FORM ITS1200A — IT SPECIALIST PLANNING MEMO

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| **Date:** | 07 April, 2022 |
| **To:** | Mr. Faruk Ahammed |
| **From:** | Shamme Akhter, Dhaka. |
| **Subject:** | IT Planning |

# PURPOSE

The purpose of this memo is to outline the procedures associated with the involvement of the Information Technology Specialists (“IT Specialists”) in connection with the integratedaudit of EPIC group for the year 01 July 2021 to 30 June 2022. The approach for the audit outlined herein serves as a supplement to the Audit Planning Memorandum.

# PLANNING DISCUSSIONS

A discussion with the Audit Partner was held on 10 June 2021 to determine the level of IT Specialist involvement in the audit. During this planning meeting, we coordinated with the auditors to understand the initial risk assessment process, provided input for the risk assessment in relation to the IT environment if not previously performed, and coordinated on subsequent risk assessment procedures to be performed throughout the audit engagement.

We discussed the areas of potential IT specialist involvement, including:

* Walkthroughs.
* Process flow diagrams.
* Interface controls.
* Relevant automated controls.
* System-generated reports (information used as audit evidence and information used in a control).
* Segregation of duties.
* Identification of relevant application systems, data warehouses, report writers, and underlying technology elements.
* Risk arising from IT and relevant general IT controls.
* Significant system changes or implementations.

We discussed the nature, timing, and extent of planned tests of controls described further in this planning memo.

# IT SPECIALIST TEAM

The IT Specialist team will consist of the following individuals:

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| --- | --- |
| **Role** | **Name** |
| Audit Partner | Faruk Uddin Ahammed |
| Audit Manager | Salauddin Morshed |
| Technical Manager | Moazzem Hossen |
| IT Analyst | Shamme Akhter |

A discussion was held during such planning meeting regarding the responsibilities assigned to the IT Specialist assigned or to be assigned to this engagement, and audit engagement management agreed that the specialists have the appropriate competencies and capabilities to accomplish the assigned responsibilities.

The IT Specialist that performs the requested procedures in support of the audit has fulfilled all the internal requirements necessary to perform the requested procedures on an audit. If an IT Specialist participating on the audit has not fulfilled all the internal requirements necessary to perform the requested procedures on an audit, the reason[*s*] will be communicated to the auditors. See [DTTL PCAOB Audit Approach Manual (DTTL PCAOB AAM) 22900-2](https://techlib.deloitteresources.com?link=content/0901ff81809e056b%23dtl-topic_4BE75097A7BE40A8947B0A0F95A7B096), *Using the Work of an Auditor’s Internal Specialist*, and [DTTL Audit Approach Manual (DTTL AAM) 22900-2](https://techlib.deloitteresources.com?link=content/0901ff8181fb38d4%23dtl-topic_BA8FD0E855C940B3B3B960A5B9F0132B), *Using the Work of an Auditor’s Internal Specialist*.[[1]](#endnote-1)

We understand that we are required to:

* Comply with confidentiality provisions and meet the relevant ethical requirements as discussed during the planning meeting.
* Gather and provide all our audit documentation necessary to support the results of our work to the auditors for inclusion in the audit file archive in order to comply with firm policies, professional standards, laws, and regulations.
* Exercise professional skepticism in gathering and evaluating audit evidence.

The IT Specialist team discussed with the auditors during the planning meeting the significant risks of material misstatement (RoMM) for our area of involvement, including any identified fraud risks, and the planned responsive audit plan to address those risks. We understand how the procedures the IT Specialist team is performing address the significant RoMM for our area of involvement, if applicable.

The auditors will inform the IT Specialist in a timely manner of any relevant information that may relate to the work performed by the IT Specialist, such as significant documentation matters and contradictory evidence identified that may affect the nature, scope, or results of our work.

It is our expectation that all audit documentation we provide will be included in the archived audit file. If the auditors have concerns regarding the inclusions of our audit documentation, we expect the auditors to discuss their concerns with us and obtain our agreement prior to removing or changing any of our audit documentation.

# TIMING

[*If information is available, indicate our understanding of the audit fieldwork and associated timing*.]

We understand that the planned audit fieldwork is scheduled for the following dates:

* Planning (starting [*05/15/2022*], ending [*08/31/2022*]).
* Sign-off date ([12*/08/2022*]).
* Report date ([*12/08/2022*]).
* Estimated archive date ([*02/08/2023*]).

Audit engagement management will inform the IT Specialist Manager (1) if they determine that any of the IT Specialist’s working papers need to be modified, edited, or excluded from the engagement file for discussion and mutual agreement as to the changes necessary; (2) if the archive of the working papers will be delayed beyond [*Target Archive Date*]; and (3) when the audit working paper archive has been approved.

# PROCESS FLOW DIAGRAMS

EPICOMS (EPIC Composite Operations Management System) is a complete ERP Application (Enterprise Resource Planning) which is run by Business Team for their day-to-day business activities.

The core of EPICOMS is SAP and have different customized application modules which was developed to support the business for specific requirements and to capture the business information. After process and validate matured dataset is integrated with the SAP.

SYSTEM-GENERATED REPORTS (INFORMATION USED AS AUDIT EVIDENCE AND INFORMATION USED IN A CONTROL)

We coordinated with the auditors to determine whether there were system-generated reports used as audit evidence (in substantive procedures or tests of controls) or system-generated reports used in the performance of a control and whether the auditors plan to rely on general IT controls (GITCs) to provide certain audit evidence related to the accuracy and completeness of such information. This coordination with the auditors includes the review of applicable RoMM templates, RoMM Risk Strategy View in EMS, or equivalent audit documentation to validate the linkage to relevant application systems, data warehouses, and report writers.

In addition, we will rely on certain system-generated reports to support our IT control procedures. In these instances, we will address the accuracy and completeness of related information in conjunction with our audit procedures.

# IDENTIFY RELEVANT APPLICATION SYSTEMS, DATA WAREHOUSES, REPORT WRITERS, AND UNDERLYING TECHNOLOGY ELEMENTS

The IT Specialist team met with the auditors to identify the application systems, data warehouses, or report writers that are relevant to the audit. The relevant technology elements (including application systems, data warehouses, report writers, and underlying databases and infrastructure) that are relevant to the audit and included in the GITCs testing scope is “SAP”.

We have identified the underlying databases and infrastructure for the relevant applications, data warehouses, and report writers to determine the technology elements to be considered as part of GITCs testing. Refer to “EPIC\_SAP\_Application\_workplan” and “EPIC\_Network\_Workplan” for the IT Risk Worksheet — General Information Technology or the IT Elements where this is documented.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Relevant IT System** | **Database** | **Operating System** | **Data Center Location** | **Network** |
| SAP ECC 6.0 Application | Procure to Pay, Order to Cash, Production and Inventory, Property, Plant and Equipment and Period End Financial Reporting | SQL-2008 | Windows Server 2008 | - |

# RISKS ARISING FROM IT AND RELEVANT GENERAL IT CONTROLS

We identified the relevant risks arising from IT (“IT risks” or RAITs), the controls in place to address these risks (e.g., GITCs), and planned procedures to test the design [and operating effectiveness] of these controls. When identifying RAITs, we considered the relevant IT environment at the Entity.

To test the operating effectiveness of controls:

* We identify and assess RAITs for each relevant IT system based on our understanding of how IT affects the Entity’s flow of transactions, including a high-level understanding of the IT environment, and on relevancy to financial reporting and the technology platform, following the guidance in [Chapter 6](https://techlib.deloitteresources.com?link=content/2_229988) of the *Internal Control Guide* or [Chapter 6](https://techlib.deloitteresources.com?link=content/0901ff81812b8d65/pgroup_B73148F9637046B58E769E105DAF8872) of the DTTL Internal Control Guide.
* We assess the risk associated with each control in determining the nature, timing, and extent of operating effectiveness tests. We will consider and document the relevant risk factors in [paragraphs 47](https://techlib.deloitteresources.com?link=content/2_343065/as_2201.47-343065) and [58](https://techlib.deloitteresources.com?link=content/2_343065/as_2201.58-343065) of PCAOB AS 2201, *An Audit of Internal Control over Financial Reporting That Is Integrated with an Audit of Financial Statements*, and [paragraph 31](https://techlib.deloitteresources.com?link=content/2_343064/as_2301.31-343064) of PCAOB AS 2301, *The Auditor’s Responses to the Risks of Material Misstatement*, and document our conclusions of the assessment of the risk associated with the controls.]

Refer to working paper “EPIC\_SAP\_Application\_workplan” and “EPIC\_Network\_Workplan” for the [Form 18\*\*S-GITC](https://techlib.deloitteresources.com/?link=content/2_308873), *IT Risk Worksheet — General Information Technology,* or theRAITs and associated GITCs and procedures in the EMS databaseor equivalent audit documentation[or other working papers] where this is documented.

# MATERIALITY CONSIDERATIONS

# For any issue identified that is documented by the IT Specialist in the Summary Memo, the IT Specialist will discuss the issue with the auditors such that they can assess the impact to the financial statements and internal control over financial reporting. The IT Specialist will assist the auditors with further additional procedures if requested.

The following table shows the materiality, performance materiality, and the threshold for clearly trivial misstatements, as determined by the auditors. We will perform our procedures for systems related to significant accounts and disclosures with consideration to these materiality levels.

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| --- | --- | --- | --- |
| **Entity** | **Materiality**  **BDT** | **Performance Materiality**  **BDT** | **Threshold for Clearly Trivial Misstatements**  **BDT** |
| Cosmopolitan Industries (Pvt.) Limited | 111,000,000 | 83,500,000 | 5,550,000 |

**NOTES — MEMO**

1. For simplicity, references are to the [DTTL PCAOB Audit Approach Manual](https://techlib.deloitteresources.com?link=content/0901ff818094c70f) and [DTTL Audit Approach Manual](https://techlib.deloitteresources.com?link=content/0901ff818106522e), whose content is identical to each other and to the U.S. counterparts. References to the DTTL PCAOB AAM or DTTL AAM that are not applicable to the engagement may be, but do not need to be, deleted. [↑](#endnote-ref-1)