



SUMMARY OF CHANGES MADE TO THE IFAC  
GUIDE TO USING ISAS IN THE AUDITS OF  
SMALL-AND MEDIUM-SIZED ENTITIES -  
FOURTH EDITION  
VOLUME 1

Issued June 2019



COPYRIGHT © 2019

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

Copyright in all publications originated by The South African Institute of Chartered Accountants rests in the Institute. Apart from the extent reasonably necessary for the purposes of research, private study, personal or private use, criticism, review or the reporting of current events, as permitted in terms of the Copyright Act (No. 98 of 1978), no portion may be reproduced by any process without written permission.

ISBN 978-0-86983-431-2

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

PRIVATE BAG X32, NORTHLANDS, 2116

## PREFACE

The purpose of this summary of changes made to the *IFAC Guide to Using ISAs in the Audits of Small-and Medium-Sized Entities – Fourth Edition* (IFAC Guide) is to assist SAICA members who are auditors and assurance practitioners, and their support staff, including audit managers, supervisors, trainee accountants and engagement quality reviewers in applying the IFAC Guide to the audits of Small and Medium Practices (SMPs).

SAICA members are encouraged to visit the [IAASB's page](#) for upcoming projects and projects taking time at the time of publication of this IFAC Guide.

This summary includes extracts from *Guide to Using International Standards on Auditing in the Audits of Small-and Medium-Sized Entities, Fourth Edition* of the Small and Medium Practices (SMP) Committee, published by the International Federation of Accountants (IFAC) in July 2018. Contact [permissions@ifac.org](mailto:permissions@ifac.org) for permission to reproduce, store or transmit, or to make other similar uses of these extracts.

Although special attention was given to the correctness of the information it is possible that legislation and the content may change from time to time. The list or regulatory requirements is also not exhaustive and in no way represents all applicable reporting duties. Please also note that the above information serves as a guide only and readers are advised to consult the full text of the legislation for further information. This document or any part thereof may not be copied.

## Summary of changes made: IFAC Guide to Using ISAs in the Audits of Small- and Medium-Sized Entities – Fourth Edition

### Volume 1- Core Concepts

Chapter 1 – How to Use the Guide	
Section	Summary of change
1.3 Glossary of Terms	<ul style="list-style-type: none"> <li>Paragraph on entity level controls removed.</li> <li>Paragraph on pervasive risks and controls inserted.</li> <li>Paragraph on transactional risks and controls inserted.</li> </ul>
1.4 Acronyms used in the Guide	<ul style="list-style-type: none"> <li>Changes to the, assertions as follows:               <ul style="list-style-type: none"> <li>Added                   <ul style="list-style-type: none"> <li>Accuracy and valuation</li> <li>Presentation</li> </ul> </li> <li>Removed                   <ul style="list-style-type: none"> <li>Accuracy, cutoff and valuation</li> <li>Accuracy and cutoff</li> <li>Valuation</li> </ul> </li> </ul> </li> <li>Added the following to the list of acronyms:               <ul style="list-style-type: none"> <li>International Public Sector Accounting Standards</li> <li>Key Audit Matters</li> </ul> </li> </ul>

Chapter 2 – The ISAs	
Section	Summary of change
2.1 ISA Index and Cross-References	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> <li>ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report added.</li> </ul>

Chapter 3– Ethics, ISAs, and Quality Control	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included under Exhibit 3.0-1.</li> </ul>
Quality Control Systems	<ul style="list-style-type: none"> <li>Update of the content of this section and Exhibit 3.2-1 to reflect Revised ISAs.</li> </ul>
Compliance with Relevant ISAs	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included under 3.8 Compliance with Relevant ISAs.</li> </ul>

Chapter 4– The Risk-Based Audit - Overview	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included under Exhibit 4.0-1.</li> </ul>
4.1 Overview	Inherent limitations of an Audit Exhibit 4.1-1 <ul style="list-style-type: none"> <li>Added wording in under <i>The Nature of Financial Reporting</i>.                Assertions</li> <li>Amended wording in line with changes to the assertions.</li> </ul>
4.2 Audit Risk	Exhibit 4.2-2 <ul style="list-style-type: none"> <li>Change wording in commentary column related to control risk by replacing the reference to entity level controls with the fact that these controls are assessed at the financial statement level.</li> </ul>

	<p>Exhibit 4.2-3</p> <ul style="list-style-type: none"> <li>Updated the wording on the third sentence to refer to ...<i>pervasive and transactional control procedures</i> and deleted the old reference to specific control procedures.</li> </ul>
4.3 How to Perform a Risk-Based Audit	<ul style="list-style-type: none"> <li>Update of references to ISAs in the table.</li> </ul> <p>Exhibit 4.3-1</p> <ul style="list-style-type: none"> <li>Description relating to risk assessment expanded on.</li> <li>Description relating to reporting and forming an opinion expanded on.</li> </ul> <p>Exhibit 4.3-4</p> <ul style="list-style-type: none"> <li>Description relating to team discussion and ongoing communication expanded on to include reference to discussions around disclosures.</li> <li>Financial statement disclosures added in.</li> </ul> <p>Exhibit 4.3-5</p> <ul style="list-style-type: none"> <li>Under the auditor consideration of the reasons (inherent and control risks) for the risk assessments at the assertion level: <ul style="list-style-type: none"> <li>Added in reference to <i>event</i></li> </ul> </li> <li>Under the auditor's response to the assessed risks of material misstatement: <ul style="list-style-type: none"> <li>Changed <i>addresses the material financial statement areas to identifies the material financial statement areas.</i></li> <li>Added in reference to <i>significant disclosures.</i></li> </ul> </li> </ul> <p>Reporting</p> <ul style="list-style-type: none"> <li>Amended wording of ISA 700.6 by removing <i>that also describes the basis for that opinion.</i></li> </ul>
4.6 ISAs for Smaller Audits	<ul style="list-style-type: none"> <li>Update of references to ISAs in the table.</li> </ul>

Chapter 5– Internal Control – Purpose and Components	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included under Exhibit 5.0-1.</li> </ul>
5.1 Overview	<ul style="list-style-type: none"> <li>Amendments to the wording included here.</li> </ul>
5.2 Internal Control Objectives	<p>Exhibit 5.2-1</p> <ul style="list-style-type: none"> <li>Included <i>communication</i> in the information systems component.</li> </ul>
5.3 The Control Environment	<ul style="list-style-type: none"> <li>Update of references to ISAs in this table.</li> </ul>
5.4 Risk Assessment	<ul style="list-style-type: none"> <li>Update of references to ISAs in this table.</li> </ul>
5.4 Risk Assessment	<ul style="list-style-type: none"> <li>Changes to the wording made in the first paragraph under the red flag.</li> <li>Inserted the following paragraph: <i>The auditor is also required to evaluate whether the absence of a documented risk assessment process is appropriate in the circumstances, or determine whether it represents a significant deficiency in internal control.</i></li> </ul>

<p>5.5 Information Systems and Communication</p>	<ul style="list-style-type: none"> <li>• Added in reference to <i>communication</i> in the heading.</li> <li>• Update of references to ISAs in this table and added in wording to align to the revised ISAs.</li> </ul> <p>Exhibit 5.5-1</p> <ul style="list-style-type: none"> <li>• Included a reference to <i>relevant information from other sources</i> in the description to accounting systems</li> <li>• Added in other information sources</li> <li>• Under exhibit 5.5-1, added in paragraph on sources of information.</li> </ul> <p>Exhibit 5.5-2</p> <ul style="list-style-type: none"> <li>• Added this table in, including commentary under the table.</li> <li>• Commentary added in under the grey block: Consider Point</li> </ul> <p>Exhibit 5.5-4</p> <ul style="list-style-type: none"> <li>• Sources of information used: <ul style="list-style-type: none"> <li>○ Added in reference to <i>disclosures</i> in the commentary relating to sources of information used.</li> <li>○ Added in the following sentence: <i>This is particularly important where information included in the financial statements is obtained from outside of the general and subsidiary ledgers.</i></li> </ul> </li> <li>• How the information produced is used: <ul style="list-style-type: none"> <li>○ Added in reference to <i>financial institution</i>.</li> </ul> </li> </ul>
<p>5.6 Control Activities</p>	<ul style="list-style-type: none"> <li>• Update of references to ISAs in the table.</li> <li>• Second paragraph under the orange flag: <ul style="list-style-type: none"> <li>○ Added in reference to <i>outside the general and subsidiary ledger</i></li> </ul> </li> <li>• Added in the following paragraph: <i>Control activities relevant to the audit may also include controls established by management that address disclosures being prepared in accordance with the applicable financial reporting framework—this would be in addition to controls that address risks related to account balances and transactions.</i></li> </ul> <p>Exhibit 5.6-3</p> <ul style="list-style-type: none"> <li>• Added in <i>Financial Statement Disclosure</i>.</li> </ul>
<p>5.8 Monitoring</p>	<ul style="list-style-type: none"> <li>• Update of references to ISAs in this table.</li> <li>• Third paragraph under yellow flag, added in reference to the use of internal audit function.</li> </ul>
<p>5.9 Understanding of Internal Controls Relevant to the Audit</p>	<p>Exhibit 5.9-1</p> <ul style="list-style-type: none"> <li>• Added in <i>Inquire about the Role of Internal Audit (where applicable)</i>.</li> </ul>

<p>5.11 Pervasive Controls (that address financial statement level risk)</p>	<ul style="list-style-type: none"> <li>• Added in (<i>that address financial statement level risk</i>) to the heading.</li> <li>• In general, reference to: <ul style="list-style-type: none"> <li>○ <i>at the financial statement level risks</i> added in next to mention of pervasive controls</li> <li>○ <i>assertion level</i> added in next to transactional risks/controls.</li> <li>○ <i>entity level controls</i> changed to <i>pervasive controls that pertain to the financial statements as a whole</i>.</li> </ul> </li> <li>• Update of references to ISAs in this table.</li> <li>• Changes to the commentary included under the table amended to: <ul style="list-style-type: none"> <li>○ include reference to financial statement level risks next to controls that are pervasive in nature;</li> <li>○ include reference to <i>assertion level</i> next to particular transaction risks;</li> <li>○ in the third paragraph, next to accounting records, word <i>entity</i> changed to <i>financial statement</i>.</li> </ul> </li> <li>• Amended Exhibit 5.11-1</li> </ul> <p>Exhibit 5.11-1 – Notes to figure</p> <ul style="list-style-type: none"> <li>• Note 1 <ul style="list-style-type: none"> <li>○ <i>Entity level</i> changed to <i>financial statement level</i></li> </ul> </li> <li>• Note 2 <ul style="list-style-type: none"> <li>○ <i>Entity level controls</i> changed to <i>pervasive controls</i>.</li> <li>○ Words <i>relating to the entity as a whole</i> added in.</li> </ul> </li> <li>• Note 4 <ul style="list-style-type: none"> <li>○ Words <i>similar to entity level controls</i> changed to <i>pervasive to the entity as a whole</i>.</li> </ul> </li> </ul>
--	--

Chapter 6– Financial Statement Assertions	
Section	Summary of change
6.1 Overview	<ul style="list-style-type: none"> <li>• Amended wording of second paragraph to align with changes to the assertions.</li> <li>• Under the examples of management assertions: <ul style="list-style-type: none"> <li>○ Removed reference to <i>and disclosed</i> in the sixth bullet point and added in the second sentence.</li> <li>○ Added in last bullet point relating to the presentation and disclosure of amounts.</li> </ul> </li> <li>• In the last paragraph: <ul style="list-style-type: none"> <li>○ Added in reference to <i>presentation</i> in the first sentence.</li> <li>○ Included reference to the <i>existence</i> assertion in referring to a valid transaction that took place.</li> <li>○ Removed reference to the <i>cutoff</i> assertion and added in reference to the <i>valuation</i> assertion in referring to transactions being properly recorded in the accounting records.</li> </ul> </li> </ul>
6.2 Description of Assertions	<ul style="list-style-type: none"> <li>• Contents of the table amended in line with the revised assertions and related wording contained in ISA 315 (Revised).A129, as follows: <ul style="list-style-type: none"> <li>○ <i>Presentation</i> assertion added in in</li> <li>○ Wording relating to the description of the assertions amended. No changes were effected to the following assertions: <ul style="list-style-type: none"> <li>▪ Cutoff</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ Classification (relating to classes of transactions and events and Related Disclosures)</li> <li>▪ Existence</li> <li>▪ Rights and obligations</li> <li>○ <i>Presentation and disclosure</i> assertion and related description deleted.</li> <li>• Added in the following paragraph at the end of the table: <i>The assertions described above can be adapted, as appropriate, when considering potential misstatements in disclosures that are not directly related to recorded classes of transactions, events or account balances. For example, the entity may be required by the applicable financial reporting framework to present exposure to risks arising from a transaction that is not yet recorded in the financial statements.</i></li> </ul> <p>Exhibit 6.2-2</p> <ul style="list-style-type: none"> <li>• Amended in line with the revised assertions contained in ISA 315 (Revised).A129</li> </ul>
6.3 Combined Assertions	<p>Exhibit 6.3-1</p> <ul style="list-style-type: none"> <li>• Amended in line with the revised assertions contained in ISA 315 (Revised).A129</li> </ul> <p>Note to Exhibit 6.3-1</p> <ul style="list-style-type: none"> <li>• <i>Accuracy and cutoff</i> replaced with <i>existence</i>.</li> <li>• Reference to <i>classification and understandability</i> removed.</li> </ul> <p>Exhibit 6.3-2</p> <ul style="list-style-type: none"> <li>• Amended wording as follows: <ul style="list-style-type: none"> <li>○ Completeness – added in disclosures, <i>in the context of the requirements of the applicable financial reporting framework</i>.</li> <li>○ Existence – Removed <i>and should be included</i> from the first sentence and added in <i>in the context of the requirements of the applicable financial reporting framework</i> to the second sentence.</li> <li>○ Accuracy and Valuation – Replaced <i>Cutoff</i> with <i>Valuation</i> and included a new description.</li> <li>○ Presentation – Replaced <i>valuation</i> and included a new description.</li> </ul> </li> </ul>
6.4 Using Assertions in Auditing	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs.</li> <li>• Under considering types of potential misstatements: <ul style="list-style-type: none"> <li>○ Reference to <i>accuracy</i> included referring to whether the inventory balance has been adjusted for slow-moving and obsolete items.</li> <li>○ Last bullet point that previously referred to <i>accuracy</i> replaced with considerations relating to <i>presentation</i>.</li> </ul> </li> </ul>

## Chapter 7– Materiality and Audit Risk

Section	Summary of change
Chapter content	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs.</li> </ul>
7.1 Overview	<ul style="list-style-type: none"> <li>• Added in the following paragraph: <i>Materiality applies not only to amounts in the financial statements, but also to disclosures that are non-quantitative. For example, a description of the events or circumstances that have led to the recognition of an impairment loss could be material to the users of the financial statements.</i></li> </ul>

7.3 Nature of Misstatements	<p>Exhibit 7.3-2</p> <ul style="list-style-type: none"> <li>• Wording of last bullet point amended to include reference to <i>unclear</i> descriptions in the <i>financial statements</i>.</li> <li>• In the paragraph under the table, reference to <i>grey</i> removed.</li> <li>• Moved the following sentence to the section on qualitative factors: <i>In some situations, a matter well below the quantitative materiality level may be determined as material based on the nature of the item or the circumstances related to the misstatement.</i></li> <li>• Added in section relating to qualitative factors, including Exhibit 7.3-3</li> </ul>
7.5 Determining Materiality Levels	<ul style="list-style-type: none"> <li>• Added in <i>Determining</i> to the heading.</li> <li>• Amended exhibit 7.5.1</li> </ul> <p>Exhibit 7.5-2</p> <ul style="list-style-type: none"> <li>• Amendments made to the description relating to specific performance materiality.</li> </ul> <p>Exhibit 7.5-3</p> <ul style="list-style-type: none"> <li>• Deleted</li> <li>• Wording relating to performance materiality amended.</li> <li>• Added in the following paragraph: <i>In the same way that performance materiality is set at a lower threshold amount than overall materiality, an amount for specific performance materiality would be set by the auditor at a lower threshold than that of the specific materiality.</i></li> </ul>
7.7 Revising Materiality	<ul style="list-style-type: none"> <li>• Added this section in.</li> </ul>

## Chapter 8 – Risk Assessment Procedures

Section	Summary of change
Chapter contents	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs.</li> </ul>
8.4 Inquires of Management and Others (Including inquires relating to fraud)	<p>Exhibit 8.4-1</p> <ul style="list-style-type: none"> <li>• In the interview relating to management and those responsible for financial reporting, added in that the auditor should inquire about whether the entity is in compliance with relevant laws and regulations.</li> <li>• Added internal auditors to the list of interviewees.</li> </ul>
8.9 Specific Risk Assessment Procedures	<ul style="list-style-type: none"> <li>• Added this section in.</li> </ul>

## Chapter 9 – Responding to Assessed Risks

Section	Summary of change
9.2 Overall Responses to Risks at the Financial Statement Level	<p>Exhibit 9.2-1</p> <ul style="list-style-type: none"> <li>• In relation to engagement management, added in the last bullet point relating to the internal audit function.</li> </ul> <p><u>Exhibit 9.2-2</u></p> <p>Exhibit 9.3-2</p> <ul style="list-style-type: none"> <li>• In relation to the consideration point on sources of information, added to the question that the non-financial information could be obtained from within or outside of the general and subsidiary ledger.</li> </ul>

## Chapter 10 – Further Audit Procedures

Section	Summary of change
10.2 Substantive Procedures	<ul style="list-style-type: none"> <li>In the table, amended the wording of ISA 330.20 to align with the standard.</li> </ul> <p>Exhibit 10.2-2</p> <ul style="list-style-type: none"> <li>In relation to the required audit procedures, amended the wording of the last bullet point to make reference to agreeing or reconciling information in disclosures with the information obtained from within or outside the general and subsidiary ledgers.</li> <li>Added in point relating to key audit matters.</li> <li>Added in section relating to internal audit.</li> </ul>
10.5 Tests of Controls	<p>Exhibit 10.5-1</p> <ul style="list-style-type: none"> <li>Amended.</li> <li>In the commentary included under exhibit 10.5-1, wording amended as follows: <ul style="list-style-type: none"> <li><i>Specific controls</i> replaced with <i>assertion level controls</i>.</li> <li><i>Pervasive controls</i> included in brackets and replaced with controls at the <i>financial statement level</i>.</li> <li>In the second paragraph, reference to controls at the financial statement level serving to address <i>specific</i> risks of material misstatement has been amended to serving to address <i>assertion level</i> risks of material misstatement.</li> </ul> </li> </ul> <p>Consider Point</p> <ul style="list-style-type: none"> <li>The second sentence of this paragraph has been amended.</li> </ul> <p>In the commentary under the Consider Point,</p> <ul style="list-style-type: none"> <li><i>Pervasive controls</i> included in brackets and replaced with controls at the <i>financial statement level</i>.</li> <li><i>Specific controls</i> replaced with <i>assertion level (transactional) controls</i>.</li> </ul> <p>Exhibit 10.5-2</p> <ul style="list-style-type: none"> <li>Heading amended.</li> </ul> <p>Exhibit 10.5-3</p> <ul style="list-style-type: none"> <li>In the description relating to reliability of the controls, reference to <i>entity level controls</i> replaced with <i>pervasive controls</i>.</li> </ul>

## Chapter 11 – Accounting Estimates

Section	Summary of change
11.2 Risk Assessment	<p>Exhibit 11.2-1</p> <ul style="list-style-type: none"> <li>Added in point relating to Communicating Estimates with High Estimation Uncertainty.</li> </ul>
11.3 Responses to Assessed Risks	<p>Exhibit 11.3-1</p> <ul style="list-style-type: none"> <li>In relation to the point on whether estimates have been prepared appropriately, added in the word <i>sufficient</i> in describing <i>obtaining an understanding of management's assumptions or methods</i>.</li> </ul>

Chapter 12 – Related Parties	
Section	Summary of change
No changes made	n/a

Chapter 13 – Subsequent Events	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>In the table, amended the wording of ISA 560.4 to align with the standard.</li> </ul>
13.1 Overview	<ul style="list-style-type: none"> <li>Note included after Exhibit 13.1-1</li> <li>Table updated to reflect Revised ISAs. Exhibit 13.1-3</li> <li>In the description relating to identifying subsequent events, wording of the bullet point on <i>events that have occurred or are occurring that will bring into question the appropriateness of using the going concern basis of accounting</i> amended.</li> </ul>

Chapter 14 – Going Concern	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>In the table: <ul style="list-style-type: none"> <li>Amended the wording relating to the chapter content.</li> <li>Amended the wording of ISA 570 (Revised).9 to align with the standard.</li> </ul> </li> </ul>
14.1 Overview	<ul style="list-style-type: none"> <li>Added in the third paragraph relating to key audit matters.</li> <li>In the table, amended the wording of ISA 570 (Revised).2 to align with the standard.</li> </ul>
14.2 Risk Assessment Procedures	<ul style="list-style-type: none"> <li>In the table: <ul style="list-style-type: none"> <li>Amended the wording of ISA 570 (Revised).10 to align with the standard.</li> <li>Update of references to ISAs in table.</li> </ul> </li> <li>Exhibit 14.2-2</li> <li>In the introductory sentence, reference to <i>going concern assumption</i> replaced with <i>going concern basis of accounting</i>.</li> </ul>
14.3 Evaluating Management’s Assessment	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included.</li> </ul>
14.4 Risk Response – When Events are Identified	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included.</li> </ul>
14.5 Reporting	<ul style="list-style-type: none"> <li>In the table: <ul style="list-style-type: none"> <li>Added in reference to ISA 570 (Revised).17, 20 – 23.</li> <li>Update of references to ISAs in table.</li> </ul> </li> <li>Amended Exhibit 14-5.1</li> </ul>

Chapter 15 – Summary of Other ISA Requirements	
Section	Summary of change
Chapter content and Overview	Update of references to the ISAs including in Exhibit 15.1-1
15.2 ISA 250 (Revised) – Consideration of Laws and Regulations in an Audit of Financial Statements	<ul style="list-style-type: none"> <li>In the tables: <ul style="list-style-type: none"> <li>Update of references to ISAs (both tables).</li> <li>Added in reference to ISA 250 (Revised).12 (first table)</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Added in reference to ISA 250 (Revised).13 (second table)</li> <li>○ Added in reference to ISA 250 (Revised).15 (third table)</li> <li>○ Added in reference to ISA 250 (Revised).20 (fourth table)</li> <li>● Added in the following sections: <ul style="list-style-type: none"> <li>○ Categories of Laws and Regulations.</li> <li>○ Management Responsibility.</li> <li>○ Auditor Responsibility.</li> </ul> </li> <li>● Update of information under the heading <i>Risk Assessment</i>: <ul style="list-style-type: none"> <li>○ Update of information referenced to 250.13 to align with the standard.</li> <li>○ Removed reference to 250.14</li> </ul> </li> </ul> <p>Exhibit 15.2-2</p> <ul style="list-style-type: none"> <li>● Included the word <i>relevant</i> in the Inspecting Relevant Correspondence.</li> <li>● Update of the information under the heading <i>Risk response</i>: <ul style="list-style-type: none"> <li>○ Update of references to paragraphs in line with the changes in the standard.</li> <li>○ Inserted reference to 250.15</li> </ul> </li> </ul>
--	--

## Chapter 15 – Summary of Other ISA Requirements

<p>15.2 ISA 250 (Revised) – Consideration of Laws and Regulations in an Audit of Financial Statements</p>	<p>Exhibit 15.2-3</p> <ul style="list-style-type: none"> <li>● Amended the wording of the consideration relating to Identifying Instances of Non-Compliance; both the heading and the description.</li> <li>● Added in consideration relating to <i>Inquires of Management and TCWG</i>.</li> <li>● Added in consideration relating to <i>Obtaining Evidence</i>.</li> <li>● Amended the wording of the description of the consideration relating to Obtaining Management Representations.</li> </ul> <p>Exhibit 15.2-4</p> <ul style="list-style-type: none"> <li>● Added in this exhibit.</li> <li>● Update of information under the heading <i>Non-Compliance Identified or Suspected</i>: <ul style="list-style-type: none"> <li>○ <i>Update of references to paragraphs in line with the changes in the standard.</i></li> </ul> </li> </ul> <p>Exhibit 15.2-5</p> <ul style="list-style-type: none"> <li>● Included <i>or determine whether there are other reporting responsibilities</i> to the end of the auditor response related to step 1.</li> <li>● Step 2: <ul style="list-style-type: none"> <li>○ Included <i>the appropriate level of</i> in describing management.</li> <li>○ Added in <i>(unless prohibited to do so by law or regulation)</i>.</li> </ul> </li> <li>● Step 3: <ul style="list-style-type: none"> <li>○ Replaced the word <i>consider</i> with <i>evaluate</i></li> <li>○ Included reference to <i>identified or suspected</i> in describing non-compliance.</li> <li>○ Included <i>where management or those charged with governance are involved or are aware of the matter</i> to the end of the auditor response.</li> </ul> </li> <li>● Wording of the auditor response of step 5 amended.</li> <li>● Updated information under the heading <i>documentation</i>.</li> <li>● Added in the following sections: <ul style="list-style-type: none"> <li>○ Reporting Identified or Suspected Non-Compliance.</li> </ul> </li> </ul>
---	--

	<ul style="list-style-type: none"> <li>○ Documentation Requirements.</li> </ul>
15.5 ISA 510 – Initial Audit Engagements – Opening Balances	<p>Exhibit 15.5-1</p> <ul style="list-style-type: none"> <li>• Under the consideration relating to determining the impact on the audit opinion, added in the last sentence, relating to considering the need for an “other matter” paragraph.</li> </ul>
15.7 ISA 610 (Revised 2013) - Using the Work of Internal Auditors	<ul style="list-style-type: none"> <li>• Added <i>ISA 610 (Revised 2013)</i> on the heading.</li> <li>• Added a <b>Note</b>: Because the likelihood of an SME having an internal audit function is much lower than for listed or larger entities, this Guide does not cover ISA 610 (Revised 2013) in detail.</li> </ul> <p>Exhibit 15.7-1</p> <ul style="list-style-type: none"> <li>• Exhibit amended.</li> <li>• Added in the following sections: <ul style="list-style-type: none"> <li>○ Overview</li> <li>○ Consider point</li> </ul> </li> <li>• Amended the table as follows: <ul style="list-style-type: none"> <li>○ Removed reference to ISA 610.8-13</li> <li>○ Added in reference to ISA 610.15-37</li> </ul> </li> <li>• Added in the following sections: <ul style="list-style-type: none"> <li>○ Understanding Internal Audit.</li> <li>○ Planning the Use of Internal Audit.</li> <li>○ Consider Point.</li> </ul> </li> <li>• Deleted the information that was previously included under <i>Overview</i>.</li> <li>• Amended the heading to Summary of <i>Factors to Consider</i> and Requirements.</li> </ul> <p>Exhibit 15.7-3</p> <ul style="list-style-type: none"> <li>• Added in a task relating to <i>Obtaining an Understanding of the Nature of the Internal Audit Function’s Responsibilities</i>.</li> <li>• In relation to the task on whether <i>Internal Audit Work would be Appropriate for External Audit Purposes</i>: <ul style="list-style-type: none"> <li>○ In the heading, replaced the word <i>adequate</i> with <i>appropriate</i>.</li> <li>○ Replaced the last bullet point with <i>Will their work be subject to a systematic and disciplined approach, including quality control?</i></li> </ul> </li> <li>• In relation to the task on <i>What the Effect Reliance on Internal Audit Work will have on the External Audit</i>, added in the second bullet point, which states the following: <p style="margin-left: 40px;"><i>Relevance of work to the external auditor’s overall audit strategy and audit plan.</i></p> </li> </ul>
15.7 ISA 610 (Revised 2013) - Using the Work of Internal Auditors	<ul style="list-style-type: none"> <li>• In relation to the task on <i>Evaluating the Adequacy of Internal Work for External Audit Reliance</i>, replaced <i>adequate</i> audit with <i>sufficient appropriate</i> in the third bullet point.</li> <li>• In relation to the task on <i>Document Results</i>: <ul style="list-style-type: none"> <li>○ Added in <i>nature and extent of the work used and the</i> in the second bullet point.</li> <li>○ Removed <i>description of</i> from the last bullet point.</li> </ul> </li> <li>• Added in section on <i>Summary of Requirements for the Direct Assistance of an Internal Auditor</i></li> <li>• Added Exhibit 15.7-4 and the related information</li> </ul>
15.9 ISA 720 (Revised) – The Auditor’s Responsibilities Relating to Other Information	<ul style="list-style-type: none"> <li>• Amended the table as follows: <ul style="list-style-type: none"> <li>○ Removed reference to ISA 720.4, 6-16</li> <li>○ Added in reference to ISA 720 (Revised).11, 13-25</li> </ul> </li> <li>• Amended the wording included under the <i>Overview</i>.</li> <li>• Added in <i>Consider Point</i>.</li> <li>• Added in table relating to the definitions of the annual report and other information as contained in ISA 720 (Revised).</li> </ul>

	<ul style="list-style-type: none"> <li>• Added in the section <i>What is a misstatement in other information?</i></li> <li>• Added in the section <i>Auditor Responsibilities</i>.</li> <li>• Added in the section <i>Extent of Evaluation</i>.</li> <li>• Added in the section <i>Documentation</i>.</li> <li>• Amended Exhibit 15.9-1</li> </ul>
--	--

Chapter 16 – Audit Documentation	
Section	Summary of change
16.1 Overview	Exhibit 16.1-1 <ul style="list-style-type: none"> <li>• Added in <i>and information obtained from outside of the general ledger and subsidiary ledger agrees with and</i> to the last bullet point.</li> <li>• Added in the following sections:               <ul style="list-style-type: none"> <li>○ Consider Point.</li> <li>○ Documentation Related to KAM.</li> <li>○ Documentation Related to Other Information.</li> </ul> </li> </ul> Exhibit 16.1-2 <ul style="list-style-type: none"> <li>• Added in ISA 701, Communicating Key Audit Matters in the Independent Auditor’s Report and ISA 720 (Revised), The Auditor’s Responsibility Relating to Other Information.</li> </ul>
16.4 Specific Documentation Requirements	<ul style="list-style-type: none"> <li>• Update of references to ISAs in the tables included.</li> <li>• Amended the wording of ISA 330.30 to align with the standard (second table).</li> </ul> Exhibit 16.4-3 <ul style="list-style-type: none"> <li>• Added in the following bullets:               <ul style="list-style-type: none"> <li>○ If applicable, determination of KAM under ISA 701.</li> <li>○ If applicable, procedures completed and the final version of other information included in the annual report or other documents issued by management that include the financial statements.</li> </ul> </li> </ul>

Chapter 17 – Forming an Opinion on Financial Statements	
Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>• Amended Exhibit 17.0-1</li> <li>• Updated table 2 on references to the ISAs i.e. 700.6(b) and 700.8 to align to changes in the standard.</li> </ul>
17.1 Overview	<ul style="list-style-type: none"> <li>• In the list of items that the chapter addresses:               <ul style="list-style-type: none"> <li>○ Added in reference to section 17.3 at the end of the second and third bullet.</li> <li>○ Added in bullets four to eight.</li> </ul> </li> <li>• Added in the diagram, including the introductory paragraph to this diagram.</li> <li>• Amended the wording of the paragraph after the diagram, as follows:               <p><i>Generally, for audits of financial statements of SMEs conducted in accordance with ISAs, where a KAM is not presented or other information is not attached, the wording of the unmodified auditor’s report will contain a minimum number of elements. The wording will be standard. Of course, there will be exceptions (albeit a changed presentation), except where additional paragraphs are added, for example, for an emphasis of a matter or other reporting matters.</i></p> </li> </ul>
17.2 Financial Reporting Frameworks	<ul style="list-style-type: none"> <li>• In the second paragraph included under the sub heading <i>National Standards, an Emphasis of Matter paragraph to</i></li> </ul>

	<p><i>highlight a going concern problem was replaced with a separate section in the Auditor's Report.</i></p>
<p>17.3 Forming the Opinion</p>	<ul style="list-style-type: none"> <li>• In the table: <ul style="list-style-type: none"> <li>○ Amended the wording of ISA 700 (Revised).13 and 14 to align with the standard.</li> <li>○ Update of references to ISAs in the tables included.</li> </ul> </li> </ul> <p>Exhibit 17.3-1</p> <ul style="list-style-type: none"> <li>• Under Materiality, added in reference to ISA 450.</li> <li>• Under Audit Evidence, added in reference to ISA 500.</li> <li>• Added in section on Accounting Policies.</li> <li>• Made the following amendments to the section on Financial Statement Disclosure: <ul style="list-style-type: none"> <li>○ Removed the bullet point that dealt with whether there is adequate disclosure to enable intended users to understand the effect of material transactions and events.</li> <li>○ Added the following to the fourth bullet point: <i>This includes considering whether the information is appropriately classified, aggregated or disaggregated, and characterized, and that all information that should be included has been included. It also includes considering whether the overall presentation has been undermined by the inclusion of information that is not relevant or that obscures a proper understanding of the matters disclosed.</i></li> </ul> </li> <li>• Added in the note under Exhibit 17.3-1</li> <li>• Added in the following sections: <ul style="list-style-type: none"> <li>○ Expressing an Opinion</li> <li>○ An Unmodified Opinion</li> <li>○ A Modified Opinion</li> </ul> </li> </ul> <p>Exhibit 17.3-2</p> <ul style="list-style-type: none"> <li>• This has been replaced with the new table.</li> <li>• Added in Exhibit 17.3-3; 17.3-4 and 17.3-5</li> </ul>
<p>17.4 Form and Wording of the Auditor's Report</p>	<ul style="list-style-type: none"> <li>• In the table: <ul style="list-style-type: none"> <li>○ Amended the wording of ISA 700 (Revised).23 and 24 to align with the standard.</li> <li>○ Removed reference to ISA 700.20 - 35</li> <li>○ Added in reference to ISA 700 (Revised).25 - 29; 33 – 41; 47 – 52.</li> <li>○ Update of references to ISAs in the tables included.</li> </ul> </li> <li>• After the table, deleted the paragraph on what the auditor's report communicates.</li> <li>• In describing the form of the auditor's report, added in a list of headings that will always be included, as well as other headings for paragraphs that may be used.</li> </ul> <p>Exhibit 17.4-1</p> <ul style="list-style-type: none"> <li>• Added in the component <i>Auditor's Opinion</i>.</li> <li>• Replaced the component <i>Introductory Paragraph</i> with <i>Basis for Opinion</i> and amended the related description.</li> <li>• Added in the component <i>Other</i>, dealing with Emphasis of Matter or the inclusion of Key Audit Matters.</li> <li>• <i>Responsibilities of Management for the Financial Statements</i></li> </ul>

	<ul style="list-style-type: none"> <li>○ Changed the wording of the title of the component from Management's (<i>Or Other Appropriate Term</i>) <i>Responsibility for the Financial Statement</i></li> <li>○ In the comments, added in the bullet points relating to management's responsibility for assessing going concern and the bullet indicating that the auditor's report also identifies those responsible for the oversight of the financial reporting process.</li> <li>● Added in the component <i>Auditor's Responsibilities</i>.</li> <li>● Deleted the component <i>Auditor's Opinion</i></li> <li>● Changed the component <i>Other Reporting Responsibilities to Report on Other Legal and Regulatory Requirements</i>.</li> <li>● In the comments, added in the three bullet points.</li> <li>● Added in the component <i>Auditor's Signature</i>.</li> <li>● Added in the component <i>Auditor's Address</i>.</li> <li>● Added in the component <i>Date of Report</i>.</li> <li>● After Exhibit 176.4-1, added in the section on <i>Location of Information about the Auditor's Responsibilities</i>.</li> <li>● Under the heading <i>The Audit Report</i>: <ul style="list-style-type: none"> <li>○ Added in the reference to the Illustrative reports 1 to 4 in the bullets.</li> <li>○ Added in the second explanatory paragraph.</li> </ul> </li> <li>● Deleted exhibit 17.4.2.</li> <li>● Deleted exhibit 17.4.3.</li> </ul>
17.5 Reporting on Key Audit Matters (KAM)	<ul style="list-style-type: none"> <li>● Added this section in.</li> </ul>
17.6 Disclosing the Name of the Engagement Partner	<ul style="list-style-type: none"> <li>● Added this section in.</li> </ul>
17.7 Additional Reporting Requirements	<ul style="list-style-type: none"> <li>● Changed the heading from <i>Other Reporting Responsibilities</i>.</li> <li>● Added in the table with the references to ISA 700 (Revised).</li> <li>● Added in Exhibit 17.7-1 and related explanatory commentary.</li> <li>● Deleted Exhibit 17.5-1.</li> </ul>
17.8 Supplementary Information Presented with the Financial Statements	<ul style="list-style-type: none"> <li>● Replaced all information in this section.</li> </ul>
17.9 Audits Conducted in Accordance with ISAs and National Auditing Standards	<ul style="list-style-type: none"> <li>● Removed reference to Exhibit 17.4-1 in the table.</li> </ul>
17.8 Modified Auditor Report	<ul style="list-style-type: none"> <li>● Deleted this section.</li> </ul>



SUMMARY OF CHANGES MADE TO THE IFAC  
GUIDE TO USING ISAS IN THE AUDITS OF  
SMALL-AND MEDIUM-SIZED ENTITIES –  
FOURTH EDITION  
VOLUME 2

Issued June 2019

COPYRIGHT © 2019

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

Copyright in all publications originated by The South African Institute of Chartered Accountants rests in the Institute. Apart from the extent reasonably necessary for the purposes of research, private study, personal or private use, criticism, review or the reporting of current events, as permitted in terms of the Copyright Act (No. 98 of 1978), no portion may be reproduced by any process without written permission.

ISBN 978-0-86983-431-2

THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

PRIVATE BAG X32, NORTHLANDS, 2116

## PREFACE

The purpose of this summary of changes made to the *IFAC Guide to Using ISAs in the Audits of Small-and Medium-Sized Entities – Fourth Edition* (IFAC Guide) is to assist SAICA members who are auditors and assurance practitioners, and their support staff, including audit managers, supervisors, trainee accountants and engagement quality reviewers in applying the IFAC Guide to the audits of Small and Medium Practices (SMPs).

SAICA members are encouraged to visit the [IAASB's page](#) for upcoming projects and projects taking time at the time of publication of this IFAC Guide.

This summary includes extracts from *Guide to Using International Standards on Auditing in the Audits of Small-and Medium-Sized Entities, Fourth Edition* of the Small and Medium Practices (SMP) Committee, published by the International Federation of Accountants (IFAC) in July 2018. Contact [permissions@ifac.org](mailto:permissions@ifac.org) for permission to reproduce, store or transmit, or to make other similar uses of these extracts.

Although special attention was given to the correctness of the information it is possible that legislation and the content may change from time to time. The list or regulatory requirements is also not exhaustive and in no way represents all applicable reporting duties. Please also note that the above information serves as a guide only and readers are advised to consult the full text of the legislation for further information. This document or any part thereof may not be copied.

## **Summary of changes made: IFAC Guide to Using ISAs in the Audits of Small- and Medium-Sized Entities- Fourth Edition**

### **Volume 2 – Practical Guidance**

---

<b>Chapter 1 – How to Use the Guide</b>	
<b>Section</b>	<b>Summary of change</b>
1.3 Glossary of Terms	<ul style="list-style-type: none"> <li>• Paragraph on entity level controls removed.</li> <li>• Paragraph on pervasive risks and controls inserted.</li> <li>• Paragraph on transactional risks and controls inserted.</li> </ul>
1.4 Acronyms used in the Guide	<ul style="list-style-type: none"> <li>• Changes to the, assertions as follows:               <ul style="list-style-type: none"> <li>○ Added                   <ul style="list-style-type: none"> <li>▪ Accuracy and valuation</li> <li>▪ Presentation</li> </ul> </li> <li>○ Removed                   <ul style="list-style-type: none"> <li>▪ Accuracy, cutoff and valuation</li> <li>▪ Accuracy and cutoff</li> <li>▪ Valuation</li> </ul> </li> </ul> </li> <li>• Added the following to the list of acronyms:               <ul style="list-style-type: none"> <li>○ International Public Sector Accounting Standards</li> <li>○ Key Audit Matters</li> </ul> </li> </ul>
<b>Chapter 2 – Introduction to the Case Studies</b>	
<b>Section</b>	<b>Summary of change</b>
Contents block	<ul style="list-style-type: none"> <li>• Added in the paragraph stating that the case studies are of non-listed SMEs and as such are not required to apply ISA 701 related to key audit matters.</li> </ul>
<b>Chapter 3– Risk Assessment – Overview</b>	
<b>Section</b>	<b>Summary of change</b>
Chapter Content	<ul style="list-style-type: none"> <li>• Included a reference, 3.0-1 to the first diagram.</li> <li>• The numbering of all subsequent 3.0 exhibits changed.</li> <li>• Added in explanatory paragraph after exhibit 3.0-2.</li> </ul>
<b>Chapter 4– Engagement Acceptance and Continuance</b>	
<b>Section</b>	<b>Summary of change</b>
Chapter Content	<ul style="list-style-type: none"> <li>• Amended exhibit 4.0-1.</li> </ul>
4.1 Overview	<ul style="list-style-type: none"> <li>• Under the introductory sentence <i>The initial and subsequent years' assessment of the engagement risk help to ensure that the firm is;</i>, added the fourth bullet point.</li> <li>• Added in the paragraph describing the assessment of the engagement risk.</li> </ul>
4.2 Engagement Acceptance	<ul style="list-style-type: none"> <li>• Added in the <i>Consider Point</i> relating to KAM Reporting.</li> </ul>
4.3 Pre-Conditions for an Audit	<ul style="list-style-type: none"> <li>• Update of references to ISAs in the table. Exhibit 4.3-1</li> <li>• In relation to the bullet referring to providing the auditor with access to all relevant information, added in reference to information obtained from outside of the general and subsidiary ledgers.</li> </ul>

4.4 Agreeing the Terms of Engagement	<ul style="list-style-type: none"> <li>Update of references to ISAs in the table.</li> </ul> <p>Exhibit 4.4-1</p> <ul style="list-style-type: none"> <li>Under the term <i>The Responsibilities of the Auditor</i>, added in the second bullet point.</li> <li>Under the term <i>The Responsibilities of Management</i>, added in the last bullet point.</li> </ul> <p>Exhibit 4.4-2</p> <ul style="list-style-type: none"> <li>Added in <i>Key Audit Matters</i>.</li> <li>Under the subheading <i>Updating the Engagement Letter</i> and any revised or special terms of engagement, added in the example of reporting KAM.</li> </ul>
4.5 Case Studies – Client Acceptance and Continuance	<ul style="list-style-type: none"> <li>Illustrative engagement letter amended: <ul style="list-style-type: none"> <li>Heading <i>Objectives and scope of the audit</i> and the related paragraph added in</li> <li>Amended the paragraph under the heading <i>Our Responsibilities</i>.</li> <li>Under the heading <i>Our Responsibilities</i>, deleted the paragraph describing the risk assessment and considering the internal controls.</li> </ul> </li> </ul>

<b>Chapter 5– Overall Audit Strategy</b>	
<b>Section</b>	<b>Summary of change</b>
Chapter Content	<ul style="list-style-type: none"> <li>Update of references to ISAs in table included under Exhibit 5.0-1.</li> </ul>
5.2 Developing the Overall Audit Strategy	<p>Exhibit 5.2-1</p> <ul style="list-style-type: none"> <li>Added in step relating to <i>Financial Statement Disclosure</i>.</li> </ul>
5.3 Communicating the Audit Plan with Management and Those Charged with Governance	<ul style="list-style-type: none"> <li>Added in table with reference to ISA 260.15.</li> <li>In the description paragraph below the table: <ul style="list-style-type: none"> <li>Included reference to significant risks identified by the auditor in the second bullet point.</li> <li>Included reference to the fact that the auditor should <i>discuss</i> the concept of materiality in the third bullet.</li> </ul> </li> <li>Under the section describing matters that the auditor may consider for communication, included the second bullet point relating to key audit matters.</li> </ul>

<b>Chapter 6– Determining and Using Materiality</b>	
<b>Section</b>	<b>Summary of change</b>
6.1 Overview	<ul style="list-style-type: none"> <li>Under nature of misstatements, added in the section describing what the auditor should consider when evaluating the effects of misstatements on the financial statements.</li> <li>Removed the paragraph explaining that there may be circumstances related to misstatements that cause the auditor to evaluate them as material, even if they are below materiality.</li> </ul>
6.3 Misstatements in Qualitative Disclosure	<ul style="list-style-type: none"> <li>Added this section in.</li> </ul>
6.4 Trivial Misstatements	<ul style="list-style-type: none"> <li>Added this section in.</li> </ul>
6.6 Materiality in Planning and Risk Assessment	<p>Exhibit 6.6-1</p> <ul style="list-style-type: none"> <li>Under team meetings, added in the example of <i>changes in the financial reporting requirements that may result in significant new or revised disclosures</i>.</li> </ul>
6.7 Materiality in Performing Audit Procedures	<p>Exhibit 6.7-1</p> <ul style="list-style-type: none"> <li>Under Performing Audit Procedures, added in reference to <i>quantitative</i> materiality in the introductory sentence.</li> <li>Added in the section describing the use of <i>qualitative materiality</i>.</li> </ul>
6.8 Materiality in Reporting	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul>

	<p>Exhibit 6.8-1</p> <ul style="list-style-type: none"> <li>Added in the bullet point explaining that the auditor would use materiality to <i>determine and evaluate whether there are misstatements in disclosure and what the impact of these are.</i></li> </ul>
6.10 Documentation	<ul style="list-style-type: none"> <li>Added in the sentence explaining that it would be useful to document any qualitative considerations.</li> </ul>
6.11 Case Studies – Determining and Using Materiality	<ul style="list-style-type: none"> <li>At the end of the working paper, <ul style="list-style-type: none"> <li>Added in sentence explaining that the auditor must also consider possible misstatements in financial statement disclosures.</li> <li>Added in the amount set for trivial misstatements.</li> </ul> </li> </ul>

### Chapter 7– Audit Team Discussions

Section	Summary of change
Chapter content	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul>
7.1 Overview	<ul style="list-style-type: none"> <li>Amended Exhibit 7.1-2</li> </ul>
7.2 Audit- Team Planning Meeting	<p>Exhibit 7.2-1</p> <ul style="list-style-type: none"> <li>Under the key area <i>Share Insights on the Entity, Such As the People, Operations and Objectives</i>, <ul style="list-style-type: none"> <li>Known risk factors, added in the bullet explaining that <i>changed financial reporting requirements that may result in new or revised disclosures.</i></li> </ul> </li> <li>Under the key area <i>Brainstorm</i>, <ul style="list-style-type: none"> <li>Potential for errors and fraud added in the last bullet explaining that risks in financial statement disclosure should be considered.</li> </ul> </li> <li>Under the key area <i>Audit Planning</i>, added in section on <i>ISA 701, Communicating Key Audit Matters in the Independent Auditors Report.</i></li> </ul>
7.4 Case Studies – Audit Team Discussions	<ul style="list-style-type: none"> <li>Case Study A – Depha Furniture Inc.</li> <li>Added in Agenda item 9. <i>Financial Statement Disclosure.</i></li> </ul>

### Chapter 8 – Risk Assessment Procedures

Section	Summary of change
Chapter contents	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul>
8.2 Types of Risk	<ul style="list-style-type: none"> <li>Amended Exhibit 8.2-1</li> </ul>
8.4 Risk Assessment Procedures	<p>Exhibit 8.4-2</p> <ul style="list-style-type: none"> <li>Under <i>Financial statement review</i>, added in considering the adequacy and <i>fair presentation</i> in the second bullet point.</li> </ul>
8.5 Sources of Risks	<ul style="list-style-type: none"> <li>Amended Exhibit 8.5.1</li> </ul> <p>Exhibit 8.5-2</p> <ul style="list-style-type: none"> <li>Under the Performance Indicators added in the bullet on <i>manipulation of financial data to achieve performance targets.</i></li> <li>Under the Internal control, replaced <i>entity level controls</i> with <i>pervasive controls.</i></li> </ul>
8.8 The Fraud Triangle	<p>Exhibit 8.8-2</p> <ul style="list-style-type: none"> <li>Under the consideration relating to Opportunities, <ul style="list-style-type: none"> <li>Inadequate internal controls, added in the last bullet on inadequate internal controls on management involvement in the preparation of the financial statements.</li> </ul> </li> </ul>
8.11 Documenting the Risk Identification Process	<p>Exhibit 8.11-2</p> <ul style="list-style-type: none"> <li>Moved the note from after the <i>Consider Point</i> to after this exhibit.</li> </ul>
8.12 Case Studies – Inherent Risks Identification	<ul style="list-style-type: none"> <li>Under the section describing risk identification, amended the wording of the second bullet point to state that a</li> </ul>

	<p><i>common form of documentation is to list and assess all risks in one place.</i></p> <ul style="list-style-type: none"> <li>• Case Study A – Dephta Furniture, Inc., <ul style="list-style-type: none"> <li>○ Under point 4 dealing with making inquiries of management and key financial personnel, added in point g in relation to <i>information needed for the financial statement disclosure.</i></li> </ul> </li> <li>• In the table that summarises the business risks, updated the reference to the <i>assertions.</i></li> <li>• In the table that summarises the fraud risks, updated the reference to the <i>assertions.</i></li> <li>• In the table that includes the planned risk assessment procedure, <ul style="list-style-type: none"> <li>○ Downturn in economy and economic dependence, the third bullet point, replaced the going concern <i>assumption</i> with the going concern <i>basis of accounting.</i></li> </ul> </li> </ul>
--	---

### Chapter 9 – Inherent Risks - Assessment

Section	Summary of change
Chapter contents	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs.</li> </ul>
9.3 Documenting Assessed Risks	<p>Exhibit 9.3-1</p> <ul style="list-style-type: none"> <li>• Updated the reference to the <i>assertions.</i></li> </ul>
9.4 Case Studies – Inherent Risks Assessment	<ul style="list-style-type: none"> <li>• In the table that summarises the <i>business risks</i>, updated the reference to the <i>assertions.</i></li> <li>• In the table that summarises the <i>fraud risks</i>, updated the reference to the <i>assertions.</i></li> </ul>

### Chapter 10 – Significant Risks

Section	Summary of change
Chapter contents	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs.</li> </ul>
10.2 Examples	<p>Exhibit 10.2-1</p> <ul style="list-style-type: none"> <li>• Added in section relating to <i>Financial Statement Disclosure.</i></li> </ul>
10.4 Responding to Significant Risks	<p>Exhibit 10.4-1</p> <ul style="list-style-type: none"> <li>• Added in section relating to <i>Communicate with Those Charged with Governance.</i></li> <li>• Removed the section relating to <i>No Reliance Can be Placed on Evidence Obtained in Previous Periods.</i> <ul style="list-style-type: none"> <li>○ <i>Specific controls</i> replaced with <i>assertion level controls.</i></li> <li>○ <i>Pervasive controls</i> included in brackets and replaced with controls at the <i>financial statement level.</i></li> <li>○ In the second paragraph, reference to controls at the financial statement level serving to address <i>specific</i> risks of material misstatement has been amended to serving to address <i>assertion level</i> risks of material misstatement.</li> </ul> </li> <li>• Added note after the exhibit.</li> </ul>
10.5 Documenting Significant Risks	<ul style="list-style-type: none"> <li>• Added in section relating to the fact that <i>audit documentation would include the significant risks communicated to those charged with governance.</i></li> <li>• Added in a heading to the note, <i>Revenue recognition is a presumed significant risk.</i></li> </ul>
10.6 Case Studies – Significant Risks	<p>Excerpt</p> <ul style="list-style-type: none"> <li>• Added in <i>All significant risks that we identified were communicated in a letter to those charged with governance</i></li> </ul>

	<p>dated December 5, 20x2. This letter can be found at 300-2 in the file at the end of the table.</p> <p>Memo to File</p> <ul style="list-style-type: none"> <li>Added in the point on <i>Communication</i> at the end of the memo.</li> </ul>
--	--

Chapter 11 – Understanding Internal Control	
Section	Summary of change
Chapter contents	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul>
11.1 Overview	<ul style="list-style-type: none"> <li>Added in section relating to <i>The Control Environment</i>.</li> <li>Added in the sentence under <i>Risk Assessment</i>.</li> <li>Added in the section on <i>Information Systems and Communication</i>.</li> <li>Added in the section on <i>Control Activities</i>.</li> <li>Added in the section on <i>Monitoring</i>.</li> <li>Amended the wording of the paragraph included under <i>Monitoring</i> as follows: <ul style="list-style-type: none"> <li>Replaced the reference to <i>internal control</i> with <i>the internal control elements as set out above (where they exist)</i>.</li> <li>Added in the sentence referring to the fact that it assists the auditor in determining whether there are any other risks to consider arising from possible control deficiencies.</li> <li>Added in the sentence referring to the fact that this understanding is required even when the auditor intends to take a substantive approach.</li> </ul> </li> <li>Added in the note that <i>not all controls are relevant to the audit</i>.</li> </ul>
11.2 Risk and Control	<ul style="list-style-type: none"> <li>In the <i>Consider Point</i>, replaced the word <i>redundant</i> to <i>not relevant</i>.</li> </ul>
11.3 Pervasive and Specific Internal Controls	<ul style="list-style-type: none"> <li>In the introductory paragraph, replaced <i>entity level controls</i> with <i>controls at the financial statement level</i>.</li> <li>Added in reference to specific risks <i>at the assertion level</i>.</li> <li>Amended Exhibit 11.3-1</li> </ul> <p>Exhibit 11.3-2</p> <ul style="list-style-type: none"> <li>Removed the reference to <i>entity level controls</i>.</li> </ul> <p>Exhibit 11.4-1</p> <ul style="list-style-type: none"> <li>Amended.</li> <li>Removed reference to entity-level controls.</li> </ul> <p>Exhibit 11.4-2</p> <ul style="list-style-type: none"> <li>Amended.</li> <li>Replaced the reference to <i>entity level controls</i> to <i>pervasive controls</i>.</li> <li>In referring to management override, replaced the reference to <i>entity level</i> with <i>financial statement level</i>.</li> </ul>
	<p>Exhibit 11.5</p> <ul style="list-style-type: none"> <li>Under the <i>Consider Point</i>, removed reference to <i>entity level controls</i>.</li> </ul>
11.8 Internal Controls Relevant to the Audit (The Scope of Understanding)	<ul style="list-style-type: none"> <li>Heading amended.</li> <li>Amended Exhibit 11.8-1</li> </ul>
11.9 Case Studies – Identifying Relevant Controls	<ul style="list-style-type: none"> <li>Replaced reference to <i>entity level controls</i> with <i>pervasive controls</i>.</li> </ul>

## Chapter 12 – Evaluating Internal Controls

Section	Summary of change
Chapter contents	Table updated to reflect Revised ISAs.
12.1 Overview	<p>Exhibit 12.1-1</p> <ul style="list-style-type: none"> <li>• Changed the heading of step 3.</li> <li>• Amended Exhibit 12.1-2</li> </ul>
12.2 Step 1 – What Risks Require Mitigation?	<ul style="list-style-type: none"> <li>• Amended Exhibit 12.2-1</li> <li>• In the commentary under the Exhibit 12,2-1, <ul style="list-style-type: none"> <li>○ Included reference to <i>pervasive risks (financial statement level)</i>.</li> <li>○ Included reference to <i>transactional risks (assertion level)</i>.</li> </ul> </li> </ul>
12.3 Step 2 – Do the Controls Designed by Management Mitigate the Risks?	<ul style="list-style-type: none"> <li>• Amended Exhibit 12.3-1</li> <li>• In the commentary under the table, <ul style="list-style-type: none"> <li>○ In the second paragraph, replaced reference to <i>specific transactional controls</i> to <i>transactional (assertion level) controls</i>.</li> <li>○ In the third paragraph, replaced reference to <i>the way paper flows through the entity, and where controls exist with and flow of transactions</i>.</li> <li>○ Added in the fourth paragraph dealing with the <i>identification of controls relevant to the audit</i>.</li> </ul> </li> <li>• Under the sub heading One-Risk-to-Many Controls, <ul style="list-style-type: none"> <li>○ Replaced <i>entity level</i> risk factors with <i>financial statement</i> risk factors.</li> </ul> </li> </ul> <p>Exhibit 12.3-2</p> <ul style="list-style-type: none"> <li>• In the first paragraph after the table, included reference to <i>pervasive controls</i> in referring to the types of controls.</li> </ul> <p>Exhibit 12.3-3</p> <ul style="list-style-type: none"> <li>• In the third paragraph included under the exhibit, replaced reference to <i>all entity level controls</i> with <i>the assessment of control risk at the financial statement level</i>.</li> <li>• Deleted the last sentence that referred to the fact that the <i>conclusion will have a major impact on the auditor's assessment of risk at the financial statement level</i>.</li> </ul> <p>Exhibit 12.3-4</p> <ul style="list-style-type: none"> <li>• Updated the reference to the <i>assertions</i>.</li> </ul>
12.4 How to Identify Relevant Internal Controls	<p>Exhibit 12.4-1</p> <ul style="list-style-type: none"> <li>• In the action relating to <i>Identifying the Inherent Risks</i>, <ul style="list-style-type: none"> <li>○ Replaced the reference to <i>entity level</i> with <i>financial statement level</i>.</li> <li>○ Replaced the reference to <i>specific transactional risks</i> with <i>assertion level risks</i>.</li> </ul> </li> </ul>
12.5 Step 3 – Are Controls That Mitigate the Risk Factors on Operation?	<p>Exhibit 12.5-2</p> <ul style="list-style-type: none"> <li>• In the heading, replaced reference to <i>Assessing Control Implementation</i> with <i>Evaluating Control Implementation</i>.</li> <li>• Removed the last sentence included in the fourth bullet that referred to a <i>walkthrough</i>.</li> <li>• Under the exhibit, amended the wording of the note.</li> </ul>
12.7 Updating Control Documentation in Subsequent Periods	<p>Exhibit 12.7-1</p> <ul style="list-style-type: none"> <li>• In the third bullet point, replaced reference to <i>internal controls at the entity and transactional levels</i> with <i>financial statement and assertion levels</i>.</li> <li>• In the <i>Consider Point</i>, removed the reference to <i>entity level controls</i>.</li> </ul>

12.9 Case Studies – Internal Control Evaluation	<p>Case Study A – Dephta Furniture Inc. Step 2 – Control Design</p> <ul style="list-style-type: none"> <li>• Changed reference to <i>Entity Level Controls</i> to <i>Pervasive Controls</i>.</li> <li>• Amended the <i>Control designed matrix – Receivables, receipts</i>.</li> </ul> <p>Case Study B – Kumar &amp; Co. Step 2 – Control Design</p> <ul style="list-style-type: none"> <li>• Changed reference to <i>Entity Level Controls</i> to <i>Pervasive Controls</i>.</li> </ul> <p>Business Process or Transactional Controls</p> <ul style="list-style-type: none"> <li>• Updated reference to the assertions in the table dealing with steps 1 to 2.</li> <li>• In the table dealing with the audit procedures, <ul style="list-style-type: none"> <li>○ In relation to the accuracy and valuation assertion, added in the step to <i>carefully review allowance for doubtful debt accounts</i>.</li> <li>○ Added in the <i>presentation</i> assertion.</li> </ul> </li> </ul>
---	---

Chapter 13 – Communicating Deficiencies in Internal Control	
Section	Summary of change
13.1 Overview	<p>Exhibit 13.1-1</p> <ul style="list-style-type: none"> <li>• Replaced reference to <i>entity level controls</i> with <i>pervasive controls</i>.</li> <li>• Added in <i>Consider Point</i>.</li> </ul>
13.4 Overview	<p>Exhibit 13.1-4</p> <ul style="list-style-type: none"> <li>• Replaced reference to <i>entity level controls</i> with <i>pervasive controls</i>.</li> </ul>
13.8 Management’s Response to Communication	<p>Contents of Communication</p> <ul style="list-style-type: none"> <li>• The section relating to additional context for the communication removed with the bullets moved to the section relating to what significant deficiencies would include.</li> </ul>

Chapter 14 – Concluding the Risk Assessment Phase	
Section	Summary of change
Chapter contents	Table updated to reflect Revised ISAs.
14.1 Overview	<ul style="list-style-type: none"> <li>• Amended Exhibit 14.1-1</li> </ul>
14.2 Audit Evidence Obtained to Date	<ul style="list-style-type: none"> <li>• Added in the note after Exhibit 14.2-1</li> </ul>
14.3 Summarizing the Various Risk Assessments	<ul style="list-style-type: none"> <li>• In the third paragraph, added in reference to internal control designed and <i>implemented</i>.</li> <li>• Replaced the fourth paragraph.</li> <li>• Amended Exhibit 14.3-1</li> </ul> <p>Exhibit 14.3-2</p> <ul style="list-style-type: none"> <li>• Heading of the second column amended from <i>Treatment of Risk Through Controls</i> to <i>Addressing Risk Through Controls</i>.</li> <li>• First <i>Consider Point</i> under the exhibit removed.</li> </ul>
14.5 Documentation	<p>Exhibit 14.5-1</p> <ul style="list-style-type: none"> <li>• Updated the reference to the <i>assertions</i>.</li> <li>• Under <i>Assertion level</i>, added in the following in relation to the documenting the key risks and other contributing factors to risk assessment <ul style="list-style-type: none"> <li>○ Receivables, Accuracy and Valuation: Recovery of receivables.</li> <li>○ Inventory, Accuracy and Valuation: Impact of new technology.</li> <li>○ Inventory, Presentation: Disclosure of inventory components prone to errors in the past.</li> </ul> </li> </ul>

14.6 Case Studies – Concluding the Risk Assessment Phase	<p>Case Study A – Dephta Furniture, Inc.</p> <ul style="list-style-type: none"> <li>• Updated the reference to the <i>assertions</i>.</li> <li>• Under the <i>Financial Statement Level</i>, amended the wording included under documenting the key risks and other contributing factors to risk assessment</li> <li>• Under <i>Assertion level</i>, added in the following in relation to the documenting the key risks and other contributing factors to risk assessment <ul style="list-style-type: none"> <li>○ Sales, Presentation: Added this in.</li> <li>○ Receivables, Accuracy and Valuation: Added this in.</li> <li>○ Receivables, Valuation: Removed this.</li> </ul> </li> </ul> <p>Case Study B –Kumar &amp; Co.</p> <ul style="list-style-type: none"> <li>• Under <i>Assertion level</i>, added in the following in relation to the documenting the key risks and other contributing factors to risk assessment <ul style="list-style-type: none"> <li>○ Sales, Accuracy and Valuation: Added in reference to potential for sales returns.</li> <li>○ Sales, Valuation: Removed this.</li> <li>○ Sales, Presentation: Added this in.</li> <li>○ Receivables, Accuracy and Valuation: Replaced previous consideration.</li> <li>○ Receivables, Presentation: Added this in.</li> </ul> </li> </ul>
--	--

#### Chapter 15 – Risk Response – An Overview

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>• Amended Exhibit 15.0-1</li> <li>• Table updated to reflect Revised ISAs.</li> </ul>

#### Chapter 16 – The Responsive Audit Plan

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>• Amended Exhibit 16.0-1</li> </ul>
16.9 Risk of Misstatement in Presentation and Disclosure	<ul style="list-style-type: none"> <li>• In explaining what the procedures will address, <ul style="list-style-type: none"> <li>○ In the second bullet point, added in reference to the presentation <i>structure and content</i> of the financial statements.</li> <li>○ Added in the third bullet point.</li> <li>○ Added in the fourth bullet point.</li> </ul> </li> </ul>
16.13 Case Studies – The Responsive Audit Plan	<p>Case Study A – Dephta Furniture, Inc.</p> <ul style="list-style-type: none"> <li>• Amended the assertions in the table entitled <i>Overall Assessment of Risks at Financial Statement Level</i>.</li> <li>• In the table entitled <i>Summary of Proposed Audit Response</i>, <ul style="list-style-type: none"> <li>○ Added in reference to disclosure to <i>B. Substantive tests of detail</i>.</li> </ul> </li> </ul> <p>Case Study B – Kumar &amp; Co.</p> <ul style="list-style-type: none"> <li>• Amended the assertions in the table entitled <i>Overall Assessment of Risks at Financial Statement Level</i>.</li> <li>• In the table entitled <i>Summary of Proposed Audit Response</i>, amended the assertions.</li> </ul>

#### Chapter 17 – Determining the Extent of Testing

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>• Amended Exhibit 17.0-1</li> <li>• Table updated to reflect Revised ISAs.</li> </ul>
17.5 Tests of Controls – Operating Effectiveness	<p>Exhibit 17.5-1, second table.</p> <ul style="list-style-type: none"> <li>• Replaced reference to <i>Pervasive (Entity Level) Controls</i> to <i>Pervasive Controls</i>.</li> </ul>

	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul> <p>Consider Point</p> <ul style="list-style-type: none"> <li>Monitoring controls in larger entities <ul style="list-style-type: none"> <li>Amended the wording of the first sentence as follows: Some larger entities <del>have developed entity level</del> monitoring controls that provide evidence of the ongoing operation of <del>entity level</del> <u>pervasive</u> controls.</li> </ul> </li> </ul>
17.7 Case Studies – Extent of Testing	<p>Case Study A – Dephta Furniture, Inc.</p> <ul style="list-style-type: none"> <li>Accounts Receivable – Audit Procedures <ul style="list-style-type: none"> <li>Amended the reference to the assertions.</li> </ul> </li> </ul> <p>Case Study B – Kumar &amp; Co.</p> <ul style="list-style-type: none"> <li>Accounts Receivable – Audit Procedures <ul style="list-style-type: none"> <li>Amended the reference to the assertions</li> </ul> </li> </ul>

### Chapter 18 – Documenting Work Performed

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Amended Exhibit 18.0-1</li> <li>Table updated to reflect Revised ISAs.</li> </ul>
18.1 Overview	<p>Exhibit 18.1-1</p> <ul style="list-style-type: none"> <li>In the Documentation Considerations, <i>Does the file contain documentation that addressed</i>, added in the bullet relating to ISA 701.</li> <li>Added in a Documentation Consideration relating to <i>when ISA 701 applies</i>.</li> </ul>

### Chapter 19 – Written Representations

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Amended Exhibit 19.0-1</li> <li>Table updated to reflect Revised ISAs.</li> </ul>
19.4 Written Representations	<p>Exhibit 19.4-1</p> <ul style="list-style-type: none"> <li>Added in reference to ISA 720 (Revised).</li> </ul> <p>Exhibit 19.4-3</p> <ul style="list-style-type: none"> <li>Added in reference to <i>Other Information</i>.</li> </ul>
19.6 Case Study – Management Representation	<p>Case Study A – Dephta Furniture, Inc.</p> <p>Management representations</p> <ul style="list-style-type: none"> <li>Added in the sentence stating that <i>Dephta Furniture, Inc. does not produce an Annual Report so the management representations required by ISA 720 (Revised) do not apply</i>.</li> </ul>

### Chapter 20– Reporting - Overview

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Amended Exhibit 20.0-1</li> <li>Added in the following sentence after Exhibit 20.0-1: <i>At the reporting phase, it is important to remember the overall objective of the audit, as identified in ISA 200.</i></li> </ul>

### Chapter 21– Evaluating Audit Evidence

Section	Summary of change
21.1 Overview	<ul style="list-style-type: none"> <li>In the introductory paragraph, added in reference to the fact that the evaluation would include <i>an evaluation of the financial statements</i>.</li> </ul> <p>Exhibit 21.1-1</p> <ul style="list-style-type: none"> <li>In relation to the Engagement Quality Control Review, added in the third bullet relating to when KAM are to be reported.</li> </ul>

	<p>Exhibit 21.1-2</p> <ul style="list-style-type: none"> <li>In relation to the <i>Misstatements</i>, under the point describing whether the overall strategy and audit plan need to be revised, <ul style="list-style-type: none"> <li>Added in <i>the materiality level determined earlier</i> to the second bullet point.</li> <li>Added in the fourth bullet point on <i>material misstatements in qualitative disclosures have been identified</i>.</li> </ul> </li> </ul>
21.4 Evaluating the Financial Statements	<ul style="list-style-type: none"> <li>Added this section in.</li> </ul>
21.5 Fair Presentation	<ul style="list-style-type: none"> <li>Added this section in.</li> </ul>
21.6 Evaluating the Effects of Misstatements	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> <li>Aggregating Identified Misstatements</li> <li>Amended the wording of the introductory paragraph as follows: <i>Misstatements identified during the audit (including qualitative misstatements), other than those that are clearly trivial, should be <del>aggregated</del> accumulated to evaluate the effect of the uncorrected misstatements.</i> <del>T h e y</del> <i>When evaluating the effect of misstatements, the nature of the misstatement can also be distinguished between factual misstatements, judgmental misstatements, and <u>and/or</u> projected misstatements. <del>evaluating their effect.</del></i></li> </ul> <p>Exhibit 21.6.2</p> <ul style="list-style-type: none"> <li>Added this exhibit in.</li> </ul> <p>Consider Point</p> <ul style="list-style-type: none"> <li>Added the following to the end of the paragraph: <i>individually and in aggregate (i.e., collectively with other misstatements) to determine whether they are material.</i></li> <li>Moved the section on Qualitative Misstatements, including Exhibit 21.6-5 to under Exhibit 21.6-4</li> </ul> <p>Written Representations</p> <ul style="list-style-type: none"> <li>Added in point 2 under the <i>Notes</i>.</li> </ul>
21.9 Significant Findings and Issues	<ul style="list-style-type: none"> <li><i>Consider Point</i> added in.</li> </ul>

## Chapter 22– Communicating With Those Charged with Governance

Section	Summary of change
Chapter Content	<p>Exhibit 22.0-1</p> <ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> <li>Added in the following sentence after Exhibit 22.0-1: <i>At the reporting phase, it is important to remember the overall objective of the audit, as identified in ISA 200.</i></li> </ul>

## Chapter 23 – Modifications to the Auditor’s Report

Section	Summary of change
Chapter Content	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> <li>Added in reference to ISA 705 (Revised).22 to 27.</li> </ul>
23.2 Modifications to the Audit Opinion	<p>Exhibit 23.2-2</p> <ul style="list-style-type: none"> <li>Qualified Opinion: <ul style="list-style-type: none"> <li>Amended the description of the <i>Worded as</i> section.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Adverse Opinion: <ul style="list-style-type: none"> <li>○ Amended the description of the <i>Worded as</i> section.</li> </ul> </li> <li>• Disclaimer of Opinion: <ul style="list-style-type: none"> <li>○ Amended the description of the <i>Worded as</i> section.</li> </ul> </li> <li>• Basis for Modification Paragraph: <ul style="list-style-type: none"> <li>○ Purpose: added in the modification in a separate <i>section immediately following the opinion section of the auditor's report.</i></li> <li>○ Amended the description of the <i>Wording</i> section.</li> </ul> </li> <li>• Notes to the Financial Statements <ul style="list-style-type: none"> <li>○ Amended the wording as follows: <i>The auditor's <del>report</del> may make reference <u>in the Basis for Modification section</u> to a more extensive discussion in a note to the financial statements <u>of the matter giving rise to the modification.</u></i></li> </ul> </li> </ul>
23.3 Financial Statements Are Materially Misstated	<ul style="list-style-type: none"> <li>• Table updated to reflect Revised ISAs. Exhibit 23.3-1</li> <li>• Added in the following sentences: <i>Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).</i>  <i>Key audit matters have not been communicated in accordance with ISA 701 as this standard is not applicable to the audit of the financial statements of ABC Company.</i></li> <li>• Auditor's report updated to align with ISA 700 (Revised). Exhibit 23.3-2</li> <li>• Added in the following sentences: <i>Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with ISA 570 (Revised).</i>  <i>Key audit matters have not been communicated in accordance with ISA 701 as this standard is not applicable to the audit of the financial statements of ABC Company.</i></li> <li>• Auditor's report updated to align with ISA 700 (Revised). Exhibit 23.3-3</li> <li>• Added in the following sentences: <i>Key audit matters have not been communicated in accordance with ISA 701 as this standard is not applicable to the audit of the financial statements of ABC Company.</i></li> <li>• Auditor's report updated to align with ISA 700 (Revised).</li> </ul>

**Chapter 24– Additional Communications in the Audit Report: Going Concern, Emphasis of Matter, and Other Matters.**

<b>Section</b>	<b>Summary of change</b>
Chapter Content	<ul style="list-style-type: none"> <li>• Amended the title of the Chapter.</li> <li>• Table updated to reflect Revised ISAs.</li> </ul>
24.1 Going Concern Basis of Accounting and the Auditor's Report	<ul style="list-style-type: none"> <li>• Added this section in.</li> <li>• Updated the table included at the end of this section to reflect the Revised ISAs.</li> </ul>

24.2 Overview – Emphasis of Matter and Other Matters	<ul style="list-style-type: none"> <li>Under Exhibit 24.2-1, added in the reference to ISA 570 (Revised) and the fact that it also includes requirements for a separate section in the auditor’s report.</li> </ul>
24.3 Emphasis of Matter Paragraph	<p>Exhibit 24.3-1</p> <ul style="list-style-type: none"> <li>Amended the title of the consideration relating to <i>Placement</i>.</li> <li>Amended the wording of the consideration relating to <i>Placement</i>, as follows:  <i>There is no required placement, but the one suggestion is to follow the basis of opinion section. The paragraph follows the auditor’s opinion paragraph, but comes before the section on any other reporting responsibilities. The paragraph is headed “Emphasis of Matter” or other appropriate heading. (See ISA 706 (Revised) A16)</i></li> </ul> <p>Exhibit 24.3-2</p> <ul style="list-style-type: none"> <li>Removed ISA 570, Going Concern.</li> </ul> <p>Exhibit 24.3-3</p> <ul style="list-style-type: none"> <li>Wording amended to align with ISA 706 (Revised).</li> <li>Added in reference to the examples of circumstances where the auditor may consider it necessary to include an Emphasis of Matter, as contained in ISA 706 (Revised).</li> </ul>
24.4 Other Matter Paragraph	<p>In the section describing what Other Matter paragraphs can be used to highlight, expanded on the last bullet point to indicate that if the auditor is unable to withdraw or resign <u>when the possible effects of scope limitation are pervasive</u>, an Other Matter paragraph could explain why it was not possible.</p> <p>Exhibit 24.4-1</p> <ul style="list-style-type: none"> <li>Amended the wording of the introductory sentence to make reference to <i>key requirements</i> for using an Other Matter paragraph.</li> <li>Amended the title of the consideration relating to <i>Placement</i>.</li> <li>Amended the wording of the consideration relating to <i>Placement</i>, as follows:  <i>The paragraph may be included in the Report on Other Legal and Regulatory Requirements section or may be included as a separate section following the report on the Audit of the Financial Statements and the Report on Other Legal and Regulatory Requirements section. would immediately follow after the Opinion paragraph and any Emphasis of Matter paragraph, or elsewhere in the auditor’s report if the content of the Other Matter paragraph is relevant to the Other Reporting Responsibilities section. (See ISA 706 (Revised).A16)</i></li> </ul> <p>Exhibit 24.4-2</p> <ul style="list-style-type: none"> <li>Amended the wording of the introductory sentence to state that following ISAs refer to situations where an Other Matter paragraph <i>is required</i>.</li> </ul>

<b>Chapter 25– Comparative Information</b>	
<b>Section</b>	<b>Summary of change</b>
Chapter Content	<ul style="list-style-type: none"> <li>Table updated to reflect Revised ISAs.</li> </ul>
25.3 Corresponding Figures	<p>Exhibit 25.3-1</p> <ul style="list-style-type: none"> <li>In relation to the consideration on <i>Prior Period Figures not Audited</i>, added in the fourth paragraph that addresses when the auditor is not able to obtain sufficient appropriate audit evidence.</li> </ul>
25.4 Comparative Financial Statements	<p>Exhibit 25.4-1</p> <ul style="list-style-type: none"> <li>In relation to the consideration on <i>Prior Period Figures not Audited</i>, added in the fourth procedure that addresses when the</li> </ul>

auditor is not able to obtain sufficient appropriate audit evidence.

- In relation to the consideration on *Prior Period Figures not Audited*, added in the fifth procedure that addresses when the auditor encountered significant difficulty.

#### Auditor's Reports

- Added this section in.