

JAZZIT PEG AUDIT – MARCH 31, 2023 FRF UPDATE

The Jazzit financial reporting framework (FRF) checklists have been updated for the 2023 spring CPA Canada revisions. These modules are dated March 31, 2023 in your Audit checklist Resource Centre.

You must have *CaseWare Working papers 2022 or higher* installed if you wish to update the PEG Audit Resource Centre and Master file.

ENHANCEMENTS

FRF973 WORKSHEET FRF – COMBINATIONS BY NOT-FOR-PROFIT ORGANIZATIONS

✓ A new FRF checklist has been added to the financial reporting frameworks folder.

<ul style="list-style-type: none"> ▼ Audit engagements <ul style="list-style-type: none"> MAP The PEG 12-step audit approach CAAMAP 000 List of core audit forms CAA000 001 Audit file index — [Sample] CAA001 100 Report transmittal CAA100 > 300-399 Completion documents > 400-499 Planning > 500-599 Risk assessment > 600-699 Response to assessed risk > A-Z Audit engagement procedures - assets > AA-ZZ Audit engagement procedures - liabilities & equity > 700-799 Audit plans and procedures - income statement ▼ 900-999 Financial reporting frameworks <ul style="list-style-type: none"> FRF 001 Index — Financial reporting framework CAAFF001 FRF 905 FRF — ASPE — Read this first CAAFF905 FRF 906 FRF — ASPE — General CAAFF906 FRF 907 Worksheet FRF — First-time adoption of ASPE CAAFF907 FRF 908 Worksheet FRF — ASPE — Income taxes CAAFF908 FRF 909 Worksheet FRF — ASPE — Long-term investments CAAFF909 FRF 910 Worksheet FRF — ASPE — Leases CAAFF910 FRF 911 Worksheet FRF — ASPE — Goodwill and intangible assets CAAFF911 FRF 912 Worksheet FRF — ASPE — Employee future benefits CAAFF912 FRF 913 Worksheet FRF — ASPE — Supplementary CAAFF913 FRF 914 Worksheet FRF — ASPE — Agriculture CAAFF914 FRF 971 Worksheet FRF — First-time adoption of ASNPO CAAFF971 FRF 972 Worksheet FRF — ASNPO CAAFF972 FRF 973 Worksheet FRF — Combinations by not-for-profit organizations CAAFF973 ▼ Not for profit

Notes for the preparer

Objective: To ensure the financial statement presentation and disclosure comply with the appropriate financial reporting framework.

Notes: This checklist addresses the presentation and disclosure requirements of the Accounting Standards for Not-for-Profit Organizations (ASNPO) for combinations of two or more not-for-profit organizations, effective for periods beginning on or after January 1, 2022. This checklist is not applicable to acquisitions of a for-profit entity by a not-for-profit organization (see Section 1582 in Part II of the *CPA Canada Handbook - Accounting* for presentation and disclosure requirements).

If the combination meets the criteria for a merger or is a combination of entities under common control, complete Part A. If the combination does not meet the criteria of a merger, it is accounted for as an acquisition; complete Part B.

520 RISK REGISTER - IDENTIFYING AND ASSESSING RISKS OF MATERIAL MISSTATEMENT

- Increased the maximum number of Part B identified RMMs from 50 to 100

PART B - Identify RMMs and assess inherent risk at the assertion level

Document the risks identified that relate to the assertion level and assess inherent risks, including significant risks

Risk Ref.	W/P ref. (Risk source)	Document the RMMs identified	SCOTABD impacted	Relevant F/S assertions (C, AV, E, P)	Document how, and the degree to which, the inherent risk factors and the F/S level risks documented above, affect susceptibility of the relevant F/S assertions to misstatement	Fraud risk (Y/N)	Assess inherent risk			Significant risk Y/N	Substantive procedures alone sufficient as audit evidence Y/N
							L	M	Assess IR		
R1											
R98											
R99											
R100											

550 UNDERSTANDING CONTROL ACTIVITIES

Updated the insert risk menu to support linking to up to 100 identified RMMs from Form 520 Part B.

590 WORKSHEET FRF – COMBINATIONS BY NOT-FOR-PROFIT ORGANIZATIONS

Updated the insert risk menu to support linking to up to 100 identified RMMs from Form 520 Part B.

The 590 now displays the Relevant FS Risk Assertion recorded in the 520.

520												590											
Risk Ref.	W/P ref. (Risk source)	Document the RMMs identified	SCOTABD impacted	Relevant F/S assertions (C, AV, E, P)	Document how, and the degree to which, the inherent risk factors and the F/S level risks documented above, affect susceptibility of the relevant F/S assertions to misstatement	Fraud risk (Y/N)	Assess Inherent risk			Significant risk (Form 520)	Inherent risk (Form 520)	Significant risk (Form 520)	PSA, Class of transactions, account balances and disclosures and summary of inherent risks (Form 520)	Current year's consolidated balance	Material (Quantitative or Qualitative)	Risk(s) reference (Form 520)	Inherent risk (Form 520)	Significant risk (Form 520)					
							L	M	Assess IR														
R6	\$13	Estimation of contingent lawsuit	Accounts payable and accrued liabilities	C, AV, P	covenants are close to being breached, management may have bias to overstate inventory balance.	N																	
R7	\$13	Estimation uncertainty of allowance for doubtful accounts	Accounts receivable	AV, P	Method to record allowance is not complex, data used is available and assumptions used are consistent with prior years. There is uncertainty related to collectability of receivables, but company has many years of historical information to support the method used.	N																	

A-Z CHECKLISTS AUDIT ENGAGEMENT PROCEDURES

- These checklists now display the description of the assessed risk in Part 2, no longer only the risk reference.

Part 2 - Planned response to assessed risks at the assertion level (Form 590)				
Summarize the significant assertion level risks (Form 590) that impact the audit work required for this particular financial statement area/disclosure plus any major changes from the previous period (or cross-reference to other working papers).				
Assertions (Completeness, Accuracy/Valuation, Existence, and Presentation)	C	AV	E	P
Assessed risks at the assertion level (Form 590) (i.e., "x" for relevant assertions, "o" for material only assertions)				
Risk(s) from 590: • R7 - Estimation uncertainty of allowance for doubtful accounts				
Indicate below (by checking each box that applies) the types of procedures (A to D) to be performed in response to the assessed risks at the assertion level.				
A. General procedures (including basic)				
B. Risk-specific procedures (significant risks, fraud, etc.)				

A-Z CHECKLISTS AUDIT ENGAGEMENT PROCEDURES

- In the Resource Centre copies of these checklists, the Y/N column in the Presentation area of Part 3 now includes a link to "Part 2 A – Presentation: General procedures".

PRESENTATION					
1. Classification	P			N/A	Resource Centre copy of the checklist Part 2 Basic > Part 2 Completeness > Part 2 Accuracy > Part 2 Existence > Part 2 Presentation > Remove link to Part 2 A - Presentation: General procedures Row >
Have the balances been appropriately classified, aggregated or disaggregated and characterized in accordance with the applicable financial reporting framework?					
2. Disclosures	P			N	Part 2 A - General procedures ✓ Part 2 B - Risk-specific procedures Part 2 C - Substantive analytical procedures Part 2 D - Sampling procedures
Do the notes to the financial statements include disclosures required by the applicable financial reporting framework? (See FRF 900 series of forms for additional guidance.)					

REVISIONS AND CORRECTIONS

501 ENGAGEMENT SCOPING - CLASSES OF TRANSACTIONS, ACCOUNT BALANCES AND DISCLOSURES

- ✓ Resolved an issue with a sort range in the Liabilities table.

511 UNDERSTANDING THE IT ENVIRONMENT

- ✓ Corrected issue presenting additional questions in Part B when Relevance set to “No”.

A.100 CASH — AUDIT PROCEDURES

- ✓ Resolved an issue causing incorrect Assertions being applied in the Presentation column.

436 TEAM PLANNING DISCUSSIONS

- ✓ Corrected duplicate wording in the Team Reminders section (Part B).

655 WORKSHEET — FINAL ANALYTICAL PROCEDURES

- ✓ Resolved issue preventing overrides being removed and a diagnostics issue.