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CHAPTER 2 300-499 RISK ASSESSMENT & RESPONSE TO ASSESSED RISKS

SA-300 PLANNING AN AUDIT OF FINANCIAL STATEMENTS

OBJECTIVE OF SA 300

The objective of the auditor is to plan the audit so that it will be performed in an effective manner.

INVOLVEMENT OF KEY ENGAGEMENT TEAM MEMBERS

The engagement partner (EP) and other **key members** of the engagement team shall be involved in planning the audit.

PRELIMINARY ENGAGEMENT ACTIVITIES

The auditor shall undertake the following activities at the beginning of the current audit engagement:

a) **performing procedures** required by **SA 220** regarding continuance of client relationship;
b) **Evaluating compliance** with ethical requirements, independence, required by SA 220;
c) Establishing an understanding of the terms of the engagement, as required by SA 210.

PLANNING ACTIVITIES

1. The auditor shall establish an '**overall audit strategy'** that sets the scope, timing & direction of audit that guides the development of the audit plan.
2. In establishing the overall audit strategy, the auditor shall:
   a) Identify the **characteristics** of the engagement that define its scope;
   b) Ascertain the **reporting objectives** of the engagement to plan the timing of the audit and the nature of the communications required;
   c) Consider the **factors** that are **significant** in directing the engagement team's efforts;
   d) Consider the **results** of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the EP for the entity is relevant; and
   e) Ascertain the **NTE** of procedures.
3. The auditor shall develop an "Audit Plan" that shall include a description of:
   a) The NTE of **planned risk assessment procedures**, as determined under SA 315.
   b) The NTE of planned **further audit procedures** at the assertion level, as determined under SA 330.
   c) **Other planned audit procedures** that are required to be carried out so that the engagement complies with SAs.
4. The auditor shall **update and change** the overall audit strategy and the audit plan as necessary during the course of the audit.
5. He shall plan the NTE of direction and supervision of engagement team members & the review of their work.

DOCUMENTATION

The auditor shall document:

1. The overall **audit strategy**;
2. The **audit plan**; and
3. Any **significant changes** made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.

ADDITIONAL CONSIDERATIONS IN INITIAL AUDIT ENGAGEMENTS

The auditor shall undertake the following activities prior to starting an initial audit:

1. **Performing procedures** required by **SA 220** regarding the acceptance of the client relationship and the specific audit engagement; and
2. **Communicating** with the **predecessor auditor**, where there has been a change of auditors, in compliance with relevant ethical requirements.

OBJECTIVE OF SA 315

- The auditor should identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels.
- He should understand the entity and its environment, including the entity's internal control.
- Thus, he can design and implement responses to the assessed risks of material misstatement.
- This will help the auditor to reduce the risk of material misstatement to an acceptably low level.

RISK ASSESSMENT PROCEDURES AND RELATED ACTIVITIES

1. Risk assessment procedures by themselves, however, do not provide sufficient appropriate audit evidence on which to base the audit opinion.
2. The risk assessment **procedures** shall **include** the following:
   a. **Inquiries of management** and of others within the entity
   b. **Analytical procedures.**
   c. **Observation and inspection**.
3. The auditor shall consider whether information obtained from the auditor's client acceptance or continuance process is relevant to identifying risks of material misstatement.
4. Where engagement partner (EP) has performed **other engagements** for the entity, consider whether information obtained is relevant to identifying risks of material misstatement.
5. If auditor uses his **previous experience**, consider if changes have occurred since the previous audit.
6. The EP and other key engagement team members shall discuss the susceptibility of the entities FS to material misstatement.

THE REQUIRED UNDERSTANDING OF THE ENTITY AND ITS ENVIRONMENT, INCLUDING THE ENTITY'S INTERNAL CONTROL (CA Final RTP N 12)

1. The Entity and Its Environment
2. The Entity's Internal Control
3. Nature and Extent of the understanding of Relevant Controls
4. Components of Internal Control

1. The Entity and Its Environment:

The auditor shall obtain an understanding of:

a. Relevant industry, regulatory, and other **external factors**
b. The **nature of the entity** including:
   - its operations;
   - Its ownership and governance structures;
   - the types of investments;
   - the way that the entity is structured and how it is financed;
c. Entity's selection & application of **accounting policies**, including reasons for changes.
d. The **entity's objectives and strategies**, and those related business risks that may result in risks of material misstatement
e. The measurement and review of the entity's **financial performance.**

2. The Entity's Internal Control:

- The auditor shall obtain an **understanding** of IC relevant to the audit.
- Although most controls relevant to the audit are likely to relate to financial reporting, **not all controls** that relate to financial reporting are **relevant** to audit.

3. Nature and Extent of the understanding of Relevant Controls:

He will **evaluate the design of controls** and determine whether they have been **implemented.**

4. Components of Internal Control:

a) The Control Environment

b) The Entity's Risk Assessment Process
c) The Information System, Including the Related Business Processes, Relevant to Financial Reporting, And Communication
d) Control Activities Relevant To the Audit
e) Monitoring of Controls

a) The Control Environment:

The auditor shall evaluate whether:

- Management & TCWG has created & maintained culture of **honesty & ethical behavior**.
- The **strength** in the control environment provides an appropriate **foundation** for the other components of IC

b) The Entity's Risk Assessment Process:

- Consider if **entity has a process** for:
  - Identifying **business risks** relevant to financial reporting objectives;
  - Estimating the **significance** of the risks;
  - Assessing the likelihood of their **occurrence**; and
  - Deciding about **actions** to address those risks.
- If the entity has established **entity's risk assessment process**, the auditor shall obtain an understanding of it, and the results thereof.
- If the entity has **not established** such a process or as an ad hoc process, the auditor shall **discuss** with management whether **business risks** relevant to financial reporting objectives have been **identified** and how they have been addressed.

c) The Information System, Including the Related Business Processes, Relevant to Financial Reporting, And Communication:

- **The auditor shall obtain an understanding of the following areas:**
  - The **classes of transactions**
  - The **procedures** within both IT and manual systems, by which those transactions are initiated, recorded, processed and reported in the FS.
  - The related **accounting records**
  - **How** the **information system** captures events and conditions, other than transactions, that are significant to the FS.
  - The financial **reporting process**
  - **Controls** surrounding journal entries
- **The auditor shall obtain an understanding of:**
  - Communications between management & TCWG
  - External communications, such as those with regulatory authorities

d) Control Activities Relevant To the Audit:

- The Auditor shall obtain an **understanding of control** to assess the risks of material mis-statement at the assertion level & design further audit procedures.
- In understanding the entity's control activities the auditor shall obtain an **understanding of how** the entity has **responded to risks** arising from it.

e) Monitoring of Controls:

Obtain an understanding of the:

- **activities** that the entity uses **to monitor** internal control over financial reporting, and
- **Sources of the information used** in entity are monitoring activities and their reliability.

IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

1. The auditor shall identify and assess the risks of material misstatement at:
   a. The **financial statement level**; and
   b. The **assertion level** for classes of transactions, account balances, and disclosures; to provide a basis for designing and performing further audit procedures.

   For this purpose, the auditor shall:
   a. Identify risks,
   b. Assess and evaluate the identified risks,
   c. Relate the identified risks to what can go wrong at the assertion level,

d. Consider the likelihood of misstatement.

2. **Risks that Require Special Audit Consideration:**

In exercising judgment as to which risks are significant risks, the auditor shall consider the **following:**

a. Whether the **risk** is a risk of **fraud**;
b. **Risk** is related to recent **significant** economic, accounting, or other **developments**;
c. The **complexity** of transactions;
d. Whether the risk involves **significant transactions** with **related parties**;
e. The **degree of subjectivity** in the measurement of financial information; and
f. Whether the risk involves significant **unusual transactions**.

3. **Risks for which Substantive Procedures alone Do Not Provide Sufficient Appropriate Audit Evidence:**

- Such risks may relate to the **inaccurate or incomplete recording** of routine and significant classes of transactions or account balances, the characteristics of which often permit **highly automated processing** with little or no manual intervention.
- In such cases, the **entity's controls over such risks** are relevant to the audit and the auditor shall obtain an understanding of them.

4. **Revision of Risk Assessment:**

- The auditor's assessment of the risks of material misstatement at the assertion level may **change** during the course of the audit as additional audit evidence is obtained.
- The auditor shall revise the assessment and **modify** the further planned **audit procedures** accordingly.

MATERIAL WEAKNESS IN INTERNAL CONTROL

1. The auditor shall **evaluate** whether, on the basis of the audit work performed, the auditor has identified a material weakness in the design, implementation or maintenance of internal control.
2. The auditor shall **communicate** material weaknesses in internal control identified during the audit on a timely basis to management at an appropriate level of responsibility, and, as required by **SA 260.**

DOCUMENTATION

The auditor shall document:

1. The **discussion** among the engagement team and the significant decisions reached;
2. Key elements of the **understanding** obtained regarding each of the aspects of the entity and its **environment**;
3. The **identified and assessed risks of material misstatement** at the financial statement level and at the assertion level; and
4. The **risks identified, and related controls** about which the auditor has obtained an understanding.

1. SA-320 (REVISED) MATERIALITY IN PLANNING AND PERFORMING AN AUDIT

OBJECTIVE OF SA 320

The objective of the auditor is to apply the concept of materiality appropriately in planning and performing the audit.

MATERIALITY IN THE CONTEXT OF AN AUDIT

1. **Financial Reporting Framework** (FRF) often discusses the concept of materiality in context of preparation and presentation of FS.
2. If the applicable FRF does not include a discussion of concept of materiality, the following characteristic determines it:
   a. **Misstatements**, including omissions, are material if they, individually or in aggregate, could be expected to influence the economic decisions of users taken on the basis of FS
   b. Judgments about materiality are made in the light of **surrounding circumstances**, and are affected by the **size or nature** of a misstatement,; and
   c. Judgments about matters that are material to users of the FS are based on a consideration of the **common financial information needs** of users as a group.
3. The auditor's determination of materiality is a matter of **professional judgment**, and is affected by the auditor's

perception of the financial information **needs of users** of the FS.

4. In planning the audit, the auditor makes judgments about the **size of misstatements** that will be considered material. These judgments provide a basis for:
   a. Determining the nature, timing and extent of **risk assessment procedures**;
   b. Identifying and assessing the **risks** of material misstatement; and
   c. Determining the nature, timing and extent of **further audit procedures**.
5. Auditor considers not only the size but also the **nature** of uncorrected misstatements, when evaluating their effect on the FS.

PERFORMANCE MATERIALITY

1. It means the amount or amounts set by the auditor **at less than materiality for the FS as a whole** to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the FS as a whole.
2. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels **for particular classes of transactions,** account balances or disclosures.

DETERMINING MATERIALITY AND PERFORMANCE MATERIALITY WHEN PLANNING THE AUDIT

1. When establishing the overall audit strategy, the auditor shall determine **materiality for the FS as a whole.**
2. If, there is **one or more particular item** for which misstatements of **lesser amounts** than the materiality for the FS as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the FS, the auditor shall also determine the **materiality level** or levels to be applied to those particular items.
3. The auditor shall **determine performance materiality** for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

REVISION AS THE AUDIT PROGRESSES

1. The auditor shall **revise materiality** for the FS as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.
2. If the auditor concludes that a **lower materiality** for the FS as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures) than that initially determined is appropriate, the auditor shall determine whether it is necessary to **revise performance materiality**, and whether the nature, timing and extent of the further audit procedures remain appropriate.

DOCUMENTATION

The audit documentation shall include the following amounts and the **factors** considered in their determination:

a) **Materiality** for the FS as a **whole;**
b) If applicable, the **materiality level** or levels for **particular classes** of transactions, account balances or disclosures;
c) **Performance materiality**; and
d) Any **revision** of (a)-(c) as the audit progressed.

1. SA-330 THE AUDITOR'S RESPONSES TO ASSESSED RISKS

OBJECTIVE OF SA 330

The objective of the auditor is to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks.

OVERALL RESPONSES

The auditor shall **design and implement** overall responses to address the assessed risks of material misstatement at the FS level.

AUDIT PROCEDURES RESPONSIVE TO THE ASSESSED RISKS OF MATERIAL MISSTATEMENT AT THE ASSERTION LEVEL

1. Further Audit Procedures
2. Tests of Controls
3. Timing of Tests of Controls
4. Using Audit Evidence Obtained During an Interim Period
5. Using Audit Evidence Obtained In Previous Audits
6. Controls Over Significant Risks
7. Evaluating the Operating Effectiveness of Controls

1. Further Audit Procedures:

- The auditor shall **design and perform** further audit procedures whose nature, timing & extent are based on and are responsive to the assessed risks of material misstatement at the assertion level.
- In designing the further audit procedures to be performed. The auditor shall:
  - **Consider** the likelihood of material misstatement due to the particular characteristics of relevant **class of transactions**, account balance, or disclosure (i.e., the inherent risk); and whether the risk assessment takes into account the relevant controls (i.e., the control risk)
  - **Obtain more persuasive audit evidence**, the higher the auditor's assessment of risk.

2. Tests of Controls:

The auditor shall design and perform tests of controls when:

- He expects that the controls are **operating** effectively, or.
- **Substantive procedures alone cannot provide** sufficient appropriate **audit evidence** at the assertion level.

3. Timing of Tests of Controls:

The auditor shall test controls for the particular time, or throughout the period.

4. Using Audit Evidence Obtained During an Interim Period:

When the auditor obtains audit evidence about the operating effectiveness of controls during an interim period, the auditor shall:

- Consider **significant changes** to those controls; and
- Determine the **additional audit evidence** to be obtained for the remaining period.

5. Using Audit Evidence Obtained In Previous Audits:

He shall establish the continuing relevance of that evidence by obtaining audit evidence about whether **significant changes in those controls** have occurred subsequent to the previous audit.

- If there have been changes, the auditor shall **test the controls** in the current audit.
- If there have **not** been such changes, the auditor shall **test the controls at least once in every third audit**, and shall **test some controls each audit.**

6. Controls Over Significant Risks:

When the auditor plans to rely on controls over a significant risk, the auditor shall **test** those controls in the current period.

7. Evaluating the Operating Effectiveness of Controls:

- Auditor should consider whether **misstatements** that have been detected **indicate** that **controls** are **not operating** effectively.
- Even if there are no identified misstatements, controls may not be effective.
- The auditor shall **communicate** material weaknesses in internal control identified during the audit on a timely basis to management at an appropriate level and TCWG.

SUBSTANTIVE PROCEDURES

1. Irrespective of the assessed risks of material misstatement, the auditor shall **design and perform** substantive procedures **for each material class** of transactions, account balance, and disclosure.
2. **Substantive Procedures Related to the FS Closing Process:**

   The auditor's substantive procedures shall include:

   - Agreeing or **reconciling** the FS with the underlying accounting records;

- **Examining material journal entries** and other adjustments made during the course of preparing the FS.

3. **Substantive Procedures Responsive to Significant Risks:**
   When the auditor has determined a significant risk, the auditor shall perform substantive procedures that are specifically responsive to that risk.
4. **Timing of Substantive Procedures:**
   When substantive procedures are performed at an interim date, the auditor shall cover the remaining period.

ADEQUACY OF PRESENTATION AND DISCLOSURE

The auditor shall perform audit procedures to evaluate whether the overall presentation of the FS, including the related disclosures, is in accordance with the **applicable FRF**.

EVALUATING THE SUFFICIENCY AND APPROPRIATENESS OF AUDIT EVIDENCE

1. The auditor shall conclude whether sufficient appropriate audit evidence has been obtained, in forming an opinion, the auditor shall consider all relevant audit evidence.
2. If the auditor has **not obtained** sufficient appropriate audit evidence as to a material FS assertion, try to obtain **further audit evidence**.
3. If the auditor is **unable** to obtain sufficient appropriate audit evidence, the auditor shall express a **qualified opinion or a disclaimer of opinion.**

DOCUMENTATION

1. The auditor shall document:
   a. The overall responses to **address assessed risks** of material misstatement at FS level;
   b. The **linkage** of those procedures with the **assessed risks** at the assertion level; and
   c. **Results** of the audit procedures.
2. If he uses audit evidence about the operating effectiveness of controls obtained in **previous audits**, the auditor shall **document the conclusions** reached about relying on such controls that were tested in a previous audit.
3. The auditors' documentation shall demonstrate that the FS **agree or reconcile** with the underlying accounting records.

1. SA-402 (Revised) AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A SERVICE ORGANISATION

OBJECTIVE OF SA 402

The objectives of the user auditor, when the user entity uses the services of a service organization, are:

1. To obtain an understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement; and
2. To design and perform audit procedures responsive to those risks.

OBTAINING AN UNDERSTANDING OF THE SERVICES PROVIDED BY A SERVICE ORGANIZATION, INCLUDING IC

1. When obtaining an understanding of the user entity in accordance with SA 315, the user auditor shall obtain an **understanding of how a user entity uses the services** of a service organization in the user entity's operations, including:
   a. The **nature of the services** provided by the service organization and the **significance** of those services to the user entity.
   b. The **nature and materiality** of the **transactions processed** or accounts or financial reporting processes affected by the service organization;
   c. The **degree of interaction** between the activities of the service organization and those of the user entity; and
   d. The **nature of the relationship** between the user entity and the service organization, including the relevant contractual terms.

2. The user auditor shall **evaluate** the design and implementation of **relevant controls at the user entity** that relate to the services provided by the service organization.
3. The user auditor shall determine whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained.
4. If the user auditor is unable to obtain a sufficient understanding from the user entity, the user auditor shall obtain that understanding from one or more of the **following procedures**:
    a. Obtaining a **Type 1 or Type 2 report**, if available;
    b. **Contacting the service org** through the user entity to obtain specific information;
    c. **Visiting** the service org and performing procedures; or
    d. **Using another auditor** to perform procedures that will provide the necessary information about the relevant controls at the service organization.

USING A TYPE 1 OR TYPE 2 REPORT TO SUPPORT THE USER AUDITOR'S UNDERSTANDING OF THE SERVICE ORGANIZATION

In determining the sufficiency and appropriateness of the audit evidence provided by Type 1 or Type 2 report, the user auditor shall be satisfied as to:

a. The service auditor's **professional competence** (except where the service auditor is a member of the ICAI) and independence from the service organization; and
b. The **adequacy of the standards** under which the Type 1 or Type 2 report was issued.

RESPONDING TO THE ASSESSED RISKS OF MATERIAL MISSTATEMENT

In responding to assessed risks in accordance with SA 330, the user auditor shall:

a. Determine whether sufficient appropriate **audit evidence** concerning the relevant FS assertions is available from **records** held at the user entity; and, if not,
b. Perform **further audit procedures** to obtain sufficient appropriate audit evidence or use another auditor to perform those procedures at the service organization on the user auditor's behalf.

TESTS OF CONTROLS

When the user auditor's risk assessment includes an expectation that controls at the service organization are operating effectively; the user auditor shall obtain audit evidence about the operating effectiveness of those controls from one or more of the following procedures:

a. **Obtaining a Type 2 report**, if available;
b. **Performing** appropriate **tests of controls** at the service organization; or
c. **Using another auditor** to perform tests of controls at the service organization on behalf of the user auditor.

TYPE 1 AND TYPE 2 REPORTS THAT EXCLUDE THE SERVICES OF A SUBSERVICE ORGANIZATION

If user auditor **plans to use** a Type 1 or a Type 2 **report** that **excludes** the services provided by a subservice organization and those services are **relevant** to the audit of the user entity's FS, the user auditor **shall apply the requirements of this SA** with respect to the services provided by the subservice organization also.

FRAUD, NON- COMPLIANCE WITH LAWS AND REGULATIONS AND UNCORRECTED MISSTATEMENTS IN RELATION TO ACTIVITIES AT THE SERVICE ORGANIZATION

1. The user auditor shall **inquire of management of the user entity** whether the service organization has reported to the user entity, or whether the user entity is otherwise aware of, any fraud, noncompliance with laws and regulations or uncorrected misstatements affecting the FS of the user entity.
2. The user auditor shall **evaluate** how such matters affect the nature, timing and extent of the **user auditor's further audit procedures**, including the **effect** on the user auditor's conclusions and user auditor's report.

REPORTING BY THE USER AUDITOR

1. The user auditor shall **modify the opinion** in user auditor's report, if user auditor is **unable to obtain** sufficient appropriate audit evidence regarding the services provided by the service organization.
2. The user auditor shall **not refer to the work of a service auditor** in user auditor's report containing an unmodified opinion.
3. If **reference** to the work of a service auditor is **relevant** to an understanding of a modification to the user auditor's opinion; the user auditor's report shall **indicate** that such reference does **not diminish** the **user auditor's responsibility** for that opinion.

2. SA-450 EVALUATION OF MISSTATEMENTS IDENTIFIED DURING THE AUDIT

OBJECTIVE OF SA 450

The objective of the auditor is to evaluate:

I. The effect of identified misstatements on the audit; and
II. The effect of uncorrected misstatements, if any, on the FS

ACCUMULATION OF IDENTIFIED MISSTATEMENTS

The auditor shall **accumulate** misstatements identified during the audit, **other than** those that are **clearly trivial.**

CONSIDERATION OF IDENTIFIED MISSTATEMENTS AS THE AUDIT PROGRESSES

The auditor shall determine whether the **overall audit strategy and audit plan** need to be **revised** if:

1. The nature of identified misstatements and the circumstances of their occurrence indicate that **other misstatements may exist** that, when aggregated with misstatements accumulated during the audit, could be material; or
2. The **aggregate of misstatements** accumulated during the audit approaches **materiality.**
3. If, at the auditor's request, management has examined a class of transactions, account balance or disclosure and corrected misstatements that were detected, the auditor shall **perform additional audit procedures** to determine whether misstatements remain.

COMMUNICATION AND CORRECTION OF MISSTATEMENTS

1. The auditor shall communicate on a timely basis all misstatements accumulated during the audit with the appropriate level of management, **unless prohibited by law** or regulation.
2. The auditor shall **request** management to correct those misstatements.
3. If management **refuses to correct** some or all of the misstatements communicated by the auditor, the auditor shall obtain an **understanding of management's reasons** for not making the corrections.

EVALUATING THE EFFECT OF UNCORRECTED MISSTATEMENTS

1. Prior to evaluating the effect of uncorrected misstatements, the auditor shall **reassess materiality** determined in accordance with SA 320 (Revised) to confirm whether it remains appropriate in the context of the entity's actual financial results.
2. The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate.
3. In making this detestation, the auditor shall consider:
   a. The **size and nature** of the misstatements and the FS as a whole; and
   b. The **effect** of uncorrected misstatements related to prior periods on the relevant and the FS as a whole.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

1. The auditor shall communicate with those charged with governance uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor's report, unless prohibited by law or regulation.
2. The auditor's communication shall **identify** material uncorrected misstatements **individually**.
3. The auditor shall request that uncorrected misstatements be corrected.
4. The auditor shall also **communicate** with those charged with governance the **effect** of uncorrected misstatements related to prior periods.

Written Representation

1. The auditor shall request a **written representation** from management and, where appropriate, those charged with governance whether they believe the **effects of uncorrected misstatements are immaterial**, individually and in aggregate, to the FS as a whole.
2. A **summary** of such items shall be included in or attached to the written representation.

DOCUMENTATION

The audit documentation shall include:

a. The **amount below which** misstatements would be regarded as clearly trivial.
b. **All** misstatements **accumulated** during the audit & whether they have been corrected;
c. The auditor's **conclusion** as to whether uncorrected misstatements are **material**, individually or in aggregate and the basis for that conclusion.