

Probe What's New

Version 2018.20.23

June 2019

Index

1. General.....	3
1.1. Leases	3
1.2. Probe Security	3
1.3. Rename of section	3
1.4. Improvements	3
1.5. Report to management and those charged with governance (02.90)	4
2. Probe Audit	5
2.1. Description of assertions	5
2.2. New sections and work programs	5
2.3. Compliance changes.....	7
2.3.1. Revised IESBA Code of Ethics for Professional Accountants.....	7
2.4. Content improvements	7
2.4.1. Accounting records (73.10), Opening balances and comparatives (74.10) and Financial statement preparation (80.10)	7
2.4.2. Statement of cash flows	9
2.4.3. Presentation and disclosure – all financial statement items	9
2.4.4. Presentation and disclosure – other.....	9
2.4.5. Response to findings by regulators or institutions – other	10
3. Probe IFRS Recognition and Measurement	11
3.1. Content improvements - leases	11
3.2. Compliance changes - leases	11
4. Probe IFRS for SME Recognition and Measurement	13
4.1. Content improvements - leases	13
5. Probe Review	14
5.1. Content improvements	14
5.1.1. New sections and work programs	14
5.1.2. Accounting records (73.10), Opening balances and comparatives (74.10) and Financial statement preparation (80.10)	14
6. Probe Compilation.....	15
6.1. Lease assets and liabilities.....	15
Contact Us.....	16

1. General

1.1. Leases

New sections were created for lease assets and liabilities. Find below a summary of the ‘previous’ versus the new treatment in Probe Audit and Review. For further detail refer to 2.2 and 3.1 below.

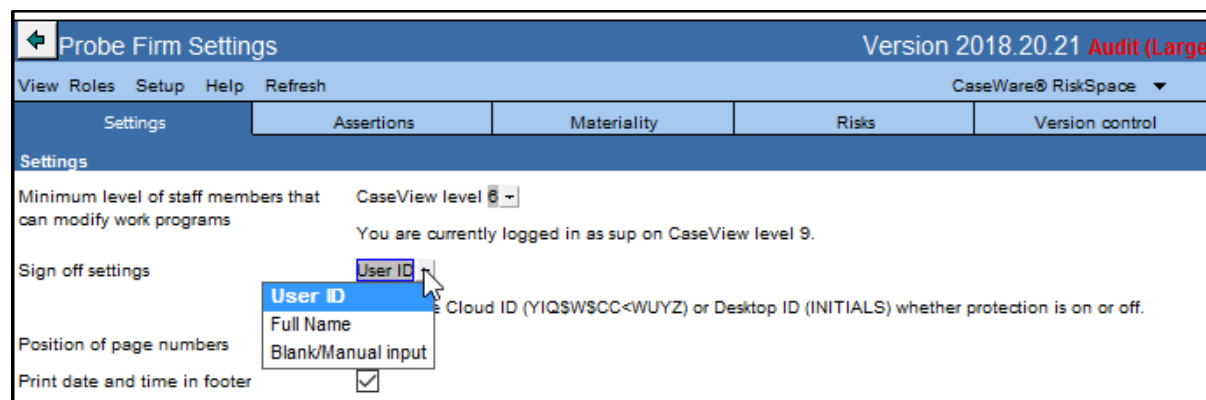
Description of financial statement item	New		Previous	
	Description of sections it is included	Reference of work program	Description of sections it was included in	Reference of work program
Finance lease receivable	Lease asset	29.10 (NEW)	Other financial asset	25.10
Operating lease receivable	Lease asset	29.10 (NEW)	Other financial asset	25.10
Finance lease obligation	Lease liability	49.10 (NEW)	Other financial liabilities	41.10
Operating lease accrual	Lease liability	49.10 (NEW)	Other financial liabilities	41.10

1.2. Probe Security

When using SmartSync with the Cloud, users log in with their Cloud credentials. When users sign off procedures in documents, CaseWare signs off with the User ID by default. What CaseWare uses to sign off the procedure can now be set in Probe Firm Settings. The options are:

- User ID (default)
- Full Name
- Blank / Manual input

The setting will only apply to sign offs made after making the change in Probe Firm Settings.



1.3. Rename of section

The section “Agriculture” has been renamed to “Biological assets and agriculture produce”. After presentation and disclosure was reviewed, it was found that biological assets and agriculture produce was more applicable as a description for the contents of agriculture, subsequently the change was made.

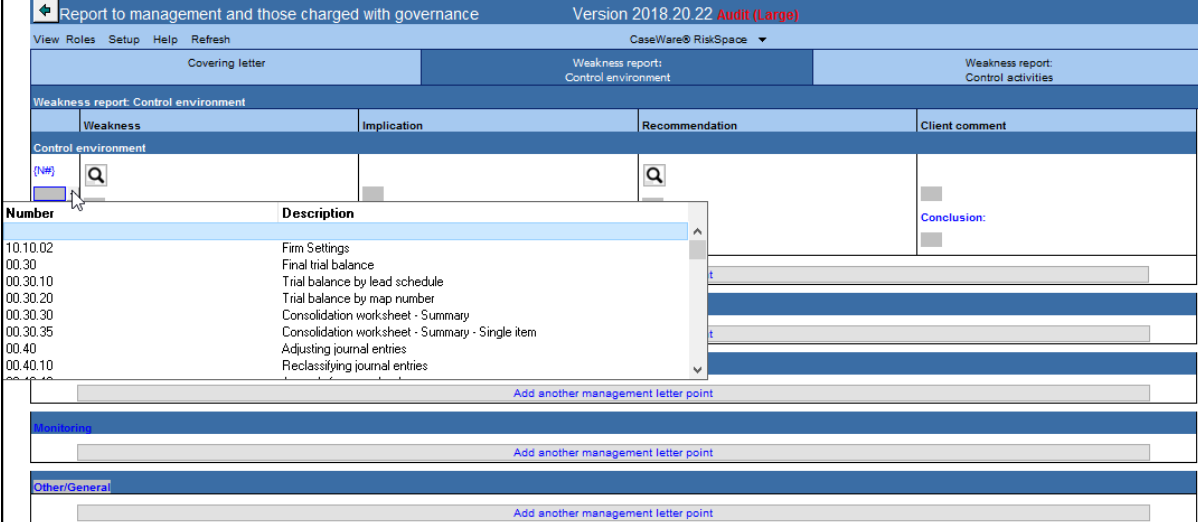
1.4. Improvements

The following improvements were made throughout the product:

- An update was made to the Going concern conclusion (02.20) to cater for review.
- The double paragraph printing in 06.21 has been removed.
- Fixed the issue on Risk assessment summary (11.10) regarding Trade and other receivables not showing.
- User inserted procedures are retained when the CWA procedure above it has been deleted.

1.5. Report to management and those charged with governance (02.90)

In the report to management and those charged with governance, the source function was added to the weakness reports. This will allow the user to reference the document with the dropdown or the user can double click on the field to automatically add the reference from which document the weakness is added from. After a reference is added in the source function, the user can jump to the document by clicking on the reference.



Report to management and those charged with governance Version 2018.20.22 Audit (Large)

View Roles Setup Help Refresh CaseWare® RiskSpace

Covering letter Weakness report: Control environment Weakness report: Control activities

Weakness report: Control environment

Weakness	Implication	Recommendation	Client comment																		
Control environment																					
(N#) [Q]		[Q]	Conclusion:																		
<table border="1"> <thead> <tr> <th>Number</th> <th>Description</th> </tr> </thead> <tbody> <tr><td>10.10.02</td><td>Firm Settings</td></tr> <tr><td>00.30</td><td>Final trial balance</td></tr> <tr><td>00.30.10</td><td>Trial balance by lead schedule</td></tr> <tr><td>00.30.20</td><td>Trial balance by map number</td></tr> <tr><td>00.30.30</td><td>Consolidation worksheet - Summary</td></tr> <tr><td>00.30.35</td><td>Consolidation worksheet - Summary - Single item</td></tr> <tr><td>00.40</td><td>Adjusting journal entries</td></tr> <tr><td>00.40.10</td><td>Reclassifying journal entries</td></tr> </tbody> </table>				Number	Description	10.10.02	Firm Settings	00.30	Final trial balance	00.30.10	Trial balance by lead schedule	00.30.20	Trial balance by map number	00.30.30	Consolidation worksheet - Summary	00.30.35	Consolidation worksheet - Summary - Single item	00.40	Adjusting journal entries	00.40.10	Reclassifying journal entries
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00.40.10	Reclassifying journal entries																				
Add another management letter point																					
Monitoring																					
Add another management letter point																					
Other/General																					
Add another management letter point																					

2. Probe Audit

2.1. Description of assertions

The description of the combined assertions adopted in Probe Audit were amended and added to the “Assertions” tab.

Combined assertion	Abbreviation	Classes of transactions	Account balances	Description
Completeness	C	Completeness	Completeness	Everything that should be recorded or disclosed in the financial statements has been included. There are no unrecorded or undisclosed assets, liabilities, transactions, or events; there are no missing or incomplete financial statement disclosures, in the context of the requirements of the applicable financial reporting framework
Existence and Occurrence	EO	Occurrence	Existence	Everything that is recorded or disclosed in the financial statements exists at the appropriate date. Assets, liabilities, recorded transactions, and other matters included in the financial statement notes exist, have occurred, and pertain to the entity in the context of the requirements of the applicable financial reporting framework.
Rights and Obligations	RO	N/a	Rights and obligations	All liabilities, assets and rights to assets (in the form of a hold or control) are the property or obligation of the entity.
Valuation and Accuracy	VA	Accuracy Cut-off Classification Presentation	Accuracy Valuation Allocation Classification Presentation	For classes of transactions the combined assertion includes Accuracy, Cut-off, Classification and Presentation. For account balances the combined assertion includes Accuracy, Valuation, Allocation, Classification and Presentation. Assets, liabilities, and equity interests are included in the financial statements at appropriate amounts; any resulting valuation or allocation adjustments are appropriately recorded, and related disclosures have been appropriately measured and described in the context of the requirements of the applicable financial reporting framework. Assets, liabilities, transactions, and events are appropriately aggregated or disaggregated and clearly described, and related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.

2.2. New sections and work programs

The following new sections and work programs have been created:

- Lease assets (29.10) (refer para 3.1)
- Lease liabilities (49.10) (refer para 3.1)
- Statement of cash flows (75.10) (refer para 2.4.2)
- Other disclosure 1, 2 & 3 (76.10, 77.10, 78.10) (refer para 2.4.4)

The following work programs and functionalities were updated accordingly:

Description of document	Audit/ Review	Lease assets	Lease liabilities	Statement of cash flows	Other disclosure 1	Other disclosure 2	Other disclosure 3
Gathering information (10.50) (small)	Audit	✓	✓	✓	✓	✓	✓
Types and volumes of transactions (10.51)	Audit	✓	✓	✓	✓	✓	✓
Preliminary analytical review (10.52)	Audit/ Review	✓	✓	N/a	N/a	N/a	N/a
Risk analysis summary (11.10)	Audit	✓	✓	✓	✓	✓	✓
Control activities design and implementation (11.50)	Audit	✓	✓	✓	✓	✓	✓
Risk assessment at assertion level (11.60)	Audit	✓	✓	✓	✓	✓	✓
Controls over significant risks (11.61)	Audit	✓	✓	✓	✓	✓	✓
Areas likely to be misstated (10.70)	Review	✓	✓	✓	✓	✓	✓
Audit plan and strategy (12.20)	Audit	✓	✓	✓	✓	✓	✓
Planning memorandum (12.30)	Audit	✓	✓	✓	✓	✓	✓
Risk record button	Audit/ Review	✓	✓	✓	✓	✓	✓
Partner sign-off (02.00)	Audit	✓	✓	✓	✓	✓	✓
Overall analytical review (02.30)	Audit	✓	✓	N/a	N/a	N/a	N/a
Evaluation of misstatements (02.40)	Audit	✓	✓				

Description of general procedures (Only Audit)	Lease assets	Lease liabilities	Statement of cash flows	Other disclosure 1	Other disclosure 2	Other disclosure 3
The effects of changes in foreign currency (subject to selection in 10.51)	✓	✓	N/a	✓	✓	✓
Estimates (subject to selection in 10.51)	✓	✓	N/a	✓	✓	✓
Impairment and reversal of impairment, including cash generating unit (IAS36)	✓	N/a	N/a	N/a	N/a	N/a
Impairment (IFRS9)	✓	N/a	N/a	N/a	N/a	N/a
Fair value (IFRS13)	✓	N/a	N/a	✓	✓	✓
Foreign currency translation (subject to selection in 10.50)	✓	✓	✓	✓	✓	✓
Reliance on the work of internal audit (subject to selection in 12.21)	✓	✓	✓	✓	✓	✓

Description of general procedures (Only Audit)	Lease assets	Lease liabilities	Statement of cash flows	Other disclosure 1	Other disclosure 2	Other disclosure 3
External confirmations (subject to selection in 10.51)	✓	✓	✓	✓	✓	✓
Using the work of an auditor's expert (subject to selection in 10.51)	✓	✓	✓	✓	✓	✓
Using the work of a management's expert (subject to selection in 10.51)	✓	✓	✓	✓	✓	✓
Use of service organisations (subject to selection in 10.51)	✓	✓	✓	✓	✓	✓
Journal entries	✓	✓	✓	N/a	N/a	N/a
Hyperinflation (subject to selection in 10.50)	✓	✓	✓	✓	✓	✓

2.3. Compliance changes

2.3.1. Revised IESBA Code of Ethics for Professional Accountants

Procedures were added to 10.20 to prompt the auditor to document:

- The result of the evaluation of the significance of threats identified.
- Based on the evaluation of the threats identified, the safeguards put into place to eliminate threats to an acceptable level

2.4. Content improvements

To make compliance easier, we have updated the content with valuable feedback from our content provider, responding to some of the findings in the latest inspection report of regulators, as well as valuable feedback from our customers.

This document provides an executive summary of the changes. Further detail of the changes is available for existing users in the document "What's New Probe Version 2018.20.23 – Annexure A".

2.4.1. Accounting records (73.10), Opening balances and comparatives (74.10) and Financial statement preparation (80.10)

The requirement to assess the risk of material misstatement at assertion level were removed. These items are not deemed to be classes of transactions, account balances or disclosures. The requirement of ISA315.25 to assess the risk of material misstatement at assertion level is therefore not applicable to these items.

The required procedures on 73.10, 74.10 and 80.10 must be performed in all instances.

Matter identified	Work program(s) amended	Comment
PLANNING		
Risk assessment at assertion level requirement removed (ISA315.25).	10.50 (Small) 11.60 (Large) 11.61 11.10 73.10 / 74.10 80.10	On the relevant work programs, the risk assessment at assertion level for these items were removed.
Risk record button updated (ISA315.25).	Risk record button	The option to record a risk at assertion level for these items were removed. A risk relating to accounting records, financial statement preparation or opening balances can be recorded as a control environment risk or fraud risk. The risk will appear on 12.20 under "Risk at financial statement level".

Matter identified	Work program(s) amended	Comment
Move location of obtain understanding of internal control of these items.	11.30 11.50	<p>Removed these sections from 11.50 as 11.50 is used to document the design and implementation of control activities relating to specific financial statement items.</p> <p>Questions and considerations to obtain an understanding of the management's process, the information system and internal controls relevant to these items moved to 11.30, Control risk assessment. It includes:</p> <ul style="list-style-type: none"> • Controls surrounding journal entries. • Process to maintain accounting records. • IT system to capture events and conditions, other than transactions, significant to the financial statements. • Process to prepare the financial statements including significant accounting estimates and disclosures. • Process to identify and prepare disclosures required.
Recording of risk due to fraud related to management override of controls (ISA240.31).	11.40	This significant risk previously pre-populated on 11.60 is now recorded on 11.40. The risk will appear on 12.20 under "Risk at financial statement level".
Further audit procedures in response to risk assessment at assertion level are removed.	12.20	<p>Removed these sections.</p> <p>User will no longer select the following responses:</p> <ul style="list-style-type: none"> • Significant risk response • Tests of control • Extended analytical procedures • Extended test of detail • Substantive sampling <p>The user will always perform the required procedures.</p> <p>The audit procedures relating to journal entries recorded in preparation of the financial statements are still part of the required procedures on 80.10 (ISA240.32).</p>
Audit plan in response to assessed risk of material misstatement	12.30 (Audit plan)	Removed these sections from the "Other tab".
EXECUTION		
Further audit procedures in response to risk assessment at assertion level are removed.	73.10 74.10 80.10	<p>Removed the following risk responses:</p> <ul style="list-style-type: none"> • Significant risk response • Tests of control • Extended analytical procedures • Extended test of detail • Substantive sampling <p>The assertions assigned to the required procedures were also removed.</p>
Assessing whether sufficient appropriate audit was obtained to reduce the risk of material misstatement at assertion level, are removed.	73.10 74.10 80.10	<p>The user will not be required to:</p> <ul style="list-style-type: none"> • Assess assurance obtained per assertion or audit risk; • Assess the necessity to revise the overall or specific materiality assessment; or • Revise the audit plan. <p>The user will conclude whether the results of the tests performed were satisfactory or unsatisfactory.</p>

2.4.2. Statement of cash flows

A new section and a new work program, 75.10 Statement of cash flows, were created to improve the documentation of audit evidence obtain in support of the assertions relating to the statement of cash flows.

The section will be included in your engagement file as follows:

- Probe Audit (Large): When the user selects “IFRS” or “IFRS for SME” in 10.20, the section will automatically be activated in the relevant planning documents as both these financial reporting frameworks require the auditor to present the statement of cash flows. When the entity reports in terms of another financial reporting framework and selects “Other” on 10.20, the auditor will indicate on 10.50 whether the entity will present a statement of cash flows.
- Probe Audit (Small): As with the financial statement items, the auditor can select statement of cash flows for detailed risk assessment on 10.50

Matter identified in inspection report(s) by regulators	Work program(s) amended	Comment
PLANNING		
Insufficient documented evidence on the audit file over the assessment of numerous assertions.	11.60	Moved risk of material misstatement at assertion level from 80.10. Previously the risk of material misstatement at assertion level was done under “Other/ Financial statement preparation”.
EXECUTION		
Non-cash flow items on the cash flow statement.	75.10 (NEW)	New procedures will appear on the relevant work programs when the user select additions or disposals on 10.51. Refer “Statement of Cash flows” general procedures (on Library sheet in Annexure A). The new procedure will test whether non-cash flow items were excluded from the statement of cash flows.
	20.10	
	21.10	
	22.10	
	23.10	
Insufficient audit evidence on the audit file supporting the classification of cash flows as operating, investing or financing activities.	24.10	The new procedure will test whether non-cash flow items were excluded from the statement of cash flows.
	75.10 (NEW)	
	20.10	
	21.10	
	22.10	
	23.10	
	24.10	

2.4.3. Presentation and disclosure – all financial statement items

The assessment of the risk of material misstatement for disclosure is taken into account when the auditor assesses risk of material misstatement of completeness (C), existence and occurrence (EO) and valuation and accuracy (VA) for each financial statement item. For example, when the auditor assesses completeness of revenue, the auditor also assesses the completeness of disclosure of revenue in the financial statements in accordance with the relevant financial reporting framework.

The assessment of the risk of material misstatement for presentation is taken into account when the auditor assesses risk of material misstatement of valuation and accuracy (VA) for each financial statement item. For example, when the auditor assesses valuation and accuracy of a financial asset, the auditor also assesses the presentation of that financial asset taking into whether the split between current and non-current is incorrect.

Taking into account that the auditor assesses “disclosure and presentation” of a financial statement item when assessing the RMM at assertion for the relevant item, the existing disclosure procedure on each work program were expanded. The audit procedures relating to notes to the financial statements on 80.10 were moved from 80.10 to the work programs. Refer “Presentation and disclosure” general procedures (on Library sheet in Annexure A).

2.4.4. Presentation and disclosure – other

To enable the auditor to assess the risk of material misstatement of disclosure not specifically relating to a financial statement item and to formulate a response to the assessed RMM, three new sections were added, namely Other disclosure 1-3.

The auditor will indicate on 10.50 Gathering of information whether there are any significant disclosure(s) in the financial statements that are not related to a specific financial statement item. If yes, the auditor will proceed to:

- Probe Audit (Large): Complete the new section(s) under “Other” on 10.51, 11.60 and other planning documents.
- Probe Audit (Small): Indicate on 10.50 whether the item require a detailed risk assessment and complete 10.51.

The user can change the description of “Other disclosure 1, 2 and 3”. The description of the item in the other planning documents and the work program will be updated accordingly.

<p>8. Are there any significant disclosure(s) in the financial statements not related to a specific financial statement item?</p> <p>Complete the Other section(s) on 10.51.</p> <p>To change the generic "Other disclosure" section name to a specific name, simply replace Other disclosure 1, 2 or 3 in the description column with your choice of name and click on the "Rename section" button</p>	<p>Yes ▾</p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p>Other disclosure 1</p> <p>Other disclosure 2</p> <p>Other disclosure 3</p>
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2.4.5. Response to findings by regulators or institutions – other

Matter identified	Work program(s) amended	Comment
PLANNING		
Assessment of presumed fraud risk	11.60	ISA240.26 requires the auditor to evaluate the types of revenue, revenue transactions or assertions that gives rise to the risk of material misstatement due to fraud in revenue recognition. The prepopulated risks under <i>Revenue</i> and <i>Investment and Finance income</i> have been updated to prompt the auditor to <ul style="list-style-type: none"> • Evaluate which types of revenue and revenue transactions give rise to the presumed fraud risk. • Document the reason for the rebuttal if the presumed risk is not applicable to a particular revenue stream.
Opening balances – reoccurring engagements	74.10	Added procedure “Agree opening retained income and other reserves in the general ledger to closing retained income and other reserves as per the prior period’s financial statements.” in line with SAICA FAQ 5.

3. Probe IFRS Recognition and Measurement

3.1. Content improvements - leases

The audit procedures relating to recognition, measurement and disclosure of lease assets and liabilities are included in the new work programs as set out below:

Type of lease		Recognition – New agreements	Initial measurement	Subsequent measurement	Disclosure
Lessor	Finance lease receivable	29.10	29.10	29.10	29.10
Lessor	Operating lease asset	29.10	29.10	29.10	29.10
Lessee	Finance lease obligation (IAS17 for years commencing before 1 Jan 2019)	49.10	49.10	49.10	49.10
Lessee	Operating lease accrual (IAS17 for years commencing before 1 Jan 2019)	49.10	49.10	49.10	49.10

The selection whether the entity is a lessee or lessor is still made on 10.50. The selection whether the lease is a finance or operating lease is also made on 10.50. The selection whether a specific asset, for example property, plant and equipment, is subject to a finance or operating lease is made on 10.51.

Sale and leaseback transactions are included on the work program of the asset the sale and leaseback transaction relates to. For example, if the sale and leaseback transactions relates to the disposal of PPE, the audit procedure “Select material disposals related to sale and leaseback transactions from the general ledger” will appear on 20.10.

Further detail of the changes is available for existing users in the document “What’s New Probe Version 2018.20.23 – Annexure A”.

3.2. Compliance changes - leases

The IFRS Recognition and Measurement module have been updated with new and revised content relating to IFRS 16 Leases effective for year ends commencing on or after 1 January 2019.

Type of lease		Recognition – New agreements	Initial measurement	Subsequent measurement	Presentation and disclosure
Lessor	Finance lease receivable	29.10	29.10	29.10	29.10
Lessor	Operating lease asset	29.10	29.10	29.10	29.10
Lessee	Lease liability (IFRS 16 for years commencing on or after 1 January 2019)	49.10 (separate in SOFP) OR 41.10 (as part of Borrowings)	49.10 (separate in SOFP) OR 41.10 (as part of Borrowings)	49.10 (separate in SOFP) OR 41.10 (as part of Borrowings)	49.10 (separate in SOFP) OR 41.10 (as part of Borrowings)
Lessee	Right-of use asset (IFRS 16 for years commencing on or after 1 January 2019)	49.10 (lease liability separate in SOFP) OR 41.10 (lease liability as part of Borrowings)	49.10 (lease liability separate in SOFP) OR 41.10 (lease liability as part of Borrowings)	29.10 (Right-of-use asset separate in SOFP) OR 20.10 / 21.10 / 23.10 (Right-of-use asset as part of asset as if owned)	29.10 AND 20.10 / 21.10 / 23.10 (Right-of-use asset as part of asset as if owned)

The audit procedures relating to new lease agreements includes consideration of:

- Whether it meets the definition of a lease.
- Leases scoped out.
- Recognition exemptions, i.e. short term leases and leases for which the underlying asset is of low value.
- Correct classification of the lease (in case of lessor), and
- Whether lease contains more than one component.

With regards to leases as lessee, the auditor will select on 10.51 whether the entity elected to present the lease liability or right-of-use asset separately or as part of other liabilities or the relevant asset respectively. Based on the selection the relevant audit procedures will either be included in 49.10/41.10 or work program of relevant asset/29.10.

Further detail of the changes is available for existing users in the document “What’s New Probe Version 2018.20.23 – Annexure A”.

4. Probe IFRS for SME Recognition and Measurement

4.1. Content improvements - leases

Refer to para 3.1 above.

5. Probe Review

5.1. Content improvements

5.1.1. New sections and work programs

Refer para 1.1 and 2.1 above.

5.1.2. Accounting records (73.10), Opening balances and comparatives (74.10) and Financial statement preparation (80.10)

It is no longer required to assess whether these items are likely to be misstated.

The procedures on 73.10, 74.10 and 80.10 must be performed in all instances.

6. Probe Compilation

6.1. Lease assets and liabilities

New sections with relevant content relating to lease assets and liabilities have been included in:

- Gathering information (06.50)
- Non-current assets compilation program (07.20)
- Equity and non-current liabilities compilation program (07.40)

Further detail of the changes is available for existing users in the document “What’s New Probe Version 2018.20.23 – Annexure A”.



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Other Important Details

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