

Client:	Year/Period End:	
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PERMANENT AUDIT FILE INDEX
Annual update confirmation

Business details

1.	Background to client	
2.	Financial History	
3.	Register of laws and regulations	
4.	Related parties	
5.	Group structure	
6.	Organisation chart	
7.	Other details of the business	

Systems and controls

8.	Systems notes	
9.	Controls assessment	
10.	Business risk assessment	
11.	Financial statement level risk assessment	
12.	Fraud and error risk assessment	
13.	Schedule of significant risks	
14.	Letters of comment sent	

Engagement details

15.	Letter of engagement	
16.	New client checklist	

Statutory information

17.	Memorandum and articles of association	
18.	Certificate of incorporation	
19.	Annual return	
20.	Other company secretarial	
21.	Share capital history	

Bank accounts, loans and agreements

22.	Bank accounts and signatories	
23.	Borrowing facilities and loan covenants	
24.	Copy of bank facility letter	
25.	Copy of significant loans and agreements	

Other information

26.	Details of pension schemes	
27.	Fixed asset register	
28.	Client authorities for obtaining information from third parties	
29.	Other information of continuing interest	
30.	Statutory accounts	

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ANNUAL UPDATE CONFIRMATION

Year	Updated		Reviewed	
	Initials	by Date	Initials	By Date

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1 **BACKGROUND TO CLIENT**

<u>Company name and trading name</u>
<u>Company numbers etc.</u> Registered number VAT number Accounting period end VAT periods Date of incorporation Date commenced trading
<u>Business address</u>
<u>Contact numbers</u> Phone Fax E-mail Website Linked in Twitter Facebook
<u>Registered office address</u>
<u>Location of accounting and statutory records</u>
<u>Directors' names and areas of responsibility</u>

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BACKGROUND TO CLIENT continued

Other key personnel and areas of responsibility

Nature, goals and history of business

Key audit matters from previous years

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BACKGROUND TO CLIENT continued

Accounting Estimates

Identify and list the accounting estimates relevant for the audit

Document how management identifies and makes the accounting estimates noting the data on which they are based e.g. method, controls, assumptions, use of an expert

Have there been any changes in circumstances during the year that may give rise to new or the need to revise existing accounting estimates?

Do any of the estimates involve fair value measurement?

Review the accounting estimates in the prior period and comment on their accuracy.

Document whether, and if so, how management has assessed the effect of estimation uncertainty associated with an accounting estimate.

Do any of the estimates constitute a significant accounting risk? [PAF 13](#)

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BACKGROUND TO CLIENT continued

Key accounting policies and potential for fraud arising from their application [PAF 12](#)

Impact of new UK GAAP or IFRS implementation

Reporting requirements and deadlines

Key performance indicators for the business (financial and non financial)

Method of monitoring key performance indicators

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[BACKGROUND TO CLIENT continued](#)

<p><u>Key customers</u></p>
<p><u>Key suppliers</u></p>
<p><u>Management style</u></p>
<p><u>Business advisors</u> Legal representatives</p> <p>Banks</p> <p>Other</p>

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BACKGROUND TO CLIENT continued

Money laundering (detail the steps taken to establish that the client is operating a bona fide business)

Method of performing client due diligence

Risk assessment

Beneficial owner

Does the auditor have direct access to the beneficial owner?

Do the procedures cover any recent changes e.g. new directors, change of trade, new shareholders etc.?

Other steps/considerations

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13 SCHEDULE OF SIGNIFICANT RISKS

ISA 315 (UK and Ireland) defines a significant risk as one which in the auditor's judgment requires special audit consideration. It is important that these risks are identified and understood at the planning stage of the audit.

Nature of risk	Substantive tests	What are the controls?	Are substantive tests enough?	Tests of operational effectiveness
Financial statement level risk PAF 11				
Laws and regulations PAF3 :				
Other Business Risks PAF10 :				
Related parties PAF 4				

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13 **SCHEDULE OF SIGNIFICANT RISKS** continued

<i>Nature of risk</i>	<i>Substantive tests</i>	<i>What are the controls?</i>	<i>Are substantive tests enough?</i>	<i>Tests of operational effectiveness</i>
<i>Accounting Estimates</i> <i><u>PAF 1</u></i>				
<i>Fraud and error risk</i> <i><u>PAF 12</u></i>				
<i>Assertion level risk</i> <i><u>B5</u></i>				

Action

(Detail here any issues that need to be raised with management in respect of weaknesses in the control environment)

Conclusion

Prepared by:

Date:

Reviewed by:

Date:

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AUDIT FILE INDEX

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AUDIT SECTIONS

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- S [GROUP ACCOUNTS AND CONSOLIDATION](#)

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B [AUDIT PLANNING](#)

- 1 [Audit planning control checklist](#)
- 2 [Independence questionnaire](#)
- 3 [Client meeting minutes](#)
- 4 [Preliminary analytical review](#)
- 5 [Assessments of risks at the assertion level](#)
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AUDIT PLANNING CONTROL CHECKLIST

Issue	Ref.	Comment	Initial and date
1. Determine whether the financial reporting framework to be adopted in the preparation of the financial statements is acceptable or not.			
<p>2. Ensure there is an up to date, signed letter of engagement for the assignment. Consider the adequacy of the contents particularly if any circumstances have changed, most notably regarding new UK GAAP or if applicable IFRS. In particular management must agree that it acknowledges and understands its responsibility as outlined in paragraph 6(b) of ISA (UK and Ireland) 210:</p> <ul style="list-style-type: none"> ➤ For the preparation of the financial statements: and ➤ For adequate internal controls and for making available to the auditor all relevant information and for unrestricted access during the audit to staff. <p>If the client is unable to satisfy the criteria referred to above or that outlined in test 1 then the assignment should not be accepted.</p>			
<p>3. If new UK GAAP or IFRS has been applied, then ensure the engagement letter clarifies that the directors are responsible for:</p> <ul style="list-style-type: none"> ➤ Analysing the impact of the introduction of new UK GAAP or if applicable IFRS on the business; ➤ Developing plans to mitigate the effects identified; ➤ Assessing any impact on the going concern assessment; and ➤ Preparation of financial statements under new UK GAAP or if applicable IFRS, including comparative figures, and the disclosures needed to give a fair presentation and true and fair view. 			
4. If a limitation on the scope of the auditor's work has been imposed by management consider whether the appointment can be accepted or not.			

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5. Document the impact of any change in the terms of the audit after the audit has commenced. Ensure that it is in line with ISA (UK and Ireland) 210.			
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Completed by:	Date:	Ref: B1
Reviewed by:	Date:	

Issue	Ref.	Comment	Initial and date
6. Has ongoing monitoring of the business relationship taken place throughout the audit to satisfy ourselves that all transactions carried out by the client are consistent with our knowledge of the client and their risk profile?	PAF 1		
7. Document how the firm has considered the adequacy of the opening balances, as required by ISA (UK and Ireland) 510 and the comparatives as required by ISA (UK and Ireland) 710, particularly if this is the first year of audit by the firm or the first year of application of new UK GAAP or IFRS. Ensure that this assessment covers any accounting estimates made in the prior period.			
8. If the firm were not the auditors in the previous year, has consideration been given to requesting access to the previous auditor's working papers? If these are requested, the findings of the review must be documented. If it is decided not to request access, the rationale for this decision should be carefully explained, along with a detailed description as to how the adequacy of the opening balances and the other requirements of ISA 510 will be complied with and how an understanding of the business, as required by ISA 315 will be achieved.			
9. In respect of the application of new UK GAAP or IFRS ensure that the actual transition process includes <ul style="list-style-type: none"> ➤ Preparation of an opening balance sheet with an explanation for each adjustment to opening equity; ➤ Identification, to the extent practicable, of any adjustments to opening equity that are due to errors under previous GAAP and separation of these from transitional arrangements; ➤ Preparation of the figures for the comparative balance sheet date; ➤ Preparation of the figures for the comparative period; and ➤ Preparing the first new UK GAAP or IFRS financial statements. 			

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Issue	Ref.	Comment	Initial and date
10. Where any service organisations have been used ensure that the requirements of ISA (UK and Ireland) 402 have been followed.			
11. If expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate audit evidence consider whether to use the work of an auditor's expert. Ensure that the requirements of ISA 620 (UK and Ireland) are followed.			
12. Confirm that the team and experts who will be used have the competence and capability to complete the assignment.			
13. Ensure that an audit planning letter has been sent to the client.			
14. If an engagement quality control review is required ensure that an appropriately qualified individual has been appointed to do it.			
15. Confirm that a bank confirmation letter has been received.			

Conclusion

Prepared by _____ Date _____

Reviewed by _____ Date _____

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D **POST BALANCE SHEET EVENTS AND GOING CONCERN**

- [1](#) Approach summary
- [2](#) Lead schedule
- [3](#) Post balance sheet events review
- [4](#) Going concern review

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Completed by:	Date:	Ref: D1
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POST BALANCE SHEET EVENTS AND GOING CONCERN – APPROACH SUMMARY

Assertion	Substantive procedures	Tests of operational effectiveness of controls π	Sample size
Existence			
Rights and obligations (ownership)			
Occurrence			
Completeness			
Accuracy			
Valuation and allocation			
Cut off			
Classification and understandability			

π It is mandatory to test the operational effectiveness of controls over areas of significant risk in those cases where substantive tests alone are not enough. In other areas it may be possible to use it to reduce sample sizes.

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POST BALANCE SHEET EVENTS AND GOING CONCERN – APPROACH SUMMARY continued

Planning conclusion:

Risk:	Low	Medium	High
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Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

Final conclusion:

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

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Completed by:	Date:	Ref: D3
Reviewed by:	Date:	

WORKING PAPER – POST BALANCE SHEET EVENTS

	Reference
<p>Test objective:</p> <p>To ensure that all potential post balance sheet events have been considered and adequate disclosure/adjustment made where necessary, covering the period up to the date that the audit report is signed</p>	
<p>Work performed:</p> <ol style="list-style-type: none"> 1. Consider the assessments of risk and materiality performed at the planning stage, and document the impact of any changes in these assessments due to evidence coming to light since the planning was performed. 2. Review the following information to ensure that nothing has occurred since the year end which should be disclosed or provided for: <ol style="list-style-type: none"> (a) management accounts; (b) cash book, invoices and bank statements; (c) correspondence; (d) minutes of meetings; (e) major contracts; and (f) any other relevant documents. 3. Discuss with management any issues that have come to light and ensure that all material items have been identified. Record your discussions. 4. Follow up on specific issues identified when the main audit work was done, for example the recovery of debtors. 5. Consider whether the results of the review would impact on the assessment of risk and materiality. 6. Update the review to the date that the audit report is signed. 7. If any significant matters arise after the audit report has been signed off, follow the procedures set out in ISA (UK and Ireland) 560. 	
<p>Risk:</p>	

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Completed by:	Date:	Ref: D3
Reviewed by:	Date:	

WORKING PAPER – POST BALANCE SHEET EVENTS continued

	Reference
Summary and evaluation of results	
Conclusion (include comment on impact on report where necessary)	
Final post balance sheet events review conclusion	

Client:	Year/Period End:	Ref:
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Completed by:	Date:	Ref: D4
Reviewed by:	Date:	

WORKING PAPER – GOING CONCERN

	Reference
<p>Test objective:</p> <p>To ensure that adequate consideration has been given to the entity's ability to continue as a going concern, and that adequate disclosure has been made in the accounts where necessary</p>	
<p>Work performed:</p> <ol style="list-style-type: none"> 1. Consider the assessments of risk and materiality performed at the planning stage, and document the impact of any changes in these assessments due to evidence coming to light since the planning was performed. 2. Consider and record whether there are any issues of concern in respect of going concern, paying particular attention to the following (refer to the details in ISA (UK and Ireland) 570): <ul style="list-style-type: none"> • financial issues, for example, losses or liquidity problems • operational issues, for example, loss of key management or key customers or suppliers • other issues, for example, litigation. 3. Consider the requirements of APB Bulletins 2008/1, 2008/10 and the FRC Update on Going Concern for Smaller Companies and assess whether current market conditions give rise to an increased risk of material mis-statement of the accounts and in particular whether there are events or conditions and related business risks which may cast significant doubt on the entity's ability to continue as a going concern. 4. Review, in conjunction with the directors, the information available for the twelve months after the accounts are being approved and consider if the going concern basis is still appropriate at the end of this period. 5. Make enquiries from management as to its knowledge of events or conditions beyond this period. 6. Evaluate management's assessment of the entity's ability to continue as a going concern including their plans for future action. 7. If any events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the following additional procedures must be performed <ul style="list-style-type: none"> • Obtain cash flow and profit forecasts and consider their impact. Assess the reasonableness of the forecasts and their underlying assumptions • Document clearly why you believe the going concern concept is still appropriate in these circumstances • Consider whether any additional facts or information have become available since the date on which management made its assessment. 	

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Completed by:	Date:	Ref: D4
Reviewed by:	Date:	

WORKING PAPER – GOING CONCERN

	Reference
<p>8. If the company is dependent upon the support of a related party or third party, ensure that a formal legal agreement is in place confirming this support. A letter of support on its own is not enough.</p> <p>9. Consider the ability of the related party or third party to provide this support. Ensure this consideration covers a review of their financial statements and other relevant records such as projections and forecasts, management accounts etc.</p> <p>10. Consider the intentions of the related party or third party to provide this support. Ensure that this consideration covers a review of business plans, past history and any other relevant information which supports a definitive commitment.</p> <p>11. Consider, where applicable, whether there is adequate disclosure in respect of:</p> <ul style="list-style-type: none"> • The period that has been considered in respect of going concern • The directors' plans and their reasons for believing that the entity is a going concern. <p>12. If the going concern basis is appropriate assess the impact of any issues recorded on the audit report.</p> <p>13. Where the going concern basis is not appropriate, consider whether the necessary adjustments and disclosures have been made and document the impact on the audit report.</p>	
Risk:	
Summary and evaluation of results	
Conclusion (include comment on impact on report where necessary)	

Client:	Year/Period End:	Ref:
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Completed by:	Date:	Ref: D4
Reviewed by:	Date:	

WORKING PAPER – GOING CONCERN

Final Going Concern Review Conclusion	
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