



False Assurance – commentary version

Please note: Some of these questions are aimed at partner level staff. To make them more relevant for junior members of your team, you may prefer to tweak some of the questions to focus on the more junior members of staff shown in the film.

PART 1

- Based on your observations about the valuation of the technology asset, identify as a group the considerations that would affect:
 - how the technology would be valued, and
 - any initial audit concerns.
- Based on your observations about the how the Audit and Risk Committee is operating – do you think it is an effective body? Why?
- What do you think of the performance of the audit partner?
 - What questions would you have asked had you been the audit partner?
 - What would you have done differently?
- What are your thoughts on the quality of the board discussion on cybersecurity?
- From an audit perspective which pieces of information would have had most impact on your audit strategy and how would it have changed?
- Was it a sensible proposal by TYSL Accountants to replace Patrick Lyons with his protégé, Sarah Hancock?
- What are the benefits and risks of such a proposal – does it make any difference if Sarah has been on the engagement before?

PART 2

- Has Sarah made sufficient enquiries to gain assurance regarding the Premintel issue given the immateriality of that supplier to D-Merton's business?
- How did Sarah handle the meeting? What would you have done differently?
- What steps should Sarah have taken in relation to the review of the Premintel reports?
- Was Sarah justified in bringing in an auditor's expert?
 - Are auditor's experts used often enough to assist with auditors' determination of value?
 - Would you have done anything any differently?
- What concerns do you have about the threats to Sarah Hancock's independence?
- How would you evaluate these threats and what safeguards should be considered?
- If you were Sarah, how would you have involved an EQCR?

- Based on everything you have seen in the film so far, what potential RMMs would you have expected the team to cover in the engagement team discussion?
 - How would you have conducted the ETD differently?
 - What would have made this ETD more effective?

PART 3

- What key audit matters would you have identified as part of the ISA 701 requirements?
- What would you change in terms of your audit approach based on what you know now?
- How could the S1D cancellations affect the company's financial position and the year-end audit plan? How does it affect the value of the company's technology?
- What audit plan would be put in place in relation to the over-running IT project?
- Do you agree with Joe Russell that he has received sufficient assurance from Kris regarding the external contractor doing the work on the IT project?
 - Should the Premintel non-issue have made Joe / Sam think twice about raising another potential issue?
- What do you think about Sam going out on her own to the industrial estate in her own time? Should she have raised her concern with Sarah or Joe before doing this?
 - Is there a health and safety issue here?
- Once Sarah has been appraised by Sam of her visit to the supplier's premises, what should she have done, who should she have consulted with and who should she be sharing her new information with at the company?
 - Was it sensible to share this information with Alex Frayn?
 - What other checks should she have started to put in motion?
- What work should the auditors be doing in their audit plan in relation to the investigation?

PART 4

- If you were Sarah, what would you do next?