

# ROI Company Audit (Mercia)

2022-11 Release

## Mercia's Audit Manual (ROI) 2022-06 update

Released November 2022

### 2022-06 - Detailed list of changes

Document	Change/Detail
<b>Permanent file</b>	
PF1-1 The entity and its environment	<ul style="list-style-type: none"> <li>Completely revised form to address the requirements of the revised ISA 315.</li> </ul>
PF1-2 The applicable financial reporting framework	<ul style="list-style-type: none"> <li>New form to aid in understanding the applicable financial reporting framework as part of the revised ISA 315 requirements.</li> </ul>
PF1-3 Laws and regulations	<ul style="list-style-type: none"> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF1-4 Related parties	<ul style="list-style-type: none"> <li>Now incorporates the content of the former PF1-5.</li> <li>Minor amendments to wording for consistency with the revised ISA 315.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF1-5 Groups	<ul style="list-style-type: none"> <li>Moved from PF3-3.</li> <li>Minor changes to guidance notes and changed to a yes/no (add comments as needed) rather than notes format.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF1-6 Using a service organisation	<ul style="list-style-type: none"> <li>Updates to wording and requirements of the form to improve clarity of requirements.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> <li>Additional point added in relation to ISA 402.</li> <li>Additional guidance notes added.</li> </ul>

PF1-7 Using the work of an expert	<ul style="list-style-type: none"> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF1-8 Accounting estimates	<ul style="list-style-type: none"> <li>Minor updates throughout to reflect ISA 315 amendments.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF1-9 Component auditors	<ul style="list-style-type: none"> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> <li>Minor amendment to wording of guidance note in relation to ISA 600.</li> <li>References to Audit Procedures Manual updated.</li> </ul>
PF1-10 Going concern	<ul style="list-style-type: none"> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF2-1 Systems overview	<ul style="list-style-type: none"> <li>Minor changes to notes as a result of changes to ISA 315 requirements.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF2-2 Key internal controls summary	<ul style="list-style-type: none"> <li>Moved from PF2-3.</li> <li>Updates to better reflect the flow of the revised ISA 315.</li> </ul>
PF2-3 Internal control overview	<ul style="list-style-type: none"> <li>Moved from PF2-2.</li> <li>Completely revised form to address the requirements of the revised ISA 315.</li> </ul>
PF2-4 Using the work of and communication with internal auditors	<ul style="list-style-type: none"> <li>Minor change to objective due to changes in ISA 315 requirements.</li> <li>Additional point added in first section for completeness.</li> <li>Minor update to guidance in footnote for consequential changes resulting from ISA 315 amendments.</li> <li>Insertion of additional wording in relation to the yearly sign off.</li> </ul>
PF3-1 New client checklist - placeholder	<ul style="list-style-type: none"> <li>New placeholder added.</li> </ul>

<b>Planning</b>	
B01 Planning checklist	<ul style="list-style-type: none"> <li>• Moved from B11.</li> <li>• Guidance notes updated to reflect ISA 315 changes.</li> <li>• First section renamed pre planning.</li> <li>• Minor amendments to items for clarity, best practice and ISA 315 changes.</li> <li>• New item added requiring completion of new fraud risk assessment form B34 which incorporates changes to ISA 240.</li> <li>• New items added to risk assessment procedures and risk assessment / audit approach in relation to team meetings and team briefings given these have now been split in the methodology, and the team meeting section of this form has been removed as a result.</li> <li>• New appointment procedure added in relation to ISA 210.</li> <li>• Minor adjustments to wording of guidance text in relation to ISA 210.</li> </ul>
B02 Audit strategy	<ul style="list-style-type: none"> <li>• New form to ensure best practice in relation to an audit strategy is followed.</li> </ul>
B03 Preliminary engagement quality control review (ISQC version)	<ul style="list-style-type: none"> <li>• Moved from B14.</li> <li>• Renamed to highlight this version of the form applies before the new quality management standards are adopted.</li> </ul>
B03 Preliminary engagement quality review (ISQM version)	<ul style="list-style-type: none"> <li>• A new version of the form applicable when the new quality management standards are adopted.</li> </ul>
B10 Engagement review	<ul style="list-style-type: none"> <li>• New form to summarise the acceptance and appointment section.</li> </ul>
B11 Acceptance of appointment or reappointment	<ul style="list-style-type: none"> <li>• Moved from B12.</li> <li>• Minor amendments due to restructure of the planning and PF sections.</li> <li>• Removed references to "For periods commencing on or after 15 March 2020" as this date has now passed.</li> <li>• References to Audit Procedures Manual updated.</li> </ul>
B12 Compliance with the Ethical Standard	<ul style="list-style-type: none"> <li>• Moved from B13.</li> <li>• Minor amendments due to restructure of the planning section.</li> <li>• Minor amendments related to the introduction of the new quality management standards.</li> <li>• Removal of references to "For periods commencing on or after 15 March 2020" and "For periods commencing before 15 March</li> </ul>

	<p>2020" and consequential updates to footnotes as this date has now passed.</p> <ul style="list-style-type: none"> <li>• Minor update to wording in consultation and communication section to reflect best practice terminology.</li> <li>• References to Audit Procedures Manual updated.</li> </ul>
B13 New client checklist	<ul style="list-style-type: none"> <li>• Moved from PF1.</li> <li>• Amendment to wording of one point in relation to ISA 510.</li> </ul>
B14 Opening balances and consistency of accounting policies	<ul style="list-style-type: none"> <li>• New form to assist in gathering sufficient appropriate audit evidence over opening balances and consistency of accounting policies.</li> </ul>
B15 Terms of engagement - placeholder	<ul style="list-style-type: none"> <li>• New placeholder added.</li> </ul>
B20 Information gathering summary	<ul style="list-style-type: none"> <li>• New form to summarise the information gathering section.</li> </ul>
B21 Audit data analytics assessment	<ul style="list-style-type: none"> <li>• Moved from B20.</li> <li>• Minor amendments for clarity.</li> </ul>
B22-1 Communication with management	<ul style="list-style-type: none"> <li>• Moved from B21-1.</li> <li>• Minor updates to fraud risk section to address ISA 240 changes.</li> <li>• New footnote added with additional guidance.</li> </ul>
B22-2 Communication with those charged with governance	<ul style="list-style-type: none"> <li>• Moved from B21-2.</li> <li>• "Agenda for" removed from title.</li> <li>• Minor updates to fraud risk section to address ISA 240 changes.</li> </ul>
B23 Preliminary analytical review	<ul style="list-style-type: none"> <li>• Moved from B22.</li> <li>• Update to objective in relation to the revised ISA 240.</li> <li>• Updated guidance notes in relation to the revised ISA 240.</li> <li>• New box added to conclusions section in relation to the revised ISA 240.</li> <li>• Cross reference back to Audit Procedures Manual added.</li> </ul>
B24 Design and implementation of controls	<ul style="list-style-type: none"> <li>• New form to summarise design and implementation of controls as part of the revised ISA 315 requirements.</li> </ul>
B24A Control form	<ul style="list-style-type: none"> <li>• New form to document design and implementation of controls as part of the revised ISA 315 requirements.</li> </ul>
B25 Materiality	<ul style="list-style-type: none"> <li>• Moved from B41.</li> <li>• References to Audit Procedures Manual updated.</li> </ul>
B26 Component auditors – Communication / review of risk assessment/	<ul style="list-style-type: none"> <li>• Moved from B24.</li> </ul>
B27 Company searches - placeholder	<ul style="list-style-type: none"> <li>• New placeholder added.</li> </ul>

B30 Inherent and control risk assessment	<ul style="list-style-type: none"> <li>New risk assessment form to comply with the requirements of the revised ISA 315 (replaces the previous B32).</li> </ul>
B31 Assertion level risk	<ul style="list-style-type: none"> <li>New form to assess risk of material misstatement at the assertion level as part of the revised ISA 315 requirements.</li> </ul>
B32 Accounting estimate summary	<ul style="list-style-type: none"> <li>Moved from B30.</li> <li>Update to guidance notes to reflect the revised ISA 315 requirements.</li> <li>Changes to form to reflect revised risk assessment process and linkage with the new B30.</li> </ul>
B33 Going concern risk assessment	<ul style="list-style-type: none"> <li>Moved from B31.</li> <li>Consequential amendment to risk assessment procedures section for changes to risk assessment forms.</li> </ul>
B34 Fraud risk assessment	<ul style="list-style-type: none"> <li>New form to summarise conditions and events that may indicate Risk of Material Misstatement in the financial statements due to fraud and aid compliance with the revised ISA 240.</li> </ul>
B35 Audit team discussion	<ul style="list-style-type: none"> <li>Moved from B23.</li> <li>Additional reference to APM added in guidance notes.</li> <li>Fraud risk section updated for changes to ISA 240.</li> <li>Approach section removed (now on B41 Audit team briefing).</li> <li>Cross reference back to Audit Procedures Manual added.</li> </ul>
B40 Audit programmes required	<ul style="list-style-type: none"> <li>Moved from B33.</li> <li>References to Audit Procedures Manual updated for consistency.</li> </ul>
B41 Audit team briefing	<ul style="list-style-type: none"> <li>New form to aid in updating the audit team on changes since the audit team discussion and to brief on the audit approach.</li> </ul>
B50 Budget	<ul style="list-style-type: none"> <li>Moved from B61.</li> </ul>
<b>Planning Freeform</b>	
B01 Planning checklist Freeform memorandum approach	<ul style="list-style-type: none"> <li>Moved from B11.</li> <li>Guidance notes updated to reflect ISA 315 changes.</li> <li>First section renamed pre planning.</li> <li>Minor amendments to items for clarity, best practice and ISA 315 changes.</li> <li>New item added requiring completion of new fraud risk assessment which incorporates changes to ISA 240.</li> </ul>

	<ul style="list-style-type: none"> <li>• New items added to risk assessment procedures and risk assessment / audit approach in relation to team meetings and team briefings given these have now been split in the methodology, and the team meeting section of this form has been removed as a result.</li> <li>• New appointment procedure added in relation to ISA 210.</li> <li>• Minor adjustments to wording of guidance text in relation to ISA 210.</li> </ul>
B05 Audit planning memorandum	<ul style="list-style-type: none"> <li>• Moved from B11 and no longer shares the same reference as the planning checklist.</li> <li>• Updated to reflect revised methodology with respect to updates to ISA 315 and ISA 240.</li> </ul>
B13 New client checklist	<ul style="list-style-type: none"> <li>• A copy of this form has been made available in the Planning (freeform memo) section.</li> </ul>
B14 Opening balances and consistency of accounting policies	<ul style="list-style-type: none"> <li>• New form to assist in gathering sufficient appropriate audit evidence over opening balances and consistency of accounting policies.</li> </ul>
B21 Audit data analytics assessment	<ul style="list-style-type: none"> <li>• A copy of this form has been made available in the Planning (freeform memo) section.</li> </ul>
B24A Control form	<ul style="list-style-type: none"> <li>• New form to document design and implementation of controls as part of the revised ISA 315 requirements.</li> </ul>
B30 Inherent and control risk assessment	<ul style="list-style-type: none"> <li>• New risk assessment form to comply with the requirements of the revised ISA 315 (replaces the previous B32).</li> </ul>
B31 Assertion level risk	<ul style="list-style-type: none"> <li>• New form to assess risk of material misstatement at the assertion level as part of the revised ISA 315 requirements.</li> </ul>
B32 Accounting estimate summary	<ul style="list-style-type: none"> <li>• A copy of this form has been made available in the Planning (freeform memo) section.</li> <li>• Update to guidance notes to reflect the revised ISA 315 requirements.</li> <li>• Changes to form to reflect revised risk assessment process and linkage with the new B05.</li> </ul>
B50 Budget	<ul style="list-style-type: none"> <li>• Moved from B61.</li> </ul>
<b>Audit programmes</b>	
Audit programmes C to P	<ul style="list-style-type: none"> <li>• Minor amendment to wording of one test, highlighting the need to ensure appropriate restatement, where relevant.</li> <li>• Additional test inserted with respect to changes in accounting policies as part of best practice amendments.</li> </ul>

	<ul style="list-style-type: none"> <li>Additional test inserted with respect to the revised ISA 240.</li> </ul>
D Audit programme - Related parties	<ul style="list-style-type: none"> <li>Changes as per above for audit programmes C to P.</li> <li>Minor amendment to one test in connection with related parties / transactions not previously identified or disclosed.</li> <li>New test added for related party transactions that management has not previously identified or disclosed in relation to ISA 550.</li> </ul>
I Audit programme – Bank and cash	<ul style="list-style-type: none"> <li>Reference to new supplementary cashflow statement programme added.</li> </ul>
N Audit programme - Trial balance	<ul style="list-style-type: none"> <li>Changes as per above for audit programmes C to P.</li> <li>A number of additional tests added in relation to the revised requirements of ISA 240.</li> <li>Additional guidance added by way of footnotes.</li> </ul>
P Audit Programme – Intra group balances, transactions and consolidations	<ul style="list-style-type: none"> <li>Additional test added in relation to ISA 240.</li> </ul>
<b>Completion</b>	
A21-1 Responsible individual review and conclusion	<ul style="list-style-type: none"> <li>Update to footnote.</li> </ul>
A21-2 Engagement quality control checklist (ISQC version)	<ul style="list-style-type: none"> <li>Renamed to highlight this version of the form applies before the new quality management standards are adopted.</li> </ul>
A21-2 Engagement quality checklist (ISQM version)	<ul style="list-style-type: none"> <li>A new version of the form applicable when the new quality management standards are adopted.</li> </ul>
A21-3 Consultation / ethics review (ISQC version)	<ul style="list-style-type: none"> <li>Renamed to highlight this version of the form applies before the new quality management standards are adopted.</li> </ul>
A21-3 Consultation review (ISQM version)	<ul style="list-style-type: none"> <li>A new version of the form applicable when the new quality management standards are adopted.</li> </ul>
A22 Overall review of the financial statements	<ul style="list-style-type: none"> <li>Changes of terminology from 'consider' to 'evaluate'.</li> <li>Additional items added as part of the review in relation to ISA 700.</li> <li>Footnote added with additional guidance.</li> </ul>
A25 Audit summary memorandum	<ul style="list-style-type: none"> <li>Additional section added for key points and work performed over opening balances and consistency of accounting policies as part of best practice amendments.</li> </ul>
A27 Summary of misstatements	<ul style="list-style-type: none"> <li>Minor amendments to footnotes for clarity and consequential changes as a result of amendments for ISA 240.</li> </ul>



A31 Audit completion checklist	<ul style="list-style-type: none"> <li>• Minor updates throughout for changes in terminology and requirements in connection with updates to ISAs 240 and 315.</li> <li>• New procedures added with respect to consistency of accounting policies.</li> <li>• Several procedures in respect of fraud have been removed from this form as they are now included in the new A46 instead.</li> <li>• Procedures updated to remove reference to "For periods commencing on or after 15 March 2020" as this date has now passed.</li> <li>• Several procedures have been re-ordered to give a more logical flow to the form.</li> <li>• Adjustments to wording of a number of items on the checklist in relation to various ISAs including 240, 300, 450 and 620.</li> <li>• Additional point added relating to external confirmations in relation to ISA 505.</li> <li>• Separation of doubts as to the reliability of written representations and written representations not being provided into two separate points in relation to ISA 450.</li> </ul>
A42 Going concern update and evaluation	<ul style="list-style-type: none"> <li>• Footnote added with additional guidance.</li> <li>• Update of cross-reference to Audit Procedures Manual.</li> </ul>
A44 Accounting estimates update and evaluation	<ul style="list-style-type: none"> <li>• Cross reference back to the Audit Procedures Manual added.</li> </ul>
A45 Audit data analytics and other technology update and evaluation	<ul style="list-style-type: none"> <li>• Reference changes only.</li> </ul>
A46 Fraud update and evaluation	<ul style="list-style-type: none"> <li>• New form to evaluate key matters with respect to fraud in the completion section, based on the updated ISA 240 requirements.</li> </ul>
A51 Written representations checklist	<ul style="list-style-type: none"> <li>• Minor updates to reflect changes in ISA 240.</li> <li>• Cross reference back to the Audit Procedures Manual added.</li> <li>• Adjustments to wording of representation in connection with related parties in relation to ISA 550.</li> </ul>
A52-1 Communication with management checklist	<ul style="list-style-type: none"> <li>• Minor updates to reflect changes in ISA 240.</li> <li>• Adjustment to wording of one item in relation to ISA 720.</li> </ul>
A71 Final analytical procedures	<ul style="list-style-type: none"> <li>• Additional bullet point added with respect to the revised ISA 240.</li> <li>• Cross reference to the Audit Procedures Manual added.</li> </ul>
<b>Sampling</b>	
SSF Substantive sampling form	<ul style="list-style-type: none"> <li>• Minor update to approach to reflect spectrum of inherent risk.</li> </ul>

## 2022-06 - Remapping summary

The table below provides a list of forms in the planning section of the current file and the permanent file, and indicates where they have moved to, if applicable, as part of this update of the manual.

Original reference and form	Revised reference	Comments (if applicable)
<b>Permanent file</b>		
PF1- New client checklist	B13 / PF3-1	
PF1-1 The entity and its environment	No Change	
PF1-3 Laws and regulations	No Change	
PF1-4 Related parties	No Change	
PF1-5 Groups	PF1-4	The content of this form has now been moved to PF1-4 Related parties.
PF1-6 Using a service organisation	No Change	
PF1-7 Using the work of an expert	No Change	
PF1-8 Accounting estimates	No Change	
PF1-10 Going concern	No Change	
PF2-1 Systems overview	No Change	
PF2-2 Internal control overview	PF2-3	
PF2-3 Key internal controls summary	PF2-2	
PF2-4 Using the work of and communication with internal auditors	No Change	
PF3-1 Risk analysis	Removed	
PF3-2 Fraud risk analysis	B34	Now included as part of B34.
PF3-3 Group risk analysis	PF1-5	
<b>Planning</b>		
B11 Planning checklist	B01	
B11 Audit planning memorandum (freeform only)	B05	
B12 Acceptance of appointment or reappointment	B11	
B13 Compliance with the Ethical Standard	B12	
B14 Preliminary engagement quality control review	B03	Now labelled with '(ISQC version)' with a new version '(ISQM version)' made available for adoption of the new quality management standards.
B20 Audit data analytics assessment	B21	
B21-1 Communication with management	B22-1	

B21-2 Agenda for communication with those charged with governance	B22-2	
B22 Preliminary analytical review	B23	
B23 Audit team discussion	B35	
B30A-E Key accounting estimate summary	B32	Renamed 'Key accounting estimate'.
B31 Going concern risk assessment	B33	
B32 Risk assessment	B30-1	
B33 Audit plans	B40	
B41 Materiality	B25	
B61 Budget	B50	
<b>Independent examination (planning only)</b>		
B11 Planning checklist	B01	
B12 Audit exemption eligibility checklist	B02	
B13-1 Acceptance of appointment or reappointment	B11	
B13-2 Assessment of independence threats and safeguards	B12	
<b>Sampling</b>		
Test of controls sample size calculator	No Change	
Substantive test sample size calculator (ISA 315)	No Change	