1. SA (200 - 800) → Audit of Historical Financial Statements.
2. SRE : Standards on Review Engagement. 2400, 2410 } Review of Historical F.S.
3. SRS : Standards on Related Services. 4400, 4410 } we are concerned with agreed upon procedure.
4. SAE : Standards on ~~Review~~ Assurance engagement. 3400, 34002, 3420 } other than historical F.S. (Future ke bare me assurance).

Engagement Standards

5. Some Quality control standards:

Answers drafting: "As per the Engagement and Quality control standards issued by the ICAI"

* Category of standards.

⇒ Reporting standards. 700 series 700, 701, 705, 706, 710, 720

⇒ Basic Stds. 200, 210, 220, 230, 320, 300, 580, 5

⇒ Communication with TCWG 260, 265

⇒ Audit Evidence. 500, 501, 505, 510, 520

⇒ Using others work ⇒ 600, 610, 620, 299.

⇒ Risk assessment 315, 330, 240, 250, 402, 450, 540, 550, 560, 570, 580.

AUDIT

↓

To express opinion.

1. Unmodified. SA 700
   - → every thing is TAF.
   - → F.S are as per FRF.

2. Modified SA 705
   - → F.S in all material respect are not reflecting TAF view.
   - →

Other option if ~~opinion~~
- EOM SA 706.
- Key Audit Matter SA 701

SA700

Forming an Opinion and Reporting on Financial Statements.

* Unmodified Opinion.
* General purpose financial statements as per General purpose framework.
  - Fair Presentation F.work. (in exceptional cases modification is allowed)
  - Compliance Framework. (Rigid Framework).
* Special purpose frame work → Not covered in SA700. (e.g. cash flow, etc.)

* To frame unmodified opinion the auditor has taken sufficient evidence

* Contents of Audit Report.

1) TITLE. Independent Auditors Report.
2) To, The Members.
3) Opinion: → unmodified.
   ↳ Introduction of entity.
4) Basis of Opinion: → SAS have been complied.
   → requirement of CA act complied.
   → SAAE obtained.
5) Going Concern Paragraph. (570).
6) Key Audit matters (701)
7) other Matters Paragraph.
8) Managements Responsibility.
9) Auditors Responsibility.
10) Location of Description of Auditors Responsibilities.
11) other Reporting Responsibi.
12) Date.
13) Place.
14) Signature.

* Modification to the Opinion of Independent Report. SA705 *

Modification = FS in all material Respect are not reflecting T & F view.

* Modification.
  ↳ Qualified.
  ↳ Adverse
  ↳ Disclaimer.

* Qualified: when we conclude that misstatements are material but not pervasive.
→ when you are unable to obtain info & misstatement are potential effect but not pervasive.

* Adverse: MMS are material + pervasive.

* Disclaimer: Unable to obtain SAAE & potential effects are material & pervasive.

* Qualified. (Sholay).	* Adverse	* Disclaimer
every things are ok, except. ≡ but not pervasive.	- Negative signal.	- Koi lena dena nahi hai
	- MMS are there and is pervasive effect on FS.	- No opinion can be given.
		- No info recd.
		- & pervasive may be if audit done.

SA 706 : Emphasis of Matter paragraph & other Matter paragraph in Indep Auditors Report.

* where to place this paragraph.
  ↓
  Professional Judgement.

EOM (disclosed in F.S)	OM Paragraph
① Matters which have already been included in F.S but in the Prof. Jud. of auditor, it is very significant, to the understanding of user of FS, the auditor may put more emphasis on such matter by including it again in EOM para e.g pending litigations.	① . Matters which have not been included in F.S and in P.J of auditor it is very significant ---- ------
	② It should not be prohibited by law.
	③ Should not be dealt in KAM.
② Report will not be modified w.r.t such matter & such matter shall not be determ-ined as K.A.M.	④ eg. in P.Y F.S were not audited or audited by another auditor.

SA200 : Overall objective of the Indepen. Auditor And The Conduct of An Audit in Accordance with SA's.

→ Objective – To report on T & F view → Togive opinion.
→ Limitations of Audit. → Inherant Limitations.
→ Requirnment → Scope.
→ only persuasive evidance and not conclusive evidance.

→ Limitation of Audit :- → FS prepared by management.
→ only audit not investigation.
→ Auditor is a FAT man having other limitations.

Nature of FS. | Nature of Audit process. | Timeliness & cost benefit analysis | → RPT → etc.

* Requirnment :- * Ethical Requirnment – Integrity – Confidentiality
  – Objectivity – professional compitent.
* Professional Skepticism. – always be aleart.
  – Questioning mind.
* Professional Judgement (PJ) : – identify Risk.
  – NTE – evidence reliability.
* Obtaining SAAE
* Compliance of standards
* Requirnment of legislation.

16

(31) (13)

SA210: Agreeing the terms of Audit Engagement.

Pre-conditions for audit.
→ Acceptable FRF is used for prep of FS.
→ Necessary Internal control system has been designed.
→ Unrestricted Access

Premise of audit

Determination of AFRF :- Nature of entity
- Purpose of FS.

* Issuing Engagement letter.

* Change in terms of audit engagement:-
Like → assess cannot provide some record.
→ restriction in scope of audit.
↓
ask management the reason, why?
↓
lower level of assurance? → No → Fine.
↓
Yes
↓
management justifyable or/not?
↓
withdraw/ continue/ disclaim.
↓
if law permissable/

* Revision of Engagement letter.
- Change in management.
- Change in FRF
- Ownership change.
- N & size of entity.
- Terms of audit change.

Change in Reporting requirement.

SA220 Quality Control for an Audit of FS.

* Leadership Responsibility (engagement partner). - To delegate work to engagement team
- To check ethical requirement.
- To check work of team members
- To take consultation whereever required.
- whether Quality review conducted.
- To solve dispute

* Acceptance and continuance of client relationship
* Competence, integrity, Quality, ethically work done or not. (i.e independence).
* any significant matter arrise → whether to accept or continue or not.
→ self competence, etc.
→ Integrity of management

SA 230 Audit Documentation.

* Auditor should maintain written documents of every work done during Audit. by each and every person involved in audit so that accountability of work done can be maintained.

* To express an opinion, evidence should be there to base an opinion on F.S (form an opinion).

* Need of documentation to be understand.

* Audit documentation is the record of
→ all the audit procedure performed. → TOC
→ Substantive procedure done.
→ Relevant audit evidance obtained → Oral/visual → written.
→ Conclusion to form opinion, maintain upto 7years (Documents.

* Purpose of Audit Documentation.
→ Assistance → Quality control review → External review etc.
→ future record → to put accountability

* Factors affecting form content, & extent of audit documentation.
* Size and complexibility of Entity.
* Nature of audit procedure performed.
* Identify Risk of MM
* Significant of Audit Evid. obtained
* Nature and extent of exception identified.
* Need doc a conclusion.
* Audit methodology & tools used.

SA: 265 Communicating deficiencies in Internal control to those CWG

* deficiencies in Internal controls
  - → present?, in action? deficiencies? (Description of discripencies)
  - → Design, Implement, maintainance of IC
  - → letter of weakness includes remidial action can be taken.

* Is Reporting on IC deficiencies mandatory?
  - → As per standards → NO.
  - → But as per Sec 143(3)(i) yes

* SA 260 Communication with TCWG (Audit Committee) (in company)

* Comunicate with TCWG certain baote.
  - → Auditors responsibilities,
  - → Management Responsibilities.

I - Independence Threat.
F - findings include difficulties faced.
R - Responsibilities.
S - Scope.

* Amendment: out of matters communicated to TCWG, only most significant matter in Auditors judgement should be reported in KMP (SA 701)

* There must be Two way communication.
* Audit Scope * Timing, etc.
* difficulties faced during Audit
* any limitation / delay in data receiving

~~Can be~~ mode of communication.

* factors to determine communi.
  - → Significance of matters.
  - → expectation of TCWG.
  - → law requirement.
  - → Size of entity → control of entity.
  - → on going dialogue.
  - → oral / written.
  - → detail / summarise, etc.

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SA 701 Communicating KAM in the Independent Auditor's Report

Objective: to bring transperancy. (more).

Significant matters communicated to TCWG. (SA 260)

In clean audit Report → give a paragraph → KAM

Including more significant matter in KAM in current F.Y. (out of matters communicate to TCWG) → Tell user of FS. in KAM as per SA701

→ Areas of higher assessed risk of MMS.

→ Any matter giving rise to modification → will go to basis of opinion as audit report is modified

*. Circumstances in which a matter determined to be KAM is not communicated in the Auditor's Report.

→ law or regulation precludes

→ In extremely circumstances which will be reasonably be expected to outweight the public Interest benefits of such communication.

→ To obtain Info & explanation

→ matter which is brought in notice to all J.A by other auditor.

→ AR – given in Law format.

→ FR – App. FRF.

SA 299 : Responsibility of Joint Auditors

* Entity is very very Big.
* Volume of work is Big.
* Appoint 2 or more Principal Auditors. to conduct Audit.

* **Benefits**
  1) Efficiency
  2) Timely completion of audit.
  3) Cost Benefit
  4) Synergy Benefits

* How division is done of work between joint Auditors
  - on Basis of components of F.S.
  - on Basis of Geographical location.
  - on basis of Time Periods
  - on basis of Expertise.

* Responsibilities of Auditors.
  → Individual Responsibilities
  → Joint Responsibilities
  → Can a Auditor rely on work of another auditor.
  → Difference of opinion

Responsibility

Joint Responsibility	Independent Responsibilities
→ work not divided.	→ work is divided
→ Decision taken collectively on NTE of audit & Extent of Audit procedure.	→ prof. Judgement.
	→ IC of system
	→ working Papers.

* **Background**:

SA 299 issued by ICAI deals with "Responsi. of Joint Auditors". The Responsi. given in SA are no different from than given in Co Act, 2013 The features are:- ① Division of work & ② Co-ordination.

SA 600 Using the work of Another Auditor

As per Basic principles governing an audit, whenever the auditor delegates/uses the work of another auditor's and expert.

He can rely on there work provided he exercises due care however he shall be responsible for his own opinion.

Principle Auditor.	Other Auditor
Auditor of entity	Auditor of components of entity e.g. Branch/Subsidiary.
Sec 143(3) Reporting Req. CA	Sec 143(8) CA. Foreign Branch, he may not be a CA

1. Principal Auditor ~~may~~ can use the work of other auditor, after evaluating his professional competence

2. Role of PA

- audit the CFS
- Advice → Direction to OA.
- Furnish Questionnaire.
- Consider findings.
- Supplementary Test.

Role of O.A.

- confined to Branch A/c.
- Co-ordinate with PA
- Adhere to the time table of SA.
- Response to Questionnaire.
- Bring into notice of PA all his significant findings.

* PA is not able to use work of OA → SA 705 (modification/Disclaimer)

* If OA has given modified opinion. PA should consider/may not consider such modifications is req in his audit report

* Using the work of I.A.

SA 610

Co. Act Sec 138 Internal Audit.

Qualification.

- CA or
- CWA or
- any other professional.

Classes of companies to whom IA is mandatory.

- Listed Co.
- Unlisted public companies.

		PVt Co's
T – T/o	≥ 200cr or	✓ or
O – o/s loan	≥ 100cr. or	✓
P – PUSC	≥ 50cr. or	–
D – Deposit.	≥ 25cr or	–

* Internal Audit functions

→ G R C — Internal control Proc.

G – Governance, C – Risk management

ernal Audit functions.
RC — Internal control process
rnance Risk management

cons

or

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SA 610

whether SA can use the work of IA / Evaluation of IA function.

1. Objectivity of IA.
2. Competence.
3. whether IAF is systematic & disciplined approach including
4. Quality control.

(imp) Direct Assistance

* whether DA can be used or not.
  1) law / regul. does not prohibit.
  2) no security threat
  3) Internal Auditor is competent / capable.

* DA is not advisable:
  → where significant judgement is involved.

  To check:
  → Accounting estimates
  → Going concern.
  → A/c's policies.

  → where RMM is involved.
  → where IA is already involved.
  → where IA is not objective, competent & capable.

Scanned by CamScanner

COMPANY ACCOUNTS

128 – BOA
129 – FS
130 – Reopenning of FS
133 – Power of CG to prescribe AS
135 – CSR
137 – Filling of FS to ROC
131 – Voluntary Revision of FS.
132 – NFRA.
134 – Board Report & DRS & approval of FS
136 – Circulation of FS to members
138 – Internal Audit

*** 128: legal Provision to BOA.**

→ Place.
→ Inspection.
→ Properly maintain.
→ Preservation of BOA.
→ Penalty.

* Factors that may affect identification of an appropriate benchmark.

1. Elements of FS.
2. Expectation of users of F.S.
3. Nature of entity.
4. Ownership structure of entity.
5. Relative volitality of benchmark.

SA 320 Materiality in Planning & performing the Audit

* During Audit cannot check 100% item.
→ ∴ material is imp in auditing as only sample are checked
→ materiality is something that may influence the decision of users of FS.
* materiality depends on professional judgement of the auditor
⇒ Steps involved in determination of materiality:
1) Identify an appropriate benchmark. (decide base i.e FA, NP, CA, Cash, P/L) factors
2) Apply a % on chosen benchmark.
3) Step1 × Step 2 = materiality. upper level &
4) Determine performance materiality (To reduce Audit Risk) → lower level of material.
5) Revision of materiality

⇒ Relationship between Materiality & Audit Risk.

* materiality level can be revised. (due to changes in circumstances)
→ NTE should not be hamparred.

* Item Materiality ↑ → Audit Procedure ↑ → Audit Risk ↓
(inverse proportional Relationship between

* materiality set can be on → overall FS level.
→ on Individual A/c bal
→ Class of Trans
→ Disclosure.

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SA 500 Audit Evidence

Planning → Audit Procedures

Risk of MM → Identify exceptions

→ maintain evidence. (basic principle of audit).

↓

To form opinion.
→ Adverse.
→ Qualified.
→ Disclaimer.

AE: is infor. obtained by auditor which enables him to form an opinion.

SA 200 The auditor should obtain SAAE as per SA 500.

Sufficient: Quantity of audit evidence.

Appropriateness: Reliability of AE.

Obtaining AE

& Procedures
→ Test of Controls (Internal control)
→ Substantive Procedure (DIM)

in SA 330

B/S, P/L, Ratio

⑦ Analytical Procedure (SA 520)

6 Methods (IMP)
① Inspection. - Documents
② Inquiry - management, employees, 3rd party. (e.g. WR 143(1))
③ Observation.
④ External Confirmation. (SA 505)
⑤ Recalculation
⑥ Reperformance

& Management Expert: ASK U C10. → competence.

info about the competence of management expert can be obtained from following sources.
→ Qualification → Book written by such expert. → Reviews/discussion
→ Personal experience with work of expert.
→ Discussion with expert.

SA 501. Audit Evidence Specific consideration for specific items

① Inventory existence

→ Attend physical verif. of inventory conducted by mgt.
→ procedure is proper.
→ on Test basis → Inv. count

& Objective: To obtain AE w.r.t existence of inventory.

Interlinking: CARO cl. 2

Attend PV → unless impracticable.
→ unforsean circumstances. → eg. Earthquake / Mumbai flud.
→ Schedule the inventory count in an alternative date.
→ Perform A.P in supervening trans.
→ Reconcile difference.
→ WR. → perform cut-off procedure.

eg. location is such it is Threat to life.

Perform alternative Procedure. e.g. obtain Documentation.

if not possible

SA 705 MODIFY OPINION. SA 200 - Difficulty w.r.t Time & cost is not impossibility

② Litigation & claims

① Identify litigations.
→ Talk with mangt.
→ TCWG. → WR.
→ Consult advocate.
→ expenses

② Provision for contingt. liability made.

③ can modify also in some circumstances.

③ Segment info

① proper disclosure of segment info

②. AS-17.

SA 505 - External confirmation.

1. Select the item/assertion.
2. Design confirmation Request
3. Send the confir. Req.
4. Evaluate the Response:

* Design Confirmation Req.

Positive	Negative
→ Reply from 3rd party is mandatory ↓ whether agree/disagree. ↓ if no response ↓ → followups	Response only if disagree ↓ followups x (mostly send this).
used when RMM is ↑ → IC ↓ → materiality ↑ Exceptional Rate ↑	used when. → RMM ↓ → IC ↑ → Exception Rate ↓ → materiality ↓

* The auditor has to take permission from management before external conf. → Refuse → ask reasonable justification → eg. when dispute is going on. → perform alternative procedure. → if not possible then modify SA 705

SA 510 Initial Audit Engagement - opening Balances

* Opening Balances — where FS are not audited or audited by predecissor auditor (of previous year).

→ verify opening of current year w.r.t previous years. as there is any m.m.t.

→ A/c policies → consistent → c/s bal are correctly brought forward.

→ PM — prior period items

Not Audited	Audited by predecissor Auditor.
→ less reliance → more likelyhood of m.m.t. → certain audit proced. cannot be performed. ↓ perform alternative audit procedure ↓ WR.	→ more reliance. → less Likelyhood of m.m.t. → obtain copy of Audited F/S.

more audit procedure

* Reporting as per SA 705

SA 580 WRITTEN REPRESENTATION

→ WR statement provided to confirm certain matter.

management gives any assertion → Take in writing (like ICS, etc.).

* WR is an addition audit evidence but it is never a SAAE or substitute of audit procedure/evidence.

* WR cannot be an excuse

* a written statement from management which provides additional evidence, explanation.

* WR cannot relieve auditor from forming audit opinion.

* if management refuse to give WR → Discuss with management → revaluate management integrity & its potential effect → communicate to TCWG → modification

* if w... other a... addit... recon...

→ ... → Bu... → gov... → Sec... → Busi... → lau... → In...

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* if WR is inconsistent with other audit evidence
↓
additional procedure.
↓
reconsider WR.

?

Audit of
INFOSIS
→ Mgt.
→ Business enviromment
→ govt regulation.
→ Sector.
→ Business policies
→ law & Regulations.
→ Internal control System.

SA 315 : IDEntifying and Assessing the RMM Through understanding the Entity and its Environment

Step:1 ~~Identifying RMM~~ Understanding Entity & its enviornment. & IC System.

Step:2 Identify the RMM. — SA 315

Step:3: Design audit Response towards the assessed Risk — SA 330.

* Concept of Audit Risk

→ SA 200 → SA 315 → Identify the ROMM — Risk (CID)
↓
AR is the Risk of expressing inappropriate Audit opinion.

Control Risk: That the IC System does exist but not able to prevent, detect & correct RMM in A/c balance, Class of tran. & Disclosure.

Inherant Risk: Implied Risk, cannot do anything. (assumption) there is always a RMM in A/c balance, Class of Transaction & Disclosure. there is no Internal control. System

Detection Risk: Risk that the Subst. procedures performed by auditor fails to detect RMM in A/c Balance, Class of Trans. & Disclosure.

* Inherant / Control / Detection RISK. Relationship

→ IR & CR → level of management.

⇒ DR → level of Auditor.

→ IR & CR ↑ → Subst proce ↑ DR ↓
(Inverse prop.) Relationship.

~~Try to reduce~~ if DR cannot be reduce.

modify Report. (SA 705)

SA 520 Analytical Procedures

1. SA 315 – RAP – Include Analytical Proced.
2. SA 330 – Substantive Procedure – Test of Details / Analytical procedure.
3. SA 500 → one of the methods of obtaining Audit Evidence.

Analytical Procedure

it means comparison & Ratio Analysis

- Financial
  - 2018-19 wages – 10L
  - 2017-18 wages – 5L
- Financial (F) v/s non financial (NF)
  - F – wages 18-19 – 10L
  - NF – Output – 100 unit; No. of emp – 100 no.
- Actual / Budgets
  - with PY fig.
  - Similar Indus. info if available
  - Ratio analysis

* COMPANY AUDIT Sec 139 to 148) Chapter X

Sec	
139	Appointment.
140	Removal / Resignation.
141	Eligibility, Qualification & Disqualification.
142	Remuneration.
143	Rights and duties of auditor.
144	A 105
145	Signing of Audit Report.
146	Attending of AGM.
147	Penalty.
148	Cost Audit

* Appointment of Auditor in Non-govt Company.

30 days.

DOI 1/5/18 → BOD → 1st AGM

BOD: 1st Auditor. Tenure – Till conclusion of 1st AGM. → BOD fails. → appointment by member in EGM within in 90 days from 1/5/18. (30 + 60) = 90

1st AGM: Auditor Appointment → Members → OR. Tenure: From closure of this AGM till concl^n^ of 6th AGM

30

(13)

(31)

* Govt Co. → sec 2(45)

Co in which 51% shares are held by any state govt., subsidiary of govt co is also govt. co.

CAG appoint 1st Auditor within 60 days.

↓

if CAG fails.

↓

BOD shall appoint in next 30 days.

↓

If BOD fails.

↓

members, in next 60 days.

* Subsequent Appointment of Auditor.

Normal Co.	Govt Co.
Member AGM ↓ OR.	Appt → CAG ↓ within 180 days from ~~closure~~ commencement of F.Y.
Tenure max - 5 year.	↓ Tenure till next AGM.

* Reappointment is not possible

1. when auditor has submitted resign.
2. Disqualified.
3. members passed SR - to appoint someone else as auditor.

* Rotation of Auditor 139(2) - (4). read with comp. Audit & Auditor Rules 2014.

1. Applicability :- 1) listed comp.
   2) Unlisted pub co. PUSC ≥ 10 cr.
   3) Pvt co PUSC ≥ 250 cr.
   4) any co. Borrowing ≥ 50 cr. (B + FI + PD) Bank, Fin Insti, Public Deposit

   Exempt: OPC, Small Co.

2. Concept: Indvl 5 cons. year - 1 term.
   Firm 10 cons. year - 1 term

   Cooling of period. - 5 years.

3. ~~Loopholes~~

*.

PROFESSIONAL ETHICS

- Act, Regulation & guidlines
- Schedules
  - Schedule -1 (At own office)
    - Part 1 - 12 clauses
    - Part 2 - 2 clauses
    - Part 3 - 3 clauses
    - Part 4. - 2 clauses
    - 19 clause
  - Schedule II. (At clients premices)
    - Part 1 - 10 clauses
    - Part2 - 4 clause
    - Part3 .- 1 clause
    - 15 clause
  - 34 clause

Schedule -1

Part 1 → PM → CA in Practice ← Part 1.

Part 2 → PM → CA in Service ← Part 2.

Part 3 → PM → All CA's. ← Part 3 >6m

Part 4 → OM → All CA's <6m

Schedule II.

*Types of misconduct.

① Professional misconduct (Part 1, Part 2, Part 3) - SI

② other Misconduct. (Part 1, Part 2) - SII.

(Part IV) SI.

(Part III) SII

any activity done in personal life. is other misconduct.

Schedule I Part I. PM if he allows,

Clause: 1 allows any person to practice in his name unless such person is also a CA in practice & is partner / employed by him

Clause: 2 if he pays / allows / agrees to pay or allow. directly / indirectly any share, commission, or brokerage in fees, profit of his professional business to any person other than. other than, member, Partner, Retired, Partner, legal representative of deceased partner or member of any other professional body (Reg. 53A)

* widow of deceased partner can continue to receive a share, only if partnership agreement provides such. provision.

*. Sale of Goodwill of Indvl firm of CA.

→ Application to be made in 1year of death.

→ name of firm to be kept in abeyance for 1year. from the death, settlement in any dispute.

Clause: 3 if he Accepts / agrees to accept.

SA 240 Auditor's Responsibility in Relation to Fraud in an Audit of F.S

Fraud means intention act by one or more person in management, TCWG, employees, third person to deceive, mislead, or to conceal truth to obtain an unjust illegal advantage.

* Fraud Risk Factor

Fraudulent FR | Misapp. of Assets

1) Incentive or pressure to commit fraudulent financial reporting
2) Opportunity to commit fraud. when belive ICS are weak.
3) employees attitude, character.

SA 402: Audit Consideration Relating to an Entity Using Service Organisation

SA 315 Obtain understanding of the entity & its IC system, w.r.t. 402

SA 315 → The auditor of the user entity shall obtain understanding about.

1. materiality of service outsourced.
2. Contractual terms between user entity & S.O
3. Degree of interaction.
4. IC's w.r.t service o/s.

Auditor of user entity

1. visit S.O ⟶ x. N. Possible.
2. obtain Type 1 / Type 2 report from Auditor of S.O..

SA 450: Evaluation of Misstatement identified During Audit

* Misstatement → Deviation from FRF

eg. Disclosure → CA → FA
Valuation → Not proper.
Acc policies → Not proper.

Intentional — SA 240
Unintentional — SA 450

Misstatements

Material. — SA 320 + 450 → Consider NTE of Audit Procedure → Ask mgt to correct

- Agrees to correct → * Perform FAP to ensure that all misst. are identi. & corrected.
- Does not correct → modify SA 705

Immaterial. → Document all misstatement which are immaterial → obt. WR from mgt that misst are immaterial.

S.O ⟶ Auditor ⟶ Report on the fairness of control of S.O w.r.t. activity outsourced.

Type 1 Report: User entity → Service Org.
A → Controls are implemented → effective.
B → ——"—— → —"—

Type 2 Report
A → ——"—— → —"—
B → ——"—— → —"—

Additionally
Test of controls performed by the auditor of S.O to arrive at given conclusion.

SA560 SUBSEQUENT EVENTS.

Events between FS & AR but knowled of which is known After AR.

* whether such SE is to be adjusted in FS? — AS-4.
* whether auditors Report is to be revised – SA 560
* RAP → needs to perform to identify SE → SA 560.

whether adjustment is req. in FS ? (AS-4)

Adjusting Event.

(1) Event the contingency of which existed on B/S date

e.g. Pending litigation labour negotiation.
↓
Co. → provision for Con.liab – AS-29.

(2) Event the contingency of which do not exist on B/S date but the magnitude of the event is such that it may affect substratum of enterprise (i.e.) } SA 570.

e.g.: fire → magnitude of fire
↓
Co's only manufacturing plant is destroyed.

Non-adj event

→ Event the contingency of which does not exist on B/S date.

eg. Theft, fire.
↓
AS-4 - Non adj. event
↓
Excepting

* RAP

Obtain SAAE w.r.t. SE

(1) Obtain understanding to identify whether mgt has established procedures to identify SE.

(2). Inquiry from management.

(3) Read minutes of meetings.

(4) Read the latest IFR/FS.

whether there is need to revise AR?

AR was issued to management.
↓
Ask to manag to amend F/S & request not to

Not issued to management.
↓
Revise.

Circulate FS + AR to members

Agree
↓
Revise.

Not agree (+) Circulate.
↓
Take appropriate action to prevent public reliance

* Provision of Report → Dual Dating.

SA 800

(i) Special purpose framework.

⇒ General purpose fram is a framework that is designed to meet common needs of users of F.S. (SA700).

⇒ Special purpose framework is a framework designed to meet the specific need of specific users.

SA 805

(1) Specific element of fin. statement.

eg: P/L, B/S, C Flow St, single purpose finan stat.

SA 810.

(1) Summary finan. statements.

13 30 13

statements.

SRE : Standards on Review Engagements. 31

SRE 2400 Review of Financial Information. (other practicioner)

SRE 2410. Review of Interim Financial Information Performed by Independent Auditor of the entity. (Stat Auditor).

Audit	Review
1 more detailed.	1 less detailed.
2 Many procedures - SA 500	2 2 procedures ↓ Inquiry, Analytical Review procedure.
3 Positive Assurance. As per the info & explanation obtained by us we report that FS are T&F	3 -ve assurance. 4 Nothing has come to the practicioners knowledge to state that FS are T&F.

* Common Points

- ~~Audit~~ Review engagements are not to be accepted

Circumstances when review engagements wont be accepted.

1. There is no rational purpose behind the review.
2. Ethical req wont be satisfied.
3. Req. info is not available for review.
4. management → Integrity - x.
5. Limitation of scope.

* Pre-conditions - same.

* Eng. level quality control - same.

* A.P → Review → same → TOE, Und. of Entity, WR, ARP.

→ Inquiry ← RPT, major segments / fraud

- eval of mmt.

\# Elements of Practicioners Rep.

- TITLE
- Addressee
- Into parag.
- mgt respon.
- Pract respon.
- Statement
  - no audit (no opinion)
- review is done in acc. wit SRS 2400.
- Neg. ass.
- Date
- place
- sign.

SAE: Standards on Assurance Engagement.

SAE: 3400
SAE: 3402
SAE : 3420

SAE : 3420.

~~management~~ ⇒ Responsible Party.
~~Auditor~~ ⇒ Practioner

eg:

1/5/18 — idea + vodo = merger.

31/7/18. — IPO - FS + Prop.

This FS does not contain the effect of Merger/ amalgamation

* Assumption:
had M/A taken 1 year ago what would have been effect?

Unadj	Adjust.	Resulting info (proforma fin. info)

↓
SAE 3420
Assurance dena hai on proforma fin. info.

* Objective of SAE 3420
To Report on compilation of PFI.
↓
Applied criteria.
who is responsible for compilation of Pro-forma - FI? → Responsible party.
Practioners Resp → To report whether compilation has been done by the Responsible party as per the applicable criteria.

*. issue involved in compilation:

Step 1: Extract unadj FI.
Step 2: Apply adjustments
Step 3: Resulting info in columner format.

Practioner Resp

→ Source of unadj FI is reliable or not. (Reliable, Factual, Audited)
→ As per applicable criteria?
→ Disclosure → appropriate?
whether clearly distinguishable for user FS
convey all mat. info to user of FI.