

Auditor's Risk Assessment Process: Tackling the New Risk Assessment SASs

These SASs (SAS Nos 104 through 111) will substantially impact the way audits are performed. They represent a major shift in the auditor's risk assessment process for audits of nonpublic entities. The requirements and guidance will result in more effective audits by enhancing the auditor's application of the audit risk model in practice. Learn the requirements that significantly enhance the quality and depth of the understanding of the entity and its environment, including its internal control system. Gain an understanding of how the new standards differ from existing standards and what you will have to do differently from planning through final field work phases. Learn what procedures are now required to respond to assessed risks.

OBJECTIVES

Upon completion of this course, participants will be able to:

- Recognize how the new risk assessment standards differ from existing standards and how these differences will significantly affect your audit practice
- Develop a more in-depth understanding of the entity and its environment, including its system of internal control
- Identify the risks of material misstatement in the financial statements and what the entity is doing to mitigate them
- Provide a more rigorous assessment of the risks of material misstatement
- Improve the linkage between the assessed risks and the nature, timing and extent of audit procedures performed in response to those risks

HIGHLIGHTS

- Significantly enhancing the quality and depth of the understanding of the entity and its environment, including its internal control
- Assessing the risks of material misstatement at the financial statement level and at the assertion level on all audits based on the understanding obtained
- Elimination of the common default to "maximum control risk" assessment and the ability to avoid documenting the basis for that conclusion in an effort to encourage testing of controls
- Placing a much greater emphasis on the entity's risk assessment process
- Improved linking of assessed risks and audit procedures responsive to those risks
- Greater emphasis on testing of disclosures
- Significantly expanded requirements for documentation

WHO WILL BENEFIT

- Practitioners who perform audits of nonpublic entities
- Industry CPAs interested in the requirements of the new risk assessment standards

Yellow Book



LEVEL

Basic

CPE CREDIT

Classroom: 8

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NASBA FIELD OF STUDY

Auditing: 8

PREREQUISITE

None

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