|  |  |  |
| --- | --- | --- |
| **Client:** | **$(client)** | |
| **Period end date:** | **$(start) - $(end)** | |
| **EGA title:** | \*Understanding the Entity and its Environment | |
| **Ref. no.:** |  | |
| **Prepared by:** | $(user) | **Date:** |
| **Approved by Manager:** |  | **Date:** |
| **Approved by Partner:** |  | **Date:** |

|  |  |  |
| --- | --- | --- |
| **Procedures performed** | **Links** | **Ref. no.** |
| 1. The engagement team held initial meeting(s) with management during planning to obtain an understanding of the entity and its environment and the applicable financial reporting framework and the minutes were recorded accordingly. | [**Client Meeting Minutes.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/Client%20Meeting%20Minutes.docx) |  |
| 1. The engagement team documented overview of the client. | [**Client Overview.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/Client%20Overview.docx) |  |
| 1. The engagement team documented details of bankers and professional advisors. | [**Details of Bankers and Professional Advisors.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/Details%20of%20Bankers%20and%20Professional%20Advisors.docx) |  |
| 1. The engagement team documented determination of classification of the entity. | [**Classification of Company (Third Schedule).docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/Classification%20of%20Company%20(Third%20Schedule).docx) |  |
| 1. The engagement team obtained/updated understanding of the entity and its environment and the applicable financial reporting framework:    1. Nature of the entity, including its organizational structure, ownership and governance, and its business model, including the extent to which the business model integrates the use of IT.    2. Relevant industry, regulatory, and other external factors.    3. The measures used, internally and externally, to assess the entity’s financial performance.    4. The applicable financial reporting framework, and the entity’s accounting policies and the reasons for any changes thereto.    5. How inherent risk factors affect susceptibility of assertions to misstatement and the degree to which they do so, in the preparation of the financial statements in accordance with the applicable financial reporting framework, based on the understanding of the above. | [**Organizational Chart.docx**](Organizational%20Chart.docx)  [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |
| 1. The engagement team evaluated the appropriateness and consistency of the entity’s accounting policies with the applicable financial reporting framework and accounting policies used in the relevant industry. | [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |
| 1. The engagement team focused on matters involving significant changes or developments from an external perspective impacting the client, especially those presenting higher risk. | [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |
| 1. The engagement team’s understanding provided a basis for identifying and assessing the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. | [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |
| 1. The engagement team performed the following risk assessment procedures and considered the following sources of information to gain or update understanding: 2. Inquiries 3. Inspection 4. Observation 5. Analytical performed as risk assessment procedures 6. Considered information obtained from client acceptance/continuance process 7. Considered additional information obtained from other engagements performed for the entity 8. Considered information obtained from previous audits and its relevance to the current period 9. Discussions among engagement team | [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |
| 1. The engagement team appropriately documented the understanding obtained/updated of the entity and its environment and the applicable financial reporting framework and the sources of information and the risk assessment procedures performed from which the understanding was obtained/updated. | [**Organizational Chart.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/Organizational%20Chart.docx)  [**ISA 315 (Revised) Template.docx**](../../../../../G:/My%20Drive/MZCO/Audit%20Manual/1.%20Planning/7%20Understanding%20the%20Entity%20and%20Its%20Environment/ISA%20315%20(Revised)%20Template.docx) |  |