

SA 200: Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards in Auditing

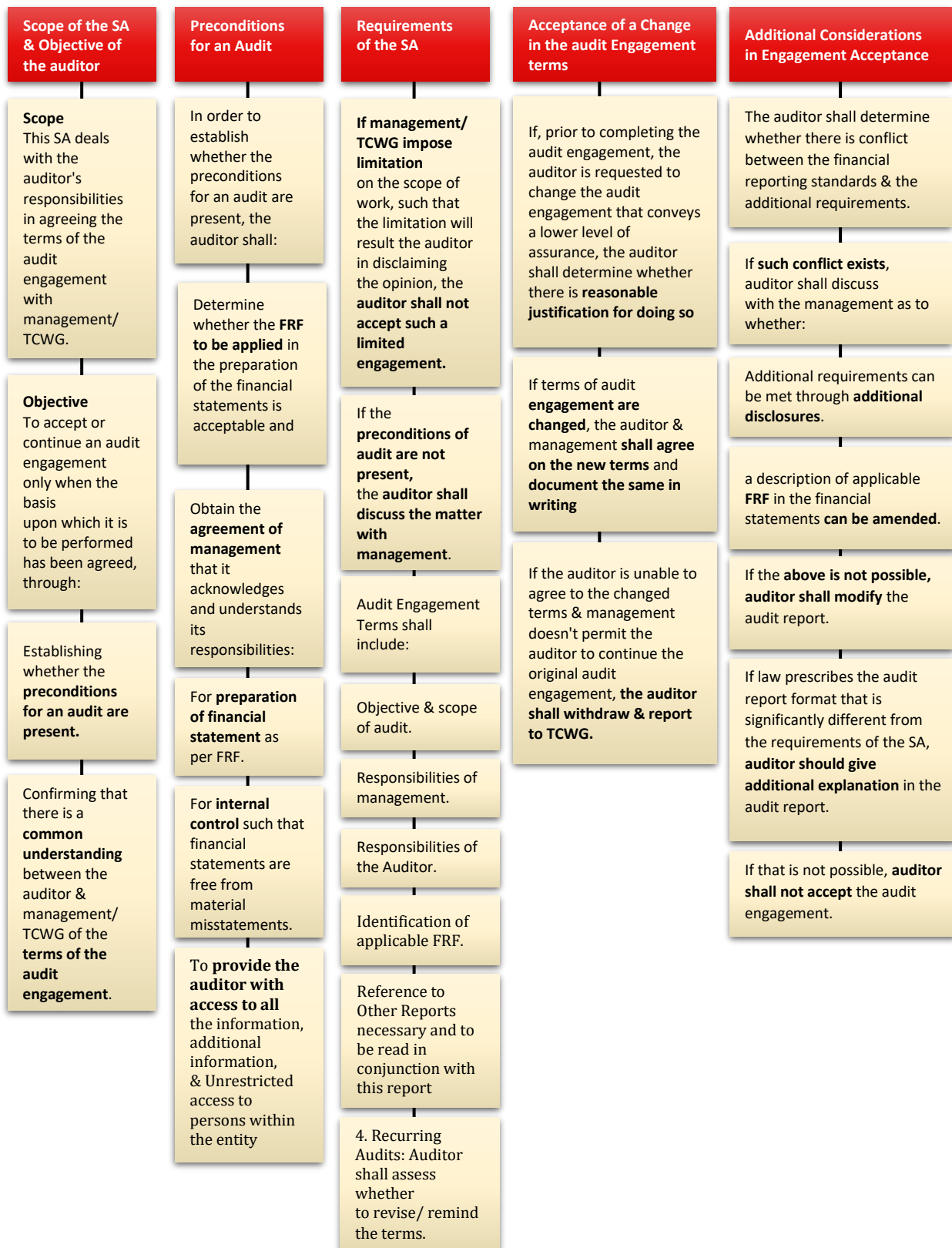


Professional Skepticism: Attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

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.

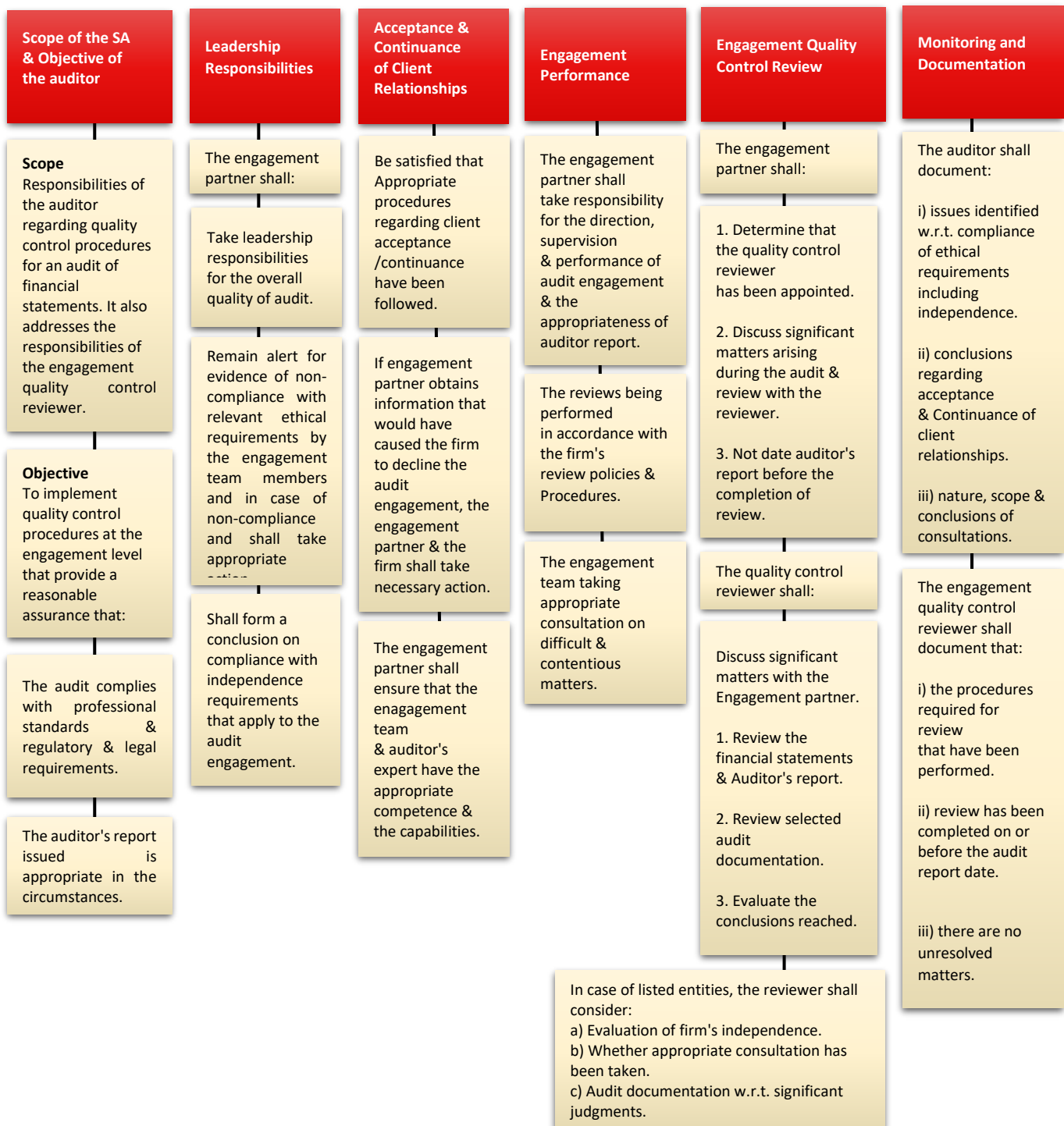
Audit Risk: Risk that the auditor expresses an inappropriate audit opinion when the F.S. are materially misstated. Audit Risk is a function of the Risk of Material Misstatement and Detection risk.

SA 210: Agreeing the Terms of Audit Engagements



SA 220: Quality Control for an Audit of Financial Statements

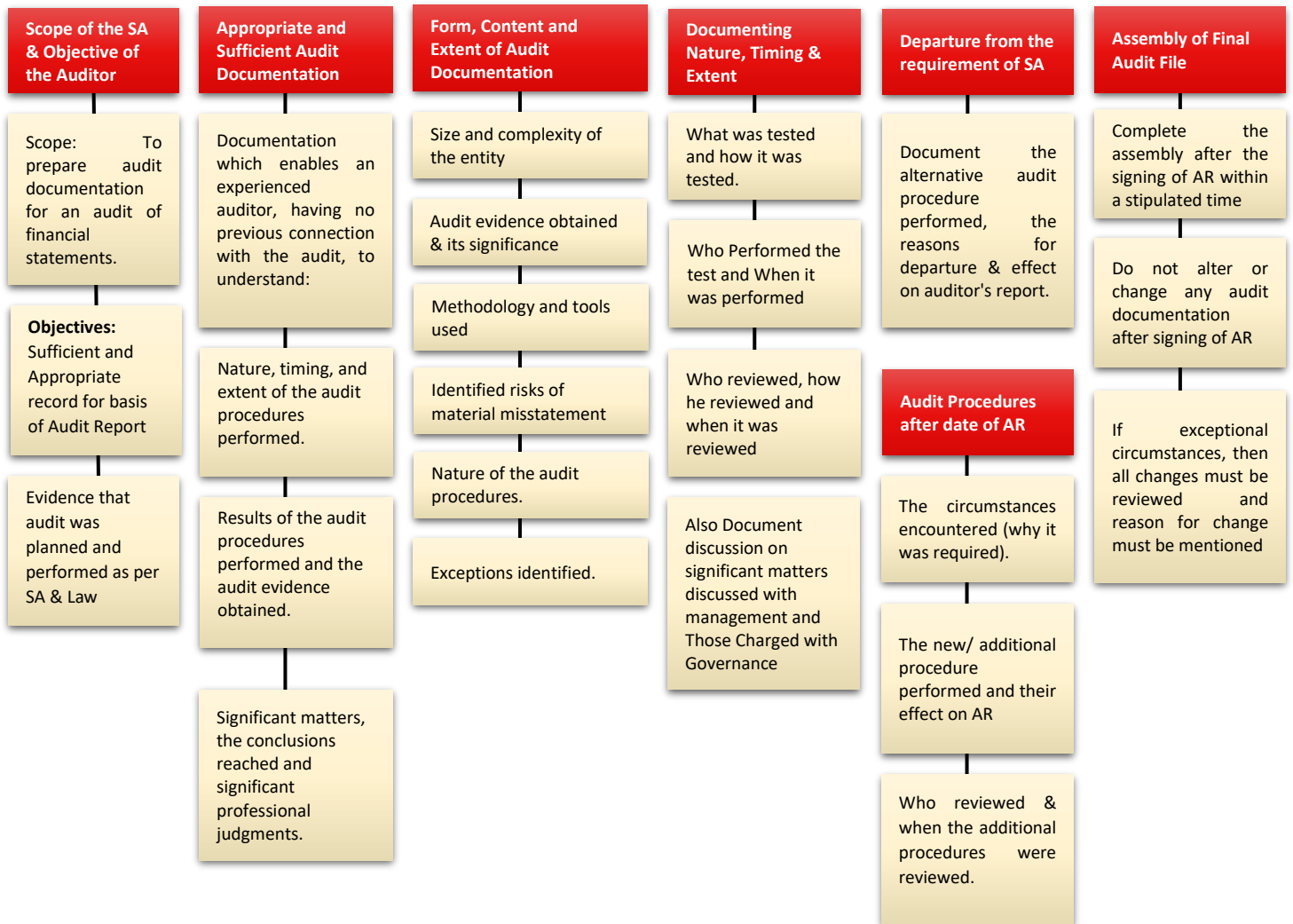
Engagement quality control review – a process designed to provide an objective evaluation, before the report is issued, of the significant judgments the engagement team made and the conclusions they reached in formulating the report.



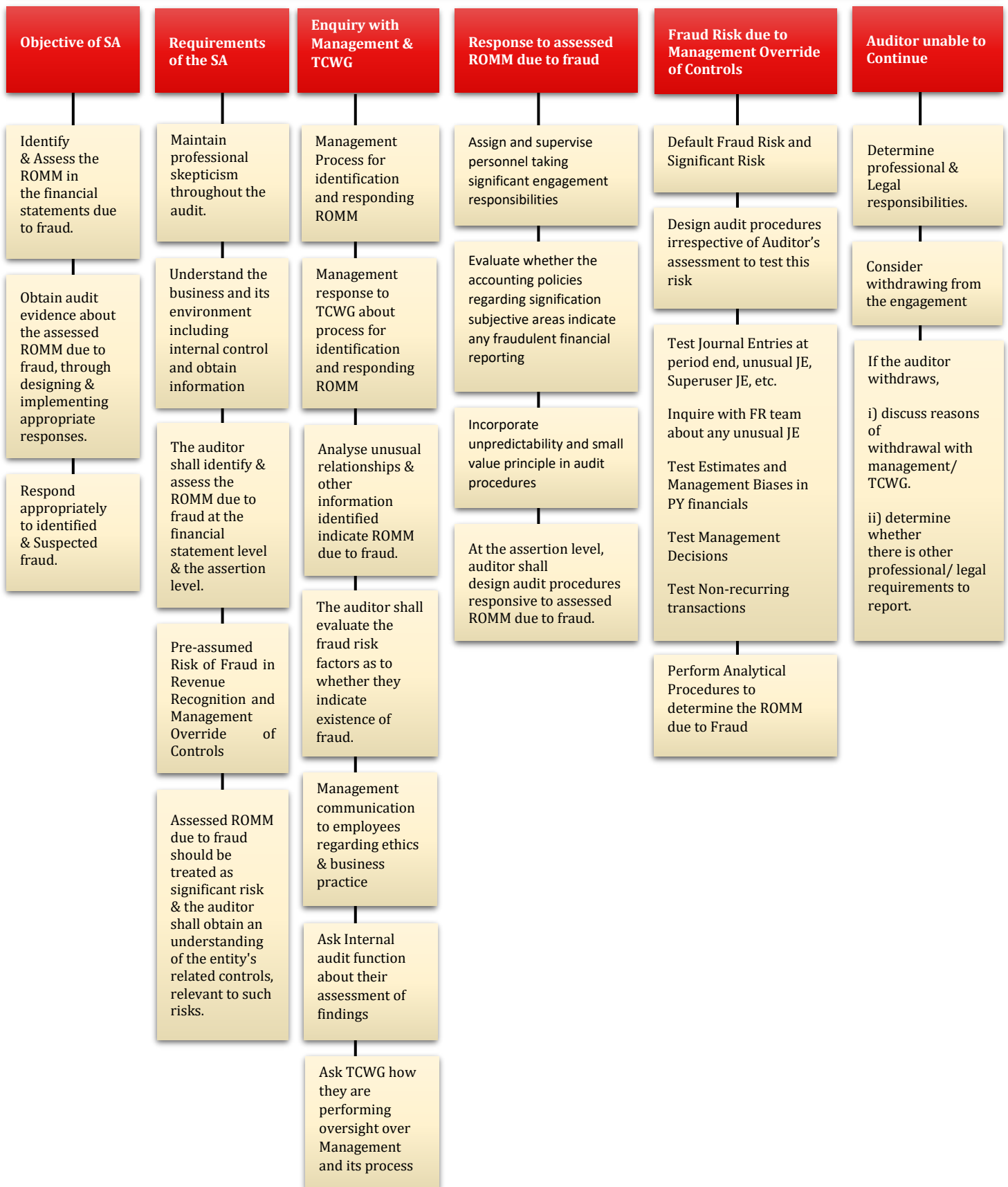
Difference of Opinion: If there is difference of opinion within the engagement team, or with consultant or reviewer, the audit team shall follow the firm's policies & procedures for resolving the same.

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).

SA 230: Audit Documentation

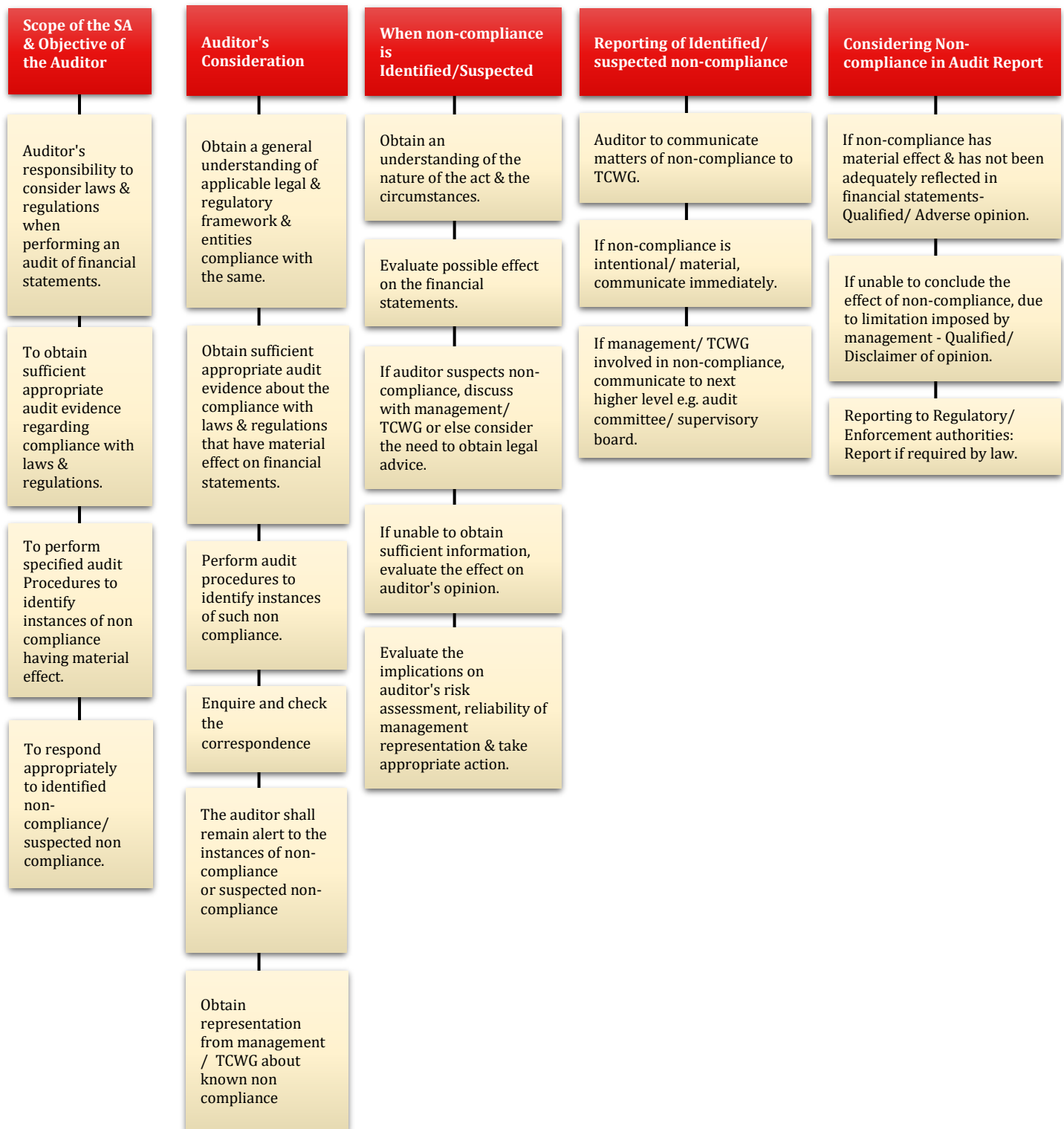


SA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements



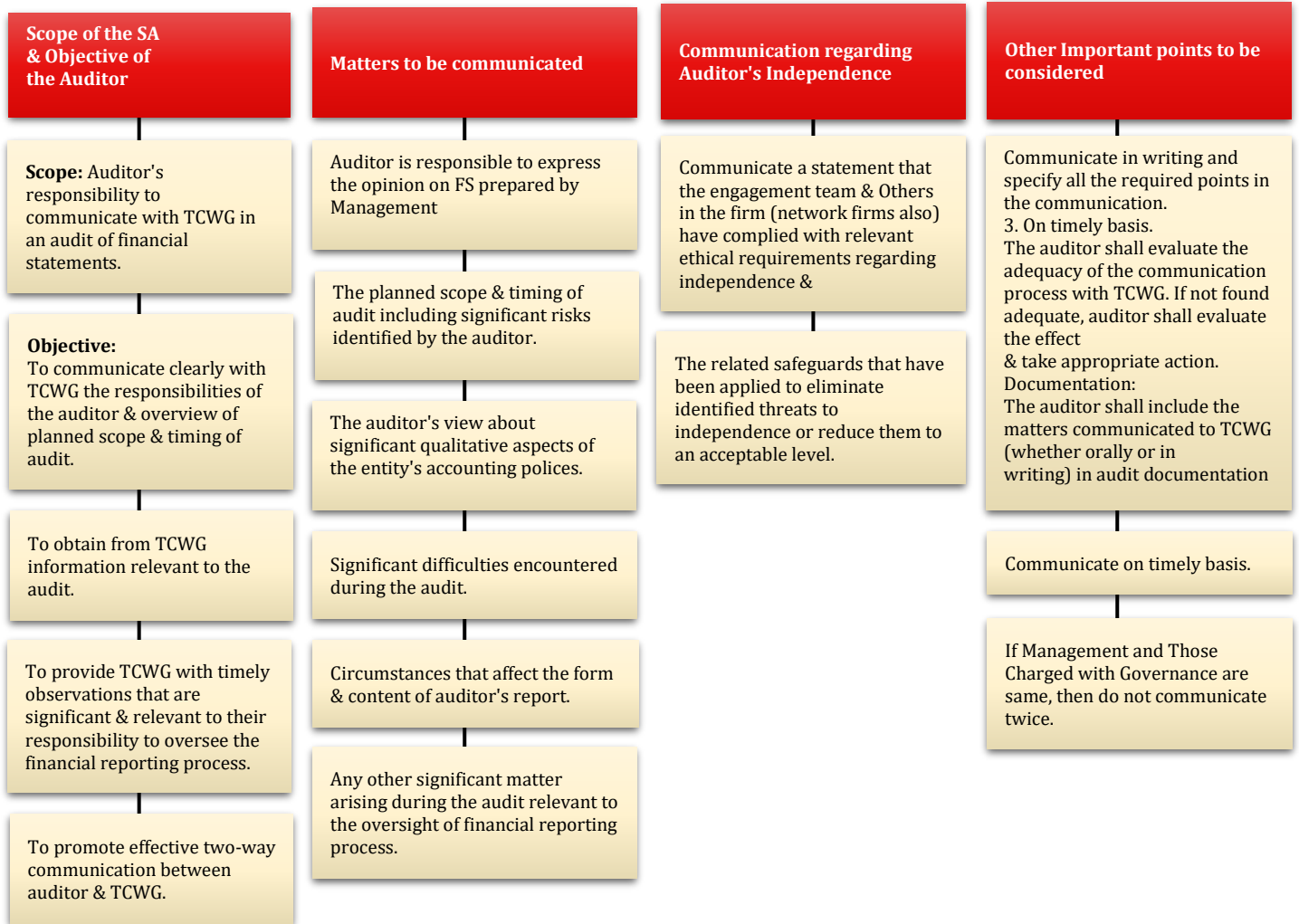
Document: significant decisions and discussion in team, identified ROMM due to fraud, overall response to identified risk or ROMM at FSLI and assertion level, results of audit procedures designed to address Fraud risk due to management override of controls, communication with Those Charged with Governance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

SA 250: Consideration of Laws and Regulations in an Audit of Financial Statements



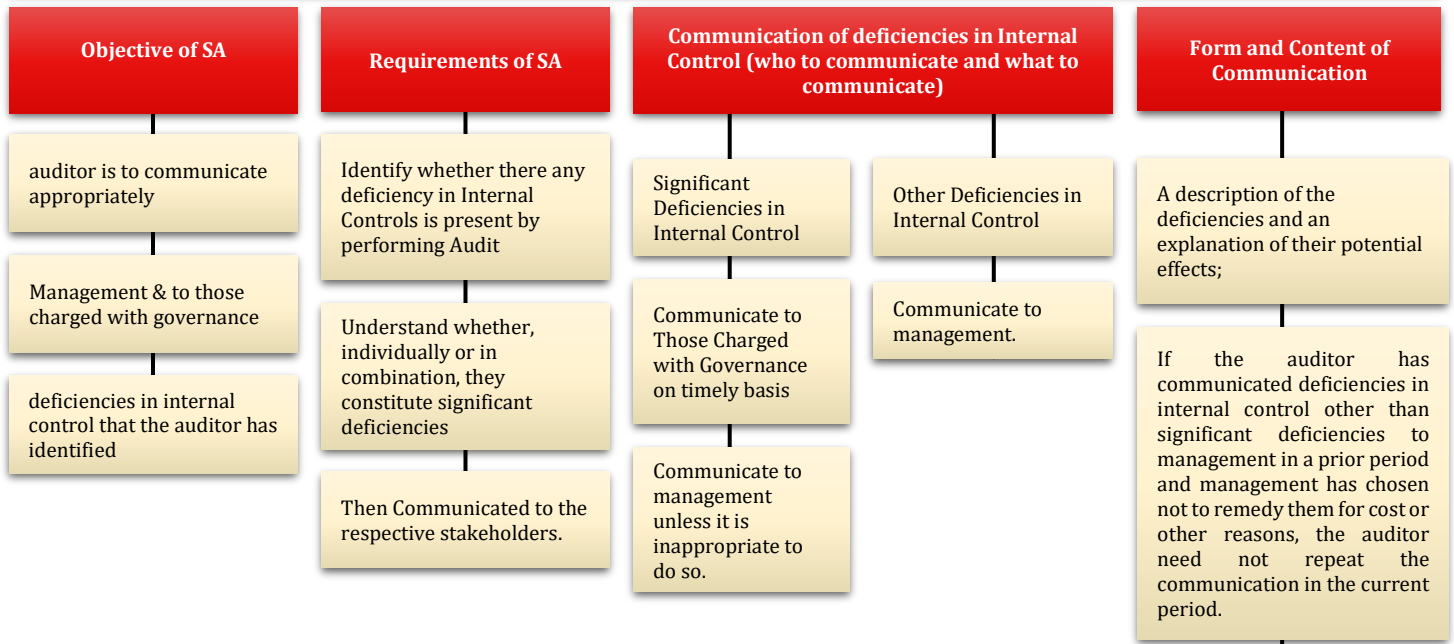
Documentation shall include identified & suspected non-compliance and discussion with management/ TCWG/ parties outside the entity.

SA 260: 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.

SA 265: Communicating Deficiencies in Internal Control to Those Charged with Governance and Management



Deficiency in internal control exists when a control is designed, implemented, or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing

Significant deficiency in internal control- A deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance

The auditor is also not required to repeat information about such deficiencies if it has been previously communicated to management by other parties, such as internal auditors or regulators unless there is a change of management.

The communication will be based on:

- Size of Entity
- Amount of Deficiency
- Nature of Entity
- Entity Governance Structure
- Laws & Regulation

Sufficient information to understand the communication

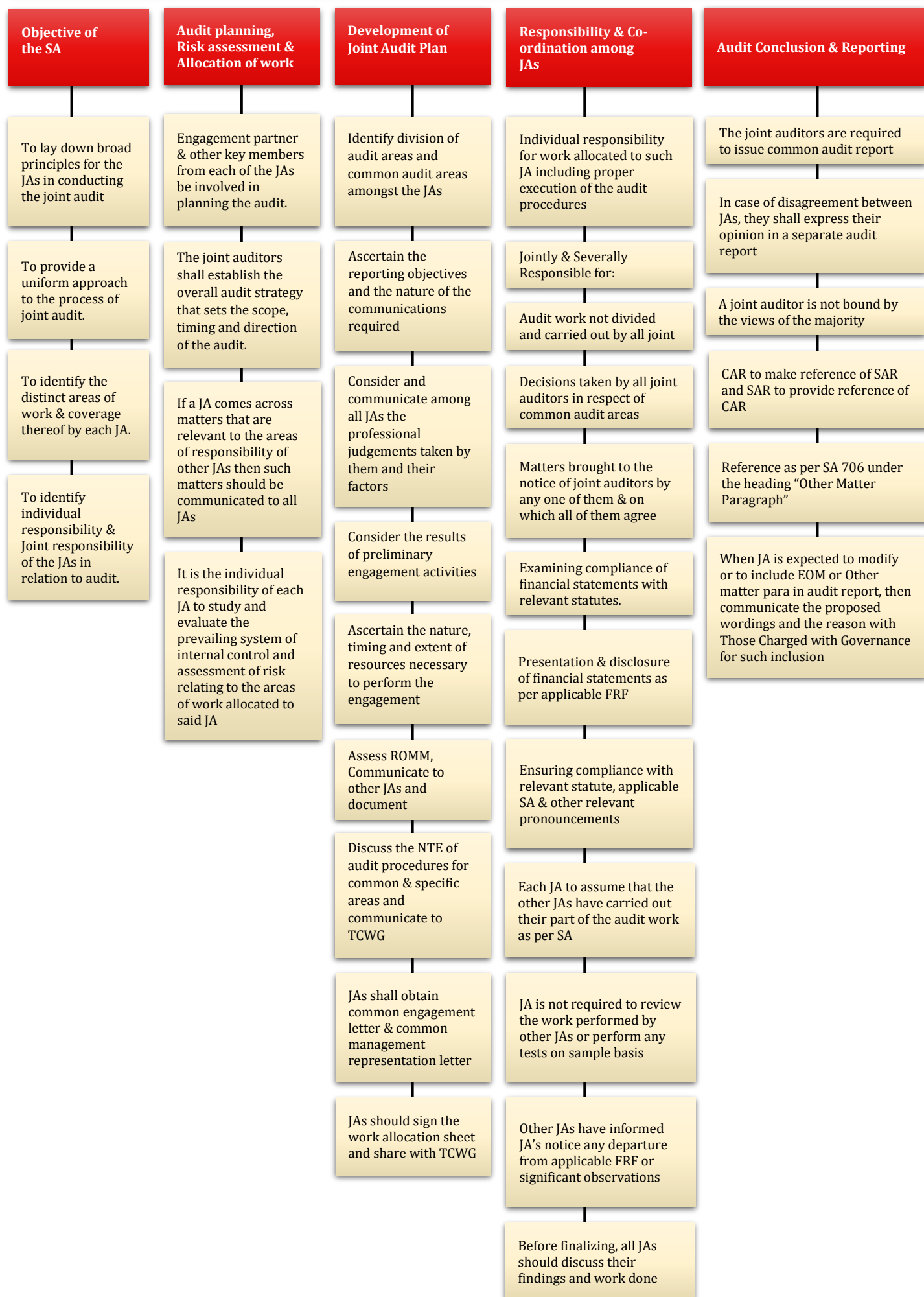
The purpose of the audit was for the auditor to express an opinion on the financial statements

The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances

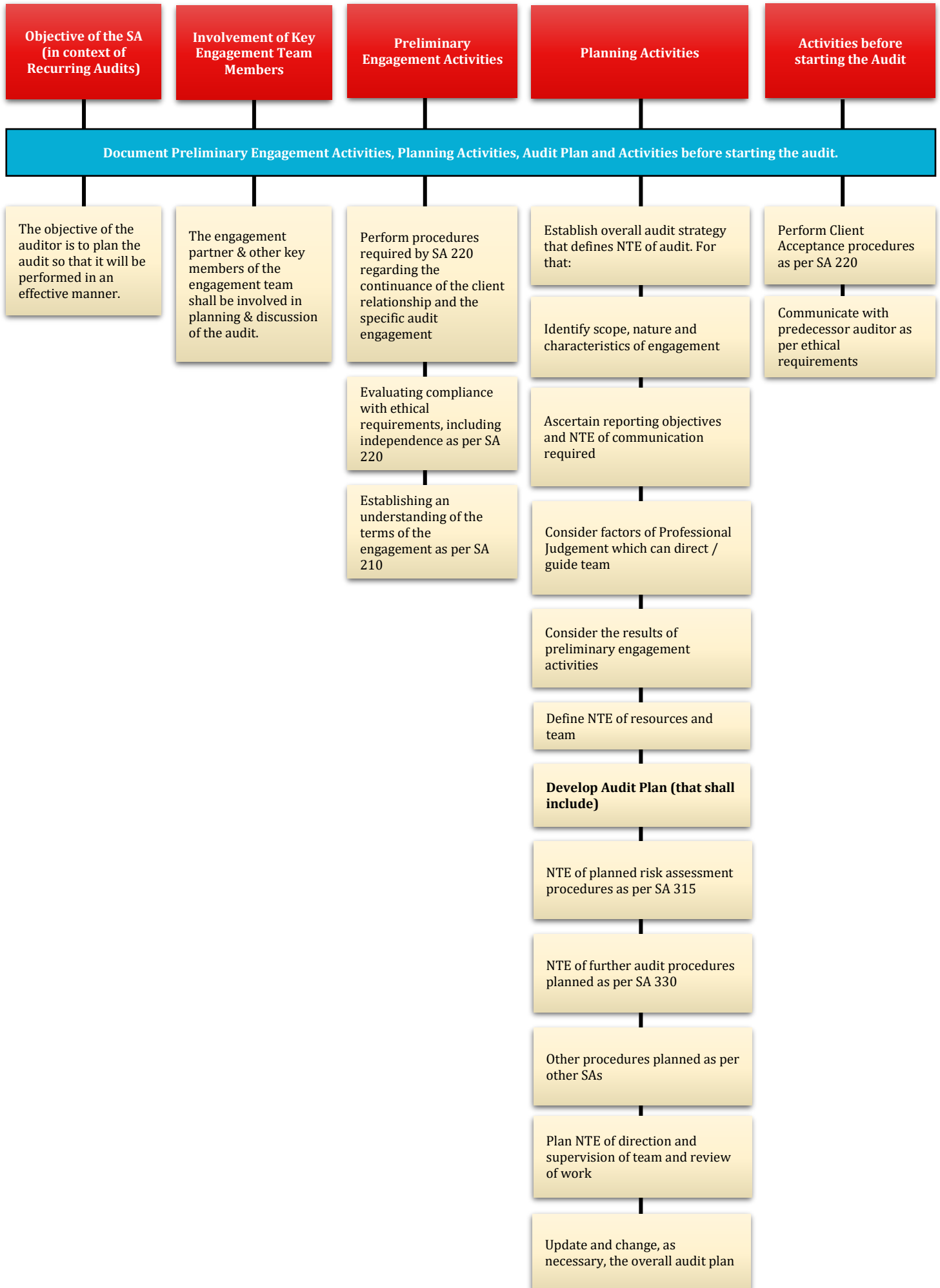
But not for purpose of expressing an opinion on the effectiveness of internal control.

The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance

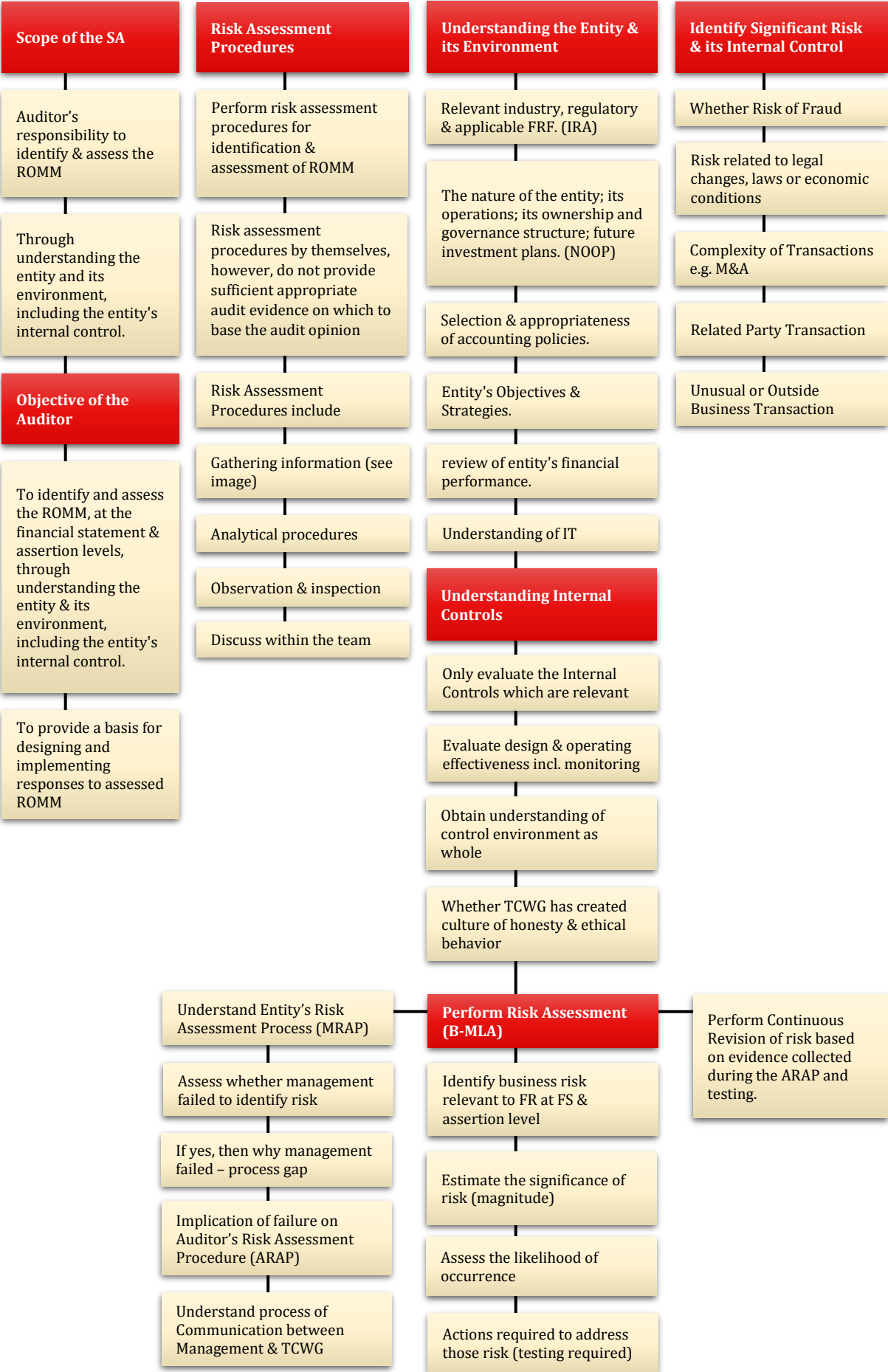
SA 299: Joint Audit of Financial Statements



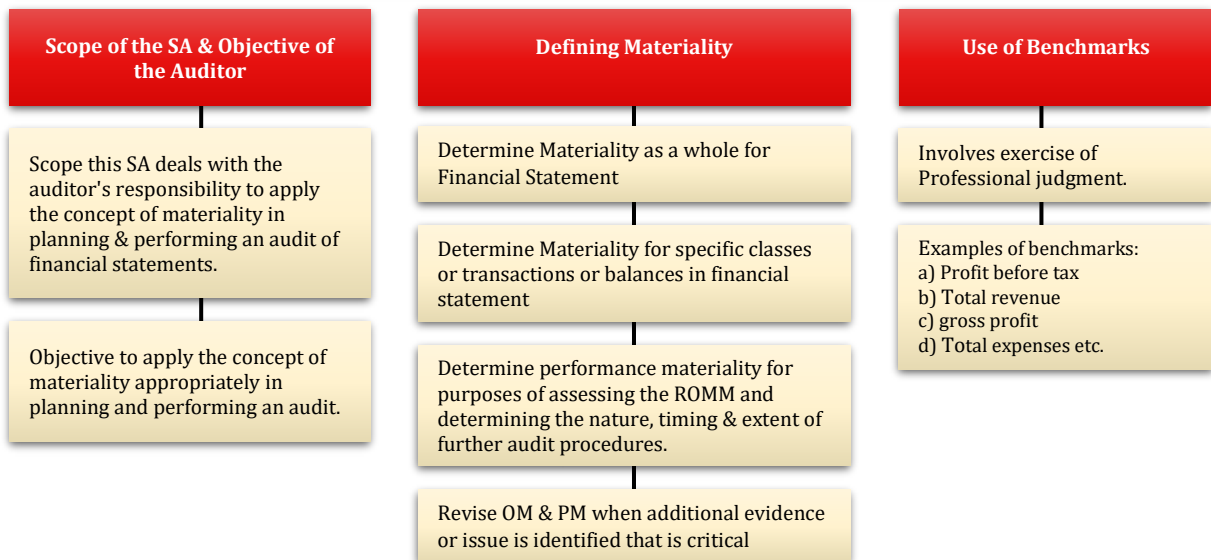
SA 300: Planning an Audit of Financial Statements



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

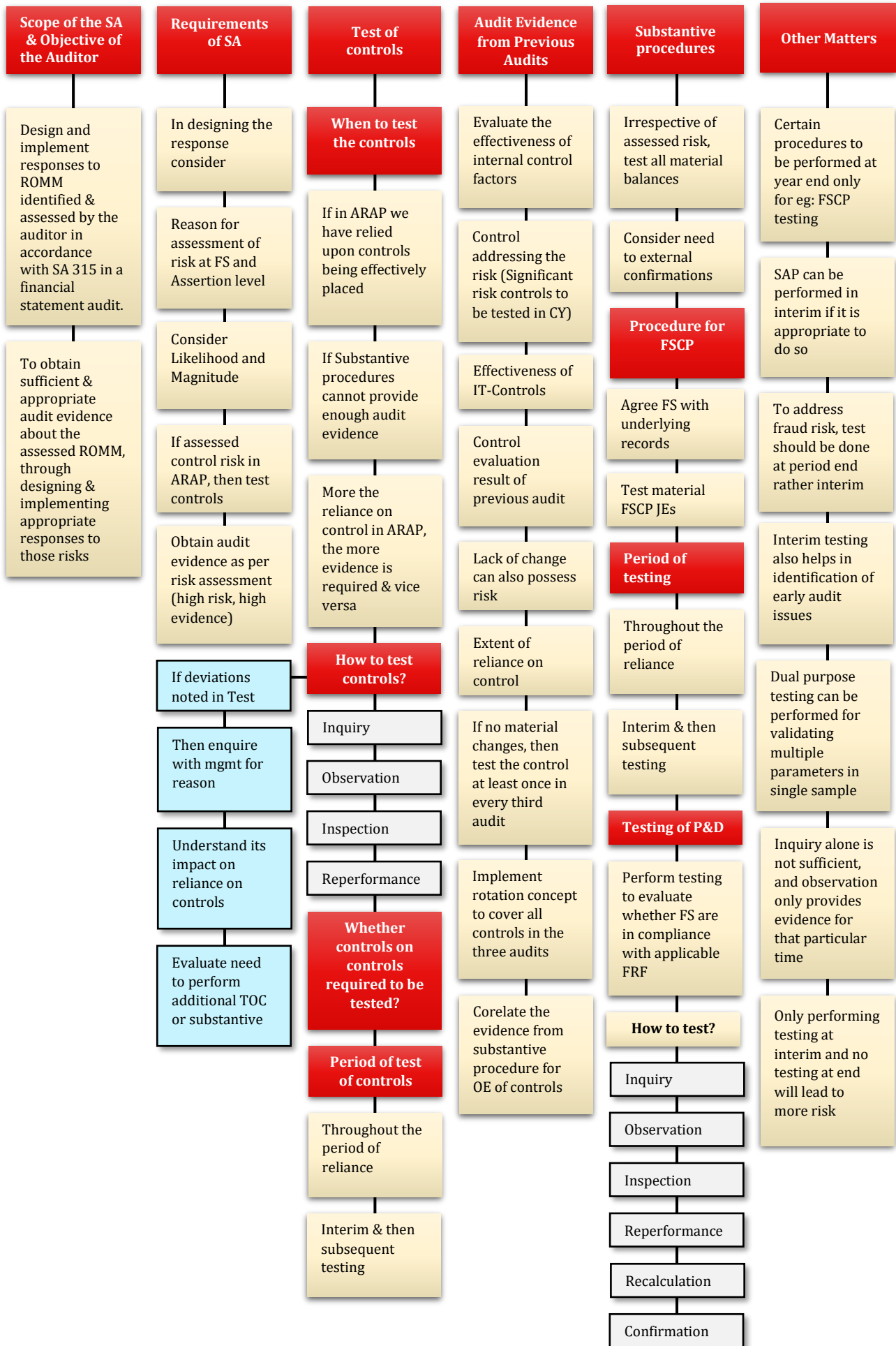


SA 320: Materiality in Planning and Performing an Audit



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



SA 402: Audit Considerations Relating to an Entity Using a Service Organization

Scope & Objective of SA	Requirements of the SA	If using Type- 1 or Type -2 Report	Other Requirements
Auditor's responsibility to obtain SAAE when a user entity uses the services of service Organizations.	Obtain the understanding of how user entity uses service of service organization. For that understand	To evaluate the Type-1 or Type-2 Report the user auditor shall	inquire of management of the user entity whether the service organization has reported to the user entity any fraud, non-compliance with laws and regulations or uncorrected misstatements
Objective: To obtain the understanding of the nature & significance of the service provided by the service organization	Nature of Service Significance of those service Effect of Service on IC Materiality of transaction / amounts Relationship between both Degree of interaction (NSE-MR-D)	Understand the competence of Service Auditor if he not member of ICAI	If yes, then consider the impact of the same on audit
To obtain the understanding of their effect on the user entity's internal control,	Obtain the understanding of internal controls relevant to service provided by SO	Understand the independence of service auditor's firm from SO	Auditor shall not refer the Service Auditor in the unmodified audit report unless required by the law
Sufficient to identify & assess the ROMM	If user auditor is not able to obtain above understanding from user entity, then	Adequacy of standards under which report is issued	If referring the Service Auditor work in the unmodified audit report then mention that this does not reduce the auditor's responsibility
To design & perform audit procedures responsive to those risks.	If user auditor's risk assessment includes an expectation that controls at the SO are operating effectively then obtain SAAE by	If T-1 or T-2 report is used for understanding controls at SO, then	In case of modified opinion and it is necessary to refer the service auditor work in the audit report then mention that this does not reduce the auditor's responsibility
	Obtaining a Type 2 report	Evaluate whether the description and design of controls at the service organization is at a date or for a period that is appropriate for the user auditor's purposes	user auditor shall modify the opinion if the user auditor is unable to obtain sufficient appropriate audit evidence regarding the services provided by the service organization
	Performing appropriate tests of controls at the SO	Evaluate the sufficiency & appropriateness of the evidence for the understanding of the user entity's internal control relevant to the audit.	
	Using another auditor to perform tests of controls at SO	Determine whether complementary user entity controls identified by the service organization are relevant to the user entity and,	
		If so, obtain an understanding of whether the user entity has designed and implemented such controls.	
		Evaluating the adequacy of the time period covered by the tests of controls and the time elapsed since the performance of the tests of controls	
		Evaluating whether the tests of controls performed by the service auditor and the results thereof	

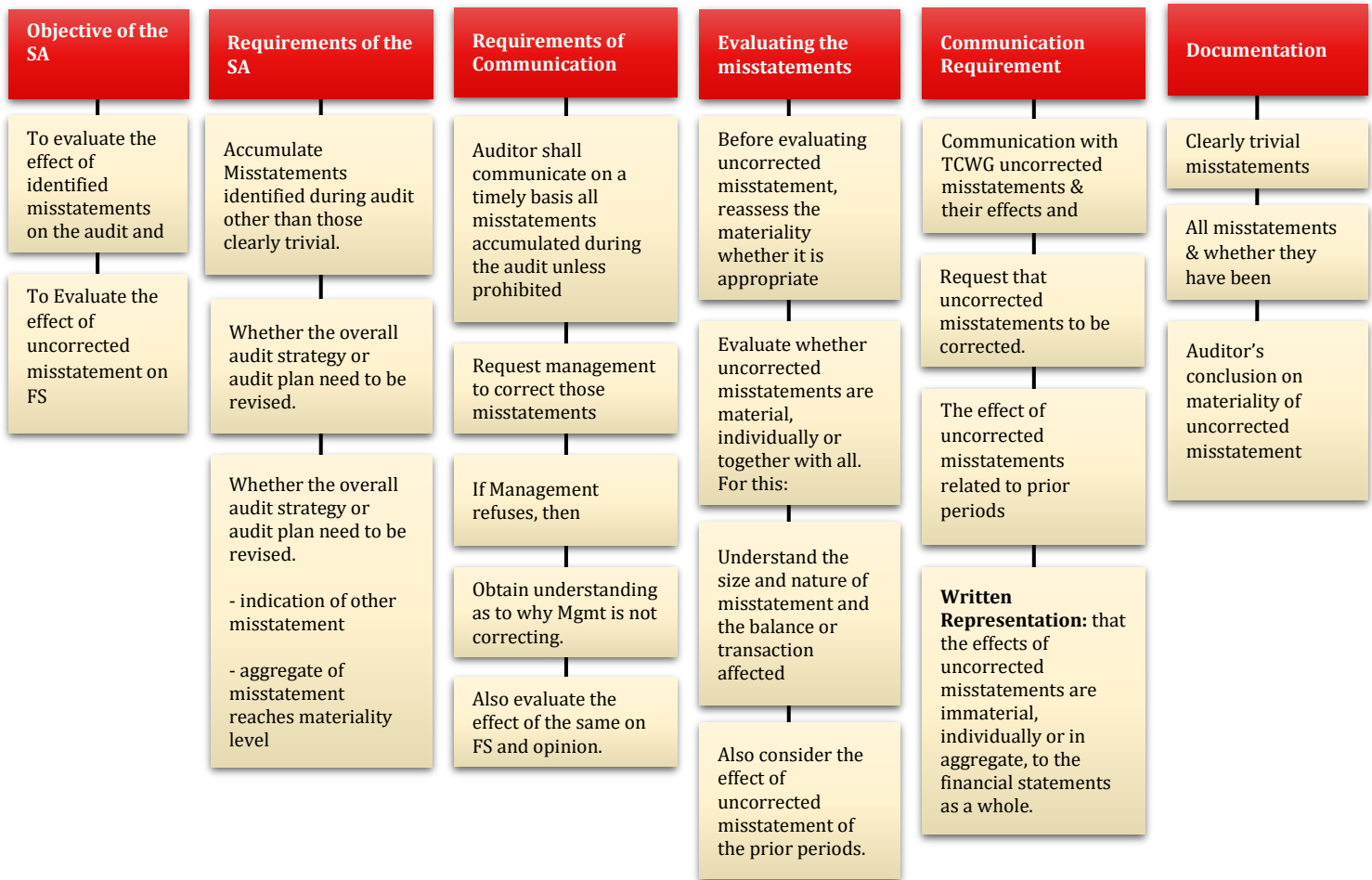
Report on the description and design of controls at a service organisation (referred to in this SA as a Type 1 report) – A report that comprises:

- (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls that have been designed and implemented as at a specified date; and
- (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service organisation's system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives

Report on the description, design, and operating effectiveness of controls at a service organisation (referred to in this SA as a Type 2 report) – A report that comprises:

- (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and
- (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes:
 - a. The service auditor's opinion on the description of the service organisation's system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and
 - b. A description of the service auditor's tests of the controls and the results thereof

SA 450: Evaluation of Misstatements Identified during the Audit



Misstatement: A difference between the amounts, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable FRF. Misstatements can arise from error or fraud.

Misstatement can be Factual, Judgmental or Projected.

Uncorrected Misstatements: Misstatements that the auditor has accumulated during the audit and that have not been corrected.

SA 500: Audit Evidence

Scope & Objective

Auditor's responsibility to design and perform audit procedures to obtain sufficient and appropriate audit evidence.

To design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base auditor's opinion.

Requirement of SA

Obtain sufficient and appropriate audit evidence

Consider relevance and reliability of information to be used as an audit evidence.

If information prepared by Mgmt's expert, then:

evaluate the competence, objectivity of the expert, appropriateness of the expert's work.

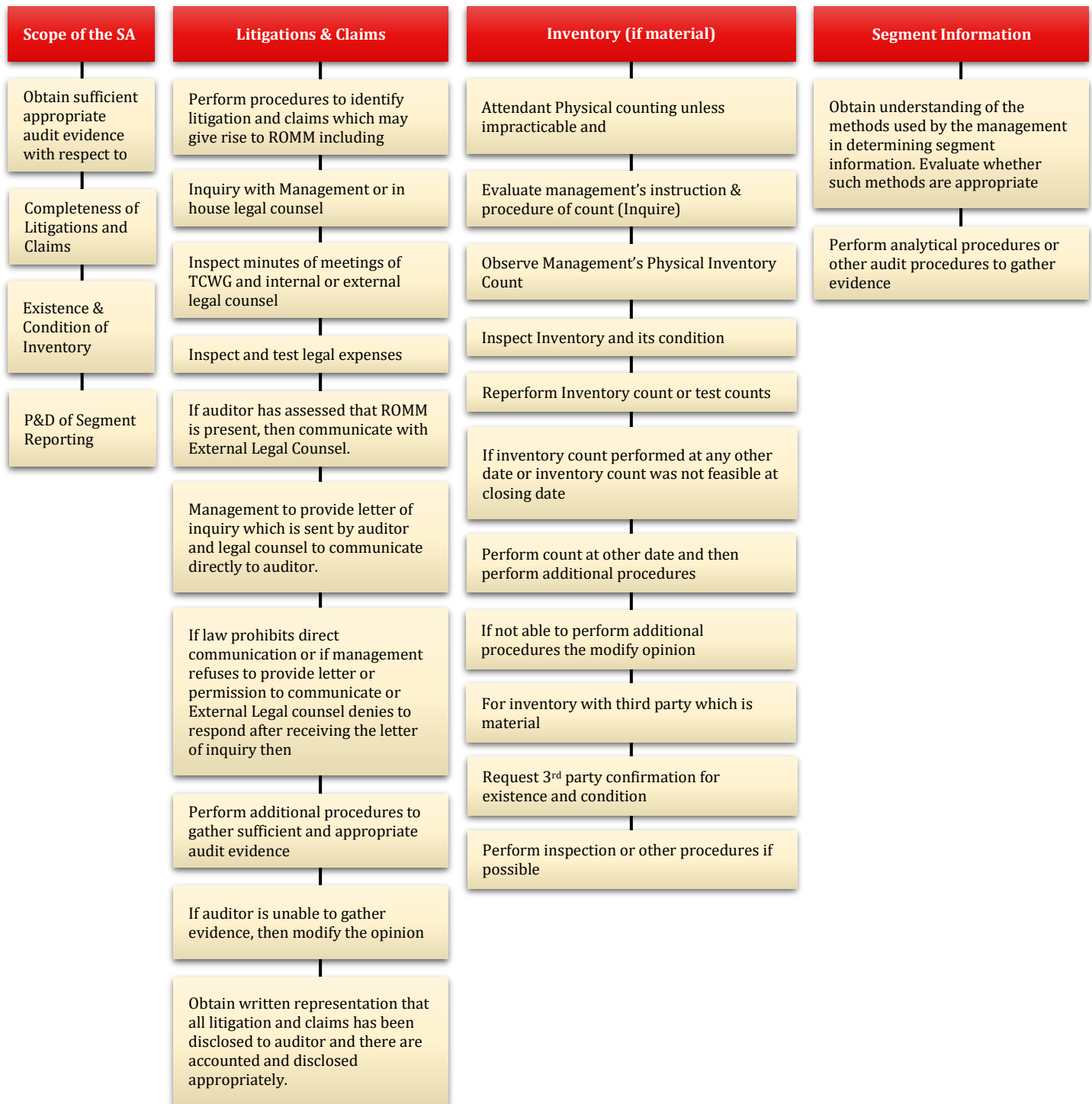
When using information produced by the entity, the auditor shall evaluate the reliability, completeness, accuracy of the information

Inconsistency in Audit Evidence

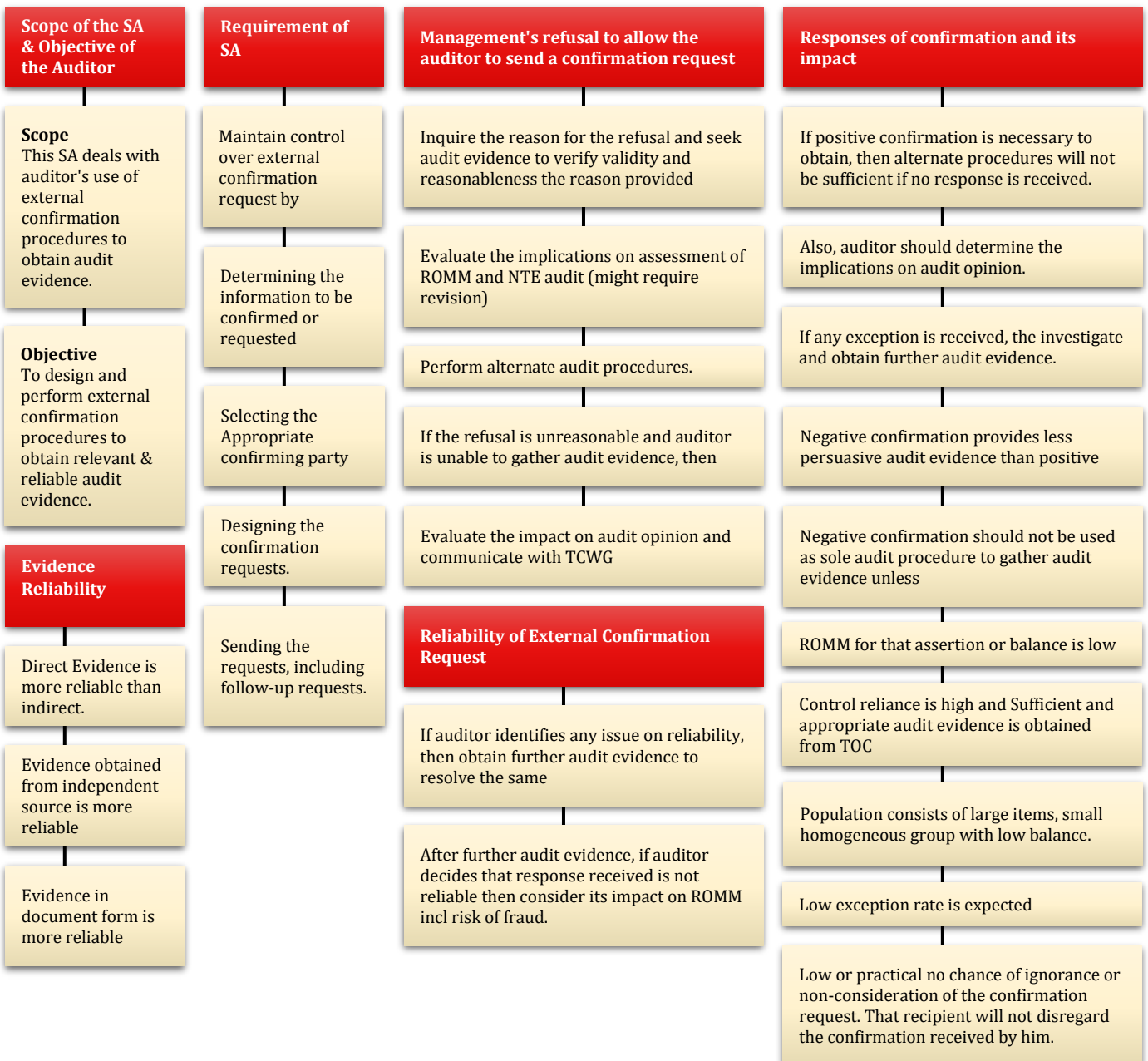
If audit evidence collected from one source contradicts another or if there are doubts regarding reliability of information, then

perform additional procedures or modify the current audit plan necessary to resolve the matter

SA 501: Audit Evidence- Specific Considerations for Selected Items

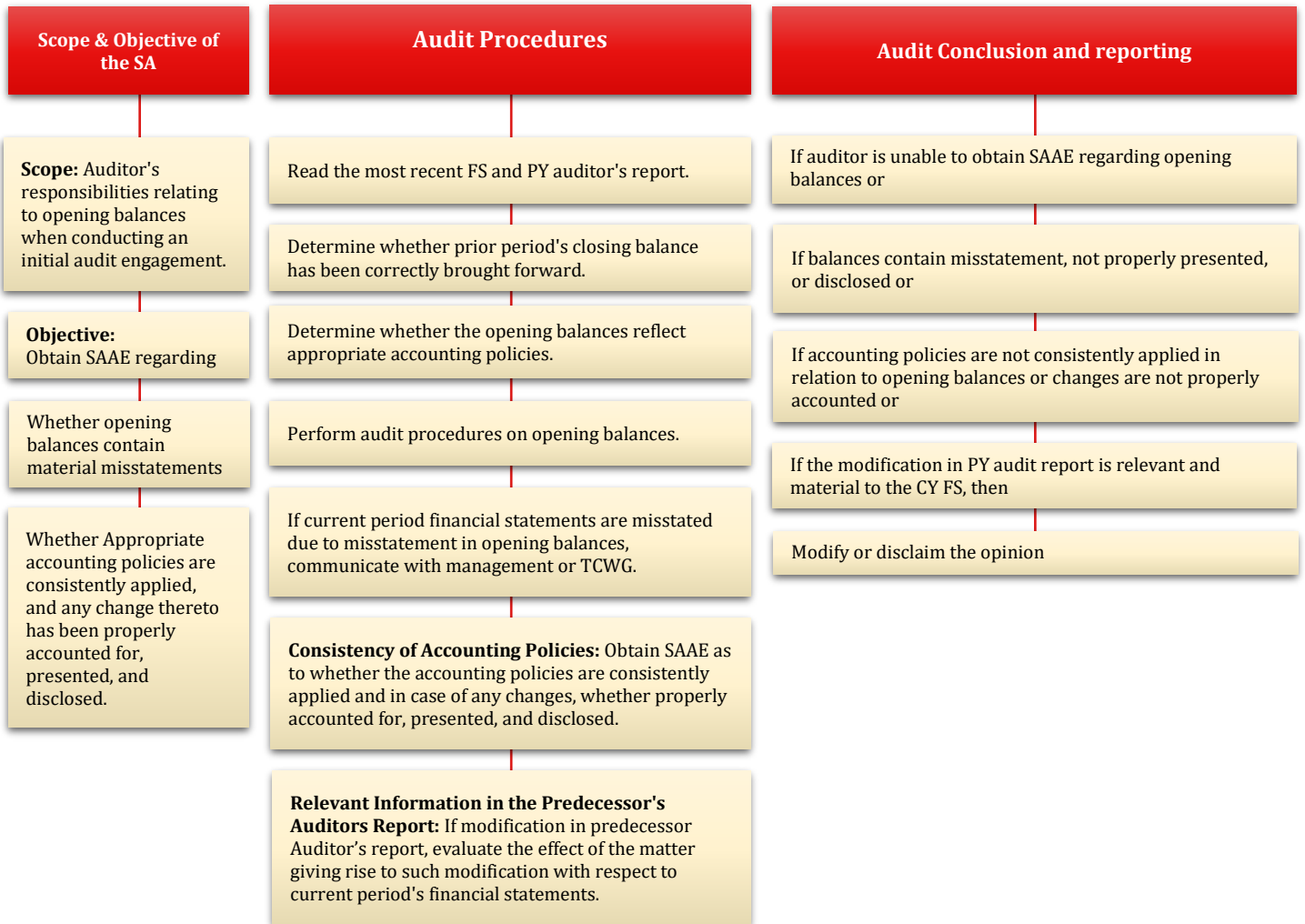


SA 505: External Confirmations

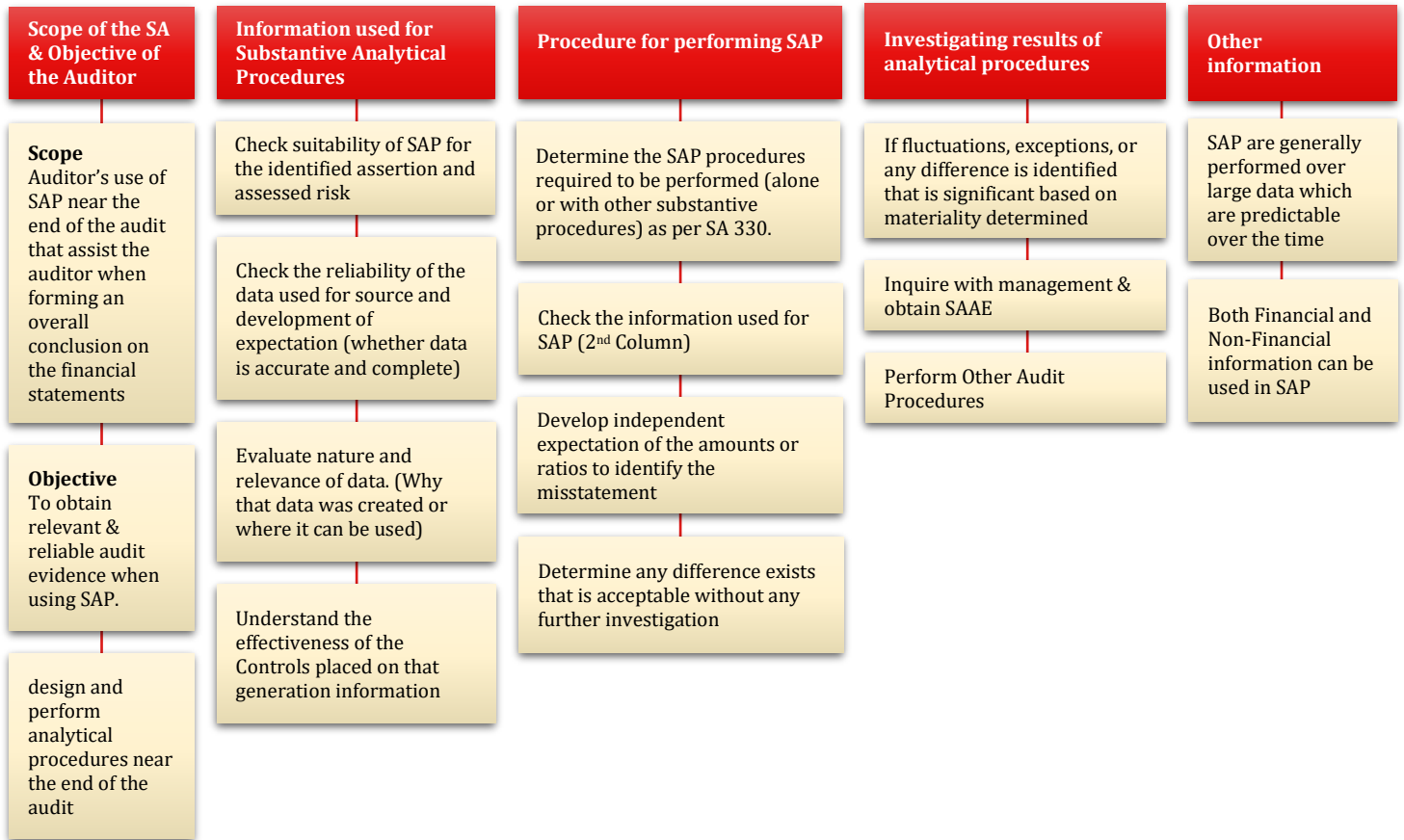


Evaluate the evidence obtained by external confirmation process and identify whether additional procedures are required to be performed

SA 510: Initial Audit Engagements- Opening Balances



SA 520: Analytical Procedures



Analytical Procedures means evaluations of financial information through analysis of plausible relationships among both financial and non-financial data.

Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.

SA 530: "Audit Sampling"

Scope of the SA & Objective of the Auditor

Sample design, size, and selection of items for testing

Performing Audit Procedures & Evaluating Results

What will increase / decrease sample size in case of TOD

Audit Sampling: The application of audit procedures to less than 100% of items within a population of audit relevance such that all the sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.

Sampling Risk: The risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. There are two types of sampling risk i.e. False Positive and False Negative

Anomaly: A misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.

Scope: When the auditor has decided to use audit sampling (statistical and non-statistical sampling) in performing audit procedures.

Objective: To provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.

For Sampling, auditor shall consider: (PCSCMR)

Purpose of Audit Procedure

Characteristics of Population

Sample **Size** sufficient to reduce sampling risk to a low level.

ensure that each sample has **chance** of being selected

Define what is deviation or **misstatement** wrt to samples

Sample should **represent** the entire population (same characteristics)

Perform audit procedures which are appropriate

If procedure not applicable, then select another sample

If unable to apply procedure or unable to test, then consider sample as misstatement or deviations

Project Misstatement to entire population unless it is anomaly. (Not applicable to TOC)

Evaluate the result of the sample testing and understand whether SAAE is gathered

higher the auditor's assessment of the risk of material misstatement, the larger the sample size needs to be

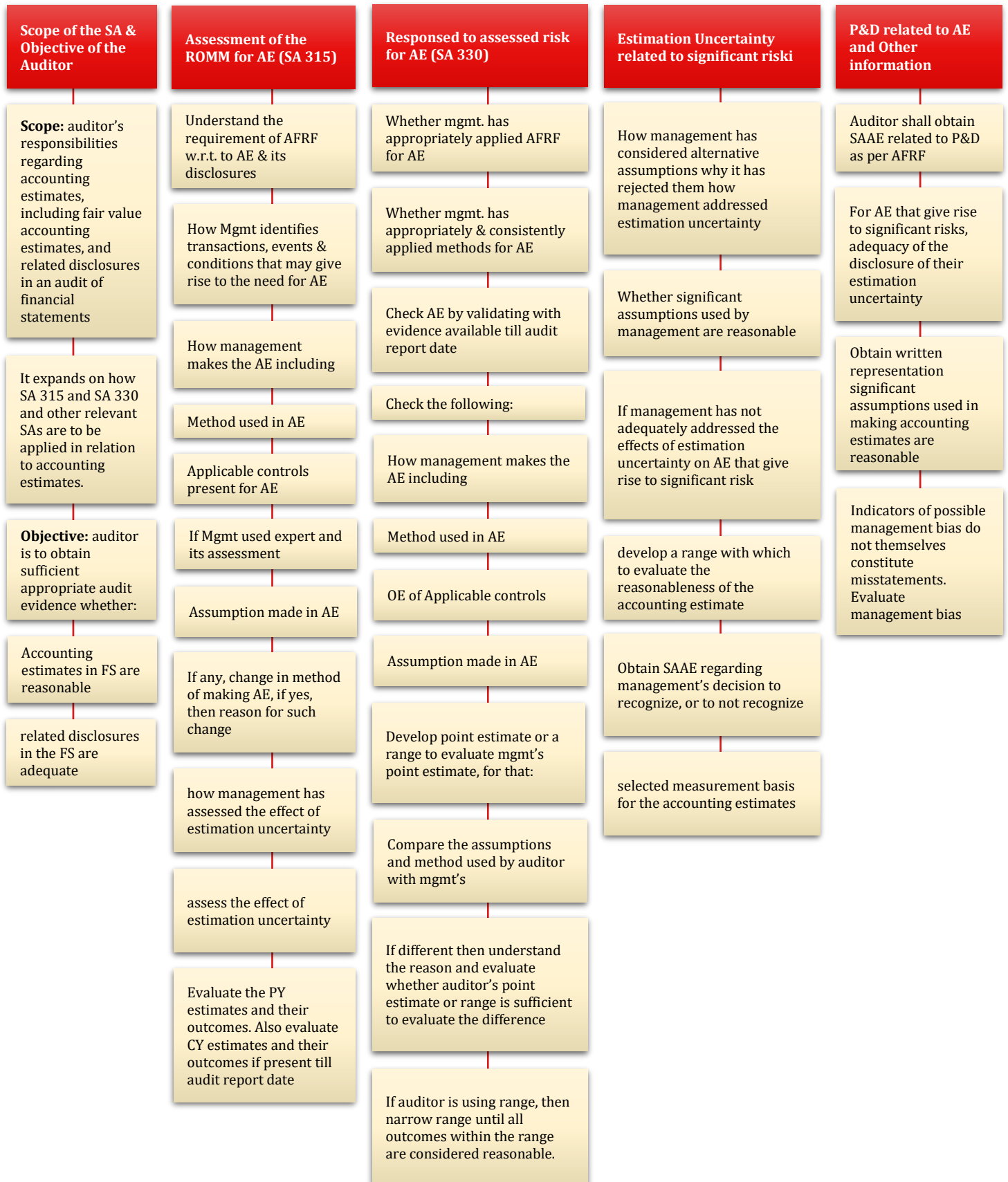
The more the auditor is relying on other substantive procedures the smaller the sample size can be from this testing.

The greater the level of assurance that the auditor requires the larger the sample size needs to be

The lower the tolerable misstatement, the larger the sample size needs to be

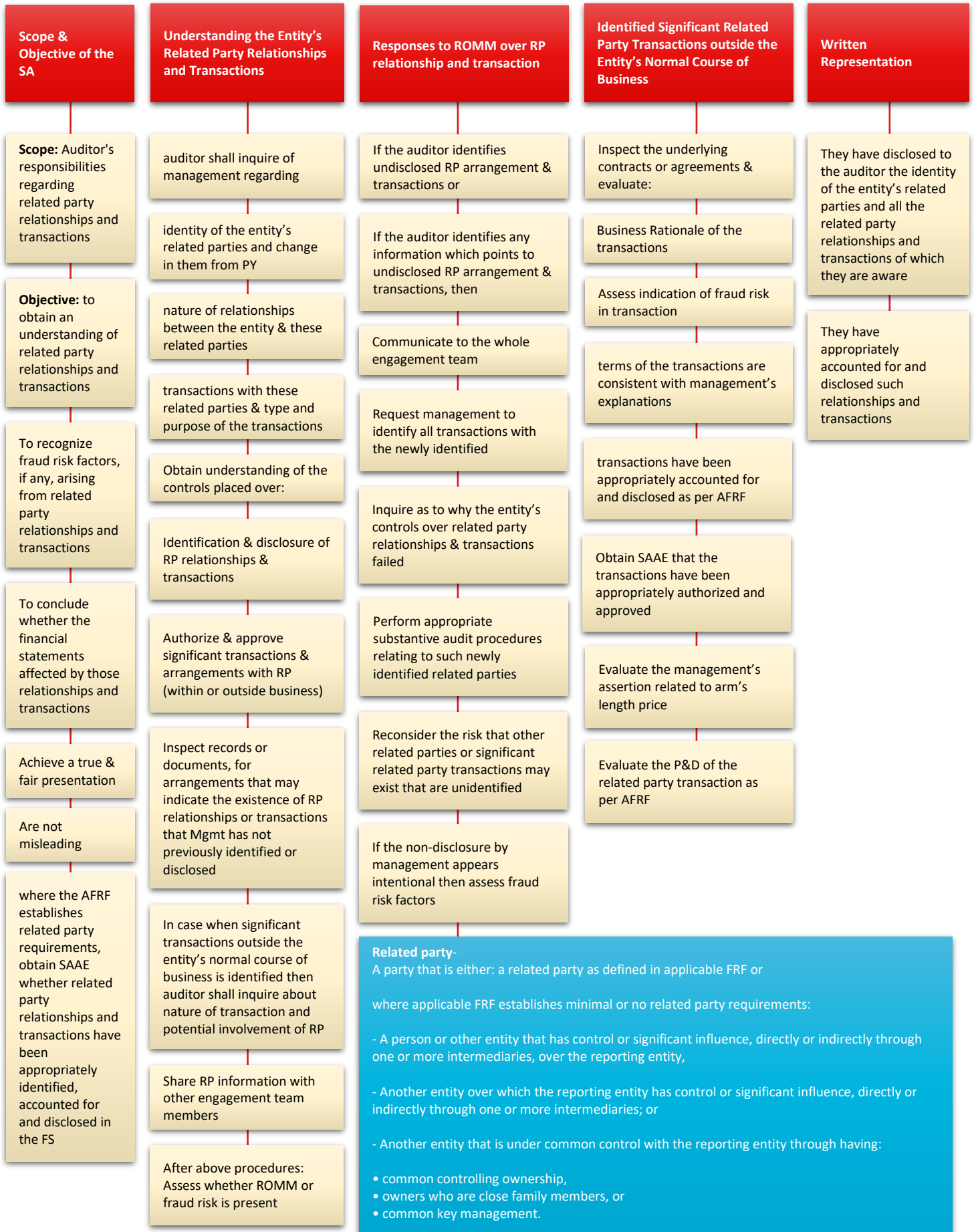
The greater the amount of misstatement the auditor expects to find in the population the larger the sample size needs to be

SA 540: Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

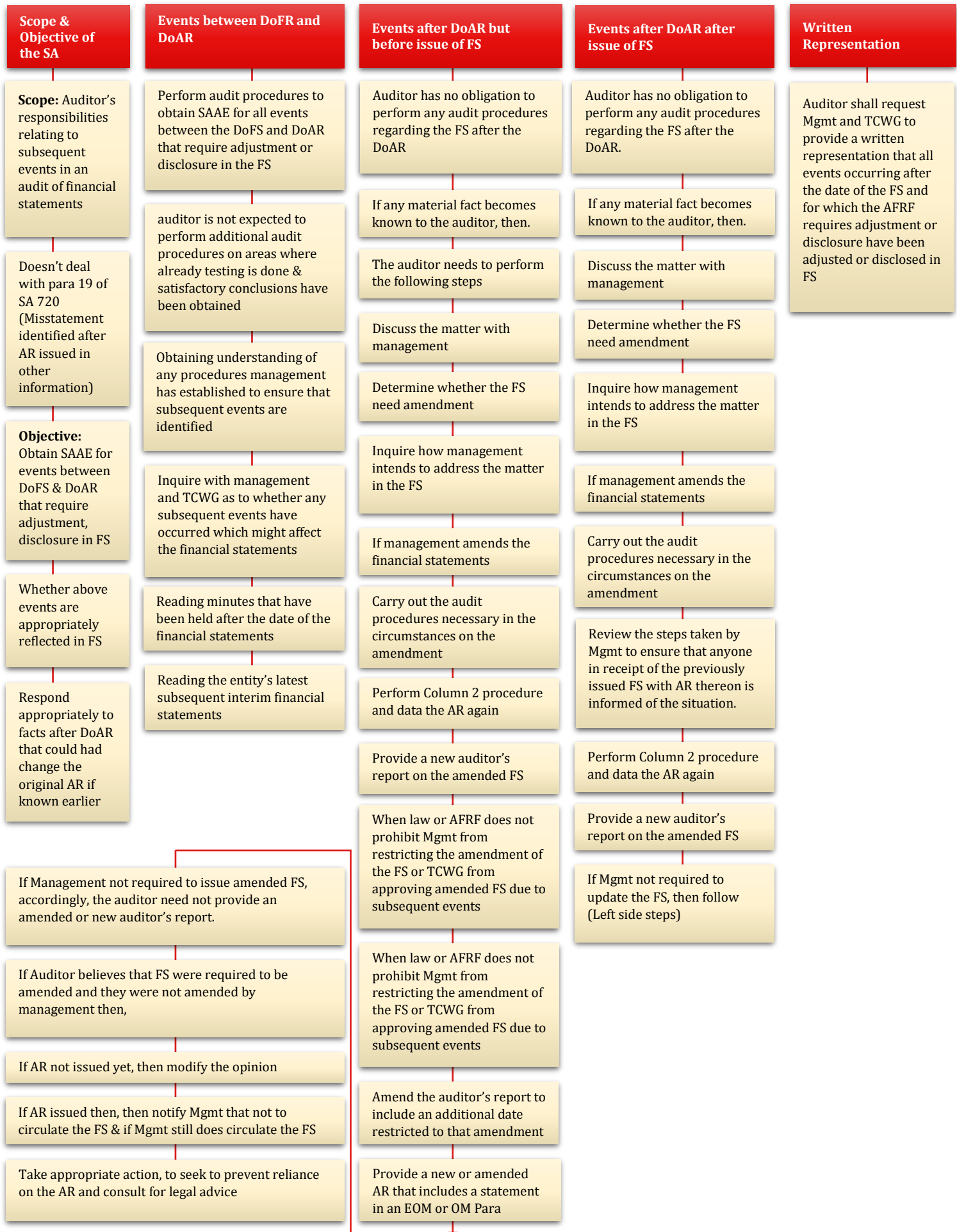


Accounting estimate: An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this SA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.

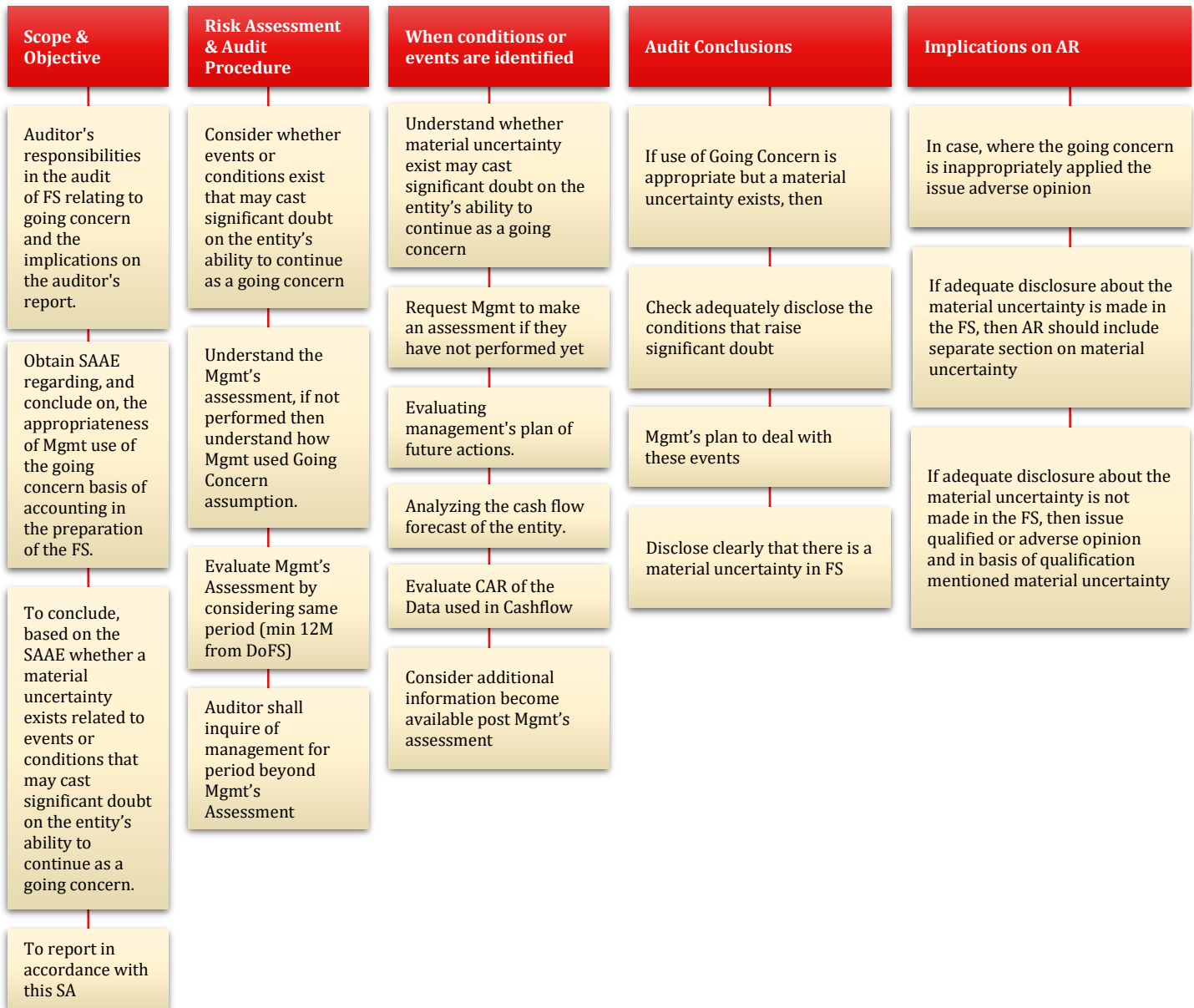
SA 550: Related Parties



SA 560: Subsequent Events



SA 570: "GOING CONCERN"



Communicate with Those Charged with Governance about events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern including their potential impact on going concern, management's use of going concern assumption, adequacy of FS disclosure and implication on AR

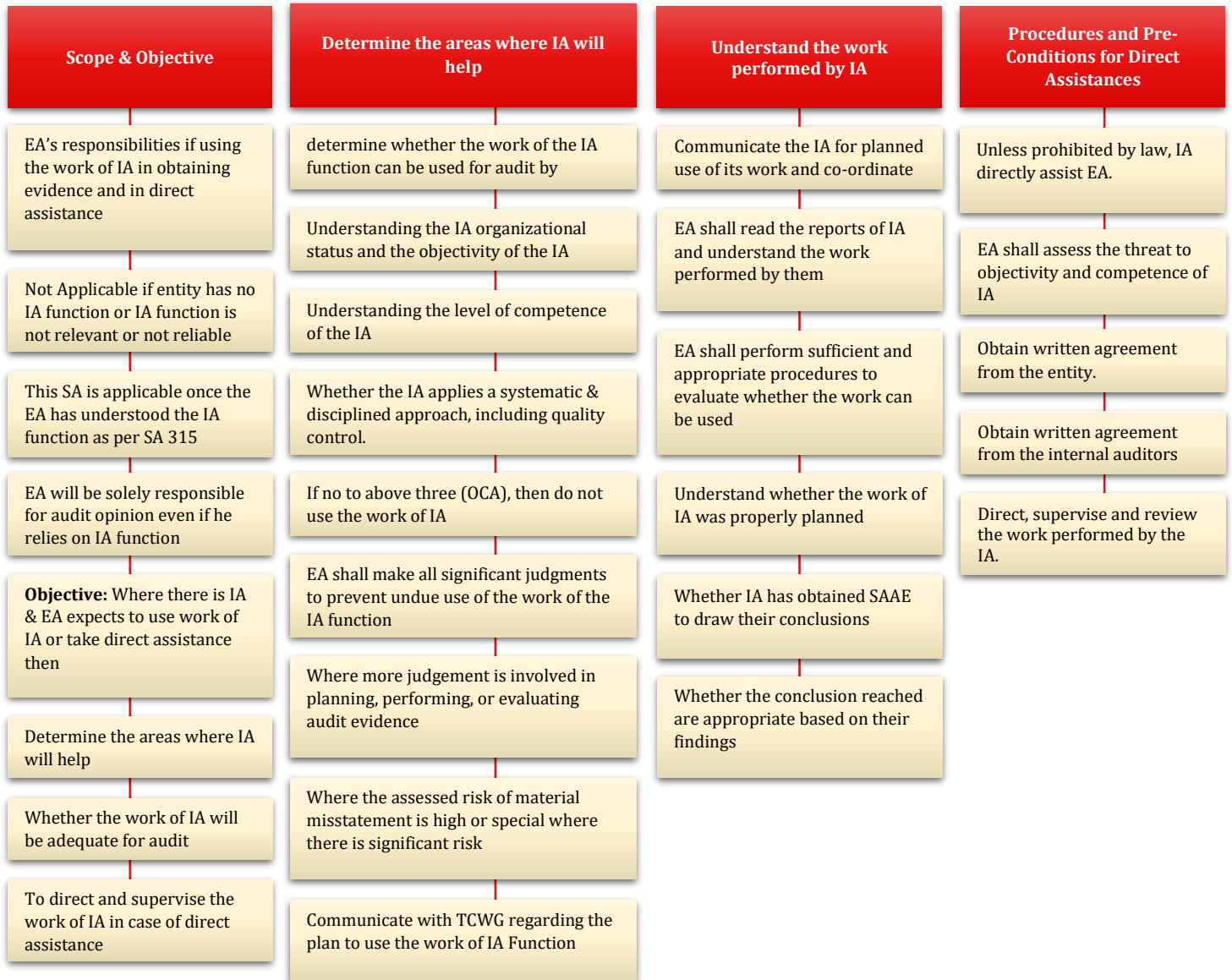
SA 580: Written Representations

Scope and Objective	Written Representation as Audit Evidence	Doubt as to the Reliability of Written Representations	Important points to be considered
<p>Scope: auditor's responsibility to obtain written representation from management and, where appropriate, those charged with governance.</p>	<p>Although Written Representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own.</p>	<p>If the auditor has concerns about the competence, integrity, ethical values, or diligence of management,</p>	<p>management does not provide one or more of the requested written representations</p>
<p>Objective: To obtain written representation from the Mgmt or TCWG regarding</p>	<p>The date of Written Representation shall be as near as practicable to, but not after, the date of the auditor's report</p>	<p>auditor shall determine the effect that such concerns on the reliability of written representations</p>	<p>Discuss the matter with management.</p>
<p>They have fulfilled their responsibility for the preparation of the FS & for the completeness of the information provided to the auditor</p>	<p>written representations shall be in the form of a representation letter addressed to the auditor</p>	<p>If written representations are inconsistent with another audit evidence, then perform additional audit procedure to gather SAAE to resolve conflict</p>	<p>Re-evaluate the integrity of management</p>
<p>To support other audit evidence relevant to the financial statements or specific assertions</p>		<p>If the auditor concludes that the written representations are not reliable then consider the effect on AR</p>	<p>evaluate the effect on the reliability of representations</p>
<p>To respond appropriately to written representations provided by Mgmt or TCWG or</p>			<p>Take appropriate actions, including determining the possible effect on the opinion in the AR</p>
<p>To respond appropriately to written representation not provided by Mgmt or TCWG.</p>			<p>If auditor concludes that there is sufficient doubt about the integrity of management</p>
			<p>If management does not provide the written representations</p>
			<p>Then auditor shall disclaim an opinion on the FS</p>

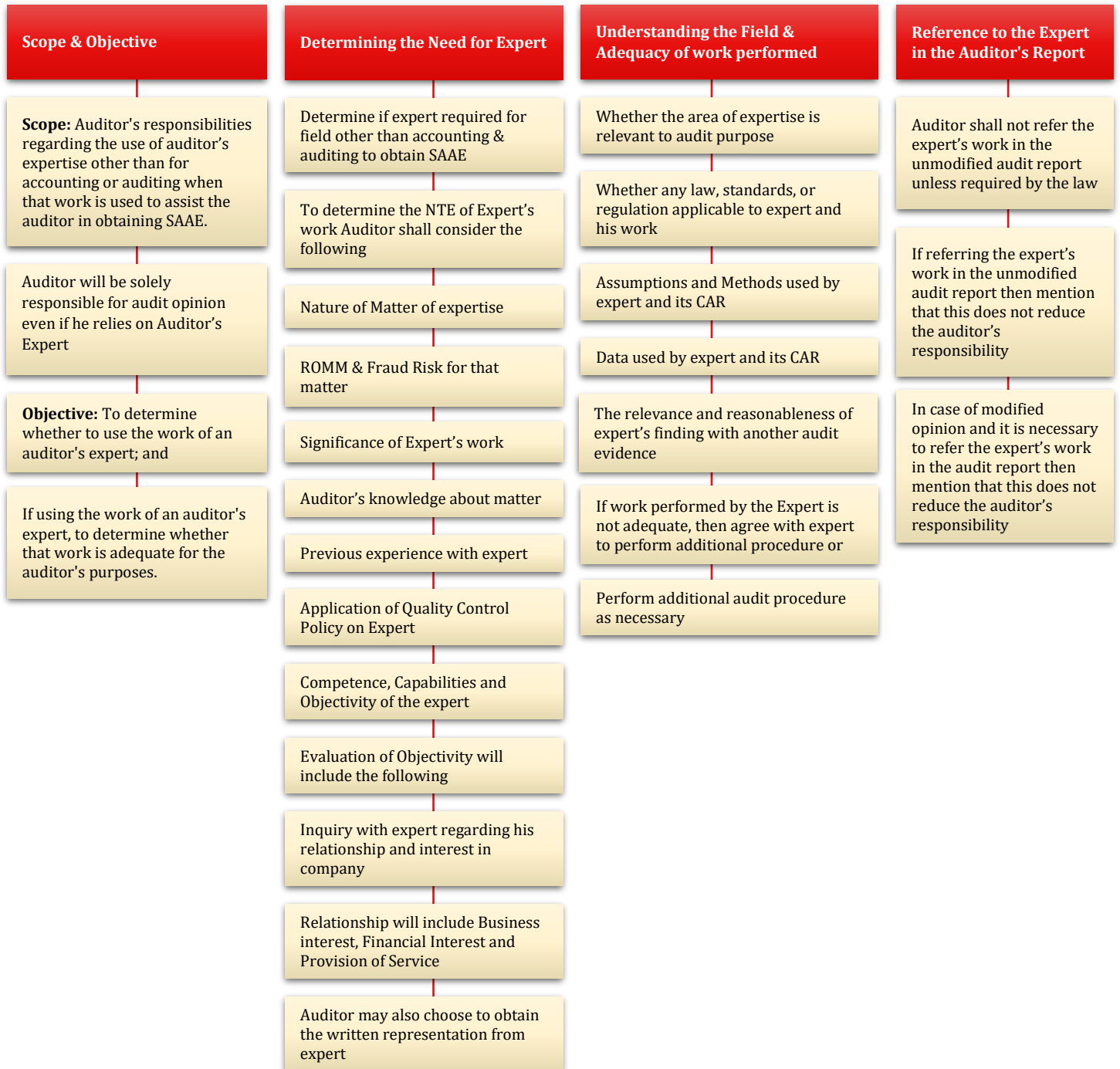
SA 600: Using the Work of Another Auditor



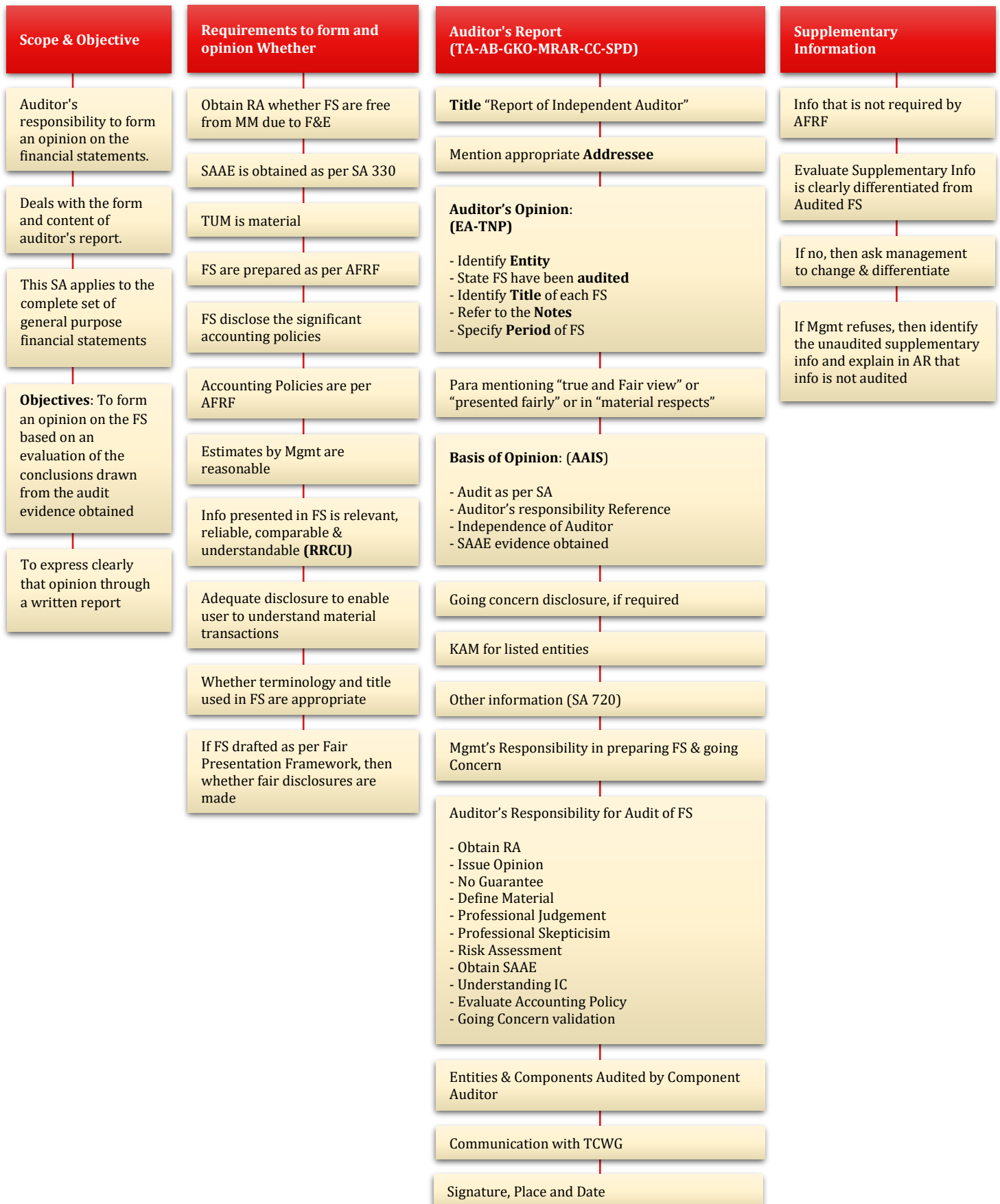
SA 610 "Using the Work of Internal Auditors"



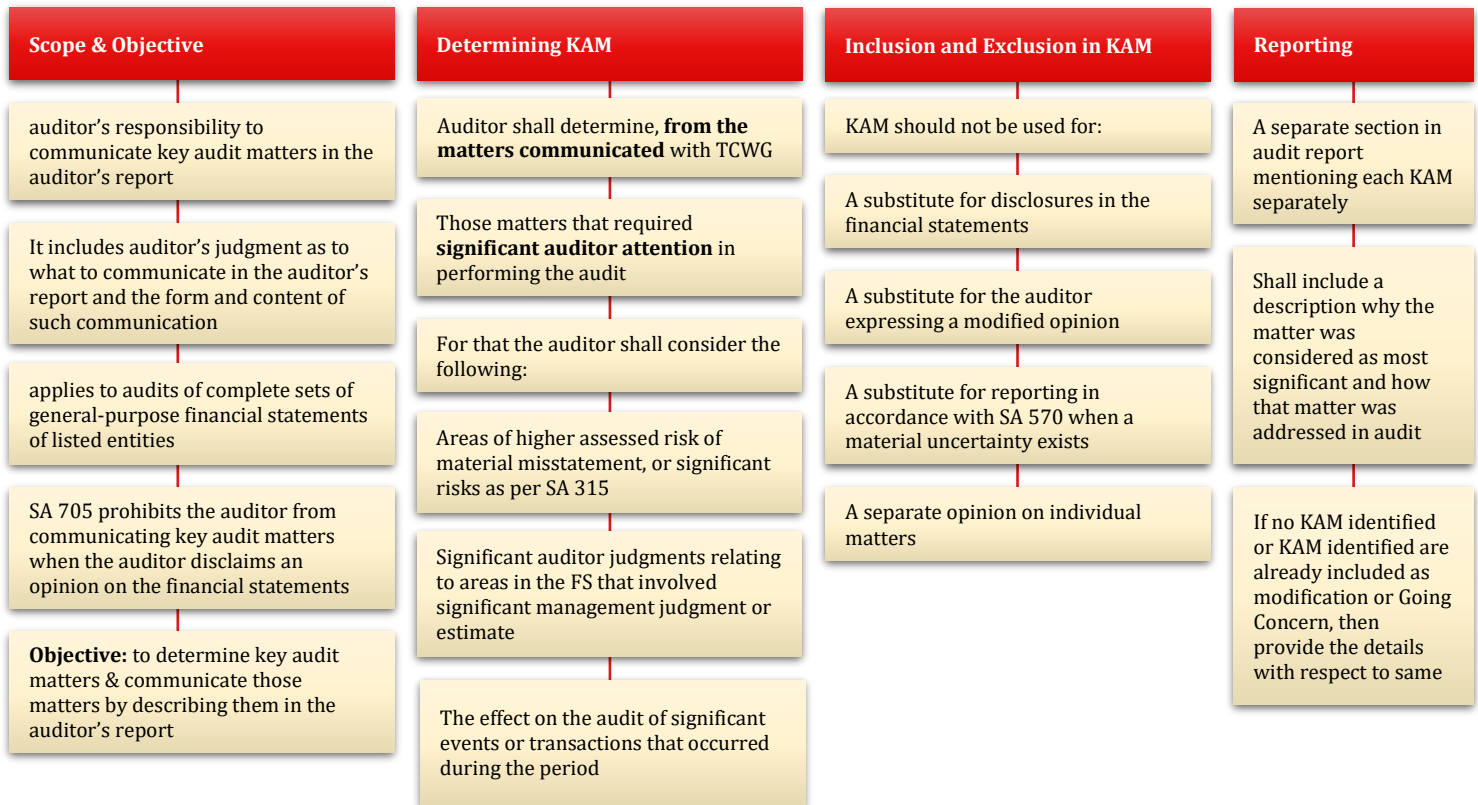
SA 620: Using the Work of an Auditor's Expert



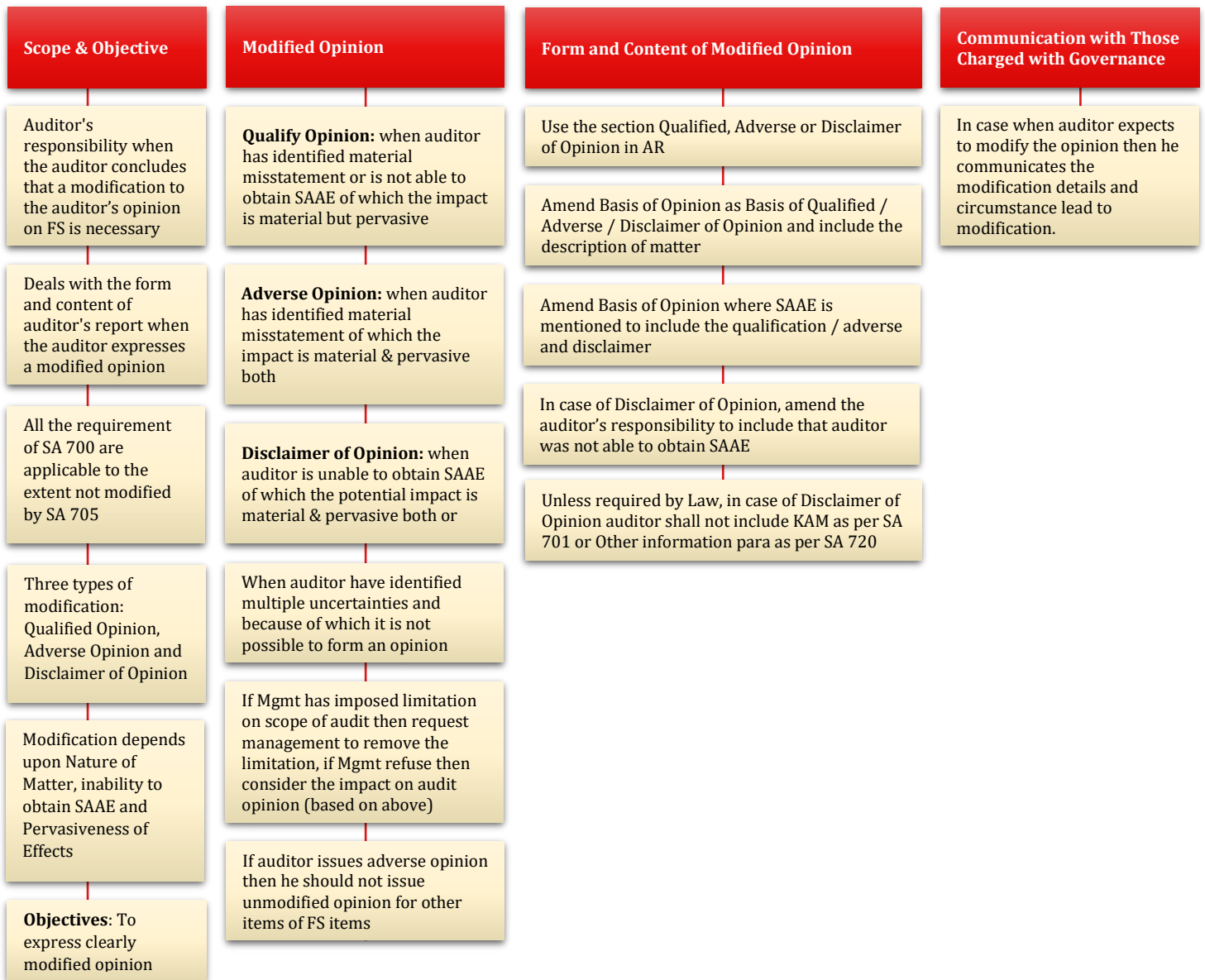
SA 700: Forming an Opinion and Reporting on Financial Statements



SA 701: Communicating Key Audit Matters in the Independent Auditor's Report



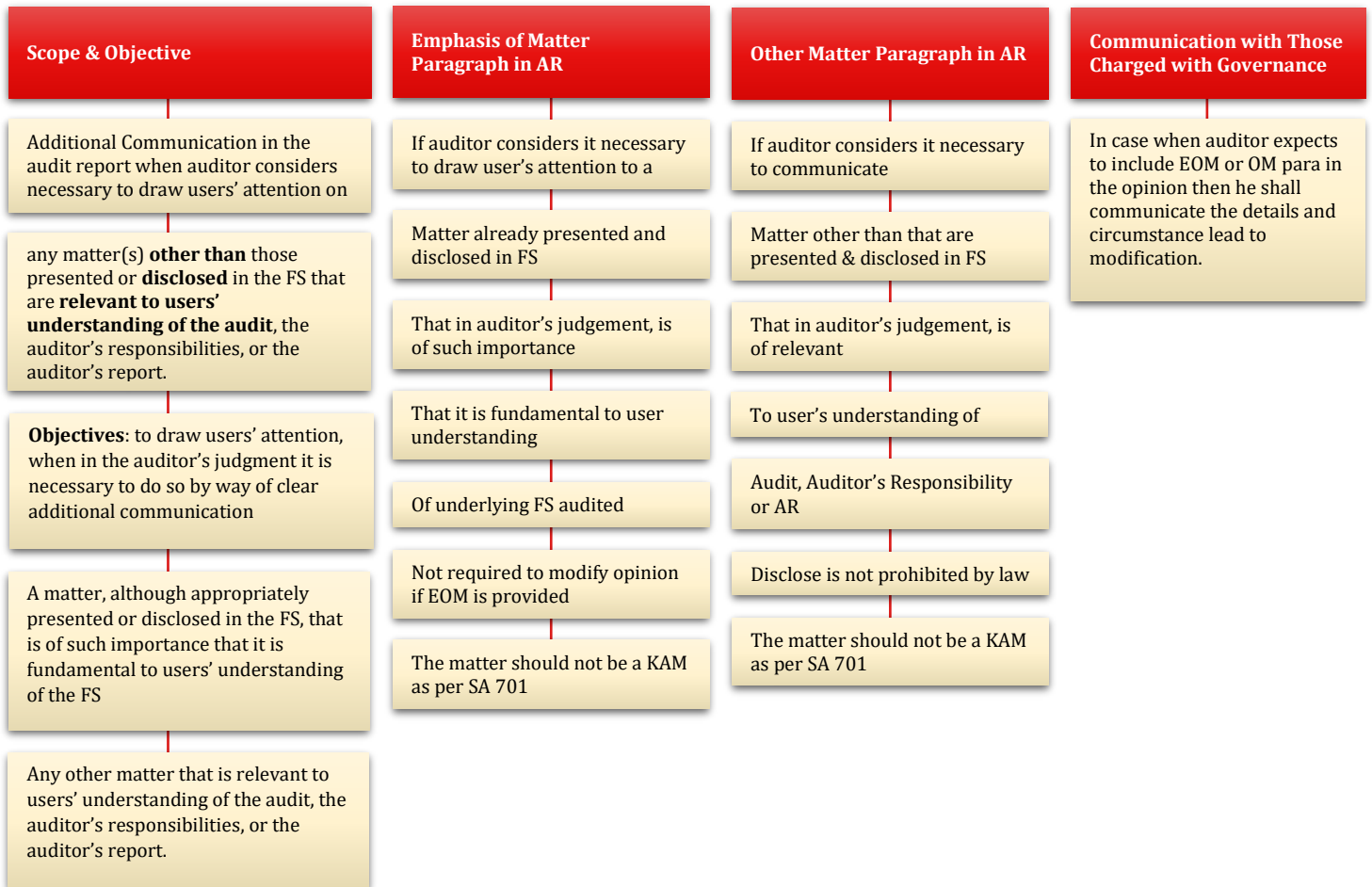
SA 705: Modifications to the Opinion in the Independent Auditor's Report



Pervasive – A term used, in the context of misstatements, to describe the effects on the financial statements of misstatements or the possible effects on the financial statements of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:

- (i) Are not confined to specific elements, accounts, or items of the financial statements.
- (ii) If so confined, represent or could represent a substantial proportion of the financial statements; or
- (iii) In relation to disclosures, are fundamental to users' understanding of the financial statements.

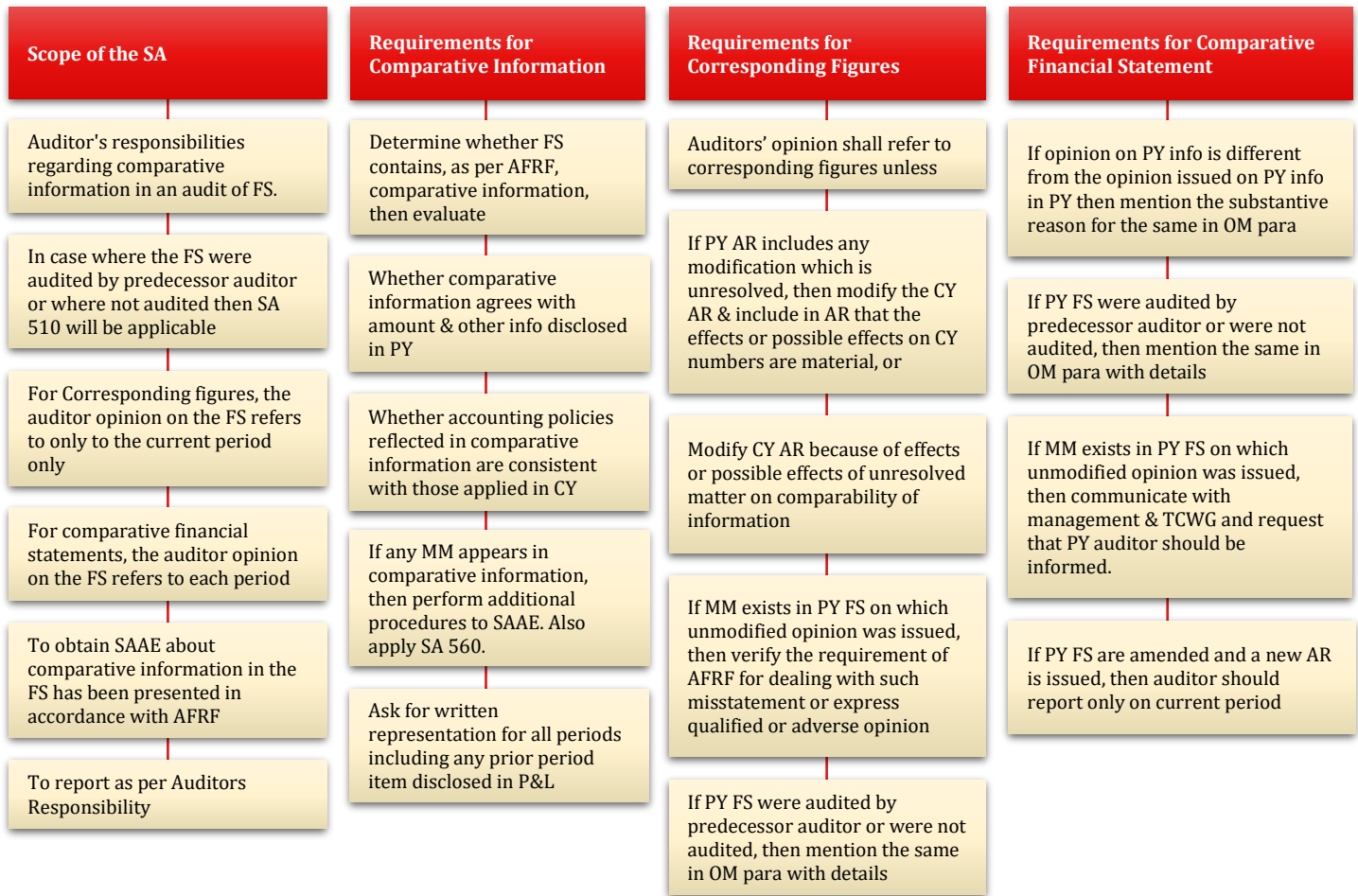
SA 706: Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report



Emphasis of Matter paragraph – A paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.

Other Matter paragraph – A paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

SA 710: Comparative Information - Corresponding Figures & Comparative Financial Statements



(a) Comparative information – The amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.

(b) Corresponding figures – Comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as “current period figures”). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.

(c) Comparative financial statements – Comparative information where amounts and other disclosures for the prior period are included for comparison with the financial statements of the current period but, if audited, are referred to in the auditor’s opinion. The level of information included in those comparative financial statements is comparable with that of the financial statements of the current period.

SA 720: The Auditor's Responsibilities Relating to Other Information

