

SQC – 1 “Quality Control for Firms that Perform Audits & Reviews of Historical Financial Information, and Other Assurance & Related Services Engagements”

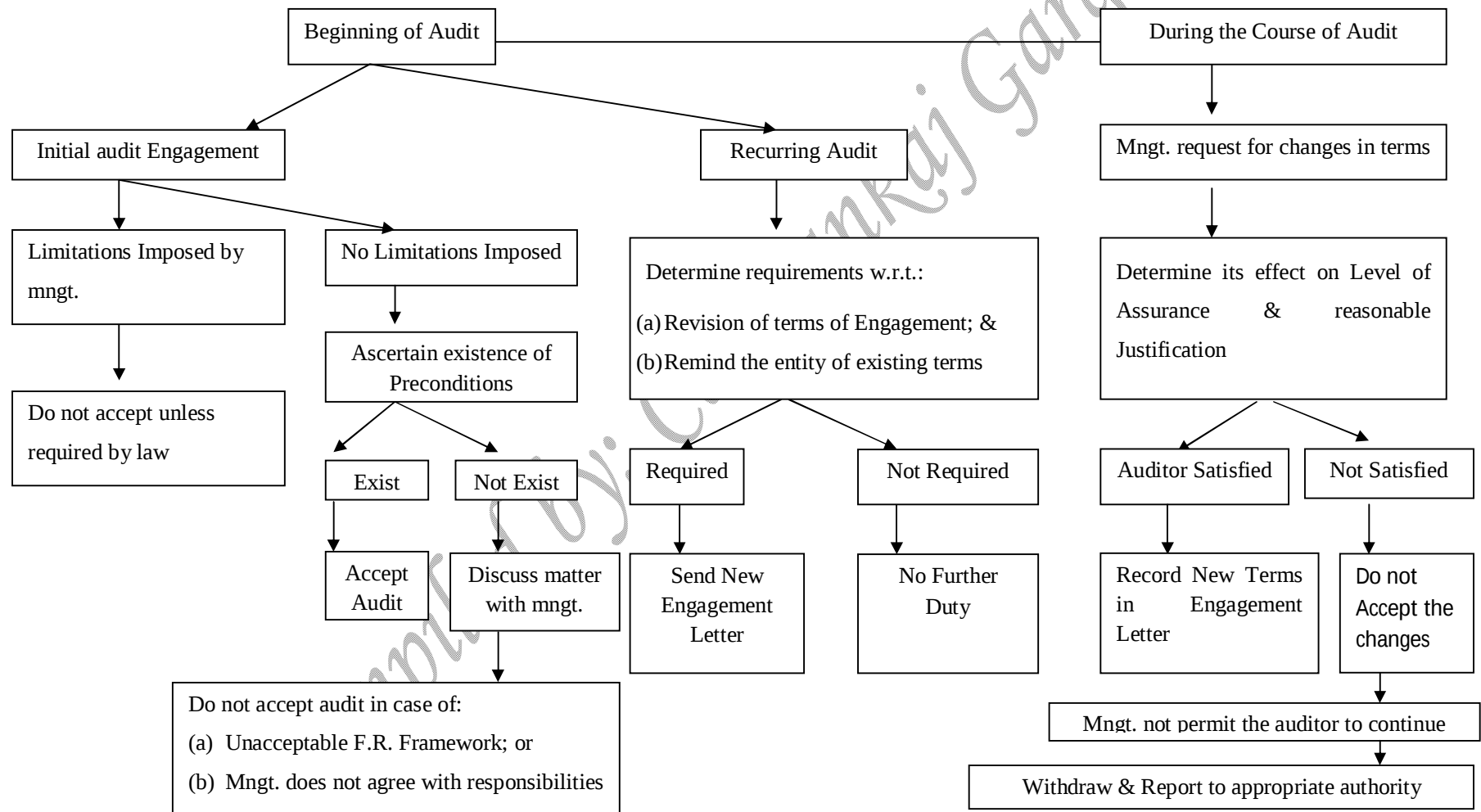
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All firms to have system of quality control that provides reasonable assurance that: (a) Firm & personnel comply with professional standards, regulatory & legal requirements, and (b) Reports issued by firm or partners are appropriate in the circumstances.

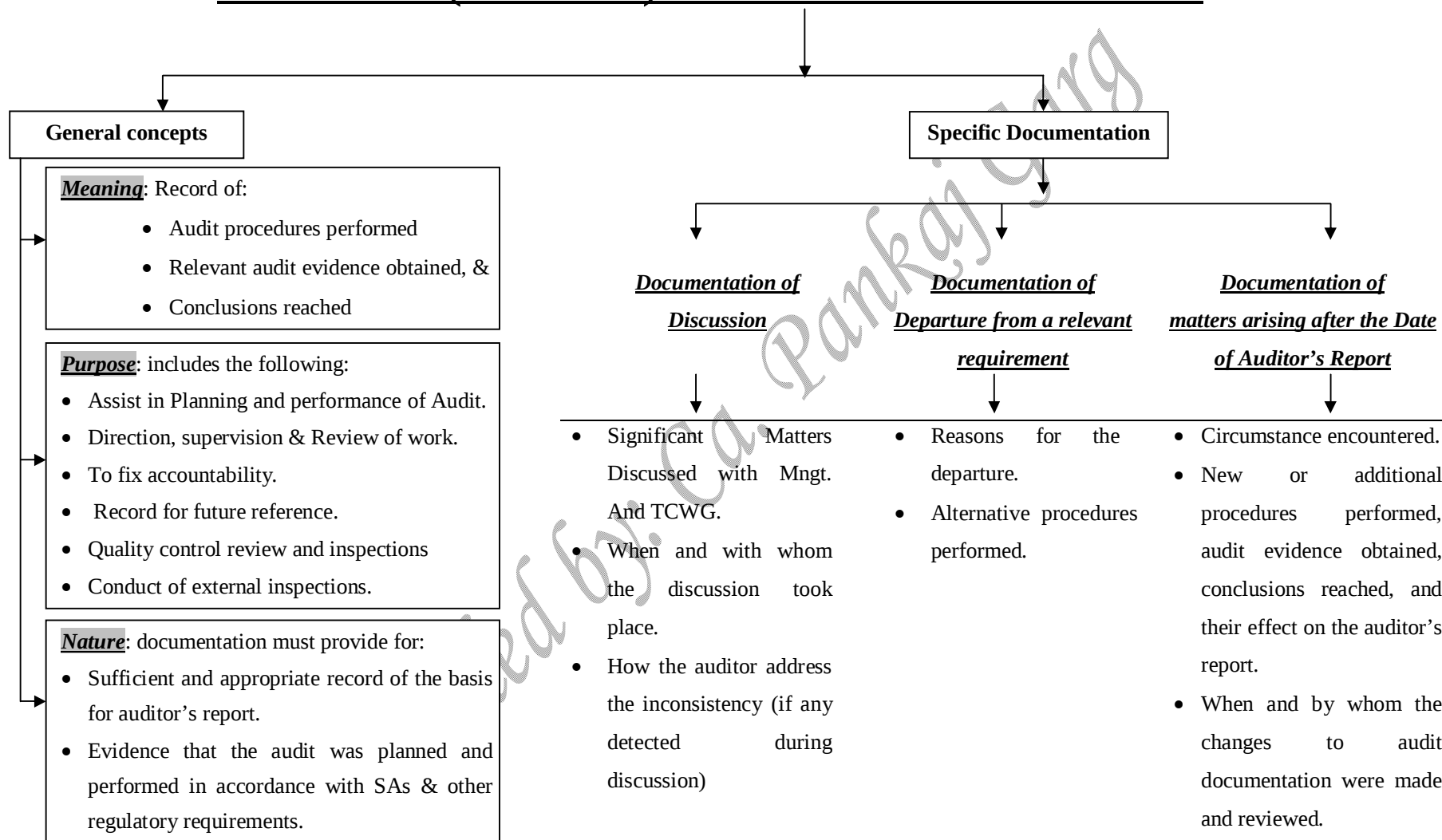
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<u>Leadership Responsibilities for Q. C.</u>	<u>Ethical requirements</u>	<u>Independence</u>	<u>Client Acceptance/Continuance</u>	<u>Human Resources</u>	<u>Engagement Performance</u>	<u>Monitoring</u>
(a) Promote internal culture w.r.t.: • essential of quality in engagements. • Compliance with professional standards, regulatory/legal requirements. • Issue of reports appropriate in circumstances. (b) Require CEO/managing partner to assume ultimate responsibility for QC. (c) Recognise & reward high quality work.	Establish policies & procedures to reasonable assure that Firm & personnel comply with relevant ethical requirements of • Integrity. • Objectivity. • Professional competence & due care. • Confidentiality. • Professional behaviour.	Policies & procedures should enable: • Communication of independence requirements to personnel & others. • Identification of circumstances threatening independence. • Take appropriate action for elimination of threats / withdrawal from engagement. • Resolution of breaches of independence. <u>Maintenance of independence of personnel</u> • Engagement partners to provide firm with relevant information about client. • Prompt notification of threats to independence. • Accumulation & communication of relevant information to appropriate personnel. <u>Other Points:</u> • Firm should obtain Annual written confirmation as to compliance with independence requirements. • Create policies to reduce Familiarity threat: e.g. rotation of engagement partner atleast every seven years in case of audit of listed entities.	Establish policies/ procedures to reasonable assure that clients are accepted/ continued only where: • Client integrity has been considered. • Firm is competent to perform engagement w.r.t. capability, time & resources. • firm can comply with ethical requirements. If any issue raised, document how it resolved. Establish Policies w.r.t. withdrawal from engagement and communication requirements, if circumstances warrant.	Establish policies/ procedures to reasonable assure that: • Firm has sufficient personnel with capabilities, competence & commitment to ethical principles; & • Responsibility of engagement partner clearly defined & communicated to him/ her.	Establish policies/ procedures to reasonable assure w.r.t.: • Compliance with professional standards. • Compliance with laws/ regulations. • Engagement partner issues reports appropriate in the circumstances. <u>Important aspects of engagement performance:</u> • Supervision. • Review. • Consultation. • Differences of opinion. • Engagement Q. C. review. • Engagement documentation.	Establish Policies & procedures to reasonable assure that QC policies/ procedures are: • Relevant. • Adequate. • Operating effectively. • Complied with in practice. It also includes on going consideration & evaluation of QC system, periodic inspection of completed Assignments.

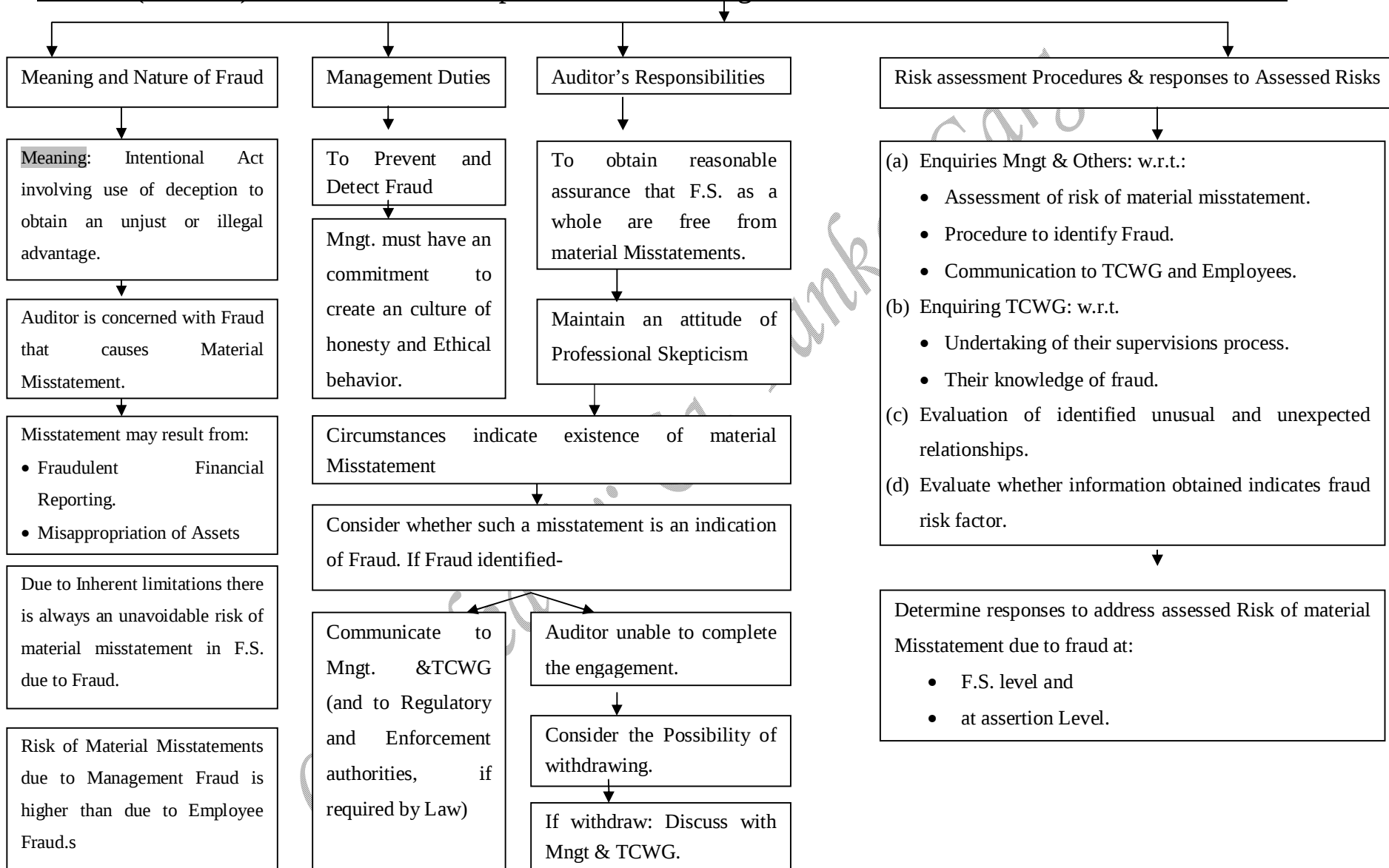
SA – 210 (Revised) – “Agreeing the Terms of Engagement”



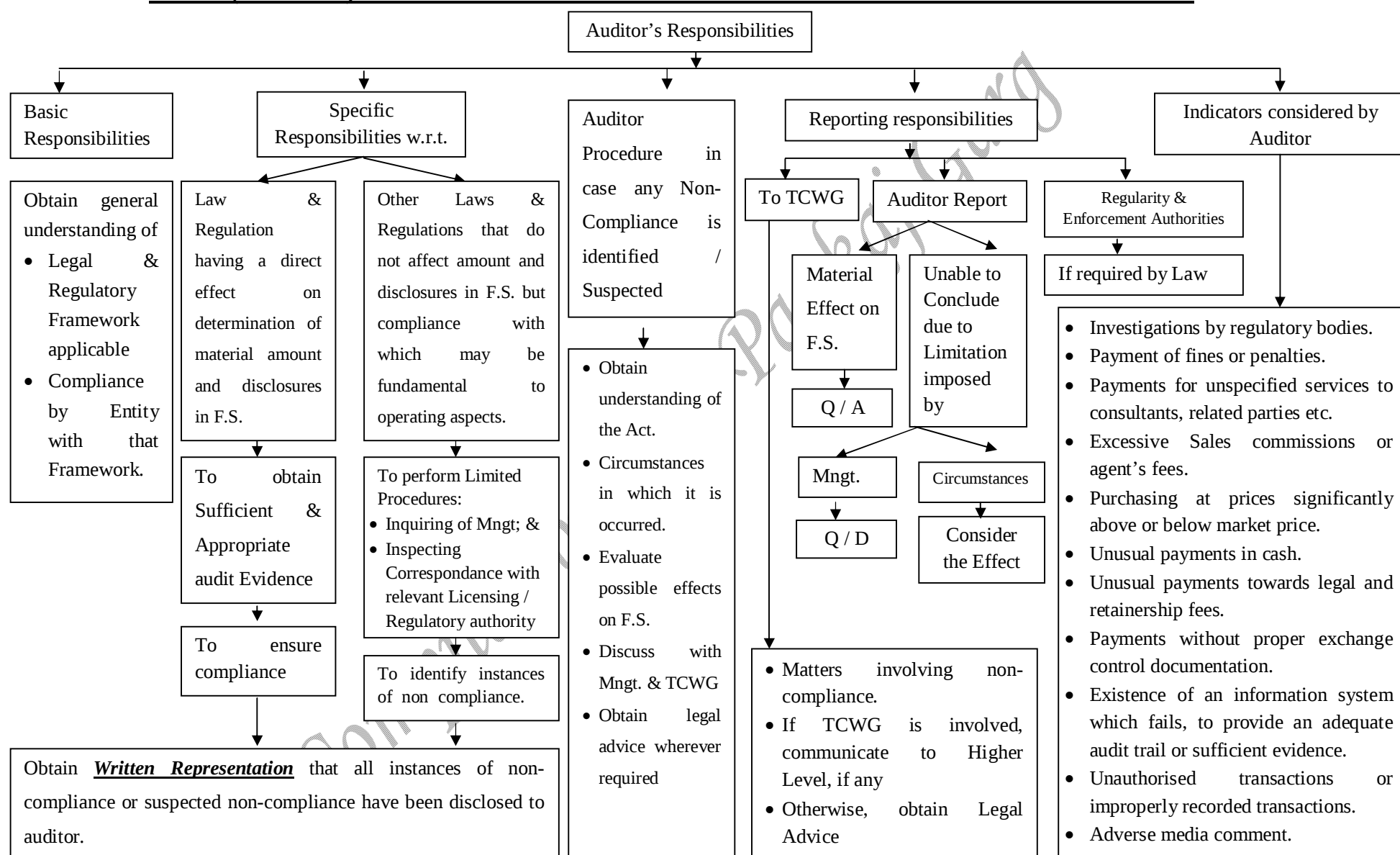
SA – 230 (Revised) – Audit Documentation



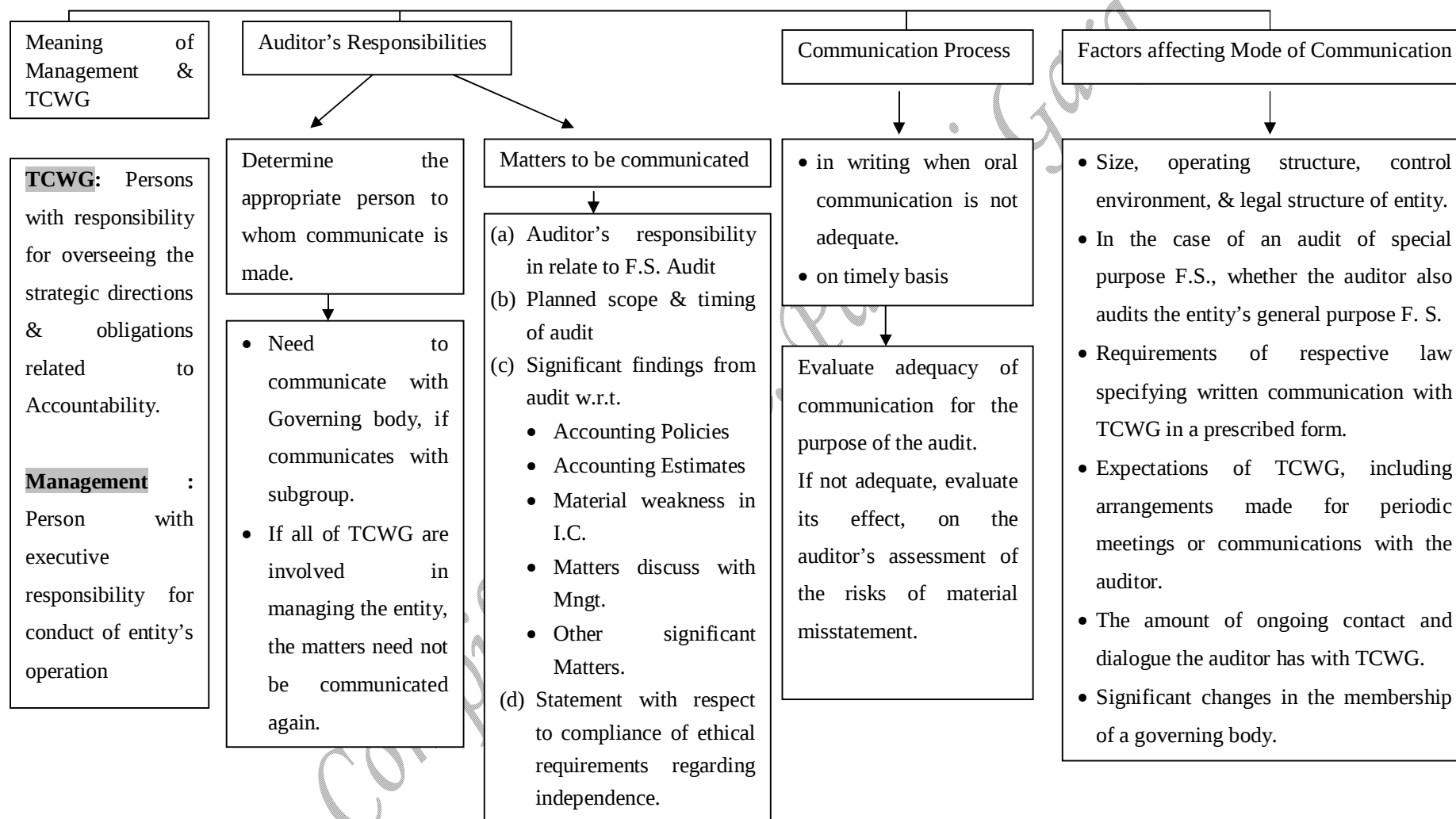
SA 240 (Revised) – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements



SA 250 (REVISED) “CONSIDERATION OF LAWS AND REGULATION IN AN AUDIT OF F.S.”

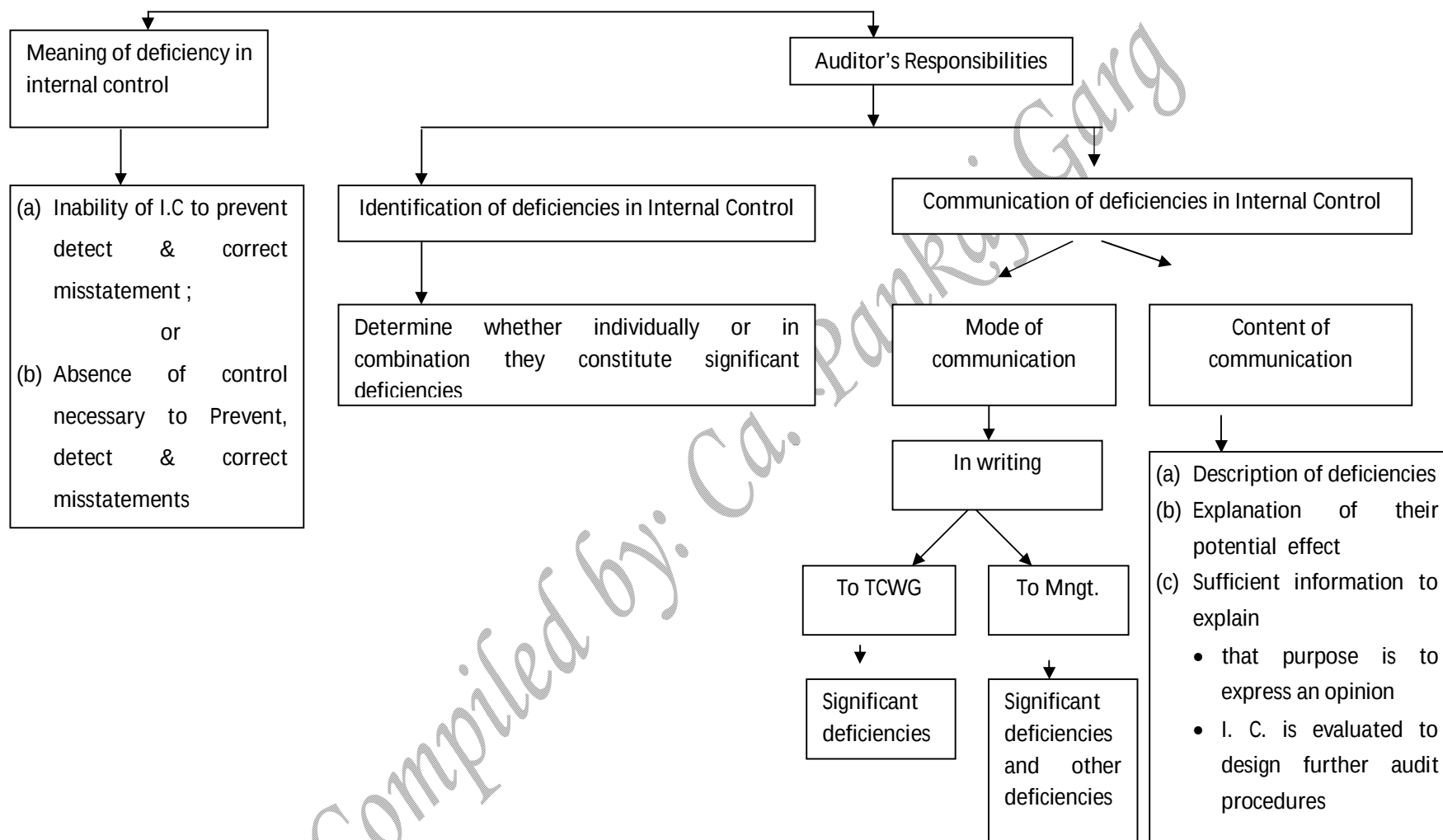


SA 260 (Revised) – “Communication with TCWG”

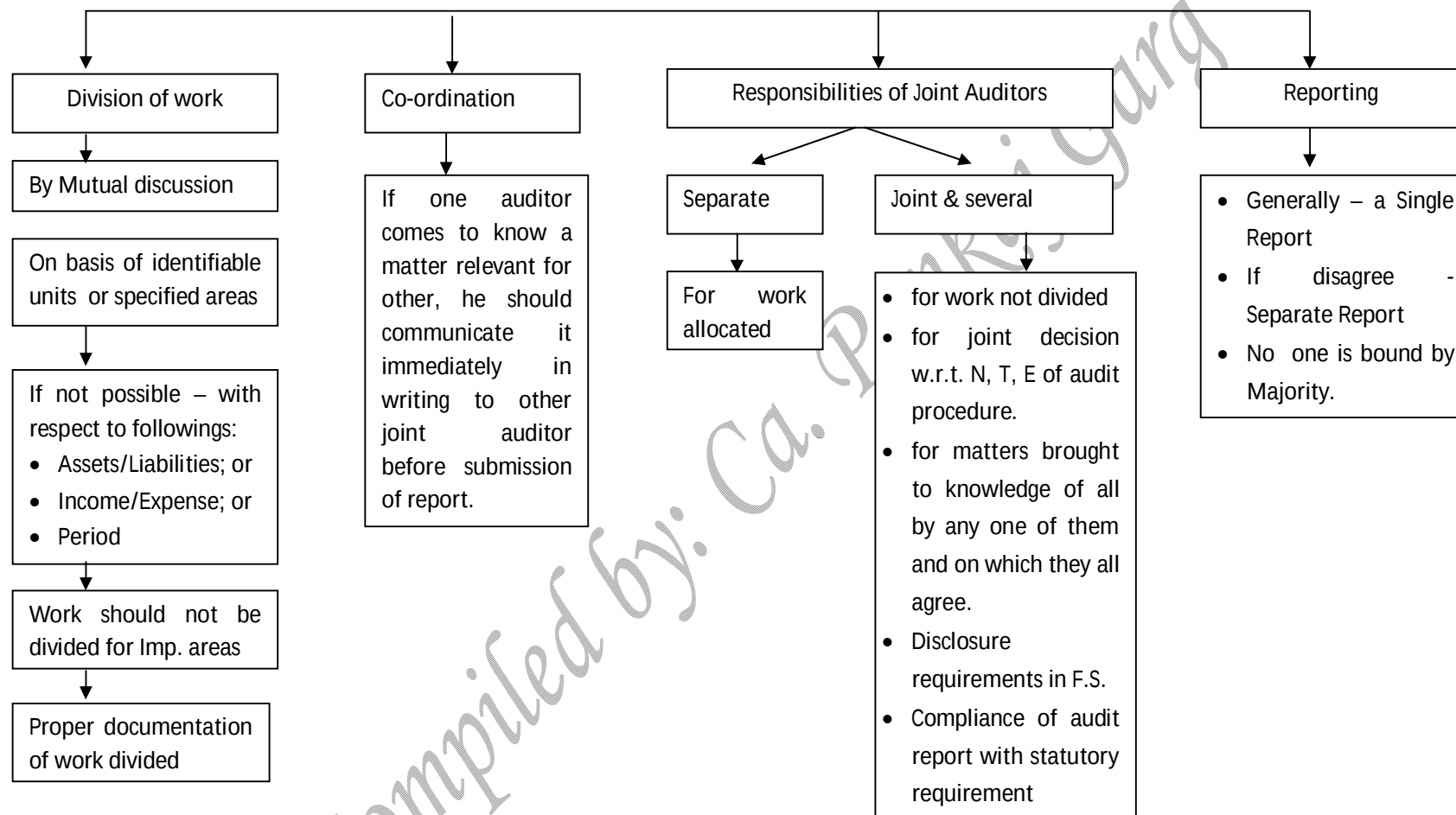


Important Question: Write short note on: Factors Governing mode of communication of auditor with TCWG. (4/5 Marks)

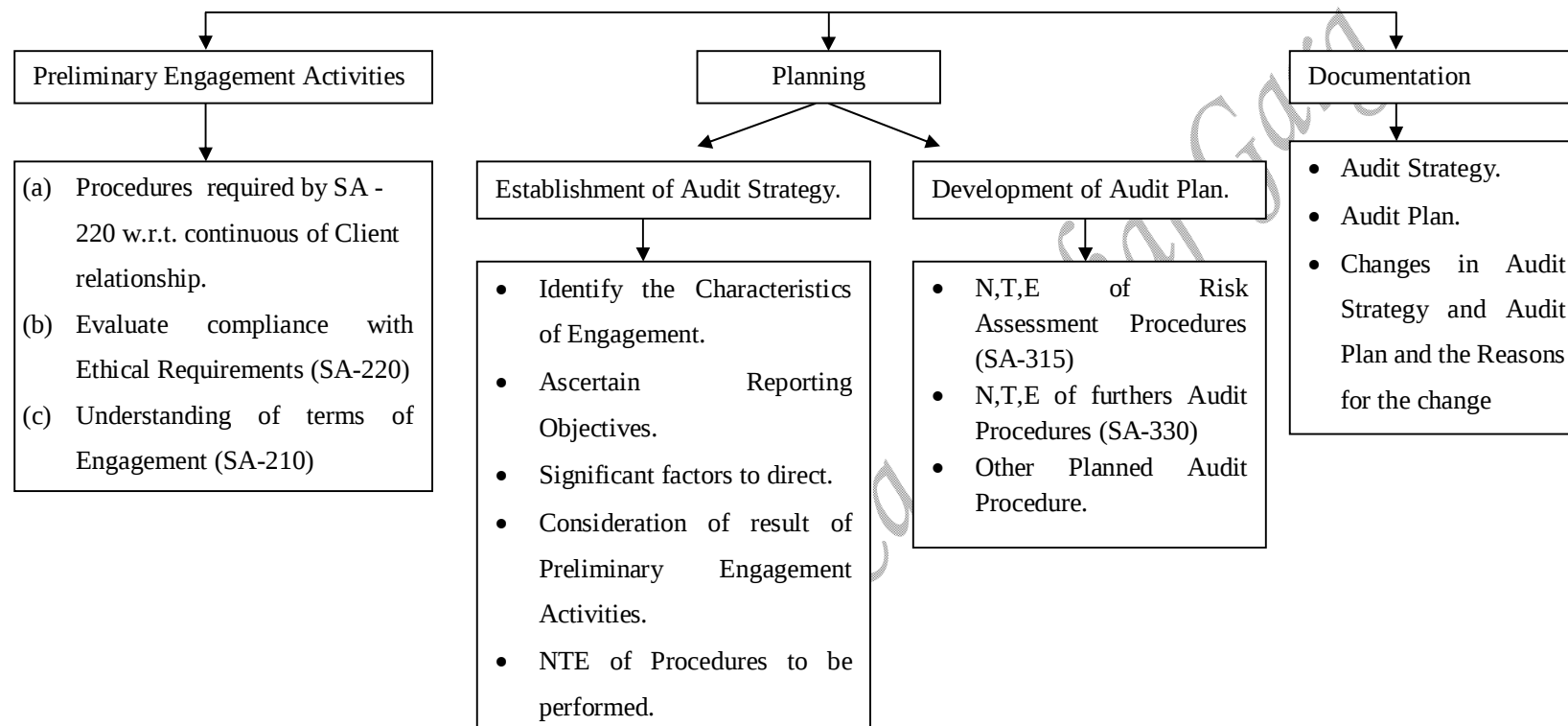
SA-265 “Communicating Deficiencies in Internal Control to TCWG & Management



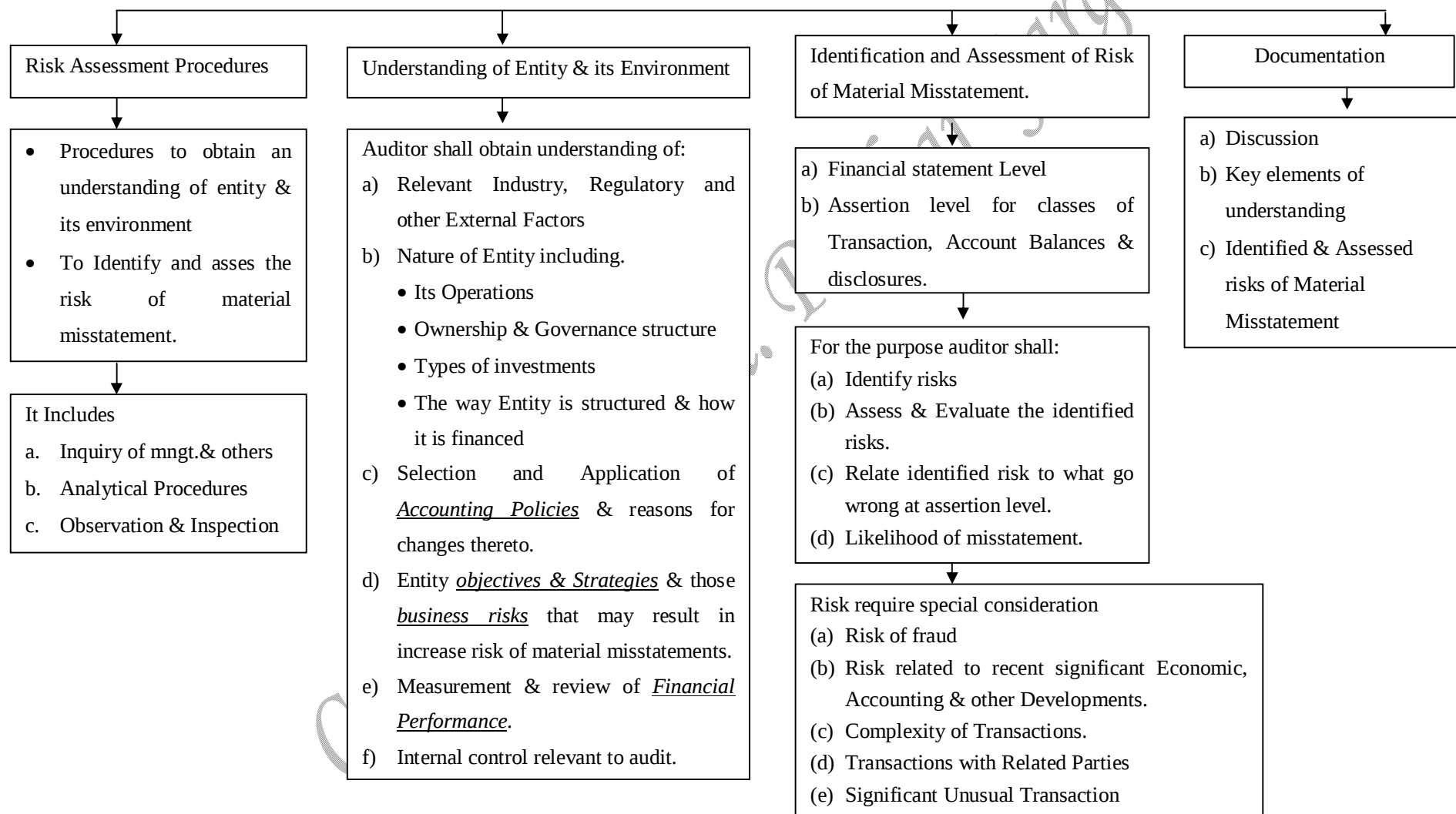
SA 299 “Responsibility of Joint Auditors”



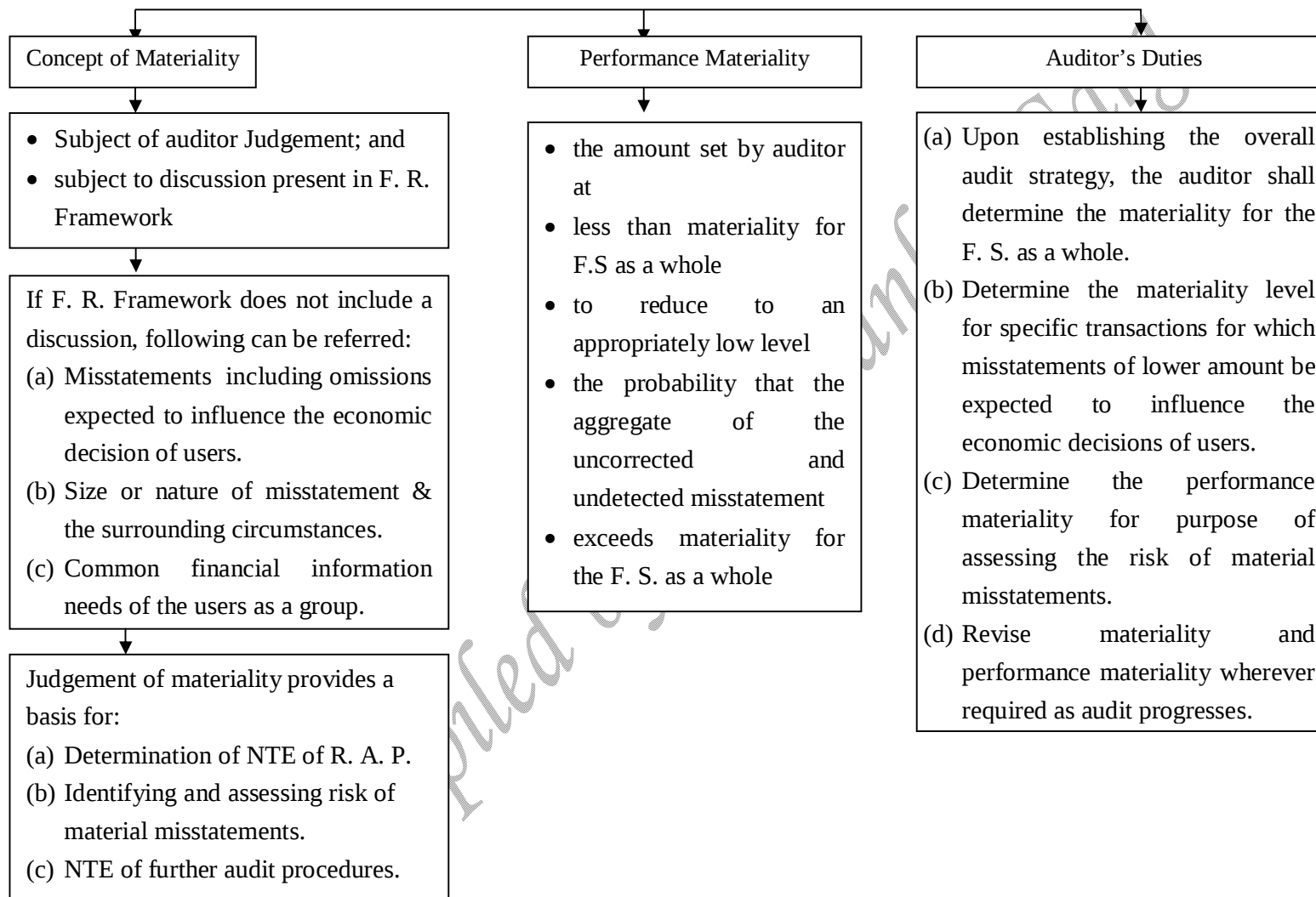
SA 300 (Revised) – Planning in an audit of Financial Statements



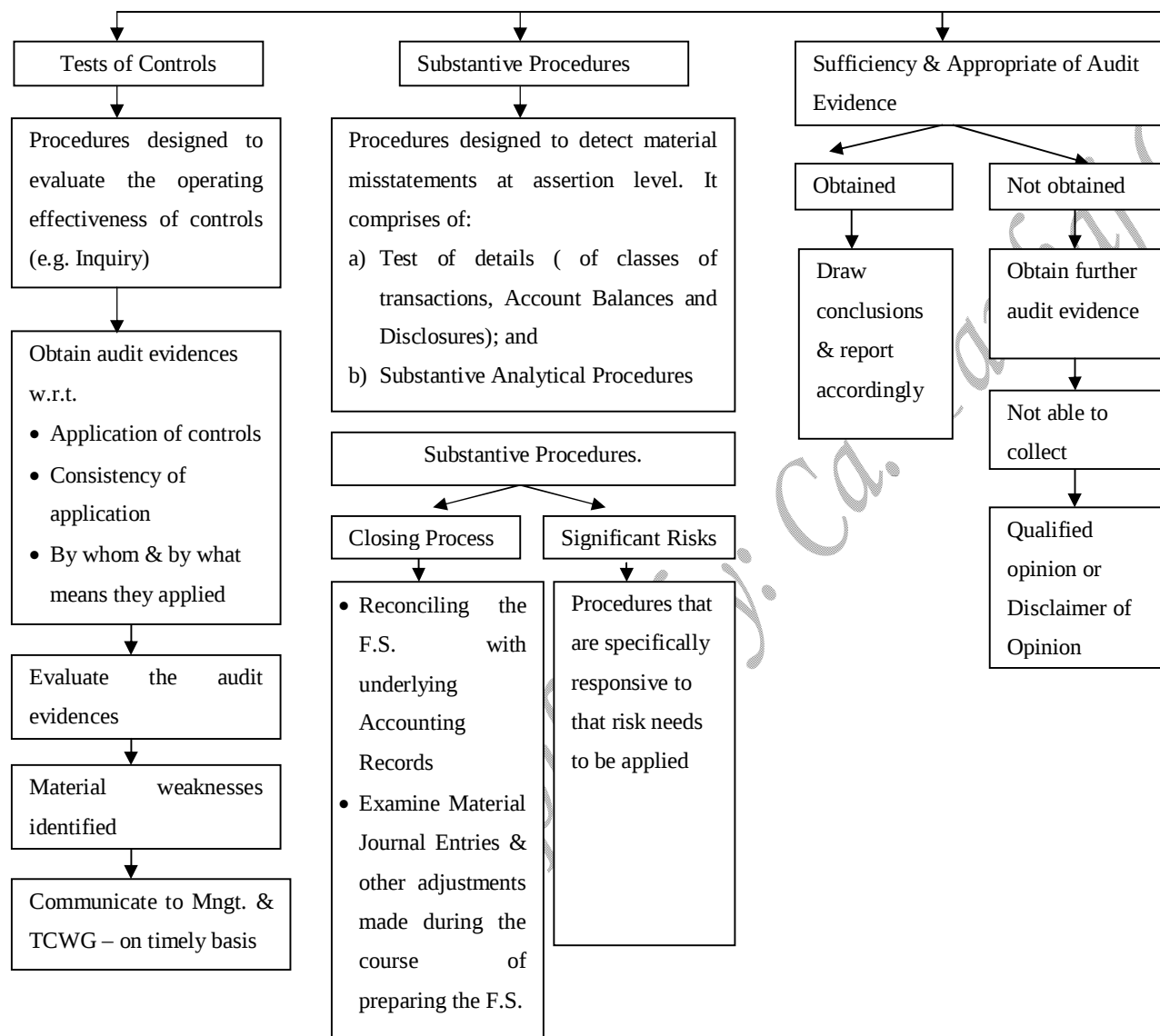
SA – 315 (Revised) – Identifying and Assessing the Risk of Material Misstatements through understanding the Entity and Its Environment.



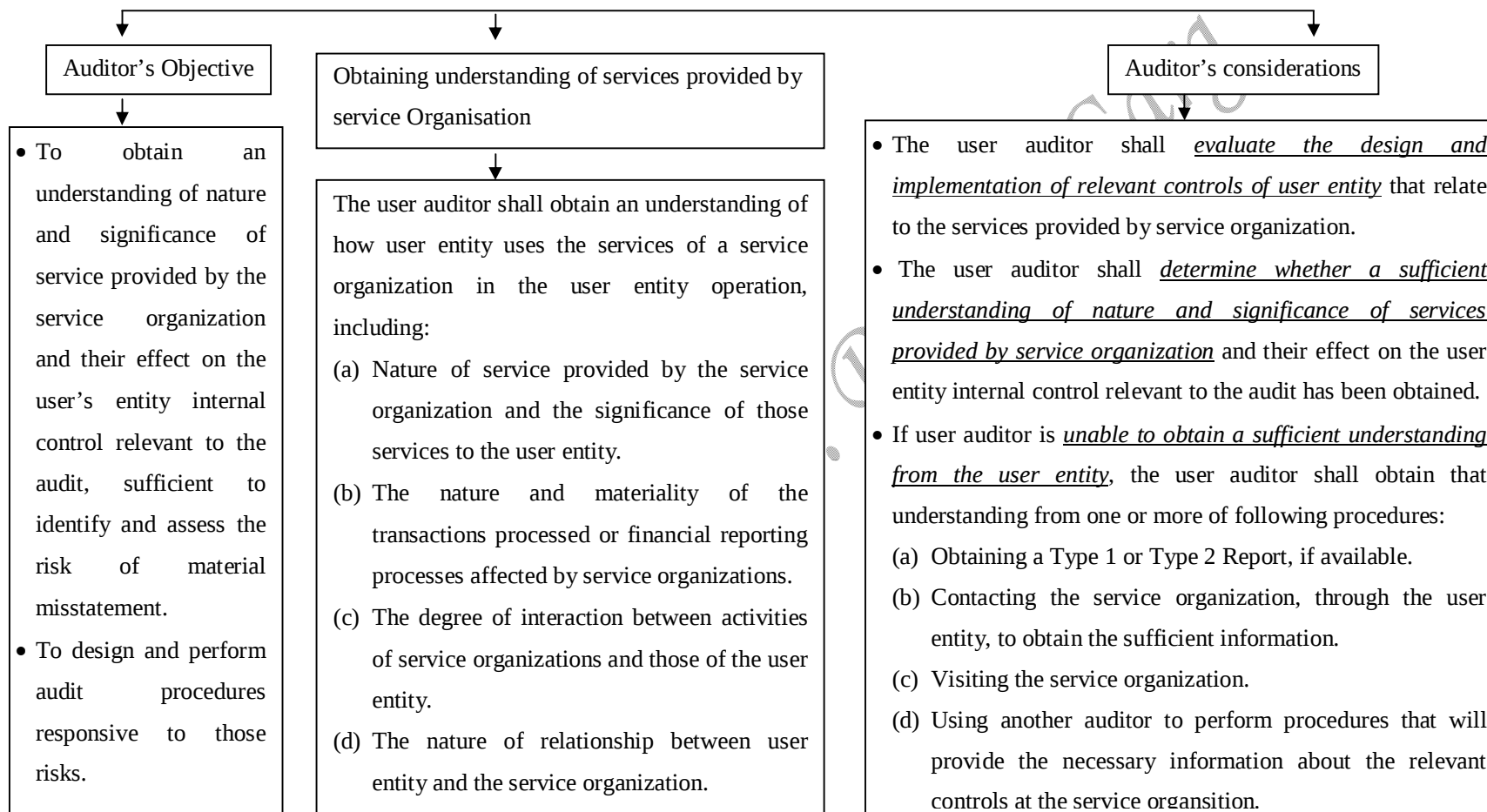
SA 320 (Revised) “Materiality in Planning and Performing an Audit”



SA – 330 “Responses to assessed Risks”



SA 402 (Revised) – Audit Considerations relating to an Entity Using a Service Organisation



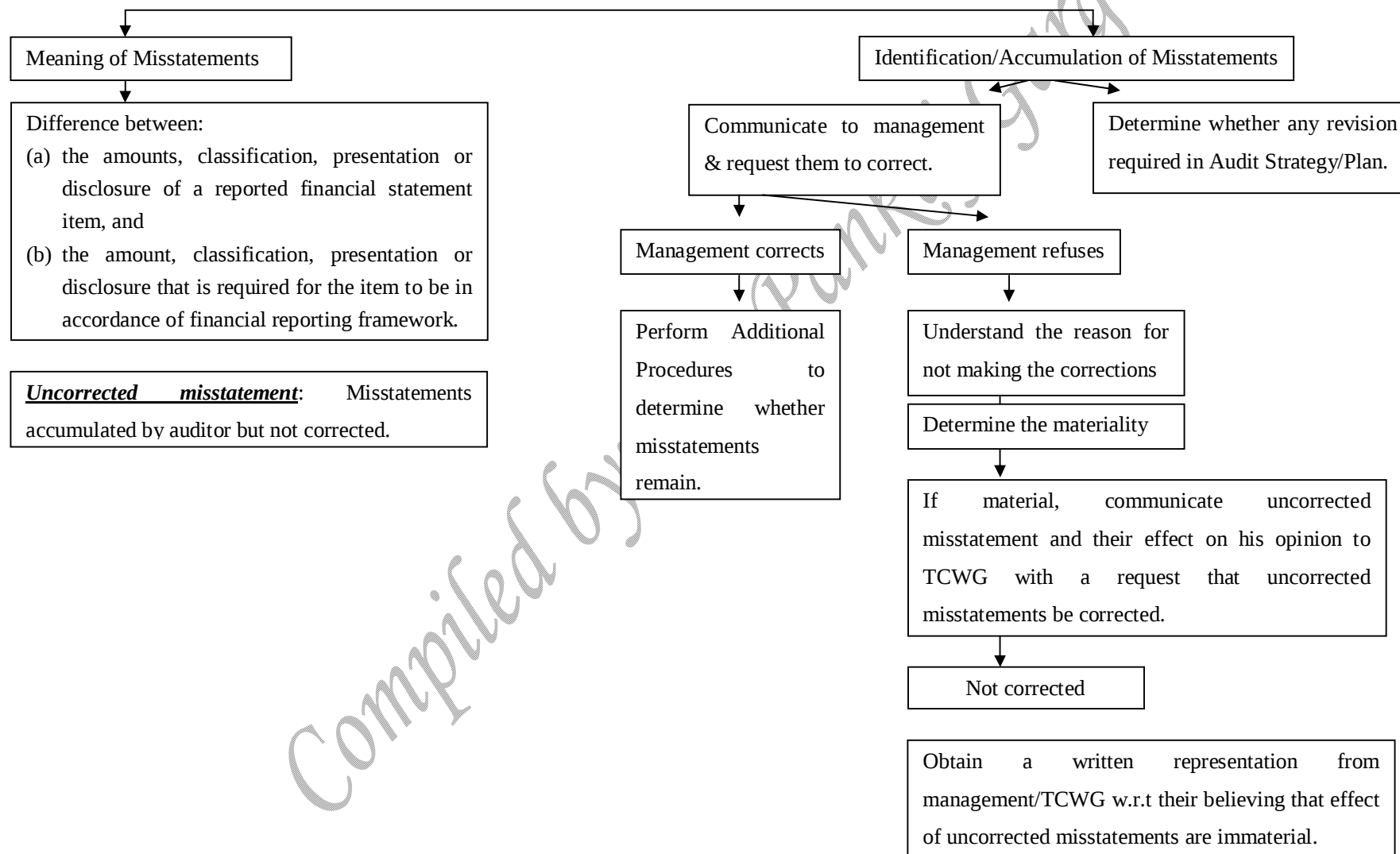
User Auditor: An auditor who audits and Reports on the financial statements of a user entity.

User Entity: An Entity that uses a service organization and whose financial statements are being audited.

Type 1 Report: Report on the description and design of internal controls at a service organization.

Type 2 Report: Report on the description, design and operating effectiveness of controls at a service organisation.

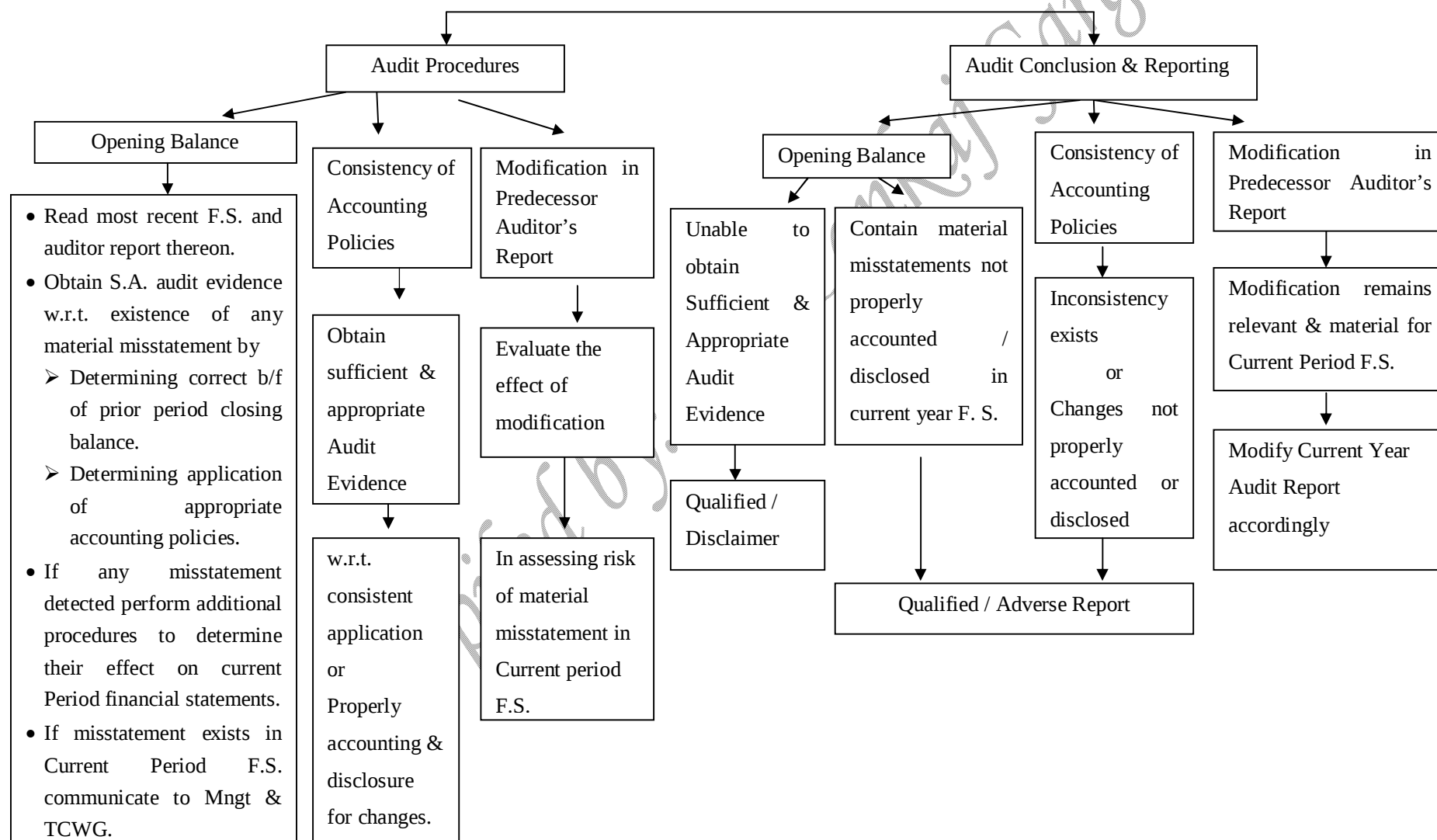
SA 450 “Evaluation of Misstatements Identified during the Audit



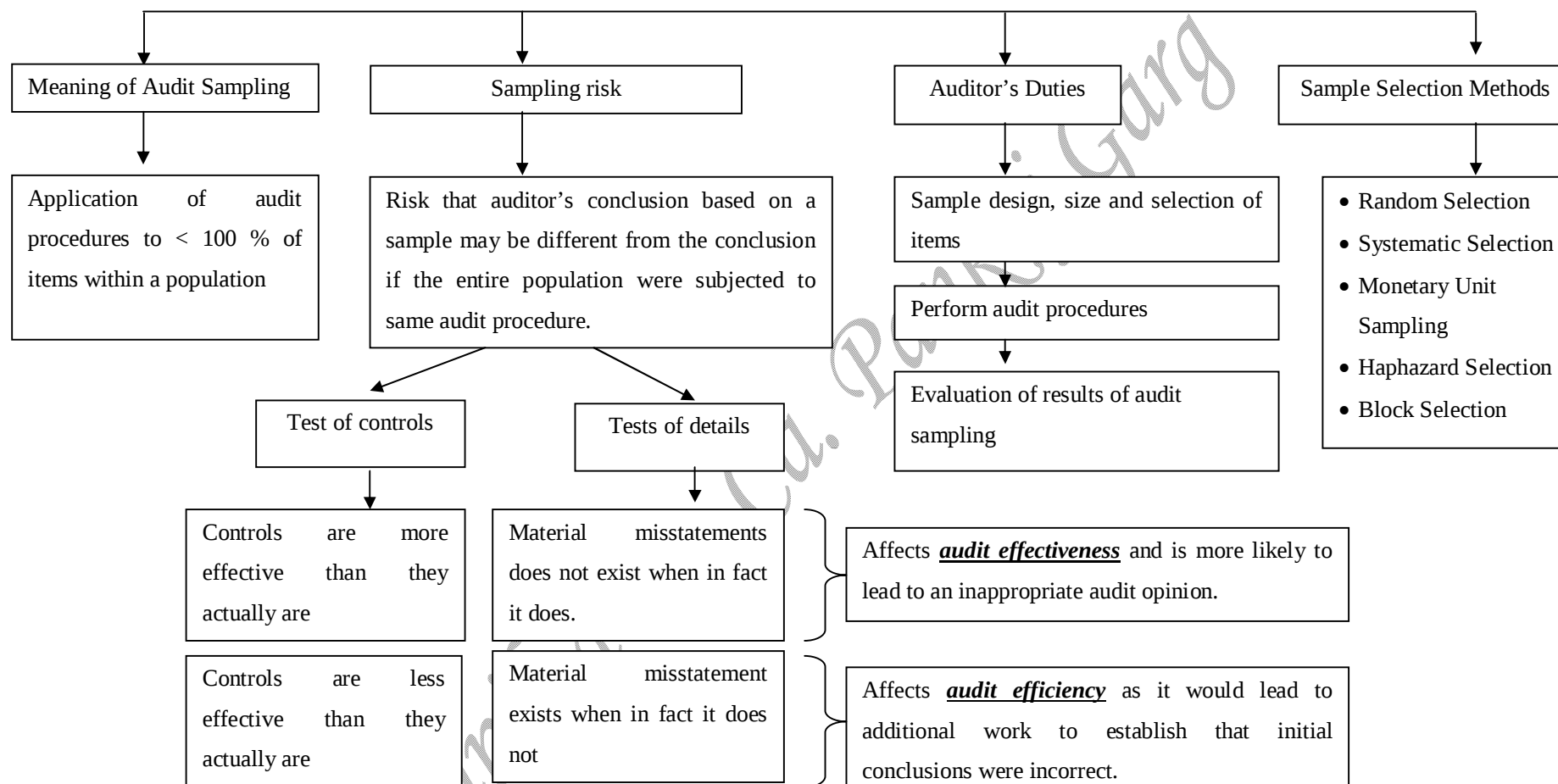
SA – 510 (Revised) “INITIAL AUDIT ENGAGEMENTS – Opening Balances”

Meaning of Initial Audit Engagement: An Engagement in which F. S. for prior period are not audited or were audited by predecessor auditor.

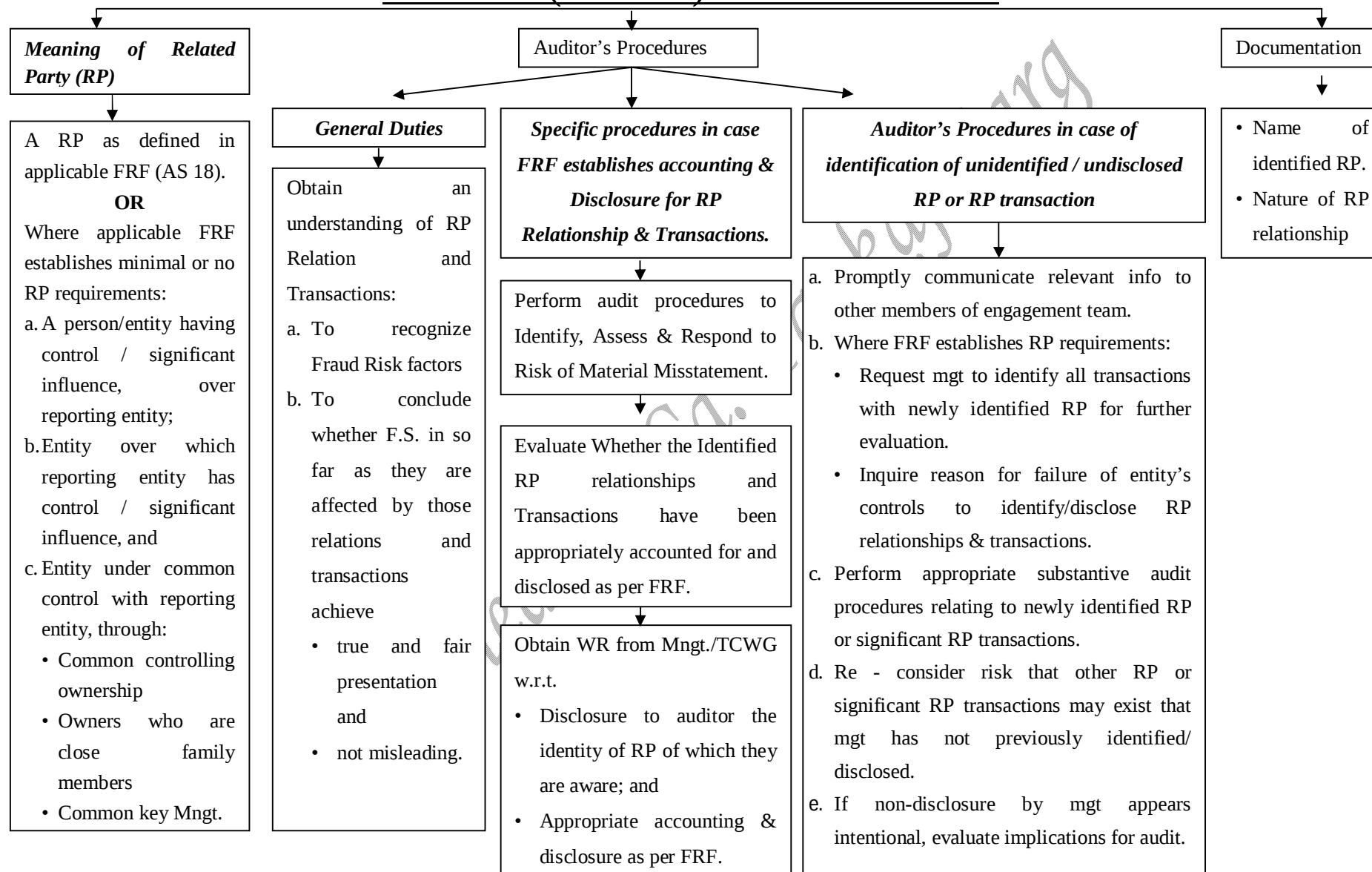
Meaning of Opening balance – A/c balance that exist at beginning of period & also includes disclosures exists at beginning of period.



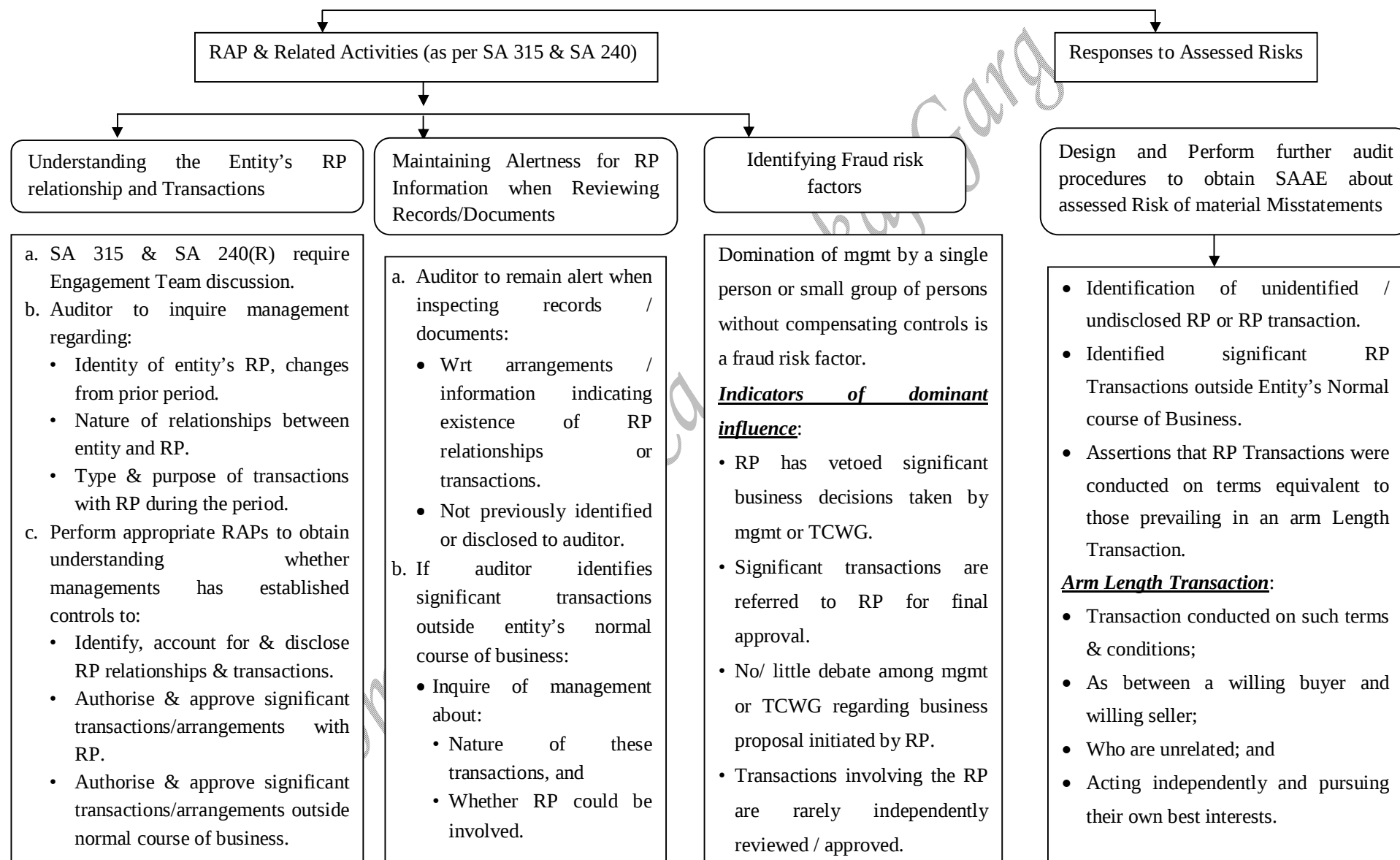
SA – 530 (Revised) “AUDIT SAMPLING”



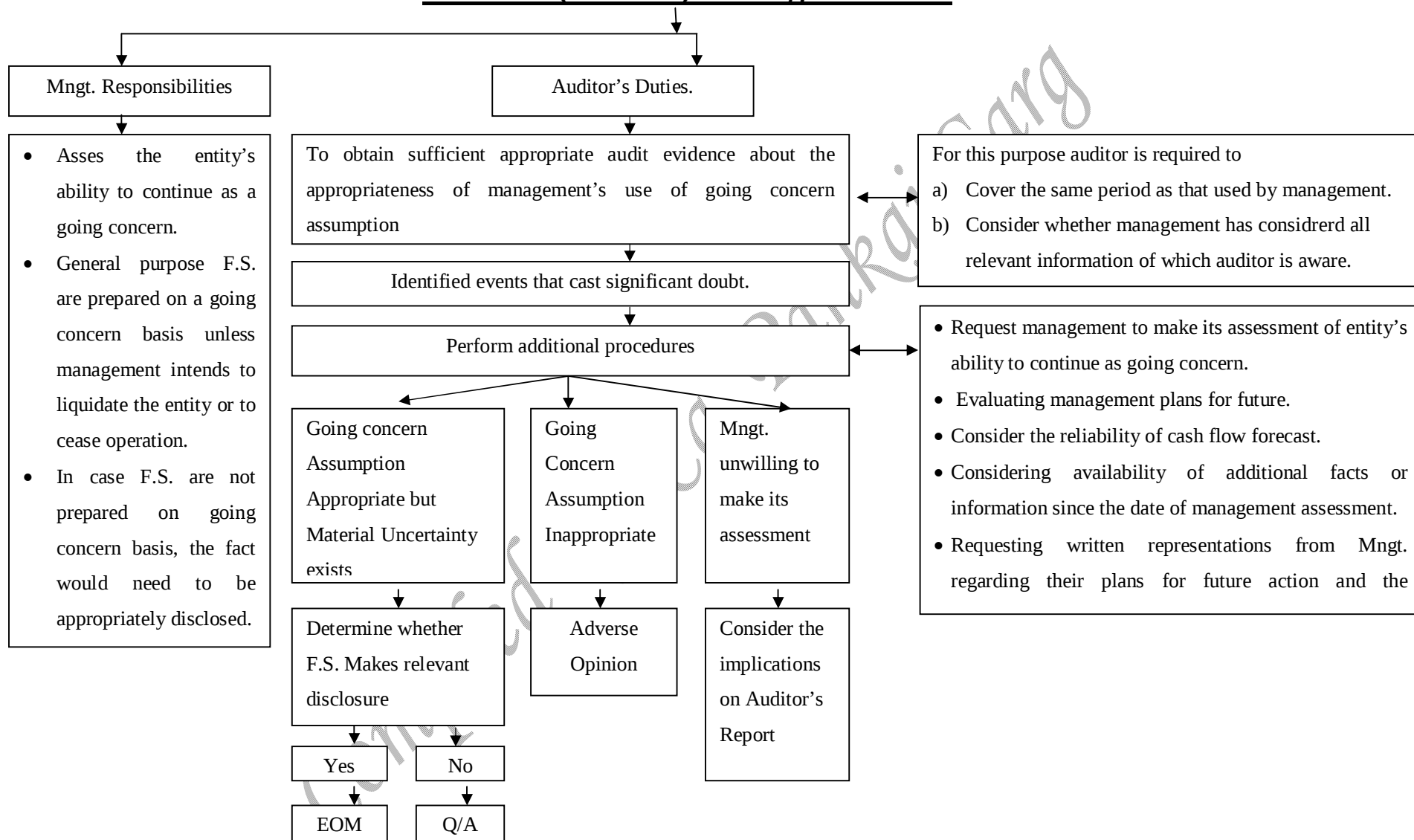
SA – 550 (Revised) “Related Parties”



Risk assessment Procedures and Responses to assessed Risk w.r.t Related party



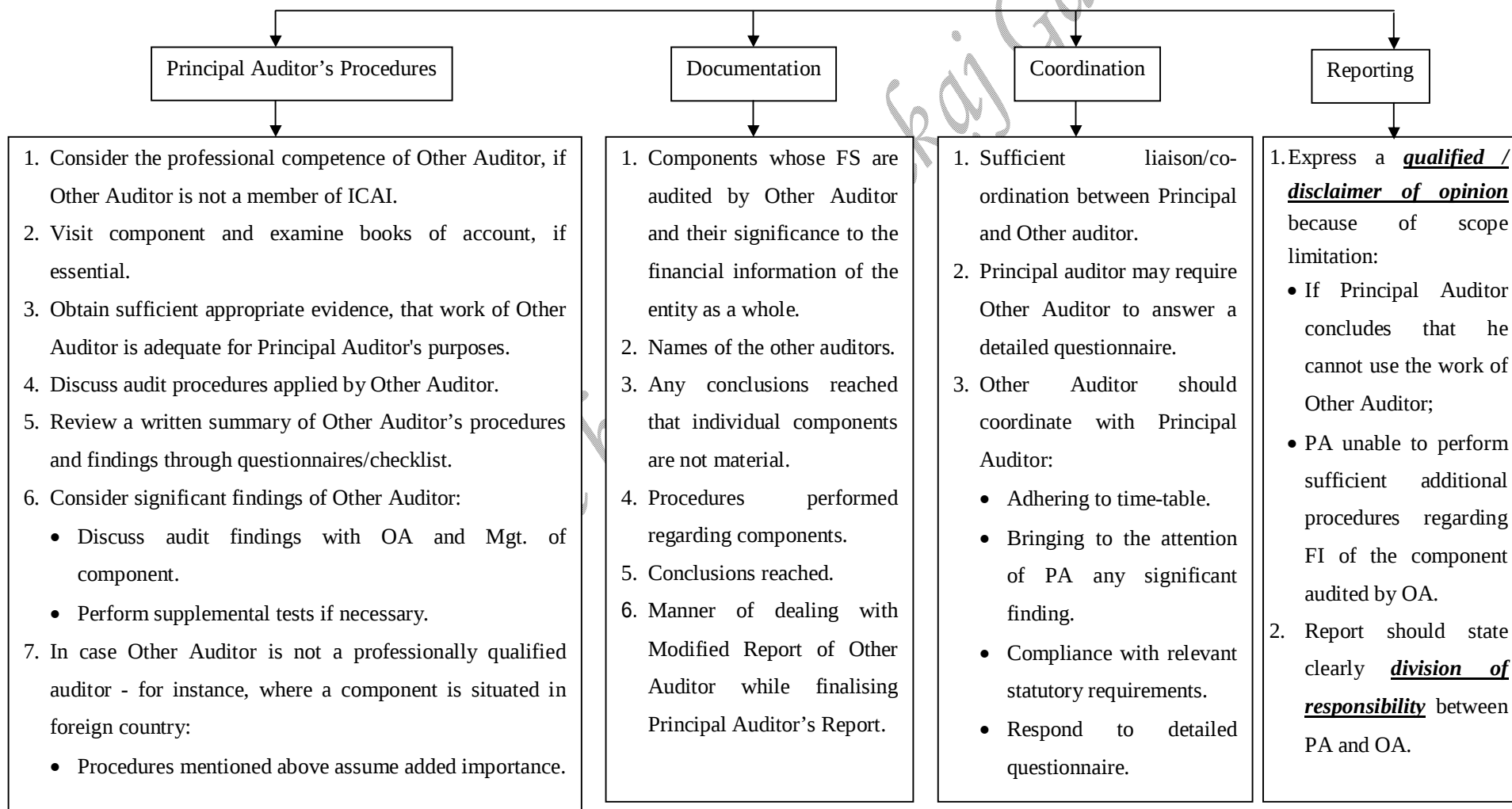
SA – 570 (Revised) “Going Concern”



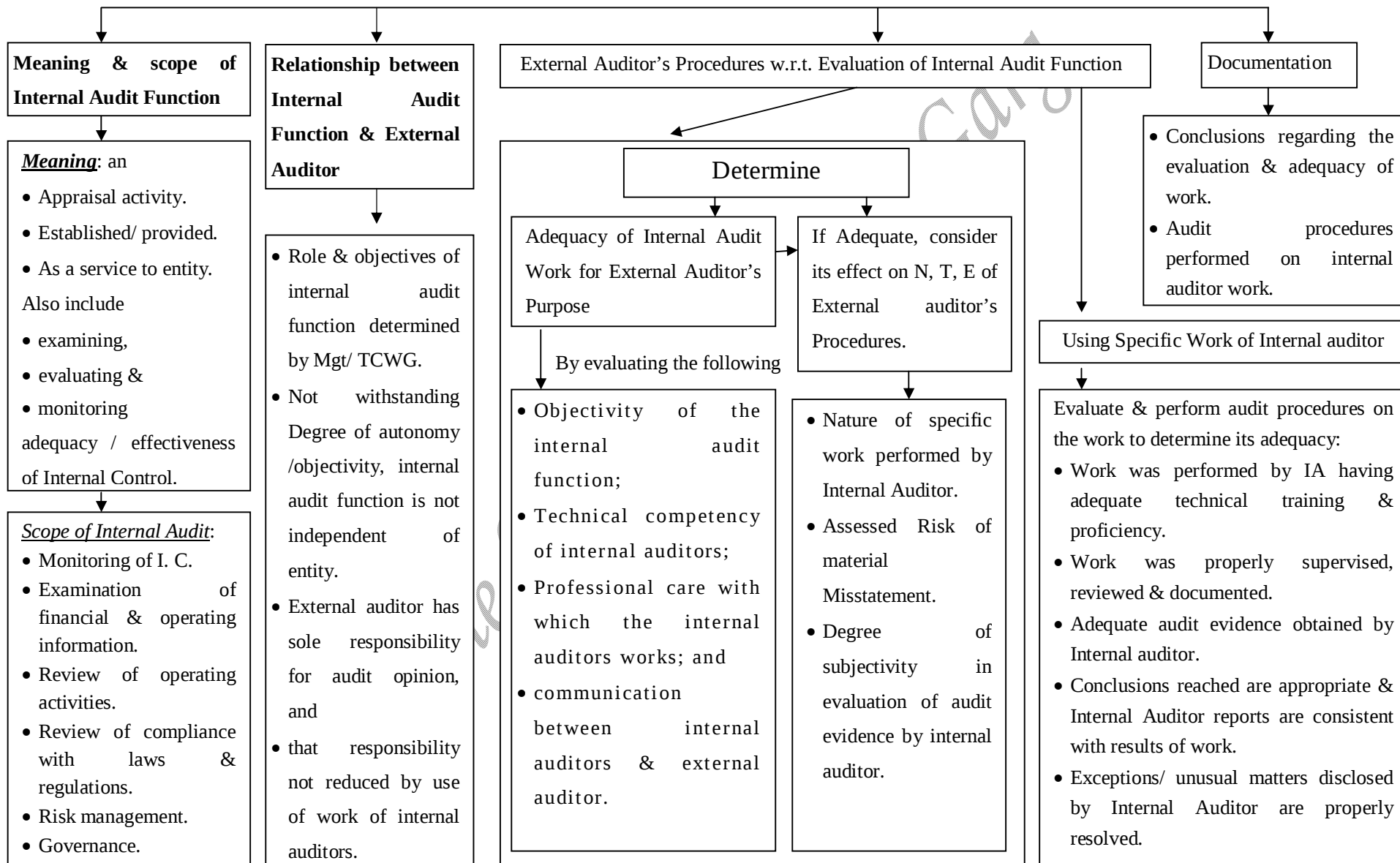
SA – 600 “Using the Work of Another Auditor”

Applicability: In situation where an auditor (principal auditor - PA), reporting on the financial information of an entity, uses the work of another auditor (other auditor - OA) w.r.t. to the financial information of one/more components (Division, Branch subsidiary, J. V. etc.), included in the financial information of the entity.

Non applicability: (a) Joint auditors (b) Auditor's relationship with a predecessor auditor.



SA 610 (Revised) “Using the Work of Internal Auditors”



SA 720 (Revised) - THE AUDITOR'S RESPONSIBILITY IN RELATION TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Purpose: Auditor is not required to express an opinion on other information in documents containing audited F.S. (Ex. Annual Report), however, auditor reads the other information because credibility of F.S. may be undermined by Material inconsistencies between the audited financial statements and other information.

Auditor's Procedures:

Make appropriate arrangements with Management & TCWG to obtain the other information prior to the date of auditor report & Read the information so obtained. If Information is not available prior to date of auditors report, read the other information as soon as practicable.

