

Figure 1. Determining and Communicating Critical Audit Matters ("CAMs")

FACTORS THE AUDITOR SHOULD TAKE INTO Communicated or required to be **ACCOUNT IN DETERMINING CAMs:** communicated to the audit committee, and a. The auditor's assessment of the risks of material misstatement, including significant risks; b. The degree of auditor subjectivity in determining Relates to accounts or disclosures or applying audit procedures to address the that are material to the financial matter or in evaluating the results of those procedures: c. The nature and extent of audit effort required to address the matter, including the extent of specialized skill or knowledge needed or the nature of consultations outside the engagement team regarding the matter; d. The degree of auditor judgment related to areas in **Factors** the financial statements that involved the application of significant judgment or estimation by management, including estimates with significant measurement uncertainty: e. The nature and timing of significant unusual transactions and the extent of audit effort and judgment related to these transactions; and f. The nature of audit evidence obtained regarding the matter. COMMUNICATION REQUIREMENT **Not CAM** CAM a. Identify the critical audit matter; b. Describe the principal considerations that led the auditor to determine that the matter is a critical If there are no CAMs at Communicate CAMs in addressed in the audit; and all, include a statement in d. Refer to the relevant financial statement accounts and disclosures that relate to the critical audit there are no CAMs