Are you properly assessing audit risk?

Avoid common missteps by doing the following:

**Understand clients’ controls.**
All audit clients have controls. Otherwise, your client couldn’t prevent or detect and correct material misstatements, making an audit virtually impossible! Make sure you’re evaluating the design and implementation of controls on every audit.

**Address significant risk.**
There is at least one significant risk (management override) on every audit engagement. These risks require special consideration and can’t be addressed by sticking to standard (or “basic”) audit procedures.

**Link risks to procedures.**
Make sure to provide a clear linkage between your assessment of risks of material misstatements and your audit responses. An experienced auditor should be able to identify the procedures that respond to each of the client’s risks without oral explanation from the auditor.

**Focus on assertion level risks.**
Identify risks of material misstatement at the financial statement and relevant assertion levels. Assessing risk at the account level is not supported by the standards.

For more information go to aicpa.org/riskassessment.