

# Self diagnostic checklist

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| <b>Engagement letters ISA 210</b>  | Is there an up to date copy on file, signed by the client   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <b>Planning – Understanding the entity and its environment ISA 315 – this is usually in the permanent audit file but may sometimes be on the current audit file.</b> | <b>Check that there is a record on the file sufficient to explain to someone unfamiliar with the client:</b>  |  |
|  | What the company does and how it does it  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | How the accounting system works: e.g. how does it recognise a sale or other income, and from what information does the company raise a sales invoice; how does the client ensure all transactions are captured by the system promptly | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | What laws and regulations are relevant to the company's business  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <b>Planning ISA 300 – the plan should assist the firm to identify the audit approach and so carry out the audit effectively.</b>                                     | <b>Review the plan:</b>   |  |
|  | Is there a record of any developments in the client's business since the last audit   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Does it set out the overall approach to the audit and act as a guide to the development of the detailed audit work  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Does it identify the key audit areas and the approach to be taken to audit those areas in the light of risk and materiality   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | If sampling is to be used are sample sizes and selection method set out as part of planning.  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Is there a record that the audit partner has been involved in and approved the audit plan  | Yes <input type="checkbox"/> No <input type="checkbox"/>  |  |

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| <b>Audit programmes ISA 300.24 – the auditor may use standard audit programmes. However, these must be tailored to meet the particular engagement circumstances.</b> | Has the programme been tailored to cover the key areas identified in plan   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Does it include tests to achieve all financial statement assertions (existence, rights and obligations, occurrence, completeness, valuation and allocation, accuracy, cut off, and classification and understandability) for all material areas | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Are any tests not applicable? If so, check, where necessary, that the audit objective is met by another test, perhaps specially designed for this purpose   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

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| <b>Working Papers ISA 230 – to provide audit evidence, work carried out must be recorded on the audit file. This includes any evidence obtained during accounts preparation work.</b> | <b>Review the file:</b>   |  |
|   | Are all working papers initialled and cross referenced  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Is there a record of audit work showing:  |  |
|   | What was the objective of the work done   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | What was tested   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | The meaning of any ticks or other symbols used  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | The results of the work   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | If the results were not satisfactory, what additional work was done   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | The firm's conclusion on all audit tests i.e. did the test confirm the audit objective? If not, is there a record of consideration of the implication for the audit opinion | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | That all completed tests on the audit programme are signed off and cross referenced to a detailed working paper   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

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| <p><b>Audit Evidence ISA 500 – the nature and type of audit evidence required will vary with each individual audit. Listed are the areas the ACCA compliance officers often finds firms have overlooked. Working papers must show the sufficient appropriate evidence has been obtained to support all financial statement assertions for all audit areas. Check for record of:</b></p> | <b>Fixed Assets</b>   |  |
|   | Verification of client's continuing title to freehold property  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Verification of existence of plant & machinery, including all material items not only those bought during the year. If this is by physical inspection, is there a record of the sample seen and how it was selected   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <b>Stock and work in progress</b>   |  |
|   | Assessment of procedures observed during attendance at stock take   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Items test counted during attendance at stock take covering tests from the stock to records and from records to stock   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | The basis of selection of samples test counted at stock take  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Stock valuation tests covering both cost and net realisable value, including the items checked and the source of information for the value  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Tests carried out to verify the existence, completeness and validity of work in progress (WIP), including test to receipt of payment after date for at least a sample of items included in WIP (if the firm has calculated WIP, working papers must still show how existence, completeness and validity have been verified) | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <b>Debtors</b>  |  |
|   | Verification of recoverability of debtors using a source other than subsequent debtor listings e.g. after date receipts from customers  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | Confirmation of related and group company debtors and consideration of recoverability of such balances  | Yes <input type="checkbox"/> No <input type="checkbox"/> |

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|   | <p><b>Creditors</b></p> <p>Verification of completeness of creditors starting from a source other than the known creditor balances e.g. after date invoices and payments or supplier statements</p>   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <p><b>Completeness of income</b></p> <p>Verification of completeness of income starting from the earliest record of sale or other income: e.g. order or despatch note, grant application (NB – if there are separate sources of income it may be necessary to devise separate tests for each source)</p>  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <p><b>Expenditure (charities)</b></p> <p>Testing of validity of charitable expenditure: i.e. that it is genuinely for the purpose of the charity and not just that supporting documentation exists</p>  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <p><b>Analytical Review ISA 520 – many firms extract figures for analytical review, or have software that produces such figures automatically. However, there is often no record that these figures have been used to identify inconsistencies, predicted patterns or significant fluctuations.</b></p> | <p>There is a record of the firm’s evaluation of figures extracted for analytical review. This should record specific reasons for changes in figures with supporting evidence, and should also include comments on important figures such as turnover and gross profit and whether these figures are consistent with what the firm knows about the business</p> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <p><b>Subsequent events ISA 560 – this should cover the period between the completion of audit testing and the date of sign off. Is there a record of:</b></p>  | <p>What records were seen and the date they were inspected</p>  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <p>Details of enquiries made of directors and others</p>  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|   | <p>The firm’s conclusions</p>   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

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| <b>Going Concern Review ISA 570 – this should be forward looking: usually for at least one year from the date the accounts are approved by the directors.</b>                        | <b>Is there a record of:</b>   |  |
|  | Details of records inspected   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | The basis on which the firm is satisfied with the management's use of the going concern assumption: i.e. that the company is likely to continue to trade as a business for the foreseeable future i.e. at least 12 months after the date of approval of the accounts | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Positive evidence that the company will continue to trade as a business: i.e. the firm has not relied simply on the absence of indicators suggesting the company does not have immediate financial difficulties  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <b>Management Representations ISA 580 – this should supplement audit evidence obtained through testing and other enquiries and should not be relied on without other audit work.</b> | Are management representations specific to the individual audit  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
|  | Do they cover areas where the auditor has relied on oral representations from management   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <b>Review of Financial Statements ISA 500</b>  | Has an appropriate disclosure checklist been used and properly completed (e.g. medium or large company checklist, as appropriate, or SORP checklist for charities)   | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| <b>Quality Control ISA 220</b>   | Is there evidence of partner review both of the plan and of the final audit work, including approval of any changes to the original plan   | Yes <input type="checkbox"/> No <input type="checkbox"/> |