



### STANDARDS OF AUDITING

SR. NO.	SA	TITLE OF THE STANDARD
		General principles & responsibilities
1	SA 200	Overall objectives of the independent auditor & the conduct of an audit in accordance with standards on auditing
2	SA 210	Agreeing the terms of audit engagement
3	SA 220	Quality control for an audit of financial statements
		<ul style="list-style-type: none"> <li>• Has the audit firm implemented quality control policies designed to ensure that audits are conducted in accordance with SAs &amp; SQC1</li> <li>• Has the auditor implemented quality control procedures at the engagement level so that audit complies with professional standards &amp; regulatory &amp; legal requirement</li> <li>• Has the engagement partner formed a conclusion on compliance with independence requirements that apply to the audit engagement</li> <li>• Is the engagement partner satisfied that appropriate procedures regarding the acceptance &amp; continuance of client relationships &amp; audit engagements have been followed, &amp; shall determine that conclusions reached in this regard are appropriate</li> <li>• Whether engagement partner has ensure that official requirement of the ICAI are followed in all respects</li> <li>• Have the personnel carrying out supervisory responsibilities performed the following functions</li> <li>• Monitored the progress of audit</li> <li>• Ensure that assistants have understood the audit directions</li> <li>• Work is being carried out in accordance with overall audit plan &amp; audit programme</li> <li>• Resolved any differences of professional judgment between personnel &amp;</li> </ul>



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		<p>considered the level of consultation that is appropriate</p> <ul style="list-style-type: none"> <li>• Is work performed by each assistant reviewed by another senior personnel &amp; while reviewing the work has he ensured that</li> <li>• Work was performed in accordance with the audit programme</li> <li>• All significant audit matters were resolved</li> <li>• The objectives of the audit procedures were achieved</li> <li>• Conclusions expressed were consistent with the results of work performed &amp; supported the audit opinion</li> <li>• Whether the engagement partner has ensured where required by firm policy</li> <li>• An engagement quality control reviewer has been appointed</li> <li>• Not date of audit report till the EQR is carried out &amp; all points are discussed/closed</li> <li>• Has the auditor documented the items stated in Para 24</li> </ul>
4	SA 230	Audit documentation
		<ul style="list-style-type: none"> <li>• Whether audit working papers give an overall understanding of the</li> <li>• Audit procedures performed &amp;</li> <li>• The extent of checking done</li> <li>• Do the audit working papers include</li> <li>• Audit plan prepared</li> <li>• Nature, timing &amp; extent of audit procedures followed</li> <li>• Evidence obtained &amp; conclusions drawn there from</li> <li>• Have you mentioned date, time &amp; name of person from whom such</li> </ul>



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		<p>evidence is obtained</p> <ul style="list-style-type: none"><li>• Has the working papers reviewed &amp; signed by the auditor in charge</li><li>• Has the auditor prepared/updated the permanent audit file for recurring audits</li><li>• Whether current audit file(working papers file) include the following</li><li>• Correspondence relating to acceptance of annual appointment</li><li>• Copy of draft financial statements &amp; signed financial statements</li><li>• Copies of all draft &amp; final reports issued to client</li><li>• Comments received from client</li><li>• Observation on accounts &amp; points carried forward to next year</li><li>• Important final journal entries</li><li>• Audit completion report</li><li>• Important matters in minutes of board meetings, audit committee &amp; general meetings</li><li>• Audit planning</li><li>• Time &amp; cost summary</li><li>• Briefing to staff notes</li><li>• Copy of planning letter to client</li><li>• Points from previous year</li><li>• Balance sheet, statement of profit &amp; loss account &amp; cash flow statement</li><li>• Audit systems testing working papers such as</li><li>• Lead schedules,</li></ul>
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	<ul style="list-style-type: none"><li>• Audit programmes</li><li>• Conclusions</li><li>• Checklists</li><li>• Queries raised &amp; explanations received</li><li>• Third party confirmations &amp; certificates</li><li>• Weaknesses identified &amp; copy of letter of weakness to client</li><li>• Trial balance</li><li>• Cross referencing between the backup schedules, lead schedules &amp; the accounts</li><li>• Analysis of transactions &amp; balances (notes on important points &amp; decisions taken during scrutiny of accounts)</li><li>• Evidence that work performed by assistants has been reviewed</li><li>• Copies of communication with the other auditors, experts &amp; third parties</li><li>• Letter of representations, confirmation obtained from client</li><li>• Significant matters on which the auditor has made judgments &amp; drawn conclusions</li><li>• Does the permanent audit file include<ul style="list-style-type: none"><li>Acts &amp; regulations</li><li>(in case of statutory corporations)</li></ul></li><li>• Nature &amp; history of the business</li><li>• Profile of ownership</li></ul>
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	<ul style="list-style-type: none"><li>• Registered office details</li><li>• Industry specifications with reference to size &amp; economic factors affecting the industry</li><li>• Purchase volumes, policies &amp; major suppliers</li><li>• Sales volumes, policies &amp; major buyers</li><li>• Inventory norms, levels &amp; related ratios</li><li>• Personnel details-numbers, method of remuneration, union agreements, contracts, hr policy</li><li>• Study &amp; evaluation of internal controls related to accounting systems</li><li>• Significant audit observations of the past</li><li>• Details of method of accounting including cost accounting, flowcharts, specimens of accounting documents, code structure &amp; list of accounting records</li><li>• EDP-system security, source code security, authorisation &amp; backup policy</li><li>• Lease agreement, photocopies/extracts of the same</li><li>• Title deeds inspected annually by auditor</li><li>• Royalty agreement</li><li>• Minutes of continuing importance of directors meeting, members meeting</li><li>• Group structure-subsiidiaries, associates, JVS, auditors names</li><li>• Names of bankers, solicitors, investment analysts, registrars, credit rating</li><li>• Important legal documents, agreements &amp; minutes</li><li>• Audited financial statements of last 5 years</li><li>• Analysis of significant ratios, performance indicators &amp; industry statistics</li></ul>
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		<ul style="list-style-type: none"> <li>• Management letters issued by us</li> <li>• Records of communication with retiring auditor</li> <li>• Any other information of permanent nature</li> <li>• Whether current audit file &amp; permanent audit file are updated in timely manner</li> <li>• Whether the ethical requirements have been complied with &amp; adequate documentation if is kept on file</li> <li>• Have you ensured that engagement performance related responsibility discharged by the engagement partner is documented in accordance with Para 15 of this SA</li> <li>• Have you ensured that the compliance with Para 16 (reviews), Para 18 (consultation), Para 19-21 (EQCR)</li> </ul>
5	SA 240	The auditors responsibilities relating to fraud in an audit of financial statements
		<ul style="list-style-type: none"> <li>• Have you assessed risks of material misstatement in the financial statement</li> <li>• Have you evaluated the design of internal checks &amp; control mechanisms placed by the management &amp; recorded the weaknesses in them</li> <li>• Are there loopholes in the control environment where senior level of management can or does override control procedures</li> <li>• Whether inquiries have been made with the management regarding the following</li> <li>• The managements assessments to the risk relating to the material misstatements may be due to fraud is done on a satisfactory basis as per the size of the entity</li> <li>• The accounting &amp; internal control systems management has put in place to address such risk</li> <li>• Does the audit team have an understanding of the managements process</li> </ul>



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		<p>of the following</p> <ul style="list-style-type: none"><li>• Identifying &amp; responding to the risk of fraud</li><li>• Internal control of mitigating those risk</li><li>• Has the auditor identified areas in the financial statements that may be susceptible to risk of fraud</li><li>• Have the following items been taken into consideration to mitigate the risk of fraud in the financial statements</li><li>• Have we identified the transactions that are improperly or incorrectly recorded</li><li>• Is there any unsupported or unauthorised transactions</li><li>• Are there any last minute adjustment that significantly affects the financial results</li><li>• Are there some cases where the evidence is missing which are of significant importance</li><li>• Are there any unusual discrepancies between entity's records &amp; confirmation replies</li><li>• Is there any unusual relationship between the auditor &amp; the management</li><li>• Is the management relying on one person for major accounting &amp; financing activity</li><li>• Are there inconsistent, vague, or implausible responses from the management or employees arising from inquiries or analytical procedures</li><li>• Are there any unusual delays by the entity in providing requested information</li><li>• Are there any instances of misapplication of accounting policies such as in revenue recognition, inventory quantities, and non-standard journal entries etc.?</li></ul>
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		<ul style="list-style-type: none"> <li>• Have you detected any frauds arising out of manipulation/falsification/alteration of record or documents</li> <li>• Misappropriation of assets</li> <li>• Suppression or omission of the effects of transaction from records or documents</li> <li>• Misapplication of accounting policies</li> <li>• If the company has multiple locations, sites, branches have you visited such other location</li> <li>• Have you communicated your audit findings in a timely manner to the management about fraud or error including observation of red flags</li> <li>• Has there been a proper disclosure of such fraud or error in the financial statement/auditors report as appropriate</li> </ul>
6	SA 250	Consideration of laws & regulations in an audit of financial statements
		<ul style="list-style-type: none"> <li>• Have you obtained a list of laws with which the entity has to comply with either generally or specifically in relation to the industry it belongs to</li> <li>• Have you obtained sufficient understanding of these laws to be able to consider them for making assertions &amp; evaluating the impact of each of them on the entity</li> <li>• Have you obtained in writing/through inquiry the policies &amp; procedures put in place by the entity for prevention &amp; detection of non-compliance with legal &amp; regulatory framework applicable</li> <li>• Do they include procedures for</li> <li>• Monitoring legal requirements of various laws</li> <li>• Instituting &amp; operating appropriate system of internal controls</li> <li>• Communicating to the employees of the laws applicable to the tasks they are responsible for</li> </ul>





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	<ul style="list-style-type: none"><li>• Identifying cases of non compliance by employees of law &amp; code of conduct adopted by the entity</li><li>• Effective running of legal cell &amp;/or having legal advisors to monitor compliance</li><li>• Have you broadly verified the effective operation/functioning of procedures set by entity through inquiry/substantive testing/observation/evidence etc. in doing so have you</li><li>• Discussed with persons such as VP legal, secretary, &amp; other responsible persons</li><li>• Discussed with the internal auditors, legal &amp; other advisors who have provided service within an entity</li><li>• Obtained information available pertaining to the industry</li><li>• Obtained registration &amp; other submissions made by the entity to the authorities</li><li>• Inspecting correspondence with licensing authorities</li><li>• Reviewed the internal audit scope &amp; reports</li><li>• Gone through the documents produced by the entity such as minutes of the meetings etc.</li><li>• How would you rate the risk of material misstatement in case of non-compliance of the regulations based on the audit evidence obtained in the steps above(high/medium/low)</li><li>• Have you come across any indications mentioned in the SA</li><li>• Based on the information collected &amp; examining the potential indications have you come across material instances of non-compliance with applicable laws</li><li>• If yes, have you quantified their impact/probable impact in terms of fines, penalties, litigation costs, damages, discontinuation of operations,</li></ul>
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		<p>expropriation of assets, etc.?</p> <ul style="list-style-type: none"> <li>• Do such financial impact require disclosure</li> <li>• Have you kept a record of all supporting/audit evidence that will form a conclusion</li> <li>• Have you communicated the non compliance to the senior management or obtained evidence of their knowledge of it</li> <li>• Have you obtained a written representation from the management with regard to the disclosure to the auditor of the actual &amp; possible non compliances</li> <li>• In case of suspected non-compliance &amp; lack of management representation/support, consider the possibility of communicating the same to the management</li> <li>• In case of the auditor is precluded from obtaining evidence of non compliance or his scope is limited have you considered making qualification/disclaimer opinion</li> </ul>
7	SA 260	Communication with those charged with governance
8	SA 265	Communicating deficiencies in internal control to those charged with governance & management
9	SA 299	Responsibility of joint auditors
		Risk assessment & response to assessed risks
10	SA 300	Planning an audit of financial statement
		<ul style="list-style-type: none"> <li>• Have you made an overall audit plan with key engagement team members that covers the scope including an audit programme inclusive of scope, timing &amp; extent of audit</li> <li>• The scope will normally include-terms of the engagement, the requirements of relevant legislation &amp; the pronouncements of the ICAI</li> <li>• The terms cannot restrict the later 2 points. The audit plan should cover</li> </ul>



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	<p>the areas to be covered, time budget for each area/procedures, allocation of work to staff &amp; details on co-ordination of audit</p> <ul style="list-style-type: none"><li>• Does the audit plan cover points such as preliminary engagement activities</li><li>• Performing procedures required by SA 220, quality control for an audit of financial statements, regarding the continuance of the client relationship &amp; the specific audit engagement</li><li>• Evaluating compliance with ethical requirements, including independence, as required by SA 220</li><li>• Establishing an understanding of the terms of the engagement as required by SA 210, terms of audit engagements</li><li>• Planning activities</li><li>• Overall audit strategy that sets the scope, timing &amp; direction of the audit &amp; that guides the development of the audit plan</li><li>• Knowledge of clients accounting systems, policies, procedures &amp; internal control procedure</li><li>• The degree of reliance he wants to place on accounting system &amp; internal control</li><li>• The identification of significant audit areas</li><li>• The setting of materiality levels</li><li>• Conditions requiring special attention, such as possibility of error or fraud or the involvement of parties in whom debtors, or persons who are substantial owners of the entity are interested</li><li>• Complexity of business</li><li>• Nature &amp; timing of reports &amp; extent of the audit procedure to be performed</li><li>• Co-coordinating the work to be performed</li></ul>
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	<ul style="list-style-type: none"><li>• Nature &amp; extent of audit evidence envisaged to be obtained</li><li>• Involvement of experts</li><li>• Points from previous years</li><li>• Conditions requiring special attention</li><li>• Internal management reports</li><li>• Pronouncements of the ICAI affecting the audit</li><li>• Current business developments</li><li>• Significant changes in technology, events affecting the clients business</li><li>• Establishing the overall audit strategy, the auditor shall</li><li>• Identify the characteristics of the engagement that define its scope</li><li>• Ascertain the reporting objectives of the engagement to plan the timing of the audit &amp; the nature of the communications required</li><li>• Consider the factors that, in the auditors professional judgment, are significant in directing the engagement teams efforts</li><li>• Consider the results of preliminary engagement activities &amp;, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant</li><li>• Ascertain nature, timing &amp; extent of resources necessary to perform the engagement</li><li>• Has the above plan been adequately documented &amp; updated on continues basis</li><li>• Has the auditor prepared a written audit programme stating the procedures that are needed to implement the audit plan</li><li>• Is the audit programme modified considering nature &amp; risk of business or any other factor, if yes record the same</li></ul>
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11	SA 315	Identifying & assessing the risks of material misstatement through understanding the entity & its environment
		<ul style="list-style-type: none"> <li>• Whether sufficient understanding of entity's environment has been obtained</li> <li>• Relevant industry, regulatory, &amp; other external factors</li> <li>• Nature of entity including</li> <li>• Its operations</li> <li>• Its ownership</li> <li>• Types of investments made</li> <li>• The way entity has structured &amp; financed</li> <li>• Whether sufficient understanding of entity's internal control has been obtained</li> <li>• Whether analytical procedures have been adopted for identifying risks of material misstatements</li> <li>• Whether information obtained in prior periods remains relevant(if the auditor intends to use that information for current audit)</li> <li>• Whether there was a discussion among the engagement team about the susceptibility of material misstatement in the entity's financial statements</li> <li>• Have you considered application of various guidance provided in Para a1 to a130 as may be applicable (refer application &amp; other explanatory material after Para 33 of SA)</li> </ul>
12	SA 320	Materiality in planning & performing an audit
		<ul style="list-style-type: none"> <li>• During audit planning, have you considered the materiality for various areas, account balances &amp; classes of transactions to decide</li> <li>• What items to examine</li> </ul>



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		<ul style="list-style-type: none"> <li>• Audit procedures to be carried out-selection of samples</li> <li>• Have you considered the following points while establishing materiality in point(1) above</li> <li>• Quantitative factors that will affect a particular account balance or class of transactions individually or cumulatively</li> <li>• Qualitative factors such as proper &amp; adequate disclosures of accounting policies, legal &amp; regulatory requirements, application of appropriate accounting principles or adequate disclosure of other items</li> <li>• While conducting the audit, have you considered materiality of the data &amp; its relationship with risk(prepare a note on establishing levels of materiality for various account balances &amp; classes of transactions as per the audit programme)</li> <li>• Have you ensured that the audit plan for each area has adequate coverage where acceptable materiality level is low &amp;/or you have extended the tests of control</li> <li>• Have you considered revising materiality levels set prior to period end or before the audit on noticing evidence/reasons to do the same</li> <li>• Has the audit uncovered misstatements that need not be adjusted due to them not being material(append a note of such misstatements)</li> <li>• In carrying out analytical procedures have you considered materiality while determining exceptions</li> <li>• In case where the uncorrected misstatement reached materiality level have you informed the management to adjust the financial information</li> <li>• If the management is not willing to adjust the financial statements, have you considered qualifying your report</li> </ul>
13	SA 330	The auditors response to assessed risks
		<ul style="list-style-type: none"> <li>• Whether sufficient appropriate audit evidence(to assess the risk) has been</li> </ul>



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		<p>obtained during the audit procedures performed</p> <ul style="list-style-type: none"> <li>• Whether the assessed risk of material misstatement has been addressed at the financial assertion level</li> <li>• Whether the auditor has designed &amp; performed tests of control to obtain evidence as to effectiveness of relevant controls</li> <li>• Whether the auditor has designed &amp; performed substantive procedure for each material class of transactions, account balances &amp; disclosures</li> <li>• Is the audit procedure performed relevant to evaluate the overall performance of financial statements including related disclosures</li> <li>• Has the evidence obtained been documented so as to address the assessed risks of misstatement</li> </ul>
14	SA 402	Audit considerations relating to an entity using a service organisation
15	SA 450	Evaluation of misstatements identified during the audit
		Audit evidence
16	SA 500	Audit evidence
		<ul style="list-style-type: none"> <li>• Have you prepared an audit plan &amp; a programme in accordance with SA 300</li> <li>• Have you prepared a set of assertions required to be made for various class of transactions or account balances</li> <li>• Have you decided the procedure to be carried out to validate those assertions</li> <li>• Have you identified audit evidences required to support those each of the assertions</li> <li>• Have you carried out tests to check the reliability of each type of audit evidences as per the SA</li> <li>• Have you ensured that in each case the audit evidence is sufficient in</li> </ul>



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		<p>terms of the quantum of evidence, are there cases where there is a lack of sufficiency in audit evidence</p> <ul style="list-style-type: none"> <li>• Is the audit evidence obtained for each assertion, have you considered in each case the relevance &amp; reliability</li> <li>• In the case where no evidence was available/obtained for any assertions of material nature, have you considered not expressing an unqualified opinion</li> <li>• Is the audit evidence consistent with other evidences pertaining to the same matter</li> <li>• In case of inconsistency, where the evidences are conflicting document how have they been resolved</li> <li>• In case analytical, procedures have been used to obtain the evidence, is it possible through substantive procedures to get corroborative assurance on a test basis</li> <li>• Are all the audit conclusions/assertions fully supported by audit evidence</li> <li>• On an overall basis for various classes of transactions or account balances, do the analytical procedures offer the same conclusion as other substantive test carried out by sampling</li> </ul>
17	SA 501	Audit evidence-specific considerations for selected items
18	SA 505	External confirmations
		<ul style="list-style-type: none"> <li>• Have we determined the extent of use of external confirmations necessary to obtain sufficient appropriate audit evidence to support financial statement assertions considering the materiality &amp; the assessed level of inherent &amp; control risk</li> <li>• Have we employed external confirmation procedures in consultation with the management</li> <li>• Whether auditor has obtained external evidence from third parties as external confirmation is more reliable than internal confirmation &amp; written</li> </ul>





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	<p>confirmation audit evidence is more reliable than oral confirmations</p> <ul style="list-style-type: none"><li>• Whether external confirmation for the following areas obtained</li><li>• Bank balances &amp; other information from bankers</li><li>• Account receivable balances</li><li>• Account payable balances</li><li>• Stocks held by third parties</li><li>• Property title deeds held by third parties</li><li>• Investments purchased but delivery not taken</li><li>• Loans from lenders</li><li>• Loan outstanding share application money</li><li>• What is the quantum of non response, what is the alternative procedure to be followed for non responses</li><li>• Does the nature &amp; extent of evidence to be obtained from external confirmation &amp; that the assessed levels of inherent &amp; control risk cannot be sufficiently low to eliminate the need to perform any substantive procedures for related assertions</li><li>• Considering that the external confirmations may not address all the relevant assertions for a particular account balance, have additional procedures been performed to address the other assertions that may not be satisfied by external confirmations</li><li>• Has confirmation been obtained as on the balance sheet date or other date? In case confirmations have been obtained on dates other than the balance sheet date, have additional procedures been performed to ensure that the transactions of the intervening</li><li>• Does the design of confirmations clearly address the specific audit objective &amp; clearly indicates the nature of information being confirmed</li></ul>
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	<ul style="list-style-type: none"><li>• Are the confirmation requests authorised by the management of the entity being audited</li><li>• Whether the auditor has considered the information from audit of earlier years</li><li>• Please document whether positive or negative confirmations are used. In case negative confirmations are used for any particular area is it ensured that in these areas</li><li>• The assessed level of inherent &amp; control risk is low</li><li>• A large number of small balances is involved</li><li>• A substantial number of errors is not expected &amp;</li><li>• The auditor has no reason to believe that respondents will disregard these requests</li><li>• Is it ensured that confirmations are decided by auditor &amp; the replies should directly be sent to the auditor &amp; not the company under audit</li><li>• Evaluation of responses to confirmation requests</li><li>• No response to a confirmation request</li><li>• In case no response has been received for a positive confirmation request, have we performed additional audit procedures so as to provide sufficient appropriate audit evidence about the financial statement assertions that the confirmation was intended to</li><li>• Are there any indications stating that the confirmation received are not reliable or not coming for authentic sources. In case of any doubts, have any procedures been performed to ensure appropriate authenticity of the confirmation received</li><li>• Have any specific procedures been performed to ensure validity of confirmations received through electronic sources i.e. e-mails, fax etc.</li><li>• In case of any discrepancies observed in external confirmations, has the</li></ul>
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		<p>management reconciled the differences, have we considered any further tests to provide sufficient appropriate audit evidence about the financial statement assertions that the confirm</p> <ul style="list-style-type: none"> <li>• In case of observation of consistent discrepancies in external confirmations, have we reviewed our assessment of inherent risk &amp; control risk &amp; suitably modify our audit procedures accordingly</li> <li>• Has the management made any specific request to not call for any specific confirmations</li> <li>• In case the request has been accepted, has the fact been specifically documented as to why such a request of the management was accepted</li> <li>• In case the request of the management has not been accepted, the same will be considered as a limitation in scope of audit &amp; the auditor has to take suitable action in such circumstances</li> </ul>
19	SA 510	Internal audit engagements-opening balances
		<ul style="list-style-type: none"> <li>• Has sufficient audit evidence obtained regarding</li> <li>• Misstatements contained in opening balance that affects the current period's financial statements</li> <li>• Consistent application of accounting policies reflected in opening balances of current periods financial statements</li> <li>• Has the auditor read recent financial statements &amp; predecessor auditors report including disclosures for information relevant to opening balances</li> <li>• Have we obtained appropriate audit evidence about opening balances that affect the current years financial statements (are they free from material misstatements)</li> <li>• Has the auditor checked that prior periods closing balances have correctly been brought forward</li> <li>• Is there predecessor auditors opinion regarding the prior periods financial statements included a modification to the auditors opinion that remains</li> </ul>



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		relevant & material to the current periods financial statements
20	SA 520	Analytical procedures
		<ul style="list-style-type: none"> <li>• Have you compared the entity's financial information with comparable information for prior periods</li> <li>• Anticipated results of the entity such as budgets/forecasts</li> <li>• Predictive estimates prepared by auditor</li> <li>• Similar industry information</li> <li>• Have you applied analytical procedures &amp; considered their results in planning the nature, timing &amp; extent of audit procedures</li> <li>• In planning the audit, have you considered the following relationships</li> <li>• Elements of financial information that are directly related/proportionate to certain other elements(such as certain expenses to gross margins)</li> <li>• Elements of financial information to non-financial parameters(such as payroll cost to number of employees)</li> <li>• Where the data is prepared/generated by the entity have you satisfied yourself reasonably that such data is reliable</li> <li>• Have you used analytical procedures as substantive procedures, if yes, in each case have you considered reliability of information</li> <li>• Relevance of information</li> <li>• Source of information</li> <li>• Changes required to be made to make the information comparable</li> <li>• In case where analytical procedures are used as substantive procedure, have you ensured that the conclusions are consistent with actual evidence from other procedures such as tests of controls</li> <li>• Have you ensured that in case of material items other procedures are</li> </ul>



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		<p>performed over &amp; above analytical procedures to obtain a reasonable assurance</p> <ul style="list-style-type: none"> <li>• Have you found that there were significant fluctuations of the predicted amount, if yes have you obtained adequate explanations or carried out other procedures to satisfy you of absence of material misstatement</li> <li>• Have you applied analytical procedures &amp; considered their results to have an overall review of financial statements in the final stage of the audit</li> </ul>
21	SA 530	Audit sampling
22	SA 540	Auditing accounting estimates, including fair value accounting estimates, & related disclosures
23	SA 550	Related parties
		<ul style="list-style-type: none"> <li>• Is audit evidence regarding the identification &amp; disclosure of related parties as defined in AS 18 been obtained from management</li> <li>• Have you reviewed information provided by the management &amp; identified the transactions with related parties</li> <li>• Whether the transaction with related party is authorised &amp; approved</li> <li>• Is there any risk of material misstatement associated with a related party transaction, if yes what is the response to such risk</li> <li>• Is there any previously unidentified or undisclosed related parties or significant related party transactions</li> <li>• Inspect the underlying contracts or agreements if any &amp; evaluate whether</li> <li>• The business rationale of the transactions suggest that they may have been entered into fraudulent financial reporting or to conceal misappropriation of assets</li> <li>• Terms of the transactions are consistent with managements explanations</li> <li>• The disclosure of related parties is adequate &amp; in accordance with AS 18</li> </ul>



### STANDARDS OF AUDITING

	<ul style="list-style-type: none"><li>• Have you carried out detailed audit procedures to verify the completeness of information supplied by the management such as<ul style="list-style-type: none"><li>• Detailed tests of transactions &amp; balances</li><li>• Review of minutes of the board &amp; shareholder meetings</li><li>• Review of large/unusual/year end transactions</li><li>• Review of income tax returns &amp; information supplied to other regulatory agencies</li><li>• Review of loan receivables &amp; payables &amp; confirmations from banks, is there any guarantor relationship</li><li>• Review of purchase or sale of investments</li><li>• Review of shareholder records to determine the name of principal share holders from the share register</li><li>• Enquiries as to the affiliation of directors &amp; key management personnel, officers with other entities</li></ul></li><li>• Have you come across any unusual transactions that indicate the existence of previously unidentified related parties for example<ul style="list-style-type: none"><li>• Abnormal terms of trade, such as unusual prices, interest rates, guarantees &amp; repayment terms</li><li>• Those that lack an apparent logical business reason for their occurrence</li><li>• Those in which substance differs from form</li><li>• Those that are processed in an unusual manner</li><li>• Those that are of high-volume or significant amounts with certain customers or suppliers as compared with others</li></ul></li><li>• Rendition of services without receipt of provision of management services at no charge</li></ul>
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### STANDARDS OF AUDITING

		<ul style="list-style-type: none"> <li>• Has the written representation from management been obtained regarding the completeness of information</li> <li>• Where sufficient audit evidence is not obtained, has a qualified or disclaimer opinion in the audit report been given</li> </ul>
24	SA 560	Subsequent events
		<ul style="list-style-type: none"> <li>• Whether the subsequent events, which may require the adjustment in the financial statements identified (materiality can be the guiding factor here)</li> <li>• Whether the procedures to identify events that may require adjustment of disclosure in the financial statements performed, such procedures ordinarily include the following <ul style="list-style-type: none"> <li>• Inquiring of management as to whether any subsequent events have occurred after the balance sheet date which might affect the financial statements</li> <li>• Reading minutes of the meetings of shareholders, the board of directors &amp; audit &amp; executive committees held after the balance sheet date &amp; inquiring about matters discussed at meetings for which minutes are not yet recorded</li> <li>• Reading the entity's latest subsequent interim financial statements</li> <li>• On the basis of above identification whether any adjustment made. If not whether the audit report adequately discloses the same.</li> <li>• Whether written representation has been obtained from those charged with governance that all subsequent events has been disclosed adequately</li> <li>• In case of subsequent events, whether following are performed <ul style="list-style-type: none"> <li>• Discussion of the matter with management &amp; those charged with governance</li> <li>• Determine financial statements need amendment</li> <li>• Inquire how management intends to address the matter in financial</li> </ul> </li> </ul> </li> </ul>



### STANDARDS OF AUDITING

		<p>statements</p> <ul style="list-style-type: none"> <li>• Carry out the audit procedures necessary</li> <li>• Issue new audit report(in such case date should not be earlier than the date of approval of amend mended financial statements)</li> <li>• Does comments has been included as per SAs 705 &amp; 706 in case disagreement with management</li> <li>• In case the management has not accounted for such events that the auditor believed should have been accounted for, whether expressing a qualified opinion or an adverse opinion AS appropriate has been considered</li> </ul>
25	SA 570	Going concern
26	SA 580	Written representations
		<ul style="list-style-type: none"> <li>• Whether a representation was obtained from the management regarding the selection, consistent application of accounting policies &amp; acknowledging their responsibility in the preparation of financial statements</li> <li>• Whether representation obtained includes that management has provided access to all information as agreed &amp; all transactions have been recorded in the financial statement</li> <li>• Whether the representation dated before or on the date of the audit report</li> <li>• Whether the representation is addressed to the auditor &amp; is appropriately dated &amp; signed by the members of the management who're primarily responsible for the entity &amp; its financial aspects</li> <li>• Whether written management representation letter has been obtained for matters material to financial information, either individually or collectively, when other sufficient appropriate audit evidence cannot reasonably be expected to exist or as corroborative evidence or for matters which are</li> </ul>





### STANDARDS OF AUDITING

		<p>principally one of intention of the management</p> <ul style="list-style-type: none"> <li>• Whether written representations are inconsistent with other audit evidence, if yes reconsider the assessment, integrity, ethical values &amp; shall determine the effect that this may have on reliability of representations &amp; audit evidence in general</li> <li>• Where management representations have been obtained as audit evidence, whether auditor has obtained corroborative audit evidence from sources inside or outside the entity</li> <li>• Evaluated whether the representations made by management appear reasonable &amp; consistent with other audit evidence obtained, including other representations</li> <li>• Considered whether the individuals making the representations can be expected to be well-informed or the matter</li> <li>• Ensured that representations do not substitute other audit evidence which could reasonably expected to be available</li> <li>• Whether the management has refused to provide representations on any matter that is considered necessary &amp; whether appropriate actions have been taken</li> <li>• Was a disclaimer opinion considered in case representations are not sufficient or management does not provide the same</li> <li>• Whether representation by management is contradicted by other evidence, whether the auditor has examined the circumstances &amp; when necessary, reconsidered the reliability of other representations made by management</li> <li>• Whether the management representations have been documented as working papers</li> </ul>
		Using work of other
27	SA 600	Using the work of another auditor



### STANDARDS OF AUDITING

	<ul style="list-style-type: none"><li>• SA 200 on basic principles governing an audit states that when auditor delegates work to assistants or uses work performed by other auditors &amp; experts, he will continue to be responsible for forming &amp; expressing his opinion on the financial information</li><li>• Therefore SA 600 will apply when the principal auditor is relying on the work of another auditor as per definition as given below</li><li>• This standard is not applicable in case of relying on work of joint auditors, auditors relationship with the predecessor auditor &amp; the principal auditor concludes that the financial statements of the components are immaterial</li><li>• Principal auditor means auditor with the responsibility of reporting on the financial information of an entity when that information includes financial information of one or more components auditor by another auditor</li><li>• Other auditor means an auditor other than the principal auditor, with responsibility for reporting on the financial information of a component which is included in the financial information audited by the principal auditor</li><li>• Component means a division, branch, subsidiary, joint venture, associated enterprise or other entity whose financial information audited by the principal</li><li>• Have we considered the following points before accepting our appointment as the principal auditors of the company</li><li>• The materiality of the portion of the financial information which we audit</li><li>• Our degree of knowledge regarding the business of the components</li><li>• The risk of material misstatements in the financial information of the components audited by the joint auditors</li><li>• The performance of other procedures as set out in this SA regarding the components audited by other auditor resulting in the principal auditor having significant participation in such audit</li><li>• Procedures to be performed by the principal auditor for relying on the</li></ul>
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### STANDARDS OF AUDITING

		<p>work of the other auditor</p> <ul style="list-style-type: none"><li>• Have we evaluated the professional competence or independence of the other auditor in context of the specific assignment in case the other auditor is not a member of the ICAI</li><li>• As a minimum requirement of the standard, have we performed the following minimum procedures to ensure that the work performed by the other auditor is adequate for our purpose</li><li>• Advise the other auditor that we would be using &amp; relying upon his work &amp; audit for the purpose of giving an opinion on the financial statements</li><li>• Intimate the other auditor of areas requiring special considerations, procedures for identification of intern component transactions, time table of the audit etc.</li><li>• Advise the other auditor of the significant accounting &amp; auditing &amp; reporting requirements &amp; obtain representation as to compliance with them</li><li>• As principal auditors, have we specifically documented the following matters in the working papers</li><li>• The components whose financial statements were audited by other auditors</li><li>• Their significance to the financial statements of the entity as a whole</li><li>• The name of the other auditors</li><li>• Any conclusions reached that individual components are not material</li><li>• Any other discussions that may have taken place &amp; conclusion arrived at such discussion with the other auditor</li><li>• Has there been sufficient co-ordination &amp; communication with the other auditor to ensure that all significant matters are brought to our attention on a timely basis</li></ul>
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### STANDARDS OF AUDITING

		<ul style="list-style-type: none"> <li>• Has the firms standard questionnaire sent in this case to other auditors</li> <li>• Expression of opinion</li> <li>• In case we arrive at a conclusion for not relying on the work of the other auditor</li> <li>• Have we performed sufficient additional procedures regarding the financial information of the component audited by the other auditor</li> <li>• If reply to the above step is no, have we given an adverse or disclaimer opinion</li> <li>• In case the other auditor has issued a modified report on a subject material to the financial information of the entity as a whole, have we issued a modified opinion on the said subject matter</li> <li>• Does our report clearly state the division of responsibility for the financial statements of the entity by indicating the extent to which the financial statements of components audited by the other auditors have been included in the financial statements of the entity</li> </ul>
28	SA 610	Using the work of internal auditor
		<ul style="list-style-type: none"> <li>• Is there any internal audit system in existence</li> <li>• Is internal audit undertaken by outside agency or by an internal audit department</li> <li>• Have you reviewed the scope of the internal audit function</li> <li>• Are there any constraints or restrictions imposed on internal auditors by the management</li> <li>• Has the internal auditor covered the entire scope drawn for internal audit</li> <li>• Is the internal audit work properly planned, supervised, reviewed &amp; documented</li> <li>• Is the internal auditor technically competent</li> </ul>



### STANDARDS OF AUDITING

		<ul style="list-style-type: none"> <li>• Is the work of internal auditor carried out with due professional care</li> <li>• Whether copy of internal audit report or their summary taken on the audit working file</li> <li>• Considering the above can you conclude that the internal audit work can be relied upon</li> <li>• Have you verified that the internal audit was actually carried out by covering the areas audited by the internal auditor</li> <li>• Are there any unusual matters disclosed by the internal auditors &amp; have those matters been properly resolved</li> <li>• Whether the internal audit system is commensurate with the size &amp; nature of the entity</li> </ul>
29	SA 620	Using the work of an auditors expert
		Audit conclusions & reporting
30	SA 700	Forming an opinion & reporting on financial statements
31	SA 705	Modifications to the opinion in the independent auditors report
32	SA 706	Emphasis of matter paragraphs & other matter paragraphs in the independent auditors report
33	SA 710	Comparative information-corresponding figures & comparative financial statements
34	SA 720	The auditors responsibility in relation to other information in documents containing audited financial statements
		Specialised areas
35	SA 800	Special considerations-audit of financial statements prepared in accordance with special purpose frameworks
36	SA 805	Special considerations-audit of single financial statements & specific elements,



PANKAJ DALAL & ASSOCIATES  
CHARTERED ACCOUNTANTS

### STANDARDS OF AUDITING

		accounts or items of financial statement
37	SA 810	Engagement to report on summary financial statements