

MENTAL HEALTH REGION 2018 Audit Programs

June 30, 2018

AUDIT STRATEGY
RISK ASSESSMENT

IV. RESPONSE TO RISKS

The way the auditor responds to the risks identified during the risk assessment process depends on the nature and significance of the risks identified and on the Region's programs and controls to address such risks. The auditor should take into account the various risk assessment procedures performed, including preliminary analytical procedures, brainstorming session, information obtained about the Region and its environment, including internal controls, fraud risk considerations and any other sources providing information about relevant risks. Auditors respond to the results of the risk assessment in three ways: (1) an overall response as to how the audit is conducted, (2) specific responses involving modification of the nature, timing, and extent of procedures to be performed and (3) responses to further address the fraud risk of management override of controls.

1. Overall response to financial statement risks – Describe overall risks at the financial statement level that may affect many assertions and the planned response to identified risks. Examples of overall risks include weaknesses in the control environment, changes in management and motivation by management to fraudulently misstate the financial statements, etc. Appropriate responses may include: (1) assignment of personnel and supervision, (2) scrutiny of management's selection and application of significant accounting principles and (3) including an element of unpredictability in audit procedures and tests.

2. Specific responses to risks – If any risks are considered significant, the risk and the auditor's response to the risk should be included in the risk assessment summary form. For less significant risks, describe your specific responses, if any, to identified risks, including modification of the nature, timing and extent of audit procedures.

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3. Response to address management override of controls – Because management override of controls can occur in unpredictable ways, the risk of management override of controls is always an identified fraud risk and the auditor is required to perform certain specified procedures to respond to such risk. These procedures relate to (1) examining journal entries and other adjustments, (2) reviewing accounting estimates for biases and (3) evaluating the business rationale for significant unusual transactions.

See audit program step B in audit program section Trial Balance

See audit program steps Q and S in audit program section Completion of Audit

Incharge	_____	Date	_____
Manager	_____	Date	_____
Independent Reviewer	_____	Date	_____