

Risk Assessment Training Course

Risk assessment is at the core of every audit. However, the number of substandard engagements due to inappropriate risk assessment, shockingly, is believed to be north of 50%. If the core melts down, a substandard audit can result. And, a substandard audit most likely will lead to big trouble.

If auditors don't assess client risks, there is no basis for designing audit plans that respond to those risks. Regardless of the amount and type of substantive testing performed, auditors will have no way of knowing whether the procedures reduced audit risk to an appropriately low level.

In plain English, auditors cannot afford to get risk assessment wrong. Staff training in this pivotal area is an ounce of prevention that may prevent a pound of engagement remediation.



Training Course Outline

The CPEA's Risk Assessment training course refreshes and reinforces staff's skills in performing risk assessment procedures on audit engagements, especially audits of small-to medium-sized entities. Emphasizing common missteps and misconceptions, our training course enables staff to better identify, assess, and respond to risks, furthering successful and more efficient audits.

Key topics addressed in the training course include:

- **Avoiding common pitfalls.** The reasons for failure to comply with the risk assessment standards are covered. In addition, common misconceptions driving non-conformity with the standards are identified.
- **Audit risk model.** Auditors cannot properly apply the risk assessment standards if they don't understand the audit risk model. To that end, the course walks through a primer on the audit risk model, reinforcing what each element of the model means and how the audit risk model is used in designing the nature, timing, and extent of auditing procedures.

- **Identifying risks.** This segment of the course discusses how auditors navigate the process of identifying risks, including significant risks. Topics covered include:
 - Gaining an understanding of the client and the client’s internal control and what the standards require
 - Why COSO internal control principles and elements matter for small audit clients
 - Client with “no controls”
 - Common controls at small entities
 - Risks that require special audit consideration
- **Assessing risks.** The objectives of assessing risks are covered. Further, the calculation of and issues related to the risk of material misstatement are addressed.
- **Responding to risks.** Participants learn about the essential linkage between identified risks and planned responses. Performing substantive procedures without linking them to risk assessment is like throwing darts while blindfolded. Many auditors of smaller clients appear to be performing audits with little regard to the results of their risk assessment. This portion of the course emphasizes how auditors should respond to risks, including the impact of control testing.
- **Class exercise.** To facilitate a deeper comprehension of the risk assessment standards, a case study is used to show the application of proper risk assessment procedures in a typical small business audit.

Please email us at cpea@aicpa.org or call us at (334) 260-2326 to book your firm’s training today!

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