


# The Overall Audit Strategy and the Audit Plan

Mr. Samira Anthony

## The audit strategy

The overall audit strategy sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan. The matters the auditor may consider in establishing an overall audit strategy are set out in the table below.

<p><b>Characteristics of the engagement</b></p>	<ul style="list-style-type: none"> <li>• Financial reporting framework</li> <li>• Industry-specific reporting requirements</li> <li>• Expected audit coverage</li> <li>• Nature of business segments</li> <li>• Availability of internal audit work</li> <li>• Use of service organizations</li> <li>• Effect of information technology on audit procedures</li> <li>• Availability of client personnel and data</li> </ul>
<p><b>Reporting objectives, timing of the audit and nature of communications</b></p>	<ul style="list-style-type: none"> <li>• Entity's timetable for reporting</li> <li>• Organization of meetings with management and those charged with governance</li> <li>• Discussions with management and those charged with governance</li> <li>• Expected communications with third parties</li> </ul>
<p><b>Significant factors, preliminary engagement activities, and knowledge gained on other engagements</b></p> 	<ul style="list-style-type: none"> <li>• Determination of materiality</li> <li>• Areas identified with higher risk of material misstatement</li> <li>• Results of previous audits</li> <li>• Need to maintain professional skepticism</li> <li>• Evidence of management's commitment to design, implementation and maintenance of sound internal control</li> <li>• Volumes of transactions</li> <li>• Significant business developments</li> <li>• Significant industry developments</li> <li>• Significant changes in financial reporting framework</li> <li>• Other significant recent developments</li> </ul>
<p><b>Nature, timing and extent of resources</b></p>	<ul style="list-style-type: none"> <li>• Selection of engagement team</li> <li>• Assignment of work to team members</li> <li>• Engagement budgeting</li> </ul>