| Amendments in Standards of Auditing | |
|---|---|
| SA 700 | Old SA 700 applicable for Nov 2017 |
| SA 705 | Old SA 705 applicable for Nov 2017 |
| SA 706 | Old SA 706 applicable for Nov 2017 |
| SA 701 | Not applicable for Nov 2017 |
| SA 260(revised) w.e.f. 1.4.2017 | Out of the matters communicated to TCWG , the matters which are most significant in the current year in the professional judgement of the auditor shall be included in the key audit matters in the auditor's report. |
| SA 570 ( revised) w.e.f.1.4.2017 | Material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern is itself a key audit matter but to be reported as per SA 570. |

| Amendments in Company Audit | |
|---|---|
| 143(3) | **Additional reporting for specified bank notes during the denomatization period required in Rule 11 :**<br>**Other matters to be included in Auditor's Report(Rule 11 of Companies(Audit & Auditor's Rules,2014)**<br>**(a) Delay in transfer to IEPF-**The auditor should include in his report whether there has been any delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.<br>**(b) Pending Litigations-** The auditor should include in his report whether the company has disclosed the impact, if any, of pending litigations on its financial position in financial statement.<br>**(c) Provision for Losses-**Whether the company has made provision, as required under the law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.<br>**(d) Specified bank notes-** whether the company had provided requisite disclosure in the financial statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th Nov, 2016 to 30th December 2016 and if so, whether these are in accordance with the books of accounts maintained by the company. |

# Audit of PSU

| Basic elements of PSU Audit | | |
|---|---|---|
| **Three parties** | **Subject matter, criteria and subject matter information** | **Types of engagement** |
| **1. Auditor**<br>**2. Responsible party**<br>**3. Intended users** | **1.Subject matter**<br>**2. Criteria**<br>**3. Subject matter information** | **1.Attestation Engagements**<br>**2.Direct Reporting Engagements.** |

| General principles of PSU Audit |
|---|
| **1. Ethics and Independence** |
| **2. Professional Judgement** |
| **3. Quality Control** |
| **4. Audit Team Management and Skill** |
| **5. Audit Risk** |
| **6. Materiality** |
| **7. Audit Risk** |
| **8. Materiality** |
| **9. Documentation** |
| **10. Communication** |

| Principles relating to Audit Process in PSU | | |
|---|---|---|
| **Planning the Audit** | **Conducting the Audit** | **Reporting and Follow up** |
| ✓ **Establish the terms of the audit.**<br>✓ **Obtain understanding of the entity.**<br>✓ **Conduct Risk assessment of problem analysis**<br>✓ **Identify risks of fraud**<br>✓ **Develop an audit plan** | ✓ **Perform the planned procedure to obtain audit evidence.**<br>✓ **Evaluate audit evidence and draw conclusions.** | ✓ **Prepare a report based on the conclusions reached.** |

| Financial Audit | Compliance Audit |
|---|---|
| **Financial audit is primarily concerned to;**<br>✓ **Express an audit opinion on the financial statements**<br>✓ **Enhance the degree of confidence of intended users in the financial statements.** | Compliance audit is the independent assessment of whether a given subject matter is in compliance with the applicable authorities identified in criteria.<br>**Compliance audit is concerned with:** |

| | |
|---|---|
| The C&AG shall express an opinion as to whether the financial statements are prepared , in all material respects in accordance with applicable FRF. | ✓ **Regularity-**adherence to laws, regulations and agreements applicable to the entity.<br>✓ **Propriety-**observations of the general principles governing sound financial management and the ethical conduct of public officials.<br>**Perspective of compliance audit:**<br>Compliance Auditing is generally conducted either:<br>✓ In relation with the audit of financial statements , or<br>✓ Separately as individual compliance audits, or<br>✓ In combination with performance auditing. |