evidence regarding the assertion being considered.		
.15 If the results of the expert's work do not provide sufficient appropriate audit evidence or if the results are not consistent with other audit evidence, the auditor should resolve the matter.		
.16 When issuing an unmodified auditor's report, the auditor should not refer to the work of an expert.		
ISA 700 - The Auditor's Report on Financial Statements	Effective for reports dated on or after December 31, 2006	
.04 The auditor's report should contain a clear written expression of opinion on the financial statements.		
.11 The auditor should evaluate the conclusions drawn from the audit evidence obtained as the basis for the forming an opinion on the financial statements.		
.18 The auditor's report should have a title that clearly indicate that it is the report of the independent auditor.		
.20 The auditor's report should be addressed as required by the circumstances of the engagement.		
.22 The introductory paragraph in the auditor's report should identify the entity whose financial statements have been audited and should state that the financial statements have been audited. The introductory paragraph should also: (a) Identify the title of each of the financial statements that comprise the complete set of financial statements; (b) Refer to the summary of significant accounting policies and other explanatory notes; and		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
(c) Specify the date and period covered by the financial statements.		
<p>.28 The auditor's report should state that management is responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework and that this responsibility includes:</p> <ul style="list-style-type: none"> (a) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (b) Selecting and applying appropriate accounting policies; and (c) Making accounting estimates that are reasonable in the circumstances. 		
<p>.32 The auditor's report should state that the responsibility of the auditor is to express an opinion on the financial statements based on the audit.</p>		
<p>.34 The auditor's report should state that the audit was conducted in accordance with International Standards on Auditing. The auditor's report should also explain that those standards require that the auditor comply with ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.</p>		
<p>.37 The auditor's report should describe an audit by stating that:</p> <ul style="list-style-type: none"> (a) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; (b) 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor should omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control; and (c) An audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by management, as well as the overall 		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
presentation of the financial statements.		
.38 The auditor's report should state that the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion.		
.39 An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.		
.40 When expressing an unqualified opinion, the opinion paragraph of the auditor's report should state the auditor's opinion that the financial statements give a true and fair view or present fairly, in all material respects, in accordance with the applicable financial reporting framework (unless the auditor is required by law or regulation to use different wording for the opinion, in which case the prescribed wording should be used).		
.41 When International Financial Reporting Standards or International Public Sector Accounting Standards are not used as the financial reporting framework, the reference to the financial reporting framework in the wording of the opinion should identify the jurisdiction or country of origin of the financial reporting framework.		
.48 When the auditor addresses other reporting responsibilities within the auditor's report on the financial statements, these other reporting responsibilities should be addressed in a separate section in the auditor's report that follows the opinion paragraph.		
.50 The auditor's report should be signed.		
.52 The auditor should date the report on the financial statements no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial statements. Sufficient appropriate audit evidence should include evidence that the entity's complete set of financial statements has been prepared and that those with the recognized authority have asserted that they have taken responsibility for them.		
.57 The report should name the location in the country or jurisdiction where the auditor practices.		
.58 The auditor's report should be in writing.		
.62 The auditor's report should refer to the audit having been conducted in accordance with the International Standards on Auditing only when the auditor has complied fully with all of the International Standards on Auditing relevant to the audit.		
.64 When the auditor's report refers to both International Standards on		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
Auditing and auditing standards of a specific jurisdiction or country, the auditor's report should identify the jurisdiction or country of origin of the auditing standards.		
<p>.65 When the auditor prepares the auditor's report using the layout or wording specified by the law, regulation or auditing standards of the specific jurisdiction or country, the auditor's report should refer to the audit being conducted in accordance with both International Standards on Auditing and the auditing standards of the specific jurisdiction or country only if the auditor's report includes, at a minimum, each of the following elements:</p> <ul style="list-style-type: none"> (a) A title; (b) An addressee, as required by the circumstances of the engagement; (c) An introductory paragraph that identifies the financial statements audited; (d) A description of management's responsibility for the preparation and fair presentation of the financial statements; (e) A description of the auditor's responsibility to express an opinion on the financial statements and the scope of the audit, that includes: <ul style="list-style-type: none"> (i) A reference to the International Standards on Auditing and the auditing standards of the specific jurisdiction or country, and (ii) A description of the work an auditor performs in an audit. (f) An opinion paragraph containing an expression of opinion on the financial statements¹⁰ and a reference to the applicable financial reporting framework used to prepare the financial statements (including identifying the country of origin of the financial reporting framework when International Financial Reporting Standards or International Public Sector Accounting Standards are not used); (g) The auditor's signature; (h) The date of the auditor's report; and (i) The auditor's address. 		
<p>.67 The auditor should be satisfied that any supplementary information presented together with the financial statements that is not covered by the auditor's opinion is clearly differentiated from the audited financial statements.</p>		
<p>.70 If the auditor concludes that the entity's presentation of any unaudited supplementary information does not differentiate it sufficiently from the audited financial statements, the auditor should explain in the auditor's report that that information has not been audited.</p>		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
ISA 701 – Modifications to the auditor's report	Effective for reports dated on or after December 31, 2006	
.06 The auditor should modify the auditor's report by adding a paragraph to highlight a material matter regarding a going concern problem.		
.07 The auditor should consider modifying the auditor's report by adding a paragraph if there is a significant uncertainty (other than a going concern problem), the resolution of which is dependent upon future events and which may affect the financial statements.		
.12 A qualified opinion should be expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not so material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.		
.13 A disclaimer of opinion should be expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and accordingly is unable to express an opinion on the financial statements.		
.14 An adverse opinion should be expressed when the effect of a disagreement is so material and pervasive to the financial statements that the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements.		
.15 Whenever the auditor expresses an opinion that is other than unqualified, a clear description of all the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the financial statements.		
.18 When there is a limitation on the scope of the auditor's work that requires expression of a qualified opinion or a disclaimer of opinion, the auditor's report should describe the limitation and indicate the possible adjustments to the financial statements that might have been determined to be necessary had the limitation not existed.		
.20 If such disagreements are material to the financial statements, the auditor should express a qualified or an adverse opinion.		
ISA 710 – Comparatives	Effective for periods on or after	

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
	December 15, 2004	
.02 The auditor should determine whether the comparatives comply in all material respects with the financial reporting framework applicable to the financial statements being audited.		
.06 The auditor should obtain sufficient appropriate audit evidence that the corresponding figures meet the requirements of the applicable financial reporting framework.		
.10 When the comparatives are presented as corresponding figures, the auditor should issue an auditor's report in which the comparatives are not specifically identified because the audit opinion is on the current period financial statements as a whole, including the corresponding figures.		
.12 When the auditor's report on the prior period, as previously issued, included a qualified opinion, disclaimer of opinion, or adverse opinion and the matter which gave rise to the modification is: (a) Unresolved, and results in a modification of the auditor's report regarding the current period figures, the auditor's report should also be modified regarding the corresponding figures; or (b) Unresolved, but does not result in a modification of the auditor's report regarding the current period figures, the auditor's report should be modified regarding the corresponding figures.		
.15 In such circumstances, the auditor should consider the guidance in ISA 560, "Subsequent Events" and: (a) If the prior period financial statements have been revised and reissued with a new auditor's report, the auditor should obtain sufficient appropriate audit evidence that the corresponding figures agree with the revised financial statements; or (b) If the prior period financial statements have not been revised and reissued, and the corresponding figures have not been properly restated and/or appropriate disclosures have not been made, the auditor should issue a modified report on the current period financial statements, modified with respect to the corresponding figures included therein.		
.17 When the auditor decides to refer to another auditor, the incoming auditor's report should indicate: (a) That the financial statements of the prior period were audited by another auditor; (b) The type of report issued by the predecessor auditor and, if the report was modified, the reasons therefore; and (c) The date of that report.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
.18 When the prior period financial statements are not audited, the incoming auditor should state in the auditor's report that the corresponding figures are unaudited.		
.19 In situations where the incoming auditor identifies that the corresponding figures are materially misstated, the auditor should request management to revise the corresponding figures or if management refuses to do so, appropriately modify the report.		
20. The auditor should obtain sufficient appropriate audit evidence that the comparative financial statements meet the requirements of the applicable relevant financial reporting framework.		
24. When the comparatives are presented as comparative financial statements, the auditor should issue a report in which the comparatives are specifically identified because the audit opinion is expressed individually on the financial statements of each period presented.		
25. When reporting on the prior period financial statements in connection with the current year's audit, if the opinion on such prior period financial statements is different from the opinion previously expressed, the auditor should disclose the substantive reasons for the different opinion in an emphasis of matter paragraph.		
<p>26. When the financial statements of the prior period were audited by another auditor:</p> <ul style="list-style-type: none"> (a) The predecessor auditor may reissue the auditor's report on the prior period with the incoming auditor only reporting on the current period; or (b) The incoming auditor's report should state that the prior period was audited by another auditor and the incoming auditor's report should indicate: <ul style="list-style-type: none"> (i) That the financial statements of the prior period were audited by another auditor; (ii) The type of report issued by the predecessor auditor and if the report was modified, the reasons therefor; and (iii) The date of that report. 		
28. In these circumstances, the incoming auditor should discuss the matter with management and, after having obtained management's authorization, contact the predecessor auditor and propose that the prior period financial statements be restated. If the predecessor agrees to reissue the auditor's report on the restated financial statements of the prior period, the auditor should follow the guidance in paragraph 26.		

ISA requirements	Reference in firm's audit methodology manual	Extracts of firm's methodology manual
30. When the prior period financial statements are not audited, the incoming auditor should state in the auditor's report that the comparative financial statements are unaudited.		
31. In situations where the incoming auditor identifies that the prior year unaudited figures are materially misstated, the auditor should request management to revise the prior year's figures or if management refuses to do so, appropriately modify the report.		
ISA 720 – Other Information in Documents Containing Audited Financial Statements	Effective for periods on or after December 15, 2004	
.02 The auditor should read the other information to identify material inconsistencies with the audited financial statements.		
.11 If, on reading the other information, the auditor identifies a material inconsistency, the auditor should determine whether the audited financial statements or the other information needs to be amended.		
.12 If an amendment is necessary in the audited financial statements and the entity refuses to make the amendment, the auditor should express a qualified or adverse opinion.		
.13 If an amendment is necessary in the other information and the entity refuses to make the amendment, the auditor should consider including in the auditor's report an emphasis of matter paragraph describing the material inconsistency or taking other actions.		
16. If the auditor becomes aware that the other information appears to include a material misstatement of fact, the auditor should discuss the matter with the entity's management.		
.17 When the auditor still considers that there is an apparent misstatement of fact, the auditor should request management to consult with a qualified third party, such as the entity's legal counsel and should consider the advice received.		
.18 If the auditor concludes that there is a material misstatement of fact in the other information which management refuses to correct, the auditor should consider taking further appropriate action.		
23. When revision of the other information is necessary but management refuses to make the revision, the auditor should consider taking further appropriate action.		