

## Risk of Material Misstatement Worksheet — Overview

### GENERAL INSTRUCTIONS

This template has been developed to provide illustrative examples to assist the auditors in addressing the Risks of Material Misstatement (ROMM) for material classes of transactions and account balances. The pre-populated risks of material misstatement (i.e., "what could go wrong") and relevant control activities included within this template are derived from Appendix IV "Illustrative Risks of Material Misstatement, Related Control Objectives and Control Activities" of the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting. The substantive procedures responsive to the risks identified are also illustrative.

#### Terminology

Within this template, the term ***class of transactions*** refers to **Statement of Profit and Loss accounts and *account balance*** refers to **Balance Sheet accounts**. The term ***transaction type*** is used to describe an activity or series of activities that results in one or more classes of transactions, account balances, and disclosures.

#### Transaction Types, Relevant Assertions, or Risks of Material Misstatement Referenced to Other Audit Area Documentation

To the extent that a relevant assertion or a transaction type is appropriately addressed and documented within documentation of another class of transactions, account balance, or disclosure ROMM template, redundant documentation is not necessary — although specific referencing is appropriate. Consider referencing, as appropriate, to other audit sections that document the risks of material misstatement, relevant control activities, and planned procedures to test the operating effectiveness of the control activities and substantive procedures.

#### Combining Risks

Certain risks of material misstatement contain more than one risk; bullets are used to identify individual risks within the combined risk. These combined risks ordinarily are part of a single business process and have a common control that mitigates the risk of material misstatement for each of the individual risks. Depending on the circumstances of the entity (e.g., if the entity does not address the combined risks in a single business process or with a single control), you may need to separate the combined risks into individual risks.

#### ROMM Overview Tab

This worksheet within the template is intended to be a "dashboard" presenting a summary of the audit plan for the account including the (1) relevant control activities and substantive procedures that address each risk of material misstatement and (2) related control design, implementation, and operating effectiveness conclusions. The dashboard provides internal linking between the summarised description and the more extensive description of the control activities and/or substantive procedures on subsequent worksheets within the template.