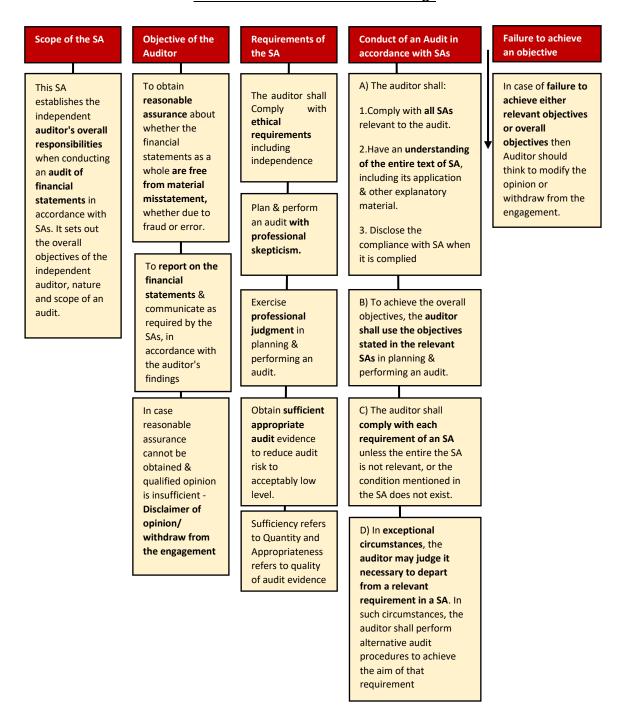
"Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards in Auditing"

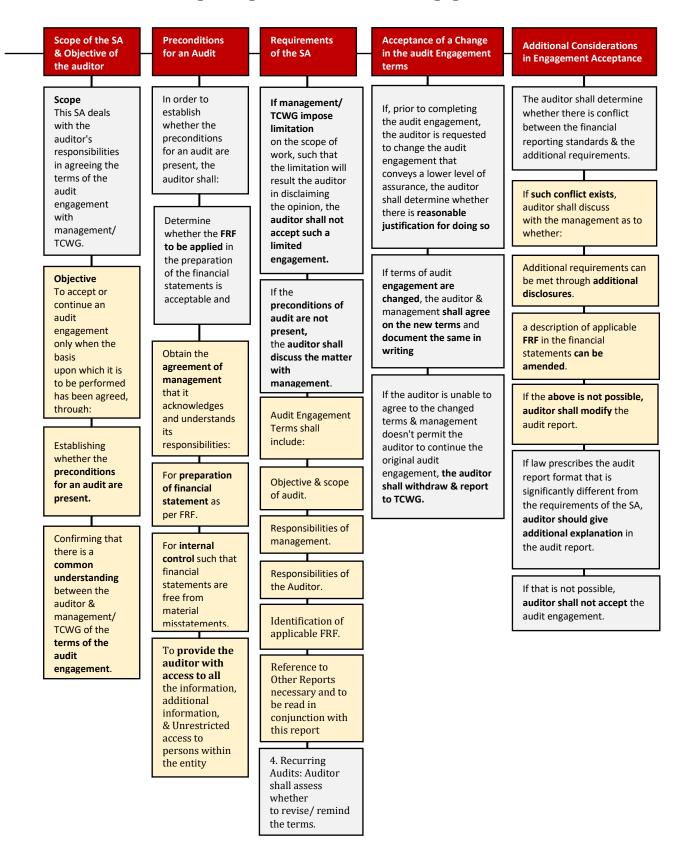


<u>Professional Skepticism:</u> Attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

Alertness is required in relation to the Contradictory audit evidence, Reliability of documents, Conditions indicating possible frauds, Circumstances requiring audit procedures in addition to those suggested in SAs.

Audit Risk: Risk that the auditor expresses an inappropriate audit opinion when the F.S. are materially misstated. Audit Risk is a function of the Risk of Material Misstatement and Detection risk.

"Agreeing the Terms of Audit Engagements"



"Quality Control for an Audit of Financial Statements"

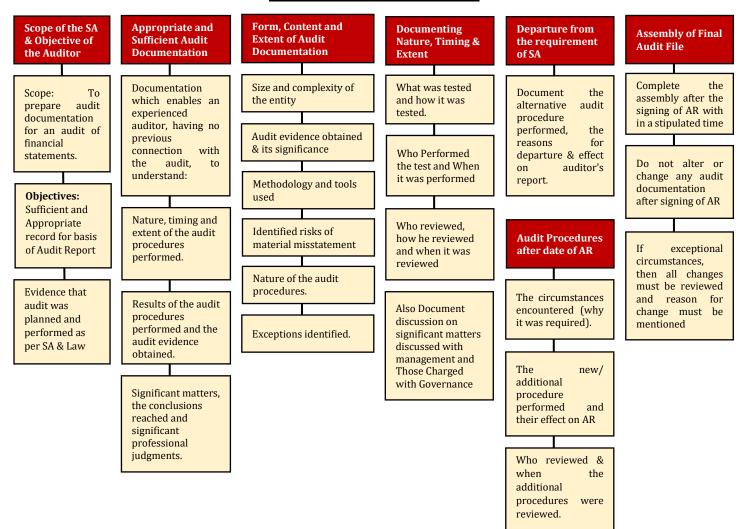
Engagement quality control review – a process designed to provide an objective evaluation, before the report is issued, of the significant judgments the engagement team made and the conclusions they reached in formulating the report.

Acceptance & Scope of the SA Monitoring and **Engagement Quality** Leadership Continuance & Objective of **Engagement Control Review Documentation** Responsibilities of Client **Performance** the auditor Relationships The engagement The auditor shall The engagement Be satisfied that The engagement Scope partner shall: document: partner shall: Responsibilities of **Appropriate** partner shall take responsibility procedures the auditor i) issues identified regarding client for the direction, regarding quality 1. Determine that w.r.t. compliance Take leadership supervision control procedures acceptance the quality control of ethical responsibilities /continuance & performance of for an audit of reviewer requirements for the overall audit engagement financial have been has been appointed. including quality of audit. & the followed. statements. It also independence. appropriateness of addresses the 2. Discuss significant auditor report. responsibilities of matters arising ii) conclusions Remain alert for If engagement the engagement during the audit & evidence of nonregarding partner obtains quality control The reviews being review with the acceptance compliance with information that reviewer. performed reviewer. & Continuance of relevant ethical would have in accordance with client requirements by caused the firm the firm's 3. Not date auditor's relationships. the engagement to decline the Objective report before the review policies & team members audit To implement completion of Procedures. iii) nature, scope & and in case of engagement, the quality control review. conclusions of non-compliance engagement procedures at the consultations. and shall take partner & the engagement level appropriate The engagement firm shall take The quality control that provide a team taking necessary action. The engagement reviewer shall: reasonable appropriate quality control assurance that: Shall form a consultation on reviewer shall conclusion on difficult & The engagement document that: Discuss significant compliance with contentious partner shall matters with the independence matters. The audit complies ensure that the i) the procedures Engagement partner. requirements with professional enagagement required for that apply to the standards & team review 1. Review the audit regulatory & legal & auditor's that have been financial statements engagement. requirements. expert have the performed. & Auditor's report. appropriate competence & ii) review has been 2. Review selected the capabilities. completed on or The auditor's before the audit issued documentation. appropriate in the report date. circumstances. 3. Evaluate the conclusions reached. iii) there are no unresolved matters. In case of listed entities, the reviewer shall consider: a) Evaluation of firm's independence. b) Whether appropriate consultation has been taken. c) Audit documentation w.r.t. significant iudgments.

Difference of Opinion: If there is difference of opinion within the engagement team, or with consultant or reviewer, the audit team shall follow the firm's policies & procedures for resolving the same.

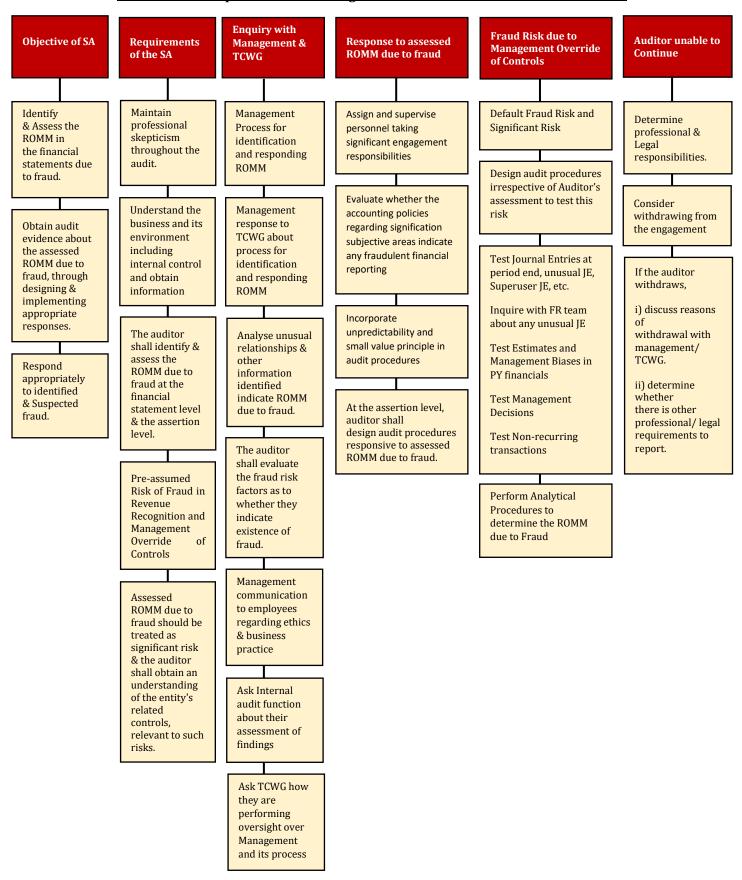
Engagement team — all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement. The term "engagement team" excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of SA 610 (Revised).

"Audit Documentation"



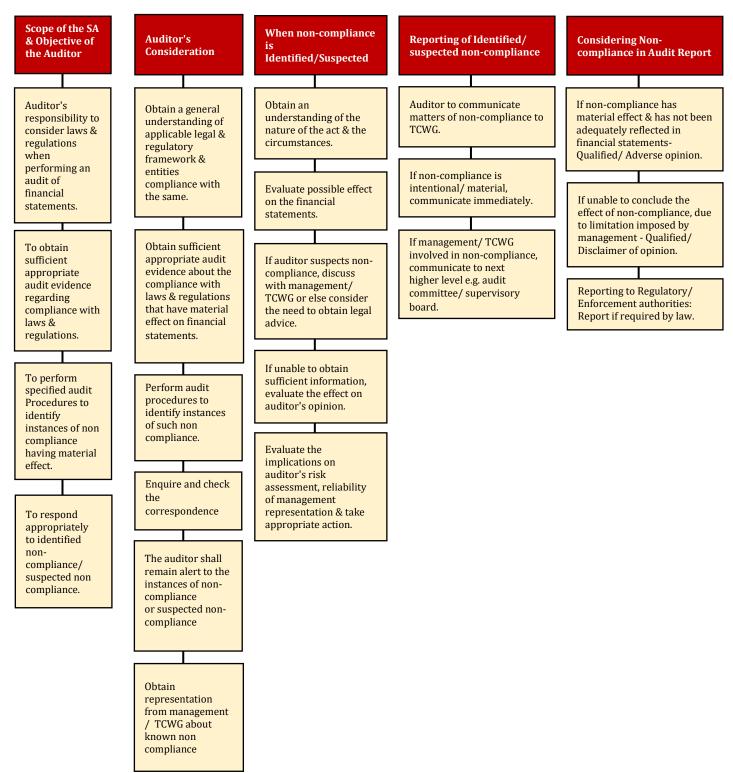
SA 240

"The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements"



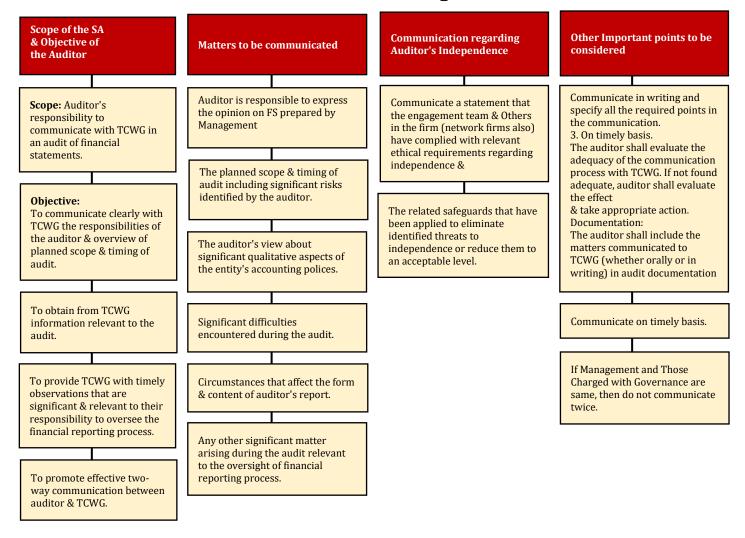
Document: significant decisions and discussion in team, identified ROMM due to fraud, overall response to identified risk or ROMM at FSLI and assertion level, results of audit procedures designed to address Fraud risk due to management override of controls, communication with Those Charged with Governance and rebuttal of ROMM of Fraud in Revenue Recognition.

(1) Consideration of Laws and Regulations in an Audit of Financial Statements



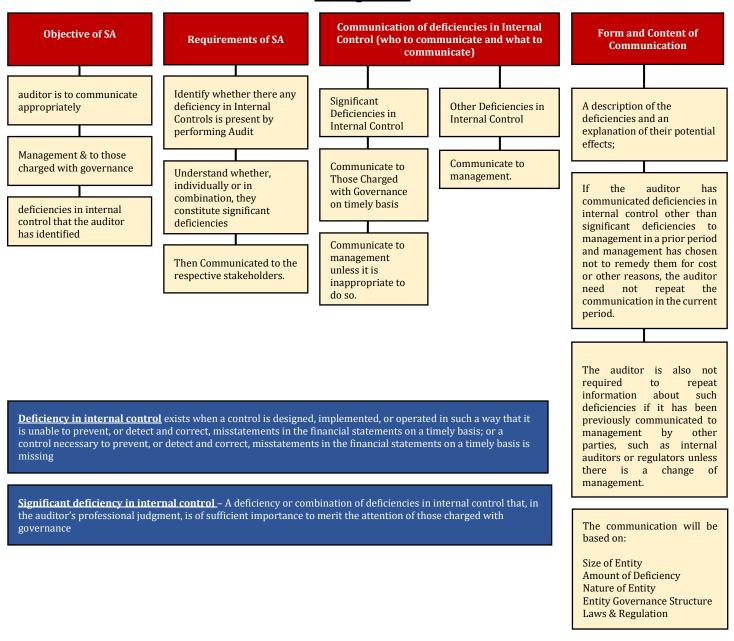
Documentation shall include identified & suspected non-compliance and discussion with management/ TCWG/ parties outside the entity.

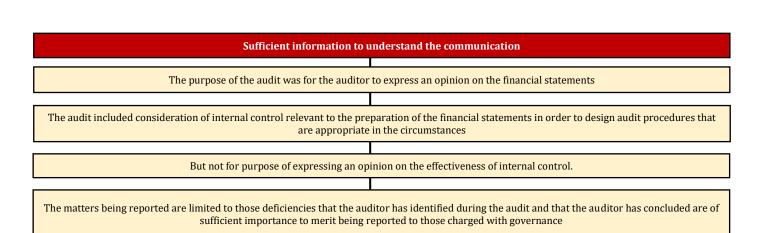
"Communication with Those Charged with Governance"



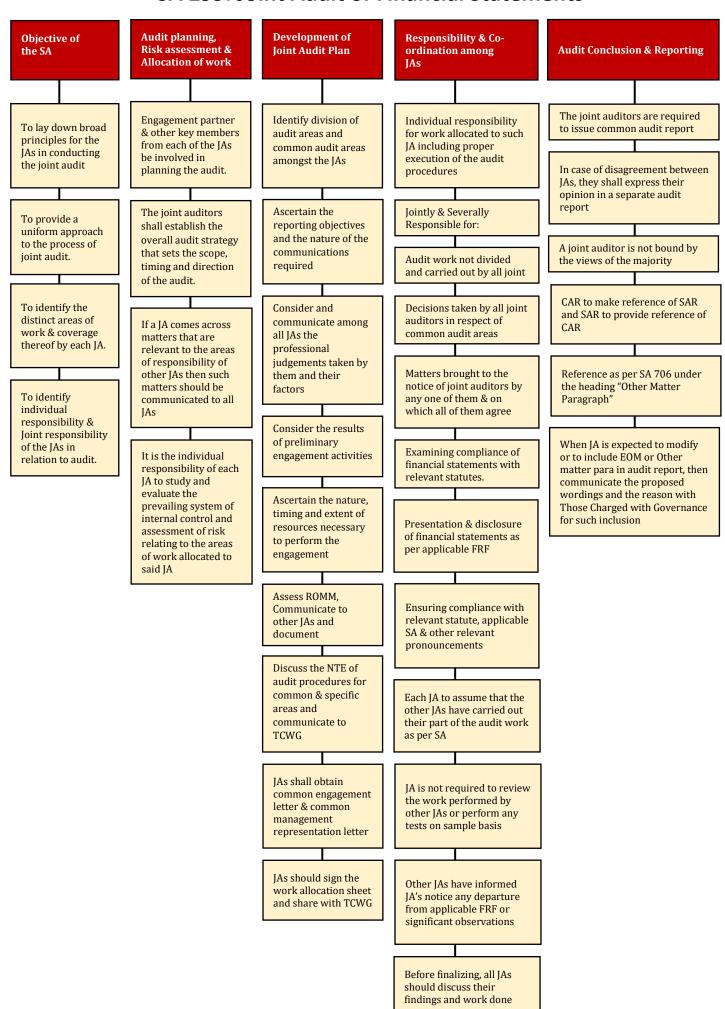
- 1. Those charged with governance: a person(s) or organisations with responsibility for overseeing the strategic direction of the entity & obligations related to the accountability of the entity. This includes overseeing the financial reporting processes.
- 2. Management: The person(s) with executive responsibility for the conduct of the entity's operations. For some entities, management includes some or all of TCWG, for example, executive members of a governance board, or an owner-manager.

"Communicating Deficiencies in Internal Control to Those Charged with Governance and Management"

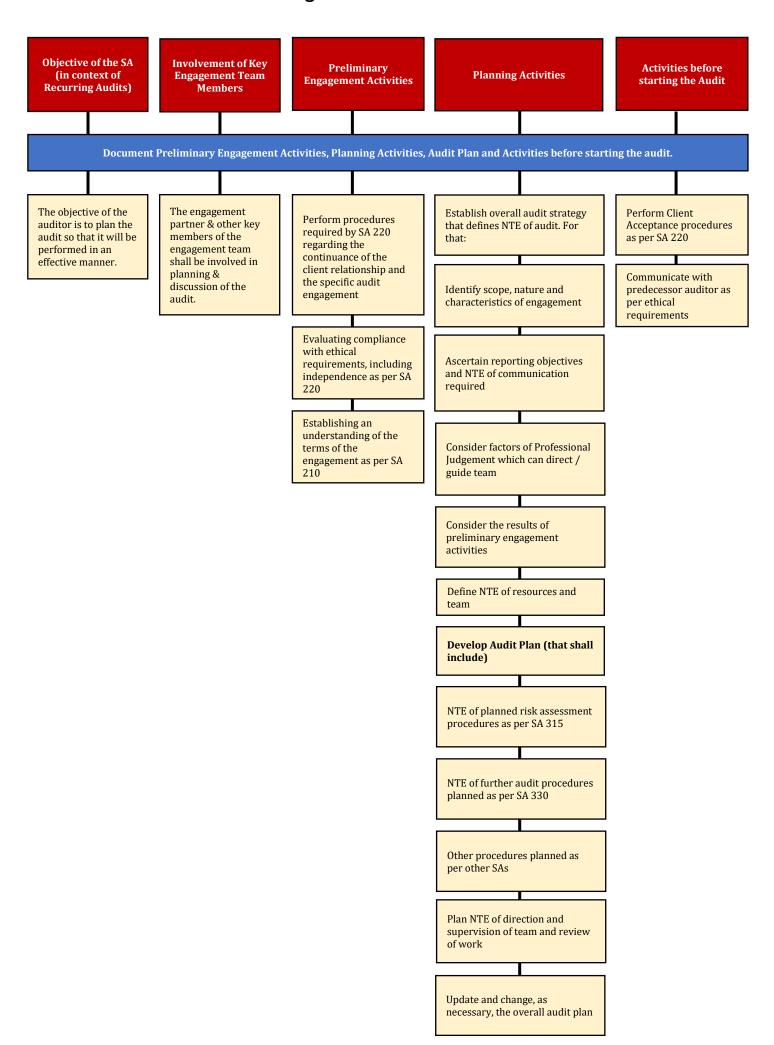




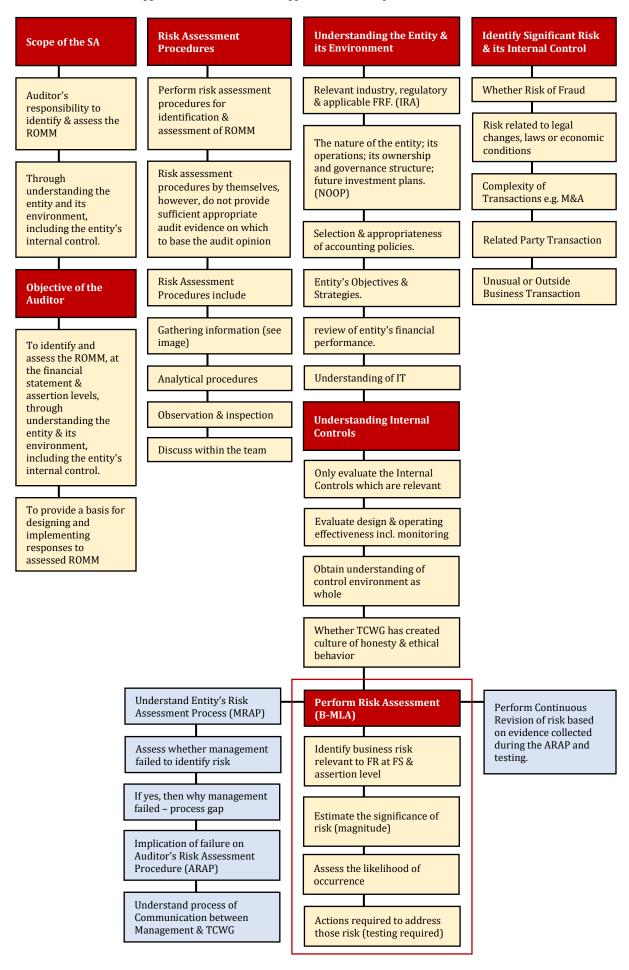
SA 299: Joint Audit of Financial Statements



SA 300: Planning an Audit of Financial Statements



SA 315: Identifying and Assessing the Risk of Material Misstatement through understanding the Entity and its Environment



SA 320: Materiality in Planning and Performing an Audit

Scope of the SA & Objective of the Auditor

Scope this SA deals with the auditor's responsibility to apply the concept of materiality in planning & performing an audit of financial statements.

Objective to apply the concept of materiality appropriately in planning and performing an audit.

Defining Materiality

Determine Materiality as a whole for Financial Statement

Determine Materiality for specific classes or transactions or balances in financial statement

Determine performance materiality for purposes of assessing the ROMM and determining the nature, timing & extent of further audit procedures.

Revise OM & PM when additional evidence or issue is identified that is critical

Use of Benchmarks

Involves exercise of Professional judgment.

Examples of benchmarks:

- a) Profit before tax
- b) Total revenue
- c) gross profit
- d) Total expenses etc.

Performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

SA 330: The Auditor's Responses to Assessed Risks

