

## MAIN AMENDMENTS IN C.A. FINAL AUDITING (compiled by CA SURBHI BANSAL)

**1. AUDITING AND ASSURANCE STANDARDS** have been renamed w.e.f. APRIL 1<sup>st</sup>, 2008. A comparative table of both the schemes is as follows:

### **Renumbering of the auditing and Assurance standards at a Glance (New scheme)**

| <b>Existing AAS Number</b> | <b>Title of the Standard</b>                                                             | <b>New Number of the Standard</b>      |
|----------------------------|------------------------------------------------------------------------------------------|----------------------------------------|
| <b>1.</b>                  | Basic principle governing an audit                                                       | Standard on auditing (SA) 200          |
| <b>2.</b>                  | Objective and scope of the audit of financial statements                                 | SA200A                                 |
| <b>3.</b>                  | Documentation                                                                            | SA- 230                                |
| <b>4.</b>                  | The auditors Responsibility to Consider fraud and error in audit of financial statements | SA-240                                 |
| <b>5.</b>                  | Audit Evidence                                                                           | SA-500                                 |
| <b>6.</b>                  | Risk assessments and internal control                                                    | SA 400                                 |
| <b>7.</b>                  | Relying upon the work of an internal auditor                                             | SA 610                                 |
| <b>8.</b>                  | Audit Planning                                                                           | SA 300                                 |
| <b>9.</b>                  | Using the work of an Expert                                                              | SA 620                                 |
| <b>10.</b>                 | Using the work of another auditor                                                        | SA 600                                 |
| <b>11.</b>                 | Representations by Management                                                            | SA 580                                 |
| <b>12.</b>                 | Responsibility of joint auditors                                                         | SA 299                                 |
| <b>13.</b>                 | Audit Materiality                                                                        | SA 320                                 |
| <b>14.</b>                 | Analytical Procedures                                                                    | SA 520                                 |
| <b>15.</b>                 | Audit sampling                                                                           | SA 530                                 |
| <b>16.</b>                 | Going concern                                                                            | SA 570                                 |
| <b>17.</b>                 | Quality Control for audit work                                                           | SA 220                                 |
| <b>18.</b>                 | Auditing of accounting estimates                                                         | SA 540                                 |
| <b>19.</b>                 | Subsequent events                                                                        | SA 560                                 |
| <b>20.</b>                 | Knowledge of the Business                                                                | SA 310                                 |
| <b>21.</b>                 | Consideration of laws and regulations in an audit of financial statements                | SA 250                                 |
| <b>22.</b>                 | Initial engagements opening balance                                                      | SA 510                                 |
| <b>23.</b>                 | Related Parties                                                                          | SA 550                                 |
| <b>24.</b>                 | Audit Considerations relating to entities using service organisations                    | SA 402                                 |
| <b>25.</b>                 | Comparatives                                                                             | SA 710                                 |
| <b>26.</b>                 | Terms of audit engagement                                                                | SA 210                                 |
| <b>27.</b>                 | Communication of audit matter with those charged with governance                         | SA 260                                 |
| <b>28.</b>                 | The auditors reports on financial statements                                             | SA 700                                 |
| <b>29.</b>                 | Audit in a computers information systems environment                                     | SA 401                                 |
| <b>30.</b>                 | External confirmations                                                                   | SA 505                                 |
| <b>31.</b>                 | Engagements to compile financial information                                             | Standard on related service (SRS) 4410 |

|     |                                                                              |                                             |
|-----|------------------------------------------------------------------------------|---------------------------------------------|
| 32. | Engagement to perform agreed upon procedures regarding financial information | SRS 4400                                    |
| 33. | Engagement to review financial statements                                    | Standard on review engagement (SRE)2400     |
| 34. | Audit Evidence additional Consideration for specific Items                   | SA 501                                      |
| 35. | The Examination of Prospective financial information                         | Standard on assurance Engagements (SAE)3400 |

## COMPLETED NEW SCHEME OF STANDARDS AS ISSUED BY ICAI (details of above)

### Audits and Reviews of Historical Financial Information

- 100-999 Standards on Auditing (SAs)
- 100-199 Introductory Matters
- 200-299 General Principles and Responsibilities
  - SA 200 (AAS 1), “Basic Principles Governing an Audit”
  - SA 200A (AAS 2), “Objective and Scope of the Audit of Financial Statements”
  - SA 210 (AAS 26), “Terms of Audit Engagement”
  - SA 220 (AAS 17), “Quality Control for Audit Work”
  - SA 230 (AAS 3), “Documentation”
  - SA 240 (AAS 4), “The Auditor’s Responsibility to Consider Fraud and Error in an Audit of Financial Statements”
  - SA 250 (AAS 21), “Consideration of Laws and Regulations in an Audit of Financial Statements”
  - SA 260 (AAS 27), “Communications of Audit Matters with Those Charged with Governance”
  - SA 299 (AAS 12), “Responsibility of Joint Auditors”
- 300-499 Risk Assessment and Response to Assessed Risks
  - SA 300 (AAS 8), “Audit Planning”
  - SA 310 (AAS 20), “Knowledge of the Business”
  - SA 320 (AAS 13), “Audit Materiality”
  - SA 400 (AAS 6), “Risk Assessments and Internal Control”
  - SA 401 (AAS 29), “Audit in a Computer Information Systems Environment”
  - SA 402 (AAS 24), “Audit Considerations Relating to Entities Using Service Organisations”
- 500-599 Audit Evidence
  - SA 500 (AAS 5), “Audit Evidence”
  - SA 501 (AAS 34), “Audit Evidence – Additional Considerations for Specific Items”
  - SA 505 (AAS 30), “External Confirmations”
  - SA 510 (AAS 22), “Initial Engagements – Opening Balances”
  - SA 520 (AAS 14), “Analytical Procedures”

- SA 530 (AAS 15), “Audit Sampling”
- SA 540 (AAS 18), “Auditing of Accounting Estimates”
- SA 550 (AAS 23), “Related Parties”
- SA 560 (AAS 19), “Subsequent Events”
- SA 570 (AAS 16), “Going Concern”
- SA 580 (AAS 11), “Representations by Management”
- 600-699 Using Work of Others
  - SA 600 (AAS 10), “Using the Work of Another Auditor”
  - SA 610 (AAS 7), “Relying Upon the Work of an Internal Auditor”
  - SA 620 (AAS 9), “Using the Work of an Expert”
- 700-799 Audit Conclusions and Reporting
  - SA 700 (AAS 28), “The Auditor’s Report on Financial Statements”
  - SA 710 (AAS 25), “Comparatives”
- 800-899 Specialized Areas

### **2000-2699 Standards on Review Engagements (SREs)**

- SRE 2400 (AAS 33), “Engagements to Review Financial Statements”

### **Assurance Engagements Other Than Audits or Reviews of Historical Financial Information**

- 3000-3699 Standards on Assurance Engagements (SAEs)
- 3000-3399 Applicable to All Assurance Engagements
- 3400-3699 Subject Specific Standards
  - SAE 3400 (AAS 35), “The Examination of Prospective Financial Information”

### **Related Services**

- 4000-4699 Standards on Related Services (SRSs)
  - SRS 4400 (AAS 32), “Engagements to Perform Agreed-upon Procedures Regarding Financial Information”
  - SRS 4410 (AAS 31), “Engagements to Compile Financial Information”

## **2. CHARTERED ACCOUNTANTS CAN SHARE PROFITS AND CAN ENTER INTO A MULTIDISCIPLINARY PARTNERSHIP FIRM**

Institute of Chartered Accountants of India has issued a notification no. Na.1-CA(7)/116/ 2008 dated 25-9-2008 incorporating various amendment to the Chartered Accountants Regulations, 1988.

These amendments are summarized as under

The qualifications to share profits / remunerations / commission / brokerage etc.( Under clause 2 and 3 of part I of first schedule)

- (i) Company Secretary within the meaning of the Company Secretaries Act, 1980;
- (ii) Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959;
- (iii) Actuary within the meaning of the Actuaries Act, 2006;
- (iv) Bachelor in Engineering, from a University established by law or an Institution recognised by law;
- (v) Bachelor in Technology from a University established by law or an Institution recognised by law;
- (vi) Bachelor in Architecture from a University established by law or an Institution recognised by law;
- (vii) Bachelor in Law from a University established by law or an Institution recognised by law;
- (viii) Master in Business Administration from Universities established by law or technical institutions recognised by All india Council for Technical Education.

Prescribed qualifications of a eligible partner who is not a member of ICAI ( Under clause 4 of part I of first schedule)

- (a) Company Secretary, member, The Institute of Company Secretaries of India, established under the Company Secretaries Act, 1980;
- (b) Cost Accountant, member, The Institute of Cost and Works Accountants of India established under the Cost and Works Accountants Act, 1959;
- (c) Advocate, member, Bar Council of India established under the Advocates Act, 1961;
- (d) Engineer, member, The Institution of Engineers, or Engineering from a University established by law or an Institution recognized by law.
- (e) Architect, member, The Indian Institute of Architects established under the Architects Act, 1972;
- (f) Actuary, member, The Institute of Actuaries of India, established under the Actuaries Act, 2006.
- (g) Professional bodies or Institutions outside India whose qualifications relating to accountancy are recognised by the Council.

### **3. A CHARTERED ACCOUNTANT IN PRACTICE CAN TAKE UP 45 TAX AUDITS (earlier limit was 30 per chartered accountant)**

#### **4. ICAI Guidelines No.1-CA(7) / Council Guidelines/01/2008, Dated 14<sup>th</sup> May,2008**

##### **GUIDELINES FOR ADVERTISEMENT FOR THE MEMBERS IN PRACTICE**

(Issued Pursuant to Clause (7) of Part I of the First Schedule to the Chartered Accountants Act, 1949.)

The Members may advertise through a write up setting out their particulars or of their firms and services provided by them subject to the following Guidelines and must be presented in such a manner as to maintain the profession's good reputation, dignity and its ability to serve the public interest.

The Member(s)/Firm(s) should ensure that the contents of the Write up are

true to the best of their knowledge and belief and are in conformity with these Guidelines and be aware that the Institute of Chartered Accountants of India does not own any responsibility whatsoever for such contents or claims by the Writer Member(s) / Firm(s).

### **Definitions**

For the purpose of these Guidelines:

- (i) The “Act” means The Chartered Accountants Act, 1949.
- (ii) “Institute” means the Institute of Chartered Accountants of India.
- (iii) “write up” means the writing of particulars according to the information given in the Guidelines setting out services rendered by the Members or firms and any writing or display of the particulars of the Member(s) in Practice or of firm(s) issued, circulated or published by way of print or electronic mode or otherwise including in newspapers, journals, magazines and websites ( in Push as well in Pull mode) in accordance with the Guidelines.

(The terms not defined herein have the same meaning as assigned to them in the Chartered Accountants Act, 1949 and the Rules, Regulations and Guidelines made there under.)

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### **The write-up may include only the following information:**

#### **(A) For Members**

- (i) Name ..... Chartered Accountant
- (ii) Membership No. with Institute
- (iii) Age
- (iv) Date of becoming ACA
- (v) Date of becoming FCA
- (vi) Date from which COP held
- (vii) Recognized qualifications
- (viii) Languages known
- (ix) Telephone/Mobile/Fax No.
- (x) Professional Address
- (xi) Web
- (xii) E-mail
- (xiii) C A Logo
- (xiv) Passport size photograph
- (xv) Details of Employees (Nos. - )
  - (a) Chartered Accountants -
  - (b) Other Professionals –
  - (c) Articles/Audit Assistants
  - (d) Other Employees
- (xvi) Names of the employees and their particulars on the lines allowed for a member as stated above.
- (xvii) Services provided
  - (a) .....
  - (b) .....
  - (c) .....

#### **(B) For Firms**

(i) Name of the Firm ..... Chartered Accountants

(ii) Firm Registration No. with Institute

(iii) Year of establishment.

(iv) Professional Address(s)

(v) Working Hours

(vi) Tel. No(s)/Mobile No./Fax No(s)

(vii) Web address

(viii) E-mail

(ix) No. of partners

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(x) Name of the proprietor/partners and their particulars on the lines allowed for a member as stated above including passport size photograph.

(xi) C A Logo

(xii) Details of Employees (Nos. - )

(a) Chartered Accountants -

(b) Other professionals –

(c) Articles/Audit Assistants

(d) Other employees

(xiii) Names of the employees of the firm and their particulars on the lines allowed for a member as stated above.

(xiv) Services provided:

(a) .....

(b) .....

(c) .....

The write-up may have the Signature, Name of the Member/ Name of the Partner signing on behalf of the firm, Place and Date.

### **Other Conditions**

(i) The write-up should not be false or misleading and bring the profession into disrepute.

(ii) The write-up should not claim superiority over any other Member(s)/Firm(s).

(iii) The write-up should not be indecent, sensational or otherwise of such nature which may likely to bring the profession into disrepute.

(iv) The write-up should not contain testimonials or endorsements concerning Member(s).

(v) The write-up should not contain any other representation(s) that may like to cause a person to misunderstand and/or to be deceived.

(vi) The write-up should not violate the provisions of the 'Act', Rules made there under and 'The Chartered Accountants Regulations,1988'.

(vii) The write-up should not include the names of the clients (both past and present)

(viii) The write-up should not be of font size exceeding 14.

(ix) The write-up should not contain any information other than stated in Para 3 hereinabove.

(x) The write-up should not contain any information about achievements / award or any other position held.

(xi) The particulars of information required at para (ii) of 3(A) and para (ii) of 3(B) above is mandatory.

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