



The audit of Small and Medium Sized Entities



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Summary

- ❑ The Audit of SMEs
- ❑ Presentation of the Pack SMEs



The audit of SMEs

Basic principles of the audit of SMEs

- ❖ Same level of assurance as for big entities
- ❖ Audit approach adapted to the size of the entity audited: proportionate application of ISAs as well as cost-effective

Secure the application of ISAs

- ❖ A new and complex regulatory environment, subject to auditors' activity controls
- ❖ The seemingly contradiction between the standards' volume and the SME



The audit of SMEs

Promote the audit of SMEs

- ❖ Importance of the independence and external outlook from the auditor
- ❖ A good understanding of the entity's environment and a unique perspective on the global risks,

Need for a tool that can :



Adapt the standards due diligences to the entity size



Enhance the audit engagement to entity's management



The Pack SMEs

The **Audit Pack for Small and Medium Sized entities (“Pack SMEs”)** was developed by the CNCC in cooperation with IRE – IBRE to enhance the accessibility and ease the use of the **International Standards on Auditing (ISAs)**.

It is a **package of tools** designed to enable the auditor to plan and perform audit procedures and to structure the approach on SME audit, in accordance with the ISAs.

These tools were prepared to save auditors’ time.

In designing them, the characteristics of SMEs was considered.



The Pack SMEs main characteristics

An educational process

- ❖ A chronological design
- ❖ A better control of the risk approach concepts:
inherent risks, assertions...
- ❖ Documents illustrated with examples
- ❖ references to standards ...



The Pack SMEs main characteristics

The Pack SMEs : a tool box

- ❖ A set of independent IT tools enabled to carry out a good quality audit while securing the ISAs application

Tools are divided into two categories, i.e. « structuring tools », considered to be essential to the audit approach and to be used in all cases and « other tools », considered to be useful to the audit approach, they are selected depending on the circumstances of the engagement, on the basis of the auditor's judgment.

- ❖ Adaptable to each regulated country environment or each audited entity



The Pack SMEs main characteristics

The Pack SMEs was presented at the IAASB SMP/SME working conference held in Paris in January 2017 and has been updated with new and revised ISAs.

This Pack SMEs was translated into English, Spanish and Dutch.



Conclusion

The Pack SMEs is :

- ❖ **A tool that structures** : the audit approach and may be used as a training tool in the audit firms
- ❖ **An efficient tool** : its use over the years makes the audit engagement less time-consuming
- ❖ **A tool that secures** : an optimal application of the ISAs and a compliance as part of the quality assurance review