Hi

Now that you have received the EY Canvas engagement and taken the time to understand Summit Equipment’s business, I’d like to assign to you the audit procedures related to the Property, Plant & Equipment (PP&E) financial statement account. Because you have not worked on this account before, I’d like you to take the Technical Topics Overview on PP&E before you start. You can find this on the Technical Topics page in The Audit Academy Site.

After you complete the Tech Topic overview, review the account assertions and combined risk assessments for the PP&E account in Canvas. Please note, they purchased a warehouse during the year for a substantial amount over TE and the entity has a history of inappropriately capitalizing expenses. Thus, some of the assertions have a higher inherent risk in the current year.

Once you have an understanding of the risks associated to the account, you will begin the audit procedures. Throughout the course of the audit, you will be tasked with completing the following:

* Reviewing the current year’s process map as compared to management’s process narrative to assist in understanding the PP&E additions process.
* Updating the current year narrative (if necessary) and flowcharting the additions portion of the PP&E process.
* Performing the Walkthrough of the PP&E additions process to confirm our understanding of the process.
* Based on our audit approach to rely on control, testing the controls over the PP&E additions process.
* Substantively testing the additions to PP&E account as of year-end.

Tolerable Error for the year is CHF 4.5 million, and SAD is CHF 300,000.

I will be in touch shortly regarding your first task, as I have had various meetings with entity personnel and have the contact information and the process map report from GL Analyzer.

Looking forward to working with you,

Anna