

**Compiled Auditing Standard**

**ASA 300**  
(December 2021)

# **Auditing Standard ASA 300**

## ***Planning an Audit of a Financial Report***

This compilation was prepared on 10 November 2021 taking into account amendments made by ASA 2011-1, ASA 2013-2, ASA 2015-1 and ASA 2020-1.

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Prepared by the **Auditing and Assurance Standards Board**



**Australian Government**  

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**Auditing and Assurance Standards Board**

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## COMPILATION DETAILS

### **Auditing Standard ASA 300 *Planning an Audit of a Financial Report (as Amended)***

This compilation takes into account amendments made up to and including 3 March 2020 and was prepared on 10 November 2021 by the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 300 (October 2009) as amended by other Auditing Standards which are listed in the Table below.

#### **Table of Standards**

<b>Standard</b>	<b>Date made</b>	<b>Operative Date</b>
ASA 300 [A]	27 October 2009	Financial reporting periods commencing on or after 1 January 2010
ASA 2011-1 [B]	27 June 2011	Financial reporting periods commencing on or after 1 July 2011
ASA 2013-2 [C]	11 November 2013	Financial reporting periods commencing on or after 1 January 2014
ASA 2015-1 [D]	1 December 2015	Financial reporting periods ending on or after 15 December 2016
ASA 2020-1 [E]	3 March 2020	Financial reporting periods commencing on or after 15 December 2021*

[A] Federal Register of Legislation – registration number F2009L04077, 11 November 2009

[B] Federal Register of Legislation – registration number F2011L01379, 30 June 2011

[C] Federal Register of Legislation – registration number F2013L01939, 14 November 2013

[D] Federal Register of Legislation – registration number F2015L02032, 16 December 2015

[E] Federal Register of Legislation – registration number F2020L00252, 13 March 2020

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\* Early adoption, in conjunction with ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, permitted.

**Table of Amendments**

<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [paragraph]</b>
Appendix 1 Last sub-heading	Amended	ASA 2011-1 [27]
Appendix 1	Amended	ASA 2013-2 [55] [56] [57]
9	Amended	ASA 2015-1 [51]
A13 directly after existing A12	Addition	ASA 2015-1 [52-53]
A14 directly after inserted A13	Addition	ASA 2015-1 [54 and 56]
Footnote 9	Addition	ASA 2015-1 [55]
Appendix 1	Amended	ASA 2015-1 [57]
A4 Footnote 8	Amended	ASA 2020-1 [65]
A21	Amended	ASA 2020-1 [66]
A21 Footnote 11	Addition	ASA 2020-1 [66]

**AUTHORITY STATEMENT**

Auditing Standard ASA 300 *Planning an Audit of a Financial Report* (as amended to 3 March 2020) is set out in paragraphs Aus 0.1 to A22 and Appendix 1.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to AUASB Standards*, which sets out how AUASB Standards are to be understood, interpreted and applied. This Auditing Standard is to be read also in conjunction with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

## **Conformity with International Standards on Auditing**

This Auditing Standard conforms with International Standard on Auditing ISA 300 *Planning an Audit of Financial Statements* issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

Compliance with this Auditing Standard enables compliance with ISA 300.

## AUDITING STANDARD ASA 300

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 300 *Planning an Audit of a Financial Report* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 27 October 2009.

This compiled version of ASA 300 incorporates subsequent amendments contained in other Auditing Standards made by the AUASB up to and including 3 March 2020 (see Compilation Details).

## AUDITING STANDARD ASA 300

### *Planning an Audit of a Financial Report*

#### **Application**

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
  - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

#### **Operative Date**

- Aus 0.3 This Auditing Standard is operative for financial reporting periods ending on or after 1 January 2010. [Note: For operative dates of paragraphs changed or added by an Amending Standard, see Compilation Details.]

#### **Introduction**

##### **Scope of this Auditing Standard**

1. This Auditing Standard deals with the auditor's responsibility to plan an audit of a financial report. This Auditing Standard is written in the context of recurring audits. Additional considerations in an initial audit engagement are separately identified.

##### **The Role and Timing of Planning**

2. Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate planning benefits the audit of a financial report in several ways, including the following: (Ref: Para. A1-A3)
  - Helping the auditor to devote appropriate attention to important areas of the audit.
  - Helping the auditor identify and resolve potential problems on a timely basis.
  - Helping the auditor properly organise and manage the audit engagement so that it is performed in an effective and efficient manner



- Assisting in the selection of engagement team members with appropriate levels of capabilities and competence to respond to anticipated risks, and the proper assignment of work to them.
- Facilitating the direction and supervision of engagement team members and the review of their work.
- Assisting, where applicable, in coordination of work done by auditors of components and experts.

### **Effective Date**

3. [Deleted by the AUASB. Refer Aus 0.3]

### **Objective**

4. The objective of the auditor is to plan the audit so that it will be performed in an effective manner.

### **Requirements**

#### **Involvement of Key Engagement Team Members**

5. The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members. (Ref: Para. A4)

#### **Preliminary Engagement Activities**

6. The auditor shall undertake the following activities at the beginning of the current audit engagement:
- (a) Performing procedures required by ASA 220 regarding the continuance of the client relationship and the specific audit engagement;<sup>1</sup>
  - (b) Evaluating compliance with relevant ethical requirements, including independence, in accordance with ASA 220;<sup>2</sup> and
  - (c) Establishing an understanding of the terms of the engagement, as required by ASA 210.<sup>3</sup> (Ref: Para. A5-A7)

#### **Planning Activities**

7. The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.
8. In establishing the overall audit strategy, the auditor shall:
- (a) Identify the characteristics of the engagement that define its scope;
  - (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
  - (c) Consider the factors that, in the auditor's professional judgement, are significant in directing the engagement team's efforts;

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<sup>1</sup> See ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*, paragraphs 12-13.

<sup>2</sup> See ASA 220, paragraphs 9-11.

<sup>3</sup> See ASA 210 *Agreeing the Terms of Audit Engagements*, paragraphs 9-13.

- (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
  - (e) Ascertain the nature, timing and extent of resources necessary to perform the engagement. (Ref: Para. A8-A11)
9. The auditor shall develop an audit plan that shall include a description of:
- (a) The nature, timing and extent of planned risk assessment procedures, as determined under ASA 315.<sup>4</sup>
  - (b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ASA 330.<sup>5</sup>
  - (c) Other planned audit procedures that are required to be carried out so that the engagement complies with the Australian Auditing Standards. (Ref: Para. A12-A14)
10. The auditor shall update and change the overall audit strategy and the audit plan as necessary during the course of the audit. (Ref: Para. A15)
11. The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A15-A17)

#### **Documentation**

12. The auditor shall include in the audit documentation:<sup>6</sup>
- (a) The overall audit strategy;
  - (b) The audit plan; and
  - (c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes. (Ref: Para. A18-A21)

#### **Additional Considerations in Initial Audit Engagements**

13. The auditor shall undertake the following activities prior to starting an initial audit:
- (a) Performing procedures required by ASA 220 regarding the acceptance of the client relationship and the specific audit engagement;<sup>7</sup> and
  - (b) Communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements. (Ref: Para. A22)

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<sup>4</sup> See ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*.

<sup>5</sup> See ASA 330 *The Auditor's Responses to Assessed Risks*.

<sup>6</sup> See ASA 230 *Audit Documentation*, paragraphs 8-11 and paragraph A6.

<sup>7</sup> See ASA 220, paragraphs 12-13.

## **Application and Other Explanatory Material**

### **The Role and Timing of Planning** (Ref: Para. 2)

- A1. The nature and extent of planning activities will vary according to the size and complexity of the entity, the key engagement team members' previous experience with the entity, and changes in circumstances that occur during the audit engagement.
- A2. Planning is not a discrete phase of an audit, but rather a continual and iterative process that often begins shortly after (or in connection with) the completion of the previous audit and continues until the completion of the current audit engagement. Planning, however, includes consideration of the timing of certain activities and audit procedures that need to be completed prior to the performance of further audit procedures. For example, planning includes the need to consider, prior to the auditor's identification and assessment of the risks of material misstatement, such matters as:
- The analytical procedures to be applied as risk assessment procedures.
  - Obtaining a general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework.
  - The determination of materiality.
  - The involvement of experts.
  - The performance of other risk assessment procedures.
- A3. The auditor may decide to discuss elements of planning with the entity's management, or those charged with governance, to facilitate the conduct and management of the audit engagement (for example, to co-ordinate some of the planned audit procedures with the work of the entity's personnel). Although these discussions often occur, the overall audit strategy and the audit plan remain the auditor's responsibility. When discussing matters included in the overall audit strategy or audit plan, care is required in order not to compromise the effectiveness of the audit. For example, discussing the nature and timing of detailed audit procedures with management, or those charged with governance, may compromise the effectiveness of the audit by making the audit procedures too predictable.

### **Involvement of Key Engagement Team Members** (Ref: Para. 5)

- A4. The involvement of the engagement partner and other key members of the engagement team in planning the audit draws on their experience and insight, thereby enhancing the effectiveness and efficiency of the planning process.<sup>8</sup>

### **Preliminary Engagement Activities** (Ref: Para. 6)

- A5. Performing the preliminary engagement activities specified in paragraph 6 at the beginning of the current audit engagement assists the auditor in identifying and evaluating events or circumstances that may adversely affect the auditor's ability to plan and perform the audit engagement.
- A6. Performing these preliminary engagement activities enables the auditor to plan an audit engagement for which, for example:

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<sup>8</sup> ASA 315, paragraph 17, establishes requirements and provides guidance on the engagement team's discussion of the susceptibility of the entity to material misstatements of the financial report. ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, paragraph 16, provides guidance on the emphasis given during this discussion to the susceptibility of the entity's financial report to material misstatement due to fraud.

- The auditor maintains the necessary independence and ability to perform the engagement.
  - There are no issues with management integrity that may affect the auditor's willingness to continue the engagement.
  - There is no misunderstanding with the client as to the terms of the engagement.
- A7. The auditor's consideration of client continuance and relevant ethical requirements, including independence,\* occurs throughout the audit engagement as conditions and changes in circumstances occur. Performing initial procedures on both client continuance and evaluation of relevant ethical requirements (including independence) at the beginning of the current audit engagement means that they are completed prior to the performance of other significant activities for the current audit engagement. For continuing audit engagements, such initial procedures often occur shortly after (or in connection with) the completion of the previous audit.

### **Planning Activities**

*The Overall Audit Strategy* (Ref: Para. 7-8)

- A8. The process of establishing the overall audit strategy assists the auditor to determine, subject to the completion of the auditor's risk assessment procedures, such matters as:
- The resources to deploy for specific audit areas, such as the use of appropriately experienced team members for high risk areas or the involvement of experts on complex matters;
  - The amount of resources to allocate to specific audit areas, such as the number of team members assigned to observe the inventory count at material locations, the extent of review of other auditors' work in the case of group audits, or the audit budget in hours to allocate to high risk areas;
  - When these resources are to be deployed, such as whether at an interim audit stage or at key cut-off dates; and
  - How such resources are managed, directed and supervised, such as when team briefing and debriefing meetings are expected to be held, how engagement partner and manager reviews are expected to take place (for example, on-site or off-site), and whether to complete engagement quality control reviews.
- A9. Appendix 1 lists examples of considerations in establishing the overall audit strategy.
- A10. Once the overall audit strategy has been established, an audit plan can be developed to address the various matters identified in the overall audit strategy, taking into account the need to achieve the audit objectives through the efficient use of the auditor's resources. The establishment of the overall audit strategy and the detailed audit plan are not necessarily discrete or sequential processes, but are closely inter-related since changes in one may result in consequential changes to the other.

### **Considerations Specific to Smaller Entities**

- A11. In audits of small entities, the entire audit may be conducted by a very small audit team. Many audits of small entities involve the engagement partner (who may be a sole practitioner) working with one engagement team member (or without any engagement team members). With a smaller team, co-ordination of, and communication between, team members are easier.

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\* See ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.

Establishing the overall audit strategy for the audit of a small entity need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the audit, and the size of the engagement team. For example, a brief memorandum prepared at the completion of the previous audit, based on a review of the working papers and highlighting issues identified in the audit just completed, updated in the current period based on discussions with the owner-manager, can serve as the documented audit strategy for the current audit engagement if it covers the matters noted in paragraph 8.

*The Audit Plan* (Ref: Para. 9)

- A12. The audit plan is more detailed than the overall audit strategy in that it includes the nature, timing and extent of audit procedures to be performed by engagement team members. Planning for these audit procedures takes place over the course of the audit as the audit plan for the engagement develops. For example, planning of the auditor's risk assessment procedures occurs early in the audit process. However, planning the nature, timing and extent of specific further audit procedures depends on the outcome of those risk assessment procedures. In addition, the auditor may begin the execution of further audit procedures for some classes of transactions, account balances and disclosures before planning all remaining further audit procedures.
- A13. Determining the nature, timing and extent of planned risk assessment procedures, and the further audit procedures, as they relate to disclosures is important in light of both the wide range of information and the level of detail that may be encompassed in those disclosures. Further, certain disclosures may contain information that is obtained from outside of the general and subsidiary ledgers, which may also affect the assessed risks and the nature, timing and extent of audit procedures to address them.
- A14. Consideration of disclosures early in the audit assists the auditor in giving appropriate attention to, and planning adequate time for, addressing disclosures in the same way as classes of transactions, events and account balances. Early consideration may also help the auditor to determine the effects on the audit of:
- Significant new or revised disclosures required as a result of changes in the entity's environment, financial condition or activities (for example, a change in the required identification of segments and reporting of segment information arising from a significant business combination);
  - Significant new or revised disclosures arising from changes in the applicable financial reporting framework;
  - The need for the involvement of an auditor's expert to assist with audit procedures related to particular disclosures (for example, disclosures related to superannuation or other retirement benefit obligations); and
  - Matters relating to disclosures that the auditor may wish to discuss with those charged with governance.<sup>9</sup>

*Changes to Planning Decisions during the Course of the Audit* (Ref: Para. 10)

- A15. As a result of unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures, the auditor may need to modify the overall audit strategy and audit plan and thereby the resulting planned nature, timing and extent of further audit procedures, based on the revised consideration of assessed risks. This may be the case when information comes to the auditor's attention that differs significantly from the information available when the auditor planned the audit procedures. For example, audit evidence

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<sup>9</sup> See ASA 260 *Communication with Those Charged with Governance*, paragraph A12.

obtained through the performance of substantive procedures may contradict the audit evidence obtained through tests of controls.

*Direction, Supervision and Review* (Ref: Para. 11)

- A16. The nature, timing and extent of the direction and supervision of engagement team members and review of their work vary depending on many factors, including:
- The size and complexity of the entity.
  - The area of the audit.
  - The assessed risks of material misstatement (for example, an increase in the assessed risk of material misstatement for a given area of the audit ordinarily requires a corresponding increase in the extent and timeliness of direction and supervision of engagement team members, and a more detailed review of their work).
  - The capabilities and competence of the individual team members performing the audit work.

ASA 220 contains further guidance on the direction, supervision and review of audit work.<sup>10</sup>

*Considerations Specific to Smaller Entities*

- A17. If an audit is carried out entirely by the engagement partner, questions of direction and supervision of engagement team members and review of their work do not arise. In such cases, the engagement partner, having personally conducted all aspects of the work, will be aware of all material issues. Forming an objective view on the appropriateness of the judgements made in the course of the audit can present practical problems when the same individual also performs the entire audit. If particularly complex or unusual issues are involved, and the audit is performed by a sole practitioner, it may be desirable to consult with other suitably-experienced auditors or the auditor's professional body.

**Documentation** (Ref: Para. 12)

- A18. The documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and to communicate significant matters to the engagement team. For example, the auditor may summarise the overall audit strategy in the form of a memorandum that contains key decisions regarding the overall scope, timing and conduct of the audit.
- A19. The documentation of the audit plan is a record of the planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks. It also serves as a record of the proper planning of the audit procedures that can be reviewed and approved prior to their performance. The auditor may use standard audit programs or audit completion checklists, tailored as needed to reflect the particular engagement circumstances.
- A20. A record of the significant changes to the overall audit strategy and the audit plan, and resulting changes to the planned nature, timing and extent of audit procedures, explains why the significant changes were made, and the overall strategy and audit plan finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit.

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<sup>10</sup> See ASA 220, paragraphs 15-17.

Considerations Specific to Smaller Entities

A21. As discussed in paragraph A11, a suitable, brief memorandum may serve as the documented strategy for the audit of a smaller entity. For the audit plan, standard audit programs or checklists (see paragraph A17) drawn up on the assumption of few controls<sup>11</sup>, as is likely to be the case in a smaller entity, may be used provided that they are tailored to the circumstances of the engagement, including the auditor's risk assessments.

**Additional Considerations in Initial Audit Engagements** (Ref: Para. 13)

A22. The purpose and objective of planning the audit are the same whether the audit is an initial or recurring engagement. However, for an initial audit, the auditor may need to expand the planning activities because the auditor does not ordinarily have the previous experience with the entity that is considered when planning recurring engagements. For an initial audit engagement, additional matters the auditor may consider in establishing the overall audit strategy and audit plan include the following:

- Unless prohibited by law or regulation, arrangements to be made with the predecessor auditor, for example, to review the predecessor auditor's working papers.
- Any major issues (including the application of accounting principles or of auditing and reporting standards) discussed with management in connection with the initial selection as auditor, the communication of these matters to those charged with governance and how these matters affect the overall audit strategy and audit plan.
- The audit procedures necessary to obtain sufficient appropriate audit evidence regarding opening balances.<sup>12</sup>
- Other procedures required by the firm's system of quality control for initial audit engagements (for example, the firm's system of quality control may require the involvement of another partner or senior individual to review the overall audit strategy prior to commencing significant audit procedures or to review reports prior to their issuance).

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<sup>11</sup> See ASA 315, paragraph 26(a).

<sup>12</sup> See ASA 510 *Initial Audit Engagements—Opening Balances*.

## **CONSIDERATIONS IN ESTABLISHING THE OVERALL AUDIT STRATEGY**

This appendix provides examples of matters the auditor may consider in establishing the overall audit strategy. Many of these matters will also influence the auditor's detailed audit plan. The examples provided cover a broad range of matters applicable to many engagements. While some of the matters referred to below may be required by other Auditing Standards, not all matters are relevant to every audit engagement and the list is not necessarily complete.

### **Characteristics of the Engagement**

- The financial reporting framework on which the financial information to be audited has been prepared, including any need for reconciliations to another financial reporting framework.
- Industry-specific reporting requirements such as reports mandated by industry regulators.
- The expected audit coverage, including the number and locations of components to be included.
- The nature of the control relationships between a parent and its components that determine how the group is to be consolidated.
- The extent to which components are audited by other auditors.
- The nature of the business segments to be audited, including the need for specialised knowledge.
- The reporting currency to be used, including any need for currency translation for the financial information audited.
- The need for a statutory audit of a stand-alone financial report in addition to an audit for consolidation purposes.
- [Deleted by the AUASB. Refer Aus 0.4]<sup>#</sup>
- Aus 0.4      Whether the entity has an internal audit function and if so, whether, in which areas and to what extent, the work of the function can be used for purposes of the audit.
- The entity's use of service organisations and how the auditor may obtain evidence concerning the design or operation of controls performed by them.
- The expected use of audit evidence obtained in previous audits, for example, audit evidence related to risk assessment procedures and tests of controls.
- The effect of information technology on the audit procedures, including the availability of data and the expected use of computer-assisted audit techniques.
- The co-ordination of the expected coverage and timing of the audit work with any reviews of interim financial information and the effect on the audit of the information obtained during such reviews.

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<sup>#</sup> See ASA 610 *Using the Work of Internal Auditors*, paragraph Aus 1.2. The use of internal auditors to provide direct assistance is prohibited in an audit or review conducted in accordance with the Australian Auditing Standards.



- The availability of client personnel and data.

#### **Reporting Objectives, Timing of the Audit, and Nature of Communications**

- The entity's timetable for reporting, such as at interim and final stages.
- The organisation of meetings with management and those charged with governance to discuss the nature, timing and extent of the audit work.
- The discussion with management and those charged with governance regarding the expected type and timing of reports to be issued and other communications, both written and oral, including the auditor's report, management letters and communications to those charged with governance.
- The discussion with management regarding the expected communications on the status of audit work throughout the engagement.
- Communication with auditors of components regarding the expected types and timing of reports to be issued and other communications in connection with the audit of components.
- The expected nature and timing of communications among engagement team members, including the nature and timing of team meetings and timing of the review of work performed.
- Whether there are any other expected communications with third parties, including any statutory or contractual reporting responsibilities arising from the audit.

#### **Significant Factors, Preliminary Engagement Activities, and Knowledge Gained on Other Engagements**

- The determination of materiality in accordance with ASA 320<sup>13</sup> and, where applicable:
  - The determination of materiality for components and communication thereof to component auditors in accordance with ASA 600.<sup>14</sup>
  - The preliminary identification of significant components and material classes of transactions, account balances and disclosures.
- Preliminary identification of areas where there may be a higher risk of material misstatement.
- The impact of the assessed risk of material misstatement at the overall financial report level on direction, supervision and review.
- The manner in which the auditor emphasises to engagement team members the need to maintain a questioning mind and to exercise professional scepticism in gathering and evaluating audit evidence.
- Results of previous audits that involved evaluating the operating effectiveness of internal control, including the nature of identified deficiencies and action taken to address them.
- The discussion of matters that may affect the audit with firm personnel responsible for performing other services to the entity.
- Evidence of management's commitment to the design, implementation and maintenance of sound internal control, including evidence of appropriate documentation of such internal control.

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<sup>13</sup> See ASA 320 *Materiality in Planning and Performing an Audit*.

<sup>14</sup> See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*, paragraphs 21-23 and 40(c).

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- Changes within the applicable financial reporting framework, such as changes in accounting standards, which may involve significant new or revised disclosures.
- Volume of transactions, which may determine whether it is more efficient for the auditor to rely on internal control.
- The process(es) management uses to identify and prepare the disclosures required by the applicable financial reporting framework, including disclosures containing information that is obtained from outside of the general and subsidiary ledgers.
- Importance attached to internal control throughout the entity to the successful operation of the business.
- Significant business developments affecting the entity, including changes in information technology and business processes, changes in key management, and acquisitions, mergers and divestments.
- Significant industry developments such as changes in industry regulations and new reporting requirements.
- Other significant relevant developments, such as changes in the legal environment affecting the entity.

**Nature, Timing and Extent of Resources**

- The selection of the engagement team (including, where necessary, the engagement quality control reviewer) and the assignment of audit work to the team members, including the assignment of appropriately experienced team members to areas where there may be higher risks of material misstatement.
- Engagement budgeting, including considering the appropriate amount of time to set aside for areas where there may be higher risks of material misstatement.