Understanding Your Client’s Business

Planning
- 1st Std of Fieldwork: the work is to be adequately planned.
- Big part of planning: client / industry knowledge.
- Specialization more and more
- Events, transactions, and practices that significantly affect f/s.
- Need to bridge knowledge gap b/w mgt and auditor

How Knowledge of the Client Helps the Auditor
- Risk assessment
- Allocate resources
- Understand the accounting system
- Insight into estimation processes
- Applicable GAAP and reporting issues.

What Should You Know about Your Client
- So, (a) specific types of information should you know about your client/industry, (b) how will such knowledge influence the quality of your audit, and (c) where / how does the auditor gain this information?