|  |  |  |
| --- | --- | --- |
| **Client:** | **${client}** | |
| **Period end date:** | **${start} - ${end}** | |
| **EGA title:** | \*Accounting Estimates | |
| **Ref. no.:** |  | |
| **Prepared by:** | ${user} | **Date:** |
| **Approved by Manager:** | ${manager} | **Date:** |
| **Approved by Partner:** | ${partner} | **Date:** |

|  |  |  |
| --- | --- | --- |
| **Procedures performed** | **Links** | **Ref. no.** |
| 1. The engagement team undertook one or more the following approaches when responding to assessed risks of material misstatements related to accounting estimates: 2. Obtaining audit evidence from events occurring up to the date of the auditor’s report. 3. Testing how management made the accounting estimate. 4. Where applicable, testing the operating effectiveness of the controls over accounting estimates. 5. Developing an auditor’s point estimate or range. | Please refer to relevant audit programs and working papers. |  |
| 1. When the engagement team’s further audit procedures included obtaining audit evidence from events occurring up to the date of the audit report, the engagement team evaluated whether such audit evidence is sufficient and appropriate to address the risks of material misstatement relating to the accounting estimate, taking into account that changes in circumstances and other relevant conditions between the event and the measurement date may affect the relevance of such audit evidence in the context of the applicable financial reporting framework. | Please refer to relevant audit programs and working papers. |  |
| 1. When testing how management made the accounting estimate, the engagement team’s further audit procedures included procedures, designed and performed to obtain sufficient appropriate audit evidence regarding the risks of material misstatement relating to: 2. The selection and application of the methods, significant assumptions and the data used by management in making the accounting estimate:    1. Method:       1. Whether the method selected is appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from the method used in prior periods are appropriate;       2. Whether judgments made in selecting the method give rise to indicators of possible management bias;       3. Whether the calculations are applied in accordance with the method and are mathematically accurate;       4. When management’s application of the method involves complex modelling, whether judgments have been applied consistently and whether, when applicable: 3. The design of the model meets the measurement objective of the applicable financial reporting framework, is appropriate in the circumstances, and, if applicable, changes from the prior period’s model are appropriate in the circumstances; and 4. Adjustments to the output of the model are consistent with the measurement objective of the applicable financial reporting framework and are appropriate in the circumstances; and    * 1. Whether the integrity of the significant assumptions and the data has been maintained in applying the method.    1. Significant Assumptions:       1. Whether the significant assumptions are appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate;       2. Whether judgments made in selecting the significant assumptions give rise to indicators of possible management bias;       3. Whether the significant assumptions are consistent with each other and with those used in other accounting estimates, or with related assumptions used in other areas of the entity’s business activities, based on the auditor’s knowledge obtained in the audit; and       4. When applicable, whether management has the intent to carry out specific courses of action and has the ability to do so.    2. Data:       1. Whether the data is appropriate in the context of the applicable financial reporting framework, and, if applicable, changes from prior periods are appropriate       2. Whether judgments made in selecting the data give rise to indicators of possible management bias;       3. Whether the data is relevant and reliable in the circumstances; and       4. Whether the data has been appropriately understood or interpreted by management, including with respect to contractual terms. 5. How management selected the point estimate and developed related disclosures about estimation uncertainty and whether, in the context of the applicable financial reporting framework, management has taken appropriate steps to:    1. Understand estimation uncertainty; and    2. Address estimation uncertainty by selecting an appropriate point estimate and by developing related disclosures about estimation uncertainty. 6. The engagement team determined whether management has taken appropriate steps to understand or address estimation uncertainty, and if not, the engagement team:    1. Requested management to perform additional procedures to understand estimation uncertainty or to address it by reconsidering the selection of management’s point estimate or considering providing additional disclosures relating to the estimation uncertainty, and evaluated management’s response(s) accordingly.    2. If the engagement team determined that management’s response does not sufficiently address estimation uncertainty, to the extent practicable, then developed an auditor’s point estimate or range accordingly.    3. Evaluated the presence of an internal control deficiency and, if so, communicated accordingly. | Please refer to relevant audit programs and working papers. |  |
| 1. When the engagement team developed a point estimate or range to evaluate management’s point estimate and related disclosures about estimation uncertainty or when otherwise required, the engagement team’s further audit procedures included procedures to evaluate whether the methods, assumptions or data used are appropriate in the context of the applicable financial reporting framework (using management’s or own methods, assumptions or data). If the engagement team developed an auditor’s range, the engagement team: 2. Determined that the range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated by the engagement team to be reasonable in the context of the measurement objectives and other requirements of the applicable financial reporting framework; and 3. Designed and performed further audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement relating to the disclosures in the financial statements that describe the estimation uncertainty. | Please refer to relevant audit programs and working papers. |  |
| 1. In obtaining audit evidence regarding accounting estimates, irrespective of the sources of information used, the engagement team complied with the relevant requirements in relation to sufficiency and appropriateness of audit evidence and the use of management’s expert and/or auditor’s expert. | Please refer to relevant audit programs and working papers. |  |
| 1. The engagement team designed and performed further audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement at the assertion level for disclosures related to an accounting estimate, other than those related to estimation uncertainty addressed above. | Please refer to relevant audit programs and working papers. |  |
| 1. The engagement team evaluated whether judgments and decisions made by management in making the accounting estimates included in the financial statements, even if individually reasonable, indicated possible management bias, and if so, the engagement team evaluated the implications for the audit (where there is intention to mislead, management bias is fraudulent in nature). | Please refer to relevant audit programs and working papers. |  |
| 1. The engagement team evaluated audit evidence throughout the audit to determine: 2. Whether accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated. 3. Whether the effects of accounting estimates: 4. Prevent the financial statements from achieving fair presentation (for fair presentation frameworks); or 5. Cause the financial statements to be misleading (for compliance frameworks). | [**Concluding on Preliminary Assessments.docx**](Concluding%20on%20Preliminary%20Assessments.docx) |  |
| 1. The engagement team obtained written representations from management and/or those charged with governance regarding matters related to accounting estimates. | Attach written representations |  |
| 1. The engagement team communicated matters related to accounting estimates with management and/or those charged with governance. | Not applicable as no communications were required.  OR  Attach minutes/memo/ written communication made of findings. |  |
| 1. The engagement team documented the following: 2. The linkage of further audit procedures with the assessed risks of material misstatement at the assertion level; 3. The engagement team’s response when management has not taken appropriate steps to understand and address estimation uncertainty; 4. Indicators of possible management bias related to accounting estimates, if any, and the engagement team’s evaluation of the implications for the audit; and 5. Significant judgments relating to the engagement team’s determination of whether the accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated. 6. Any communications related to accounting estimates made to management and/or those charged with governance. | Please refer to relevant audit programs and working papers.  [**Concluding on Preliminary Assessments.docx**](../../../../../../../F:/MZCO/Audit%20Manual/3.%20Completion/1-5%20Concluding%20on%20Preliminary%20Assessments/Concluding%20on%20Preliminary%20Assessments.docx)  Where applicable, attach any minutes/memo/ written communication made. |  |