

CNCC
COMPAGNIE
NATIONALE DES
COMMISSAIRES AUX
COMPTES

PACK SMEs

Audit Pack for Small- and Medium-Sized Entities

March 2014



Pack SMEs user agreements

The « [Audit Pack for Small- and Medium-Sized Entities](#) », or « [Pack SMEs](#) », prepared by the CNCC in cooperation with the IRE - IBR, is a package of tools designed to enable the auditor to plan and perform audit procedures and to structure the approach on SMEs audits, in accordance with International Standards on Auditing (ISAs).

- The SME concept considered in the Pack SMEs relates to any form of SME and is not linked to any amount or threshold. This concept does not include listed entities.
- The proper use of Pack SMEs tools is the auditor's sole responsibility and it is assumed that the auditor has the appropriate understanding of International Standards on Auditing (ISAs), International Standard on Quality Control (ISQC1) and the Code of Ethics for Professional Accountants (IESBA code);
- It does not relieve him from exercising professional judgment and does not exempt him from performing audit procedures appropriate to the characteristics and specifics of each audit engagement, while ensuring compliance with International Standards on Auditing (ISAs);
- In order to use the Pack SMEs under the best conditions, auditors are highly recommended to take the training sessions tailored to SMEs offered by *[name of the professional institute of which the auditor is a member]*;
- The use of Pack SMEs office tools requires the following minimum computer configuration:
 - Operating system: Windows XP
 - MS Office version : 2003 (optimal performance from MS Office 2007);
- There is no technical support provided by the professional institute for the office tools offered. It is the auditor's responsibility to make arrangements to ensure proper installation and operation;
- Note to users of Powerpoint 2010 and 2013 : If the integrated office tools do not open directly, you should deactivate the « protected mode for files from the Internet” with the procedure described [here](#).
- Three tools from the pack « *A2.1 Preliminary analytical review* », « *A2.4 Risk analysis matrix* » and « *A3.1 Lead sheets* » require a procedure to activate macros to be applied described [here](#).



Note to users

For easier use of Pack SMEs, read the operating instructions:



[operating instructions of the Pack SMEs](#)

The tools of Pack SMEs are categorized into two types:



Structuring tools

: considered to be essential to the audit approach



Other tools

: their use depends on the circumstances and the auditor's judgment





APPROACH TO AUDITING FINANCIAL STATEMENTS IN SMALL-AND-MEDIUM-SIZED ENTITIES

ISA version - March 2014

PACK SMEs

1

2

3

4

Engagement phases

Engagement acceptance and continuance

Identifying and assessing the risks of material misstatements & Audit planning

Risk response & Obtaining audit evidence

Summary of the engagement & Reporting the opinion

Access to flow chart illustrating the risk-based approach

Access to the tools Phase 1

Access to the tools Phase 2

Access to the tools Phase 3

Access to the tools Phase 4

Other requirements
- ISA 720: The auditor's responsibilities relating to other information
- Money laundering

The core audit approach

Engagement acceptance and continuance

Engagement letter
ISA 210

Identifying and assessing the risks of material misstatements through understanding the entity and its environment
ISA 315

The auditor's responses to assessed risks
ISA 330

Tests of controls
Substantive procedures

Audit evidence
ISA 500
ISA 501

Auditor's report on financial statements
ISA 700

Planning an audit
ISA 300

Analytical procedures
ISA 520

Auditing accounting estimates
ISA 540

Overall audit strategy and audit plan
Audit program

Evaluation of misstatements identified
ISA 450

Audit sampling
ISA 530

External confirmations
ISA 505

Written representations
ISA 580

Comparative information
ISA 710

Modification to the opinion and emphasis of matter paragraph
ISA 705
ISA 706

Subsequent events
ISA 560

Focus on special considerations of the approach

ISA applicable to specific situations

ISA 510 Initial audit engagements – Opening balances

ISA 600 Special considerations Audits of group financial statements

ISA 610 Using the work of internal auditors

ISA 620 Using the work of an auditor's expert

General principles

The Code of Ethics for Professional Accountants – IFAC
International standard on quality control
Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing

General standards

Quality control for an audit of financial statements
Audit documentation
The auditor's responsibilities relating to fraud in an audit of financial statements
Consideration of laws and regulations in an audit of financial statements
Communication with those charged with governance
Communicating deficiencies in internal control to those charged with governance and management
Materiality in planning and performing an audit
Audit considerations relating to an entity using a service organization
Related parties
Going concern

Pack SMEs Tools

PHASE 1

ENGAGEMENT ACCEPTANCE

OBJECTIVES: Assessing the audit firm's ability to perform the engagement considering the following factors:

- the entity's specifics;
- The audit firm's characteristics;
- compliance with the fundamental principals of behavior including independence.

A. STRUCTURING TOOLS

UPDATES

TYPE



A1.1 Audit engagement acceptance checklist

March 2014

Excel

B. OTHER TOOLS

UPDATES

TYPE



B1.1 Proposal for audit services

March 2014

Word



B1.2 Letter to the predecessor auditor

March 2014

Word



B1.3 Engagement letter

March 2014

Word



B1.4 Acknowledgement of independence

March 2014

Word



Pack SMEs Tools





PHASE 2

IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENTS & AUDIT PLANNING

OBJECTIVES: Obtaining an in-depth understanding of the entity, including the entity's internal control, to identify and assess the risks of material misstatements at the financial statement level and the assertion level.





Establishing the overall audit strategy and audit plan, highlighting the link between the identified risks of material misstatements at the assertion level and the planned audit procedures. The auditor determines the nature, timing and extent of audit procedures (both tests of controls and substantive procedures).

A. STRUCTURING TOOLS

			UPDATES	TYPE
	A2.1	Preliminary analytical review	March 2014	Excel
	A2.2	Overall audit strategy and audit plan	March 2014	Excel
	A2.3	Materiality and performance materiality	March 2014	Excel
	A2.4	Risk analysis matrix	March 2014	Excel

Activation
of macros

B. OTHER TOOLS

			UPDATES	TYPE
	B2.1	Audit scheduling	March 2014	Excel
	B2.2	Tests of controls papers	March 2014	Excel
	B2.3.1	Preliminary report on risks and entity's controls	March 2014	Pwt
	B2.3.2	Preliminary report on risks and entity's controls	March 2014	Word



Pack SMEs Tools







PHASE 3

RISK RESPONSE & OBTAINING AUDIT EVIDENCE

OBJECTIVES: Designing the tests to be performed by the auditor (tests of controls and substantive procedures) that enable him to obtain reasonable assurance about whether the financial statements are free from material misstatements.

A. STRUCTURING TOOLS			UPDATES	TYPE
	A3.1	Lead sheets	March 2014	Excel

Activation of macros

B. OTHER TOOLS			UPDATES	TYPE
	B3.1	Confirmation requests	March 2014	Word
	B3.2.1	Processing of confirmations (trade creditors)	March 2014	Word
	B3.2.2	Processing of confirmations (trade debtors)	March 2014	Excel
	B3.3	Attendance at physical inventory counting questionnaire	March 2014	Excel
	B3.4	Working papers	March 2014	Excel
	B3.5	Key ratios	March 2014	Excel



Pack SMEs Tools

PHASE 3

RISK RESPONSE & OBTAINING AUDIT EVIDENCE

B3.1 CONFIRMATION REQUESTS		UPDATES	TYPE
	B3.1.1 Lawyer confirmation request	March 2014	Word
	B3.1.2 Borrowing confirmation request	March 2014	Word
	B3.1.3 Land property confirmation request	March 2014	Word
	B3.1.4 Loans and advances confirmation request	March 2014	Word
	B3.1.5 Inventories held by a third party on the behalf of the entity confirmation request	March 2014	Word
	B3.1.6 Inventories held by the entity on behalf of a third party confirmation request	March 2014	Word
	B3.1.7 Trade creditors confirmation request (open model)	March 2014	Word
	B3.1.8 Trade creditors confirmation request (closed model)	March 2014	Word
	B3.1.9 Trade debtors confirmation request (open model)	March 2014	Word
	B3.1.10 Trade debtors confirmation request (closed model)	March 2014	Word
	B3.1.11 Trade debtors confirmation request (invoice)	March 2014	Word
	B3.1.12 Bank confirmation request	March 2014	Word
	B3.1.13 Insurance and broker confirmation request	March 2014	Word
	B3.1.14 Lease contract confirmation request	March 2014	Word



Pack SMEs Tools

PHASE 4

SUMMARY OF THE ENGAGEMENT AND REPORTING THE OPINION

OBJECTIVES: Summarizing of auditor's conclusions and findings provided by evidence obtained including the results of tests of controls and substantive procedures.

A. STRUCTURING TOOLS			UPDATES	TYPE
	A4.1	Audit completion questionnaire <i>(including going concern, subsequent events and communication with those charged with governance)</i>	March 2014	Excel
	A4.2.1	Audit findings report	March 2014	Pwt
	A4.2.2	Audit findings report	March 2014	Word
	A4.3	Additional summary memorandum <i>(including engagement continuance)</i>	March 2014	Excel

B. OTHER TOOLS			UPDATES	TYPE
	B4.1	Management's representations	March 2014	Word
	B4.2	Questionnaire to prepare the auditor's report on the financial statements	March 2014	Excel
	B4.3	Auditor's reports on financial statements	March 2014	Word



Pack SMEs Tools





PHASE 4

SUMMARY OF THE ENGAGEMENT AND REPORTING THE OPINION

B4.3 AUDITOR'S REPORTS ON FINANCIAL STATEMENTS

UPDATES

TYPE

- | | | | |
|---|---|------------|------|
|  | B4.3.1 Auditor's reports on financial statements | March 2014 | Word |
|  | B4.3.2 Auditor's reports with modifications to the opinion | March 2014 | Word |
|  | B4.3.3 Auditor's reports that include an emphasis of matter paragraph | March 2014 | Word |
|  | B4.3.4 Auditor's reports – corresponding figures and comparative information | March 2014 | Word |

March 2014

Word

March 2014

Word

March 2014

Word

March 2014

Word

