

# AUDITWATCH TRAINING SOLUTIONS

## PPC METHODOLOGY ESSENTIALS

POWERED BY AUDITWATCH

This course provides practical guidance from AuditWatch's expert consultants on how to conduct efficient and effective audits using PPC's *Guide to Audits of Nonpublic Companies*. The course highlights the latest implementation guidance from standard setters and best practices using the current PPC practice aids.

Major topics include: risk assessment, formulating the audit strategy, audit planning, evaluating and testing internal controls, designing and performing further audit procedures, audit sampling, wrapping up the engagement, and documentation.

**REQUIRED KNOWLEDGE AND EXPERIENCE:** Basic audit knowledge and experience

**COURSE TYPE:** Seminar

**COURSE LENGTH:** 8 hours onsite or webinar

**ADVANCED PREP:** None

**RECOMMENDED CPE CREDIT:** 8 hrs.

**COURSE LEVEL:** Intermediate

**FIELDS OF STUDY:** Auditing

### MAJOR TOPICS AND LEARNING OBJECTIVES:

#### PPC Methodology Essentials by AuditWatch

This 4-part series provides practical guidance from AuditWatch's expert consultants on how to conduct efficient and effective audits of small businesses using PPC's *Guide to Audits of Non-public Companies*. Specifically, we will discuss best practices in the following areas:

- Understanding the entity and its environment
- Assessing the design effectiveness and verifying the implementation of key controls within the significant classes of transactions
- Using our understanding of the entity and its environment, including internal controls, to better identify and document potential material risks
- Assessing inherent and control risks to derive risks of material misstatement for the relevant assertions on the current year engagement
- Developing more effective and efficient audit in order to reduce risk of material misstatement to an acceptably low level:
  - Testing the operating effectiveness of key controls
  - Developing effective and efficient analytical procedures
  - Choosing items for tests of details (sampling, scoping)

#### PPC Methodology Essentials Part 1: Introduction and Planning your Engagements (2 hours)

- Describe the flow of the PPC methodology
- List steps for client acceptance and continuance
- Explain PPC form 1.1
- Describe the PPC approach for materiality
- Explain PPC Form 2.1
- List best practices for calculating and documenting materiality

## **PPC Methodology Essentials Part 2: Understanding the Entity and Internal Controls (2 hours)**

- List steps to gain an understanding of the entity and its environment
- Identify risks of material misstatement while gaining an understanding of the entity and its environment
- Explain PPC Form 3.1
- Effectively and efficiently gain an understanding of internal controls
- Explain PPC forms 4.1, 4.2.1, 4.2.2, 4.3.1 and 4.3.2
- List best practices for understanding the entity and its environment and internal controls

## **PPC Methodology Essentials Part 3: Risk Assessment and Testing Internal Controls (2 hours)**

- Document the team's assessment of risks of material misstatements
- Explain PPC form 7.1
- List best practices for documenting risks
- Determine when and how to test operating effectiveness of controls
- Explain PPC forms 10.1 and 10.2
- List best practices for testing internal controls

## **PPC Methodology Essentials Part 4: Further Audit Procedures and Wrapping-up the Engagement (2 hours)**

- Describe common audit approaches when performing further audit procedures
- Explain PPC form CX-8
- List best practices in performing scoping and sampling
- List the requirements for substantive analytical procedures
- List best practices in performing analytical procedures
- Explain PPC forms 9.1 and 9.2
- Evaluate misstatements and perform required responses
- Explain PPC form 12.2
- List best practices in wrapping up an engagement