SA -220 QUALITY CONTROL

AUDITOR- 1st AUDITOR 2nd → Auditors are in partnership firm

First of all Auditor's engagement done

After received engagement letter → Do planning

Sa 330, Direct & supervise the article work

Article appoint ,so in team of Audit

Engagement team, Engagement Partner +Articles

Review of Quality check of Engagement Team

TEAM -1

TEAM-2

Same opinion

If, Yes , then Sign report

If Dispute → Resolve → Sign Now

ENAGAGEMENT TEAM

Do ,Perform the work and in this **REVIEW THE WORK**

IF YES, OK → SIGN AUDIT REPORT

IF SOME DESCRIPENICES → SOLVE IT &

PROCESS OF REVIEWING THE QUALITY OF WORK PERFORME BY ENGAGE TEAM & PARTNER

Responsibility of Auditor

YES, WE DO THIS, THEN CHECK

Ethical requirement complied → OK

x not complied then → Action taken

SA 230

AUDIT DOCUMENTATION

Necessary for audit opinion

Necessary to show the compliance of Standard of Audit (SA's)

OPTAIN DOCUMENTS(Mean evidence & other)

Do

SUBSTANTIVE PROCEDURES

COMPLIANCE PROCEDURES

EVALUATE

?

SA 210 (review) → **QUALIFY**

Documentation this fact also for

CONCLUSION

MATCH

SAME → STOCK IS ACCURATE

NOTE SAME → QUALIFY THE REPORT

Some matter found mean event found after Bal. Sheet

(AS-4) + SA- 560(Subsequent events)

Note the subsequent event

Action

Audit report do

SA 500

AUDIT EVIDENCES

EVIDENCES

Reliable | Not reliable

Reliable
⇩
(written , direct and from outside etc)
⇩
Analyse
⇩
Evaluation
⇩
Conclusion on particulars items.
⇩
All conclusion with respective evidence are clubbed
⇩
Overall opinion is drown

Evidence
↓
match with item
↓

Evidence are in agreement with item (**Yes**)
↓
OK

NO
↓
INCONSISTENCY
↓
NATURE TIME EXTENT (NTE), DO INCREASE ↑
↓ THEN CHECK
IF

REMOVED
↓
OK, VERY GOOD

NOT REMOVED
↓ THEN
QUALIFIED THE AUDIT REPORT

SA -520

ARP (ANALYTICAL REVIEW PROCEDURES)

FOR EXAMPLE-

	CURRENT YEAR	P.YEAR	CHANGE	% CHANGE
Commission	**45000**	**20000**	**25000**	**125%**

Compare to sales

Suppose sale increase 20%

here base are Sale

ARP

% ratio/trend compute

Compare with base ratio /trend

Yes, fluctuation

It is usual

Ok, mean its normal

it is unusual

so, there are indicator that may be fraud & -

- Error (mean higher degree of risk may be)

Investigation (NTE↑ increase)

If confirm fraud & error

Qualify the report

if not confirm

ok, very good

Not, fluctuation

ok

SA-260

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

SCOPE → What to communicate → Auditor' responsibility(expression opinion
- \+ Management is not relived for his responsibility
- \+ Do planning & timing
- \+ if finding any matter during the audit

→ How to communicate
- → Must be in written
- → Must be timely based
- → feedback

OTHER MATTERS : i.e-

Independence X

↓

Sub. Group*

communication to the

↓

Management | TCWG

In small business they are same

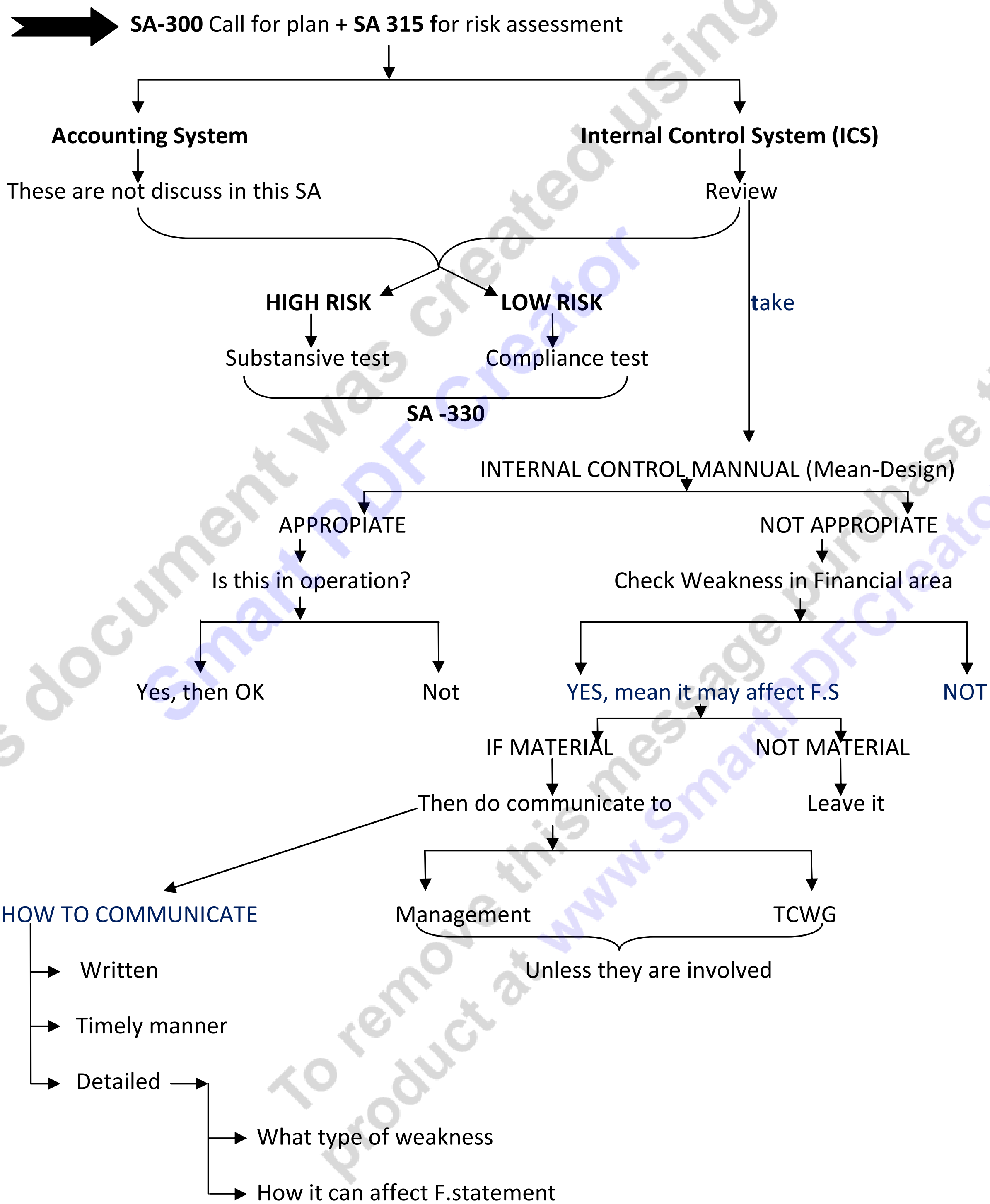
↓

So, one communication is sufficient

Documentation

SA -265

COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT



SA-600 -, USING OF WORK OF ANOTHER AUDITOR

CLIENT (Which's audit are doing)

PRINCIPLE AUDITOR ← Client's auditor called

Subsidiary | Branch | Partnership firm | Associated etc

All's auditor → Component Auditor/Other Auditor

↓ Check

Skill + Check liquidation on scope of component Auditor

↓ yet

Finding

↓

Discuss

↓

Questioner can do with component Auditor

↓ yet

Work performed by component Auditor

Complete → OK

Not complete → This is check himself by Principle Auditor / Checks from another Auditor

COMPONENT AUDITOR → GIVE

Clean Audit Report

Modified

↓

Consider this

↓

What the company Audit report required to be modified

YES → Reason is material

NO → Reason is not material

SA-610

USE WORKS OF INTERNAL AUDITOR

Principle Auditor
↓
Can use the work of Internal-
- control auditor for SA 315

1. Internal Auditor
↓
directly
↓
Assistant in company Audit } ✗

2. Working paper to
Internal Auditor } ✗

SA-530 (AUDIT SAMPLING)

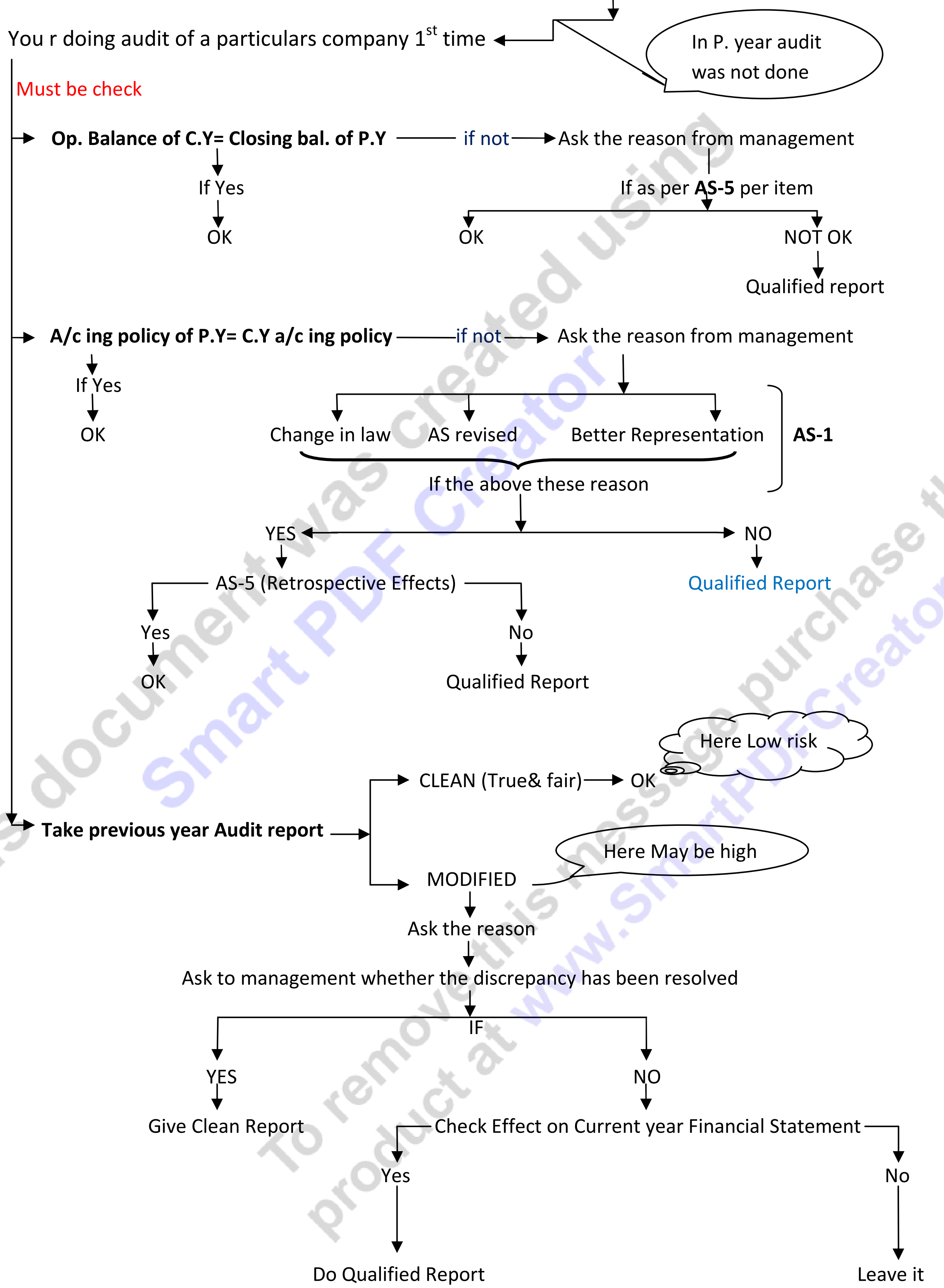
Definition – most important in this SA

Population (Item)
↓
Sample Size
↓
Audit Procedure

- Deviation
  - Population/item → Wrong/incorrect → Qualified
  - not material → Aggregate with other deviation → if
    - material → Qualified the report
    - not material → leave it
- Not deviation material → ok

SA 320

SA-510 (INTERNAL AUDIT ENGAGEMENT)



SA -540 (ESTIMATION)

ACCOUNTING ESTIMATE

OTHER ESTIMATE

(i.e. - Rate of dep., Provision etc)

IT IS

Responsibility of Management

- Take Items
- Analyse these items
- Decide Range (For e.g. - Dep. In 15 to 20 year)
- Yet outcome is determined (i.e. – Dep. do 17%)

AUDITOR RESPONSIBILITY

Check

FFS are allowed do

whether need or not

Adequacy or Reasonableness

Analyse of item self

Decide Range

Outcome

Fair + Disclosure

Compare

if

Match

not match (mean difference)

Satisfied

If Yes

OK

Ask to the Person

may be

Appropriate evidences are gets

then

Qualify the report

not get

Take Written Representation from Management

(SA-580)

SA 620{Revised} USING THE WORK OF AN AUDITOR'S EXPERT

EXPERT

Management Expert

For

Problem related to prepare of F.S

This SA not applicable here

Auditor's Expert

For

Problem relates to Audit & A/c ing

This SA not applicable here

For

Other Problems(i.e –valuation)

Yes applicable this SA

But using other Expert's opinion never finishes /decreases Auditor's responsibility

In Expert → check Skill, Competence & Independently → but before doing this work

Discuss to this for field/work

\+ Agreement between Auditor and Expert

After this

Work is performed by Expert → Now Auditor Review

As per Expert Opinion (For eg. Plant is Rs.2 lakh)

But Management say Plant value is Rs. 3.5 lakh

Difference

After review this, Auditor ask to the Management for Difference

REVIEW ✓

Yes, consistency

Give clean report

Ok

No require Expert's reference

Not, consistency

Qualified the report

Use the name of Expert (consent of Expert compulsory)