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**AUDIT PLANNING**

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Paul Webster  
Managing Partner, Mercer & Hole



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WHY PLAN ?

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BECAUSE ISA 300  
SAYS WE SHOULD!

OBJECTIVE

"The objective of the auditor is to plan the audit so that it will be performed  
in an effective manner"



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The ever increasing Audit file



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**"PLANS ARE OF LITTLE IMPORTANCE, BUT PLANNING IS  
ESSENTIAL"**

**WINSTON CHURCHILL**

**"IF YOU DON'T KNOW EXACTLY WHERE YOU'RE GOING, HOW  
WILL YOU KNOW WHEN YOU GET THERE?"**

**STEVE MARABOLI**



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#### THE ROLE OF PLANNING

- Identify important areas
- Identify problem areas
- Manage the engagement
- Selection of the Audit team
- Manage the Audit team
- Use of experts and auditors of components

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#### REQUIREMENTS

- Involvement of Key Team Members
- Preliminary Engagement Activities
- Planning Activities
- Documentation

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**"IF YOU DON'T KNOW WHERE YOU ARE GOING, YOU'LL END UP SOMEPLACE ELSE"**

**YOGI BERRA**

**"FAIL TO PLAN, PLAN TO FAIL"**

**HILLARY CLINTON**

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PRELIMINARY ENGAGEMENT ACTIVITIES

- ISA 220  
Acceptance and Continuance
- ISA 220  
Relevant Ethical Requirements
- ISA 210  
Understanding the terms of engagement

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**"I WASN'T PLANNING TO LEAD, I WAS STANDING IN THE BACK AND THEN EVERYONE TURNED ROUND"**

**AVERY HIEBERT**

**"SOMEONE'S SITTING IN THE SHADE TODAY BECAUSE SOMEONE PLANTED A TREE A LONG TIME AGO"**

**WARREN BUFFETT**

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#### PLANNING ACTIVITIES

- Scope of Audit
- Reporting Objectives – timing etc
- Professional Judgement
- Knowledge gain from preliminary work and other sources
- Develop an Audit Plan

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**“POOR PLANNING ON YOUR PART DOES NOT NECESSITATE AN  
EMERGENCY ON MINE”**

**BOB CARTER**

**“BY FAILING TO PREPARE, YOU ARE PREPARING TO FAIL”**

**BENJAMIN FRANKLIN**

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#### THE AUDIT PLAN

- Planned risk assessments  
ISA 315
- Further audit procedures at the assertion level  
ISA 330
- Other planned procedures to comply with ISA 300

**But...**

**Plan is not fixed**

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## DOCUMENTATION

- The overall Audit Strategy
- The Audit Plan
- Any changes to the Plan made during audit engagement

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## When Planning goes wrong



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