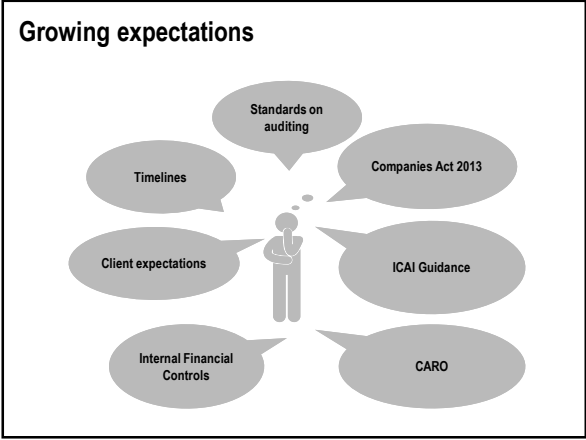


Standards on auditing vis-à-vis regulatory requirements

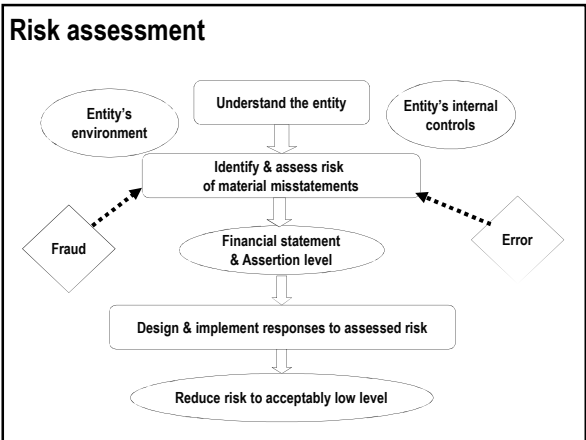
Presentation at the CPE Study Circle Meeting organised by the SIRC of ICAI on February 15, 2017

Chinnsamy Ganesan FCA DISA(ICA)

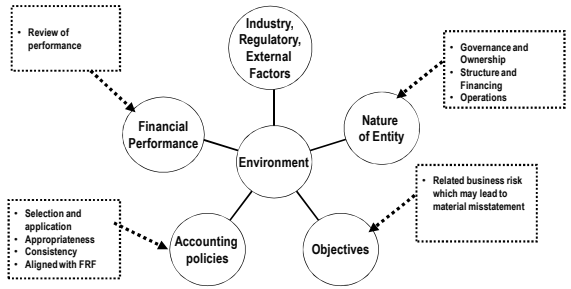


Key focus standards

- Risk Assessment (SA 315)
- Fraud and Auditor's responsibility (SA 240)
- Response to Assessed Risks (SA 330)
- Audit Evidence (SA 500)
- Audit Documentation (SA 230)



Risk Assessment Procedures



Audit approach

- Top down Risk based approach
- Identify the key business drivers
- Assess and evaluate the likelihood of RoMM
- Maps the assessed risk at assertion level
- Nature, timing and extent of audit procedures

Special considerations

- Professional Skepticism
- Fraud risk and management override
- Recent economic/ accounting developments
- Complexity of transactions/ Accounting policy
- Related Party Transactions
- Judgemental areas/ subjectivity
- Outside normal course of business?

Special focus points

- External confirmations
- Key reconciliations
- Roll forward/ backward techniques
- Unpredictability
- Communicating with the client

The 3 phases of audit documentation

- Timely documentation of work performed
- Documentation of the audit procedures performed and audit evidence obtained
- Assembly of final audit file

Timely documentation

- Helps to enhance the quality of the audit
- Facilitates the effective review and evaluation of the audit evidence obtained
- Drives towards reaching proper conclusions before the auditor's report is finalised
- Contemporaneous documentation is important

Documentation of audit procedures

- Audit documentation should enable an experienced auditor, having no previous connection with the audit, to understand
 - Nature, Timing and Extent of audit procedures performed
 - Results of audit procedures and audit evidence obtained
 - Significant matters arising during the audit, the conclusions reached thereon
 - Significant professional judgments made in reaching those conclusions

Communication with TCWG

- Discussions of significant matters
- Nature of the significant matters discussed
- When and with whom the discussions took place

Assembly of final audit file

SQC 1 requires firms to establish policies and procedures for the timely completion of the assembly of audit files

Ordinarily not more than 60 days after the date of the auditor's report

After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation of any nature before the end of its retention period

Ordinarily is no shorter than seven years from the date of the auditor's report

Consideration for smaller audits

Generally less extensive

Where the engagement partner performs all the work

Can be maintained in a single document with cross reference to work papers

Ownership of audit documentation

Unless otherwise specified by law or regulation, audit documentation is the property of the auditor

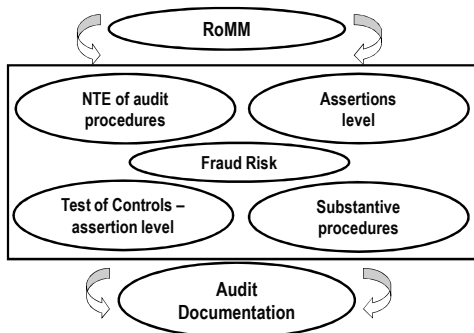
He may at his discretion, make portions of, or extracts from, audit documentation available to clients

Right to review work papers

Unless otherwise specified by law or regulation, an auditor can refuse to allow access to audit work papers

Law or regulatory requirement includes, Peer Review, SFIO, FRRB etc.

To Summarise



Thank you



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