

TCWG = Those charged with governance.

F/S = Financial statements.

PLANNING				
<b>Objective:</b> To develop an engagement plan that sets out the scope, timing and direction of the work to be performed.				
STEP 1 – PERFORM CLIENT ACCEPTANCE OR CONTINUANCE PROCEDURES (Refer to Volume 2, Chapter 27)				
<b>Purpose:</b> To decide whether the firm can or should perform the engagement.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
a. <b>Identify/assess the engagement risks</b>	Identify/assess the factors that would affect the firm's decision to accept or continue with the engagement, including: <ul style="list-style-type: none"> <li>i. rational purpose for the engagement</li> <li>ii. whether the engagement is appropriate in the circumstances</li> <li>iii. any reason to doubt management's integrity</li> <li>iv. any scope limitations</li> </ul>	27.1	R1-10, R1-20	CSQC 1.26–27 CSRE 2400.27
b. <b>Evaluate compliance with ethical requirements</b>	Evaluate whether the firm and team are in compliance with relevant ethical requirements, including independence.	27.2	R1-10, R1-20	CSQC 1.20–25 CSRE 2400.19
c. <b>Establish the engagement preconditions</b>	Ensure that management is using an acceptable financial reporting framework and that the engagement firm and team have full access to relevant documentation and entity personnel.	27.3	R1-10, R1-20	CSRE 2400.28
d. <b>Obtain a signed engagement letter</b>	Confirm that there is a common understanding between the practitioner and management (or TCWG, as appropriate) on the terms of the engagement. Then obtain a signed engagement letter.	27.4	RL1.1	CSRE 2400.34–35
e. <b>Obtain evidence about opening balances</b>	For initial review engagements, obtain sufficient appropriate evidence regarding whether the opening balances contain misstatements that may affect the current period's F/S.	27.5	R1-90	CSRE 2400.55
<b>Documentation:</b> Partner sign-off acknowledging that the engagement risks are acceptable to the firm, an assessment of compliance with ethics/independence rules, evidence obtained on opening balances and a signed engagement letter.				
STEP 2 – PLAN THE ENGAGEMENT (Refer to Volume 2, Chapter 28)				
<b>Purpose:</b> To focus work effort on material F/S areas and other areas where material misstatements are likely to arise.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
a. <b>Determine overall materiality</b>	Determine materiality for the F/S as a whole (i.e., overall materiality).	28.1	R2-10	CSRE 2400.41
b. <b>Perform preparatory procedures</b>	Perform the following preparatory procedures: <ul style="list-style-type: none"> <li>i. Prepare current period engagement files.</li> <li>ii. Select the engagement team, and consider the need for experts, consultation with others and an engagement quality control review.</li> <li>iii. Identify areas where management assistance in preparing schedules could be helpful.</li> <li>iv. Consider whether information obtained from the client acceptance/continuance process or from other engagements is relevant to identifying areas in the F/S where material misstatements are likely to arise.</li> </ul>	28.2	R2-91  R1-10, R1-20	CSQC 1.35–38  CSRE 2400.23  CSRE 2400.45

PLANNING				
c. Identify areas in the F/S where material misstatements are likely to arise	i. Obtain an understanding of the entity and the applicable financial reporting framework.	28.3	R2-05-1, R2-05-2	CSRE 2400.43–44
	ii. Using this understanding, perform the following:			
	A. Identify areas in the F/S where material misstatements are likely to arise.		R2-05-1, R2-05-2	CSRE 2400.45
	B. Identify all the material or potentially material F/S areas and disclosures.		R2-20	CSRE 2400.46
d. Prepare an engagement plan	Design appropriate inquiries and analytical procedures that address:	28.4		
	i. all material items in the F/S ii. F/S disclosures iii. areas in the F/S where material misstatements are likely to arise iv. required procedures contained in CSRE 2400 regarding related parties, fraud and non-compliance with laws and regulations, going concern, and use of work to be performed by others		R2-20, R2-91, R3-20, R3A to ZZ  R3-10, R3-91, R3-92	CSRE 2400.46–48  CSRE 2400.49–54
<b>Documentation:</b> Descriptions of the F/S users, how overall materiality amounts were determined, the understanding obtained of the entity, areas in the F/S where material misstatements are likely to arise and details of planned procedures.				

PERFORMING				
<b>Objective:</b> To obtain sufficient appropriate evidence as the basis for a conclusion on the F/S as a whole.				
<b>STEP 3 – PERFORM PROCEDURES</b> (Refer to Volume 2, Chapter 30)				
<b>Purpose:</b> To obtain sufficient appropriate evidence to support the engagement conclusion.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
a. Perform planned procedures	i. Implement the plan, and perform additional procedures where there is reason to believe that the F/S may be materially misstated.	30.1	R3-10, R3-20, R3A to ZZ	CSRE 2400.46–48, .57, .74–75
	ii. Perform the required procedures to address related parties, fraud and non-compliance with laws or regulations, going concern, and use of work performed by others.		R3-10, R3-91, R3-92	CSRE 2400.49–54
	iii. Obtain evidence to ensure that the F/S agree with, or reconcile to, the underlying accounting records.		R3-10	CSRE 2400.56
b. Document the results	Document the following:	30.2		CSRE 2400.104
	i. details of analytical procedures performed			
	ii. notes on the inquiries of management and others, including the name of the person interviewed and the date of the interview			
	iii. details of any additional procedures performed to address matters that could have caused the F/S to be materially misstated			
	iv. accumulation of identified misstatements		R4-10	CSRE 2400.58
	v. discussions of significant matters with management/TCWG		R5-90	CSRE 2400.106

PERFORMING				
<b>Documentation:</b> Work performed and conclusions reached (including additional procedures where deemed necessary), notes on matters discussed with management and others, accumulated identified misstatements, judgments made, and conclusions reached.				
STEP 4 – EVALUATE EVIDENCE OBTAINED (Refer to Volume 2, Chapter 31)				
<b>Purpose:</b> To ensure that sufficient work has been performed/completed, that all significant matters have been resolved, and that appropriate judgments were made and conclusions reached.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
a. Review the work performed	<ul style="list-style-type: none"> <li>i. Ensure the work performed (including significant matters arising, judgments made and conclusions reached) has been reviewed by someone other than the preparer.</li> <li>ii. Ensure that all required evidence and documentation have been included in the file.</li> <li>iii. Document the work reviewed, the reviewer and the date of the review.</li> </ul>	31.1	R5-10	CSRE 2400.105
b. Evaluate identified misstatements	Evaluate the nature of identified misstatements, and consider whether other misstatements may exist (such as management bias or fraud). If so, perform additional procedures, and document the results.	31.2	R4-10	CSRE 2400.58
<b>Documentation:</b> Evidence of working paper review and sign-off by reviewer, evaluation of matters arising, identified misstatements, and any revised/new procedures performed.				

REPORTING				
<b>Objective:</b> To form a conclusion based on the evidence obtained, and to issue an appropriate report.				
STEP 5 – FORM A CONCLUSION (Refer to Volume 2, Chapter 33)				
<b>Purpose:</b> To ensure that the documentation supports the conclusions reached on the F/S and that appropriate two-way communication occurs.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
a. Evaluate the F/S	Evaluate whether the overall presentation, structure and content of the F/S (including disclosures) are in accordance with the requirements of the applicable financial reporting framework.	33.1	R5-10	CSRE 2400.77(d), .78
b. Communicate with management/TCWG	<ul style="list-style-type: none"> <li>i. Communicate accumulated identified misstatements along with a request for their correction. If not corrected, document/evaluate the reasons and the impact on the review conclusion.</li> <li>ii. Communicate all other matters concerning the review engagement that are of sufficient importance to merit the attention of management or TCWG, as appropriate.</li> </ul>	33.2	R4-10	CSRE 2400.59
c. Obtain written representations	Obtain written representations from management and, where appropriate, TCWG. The representation letter must be dated close to (but not after) the date of the review engagement report.	33.3	RL2.1	CSRE 2400.68
d. Complete the final considerations	<ul style="list-style-type: none"> <li>i. Inquire about subsequent events to the date of the review engagement report.</li> <li>ii. Ensure the file reviewers (including the engagement quality control reviewer, if any) are satisfied that their review comments have been cleared.</li> <li>iii. Set the date for the final file assembly (as per the firm's policy).</li> </ul>	33.4	R5-20	CSRE 2400.60–67

REPORTING				
<b>e. Determine the engagement conclusion</b>	Determine whether limited assurance has been obtained (i.e., nothing has come to the reviewer's attention that would cause them to believe that the F/S are materially misstated). Evaluate:  i. the evidence obtained from the procedures performed  ii. the effect of uncorrected misstatement(s)  iii. the qualitative aspects of the accounting practices, including indicators of possible bias in management's judgments	33.5	R5-10	CSRE 2400.76–93  CSRE 2400.77(a)  CSRE 2400.77(b)  CSRE 2400.77(c)
<b>Documentation:</b> Evidence of F/S evaluation, details of communications, subsequent event inquiries, assessment of uncorrected misstatements, representation letter and conclusions reached.				
STEP 6 – ISSUE THE REPORT (Refer to Volume 2, Chapter 34)				
<b>Purpose:</b> To form an appropriate engagement conclusion based on the evidence obtained.				
Activity	Description	Volume 2 Section	Practice Aids	Relevant Standards
<b>a. Draft a written report expressing the engagement conclusion</b>	Draft a review engagement report (whether modified or unmodified) in the appropriate form and in the context of the applicable financial reporting framework.	34.1		CSRE 2400.79–84, .94–102
<b>b. Date and issue the review engagement report</b>	Sign and date the review engagement report after:  i. the F/S, disclosures and documentation have been finalized  ii. the firm-required approvals (necessary to release the signed report) have been obtained  iii. those with the recognized authority have asserted in writing that they have taken responsibility for the F/S  iv. the engagement quality control review (if any) has been completed/signed off	34.2	R6-10	CSRE 2400.103
<b>Documentation:</b> Wording of the engagement report, evidence of F/S approval by recognized authority and the date the report was issued.				