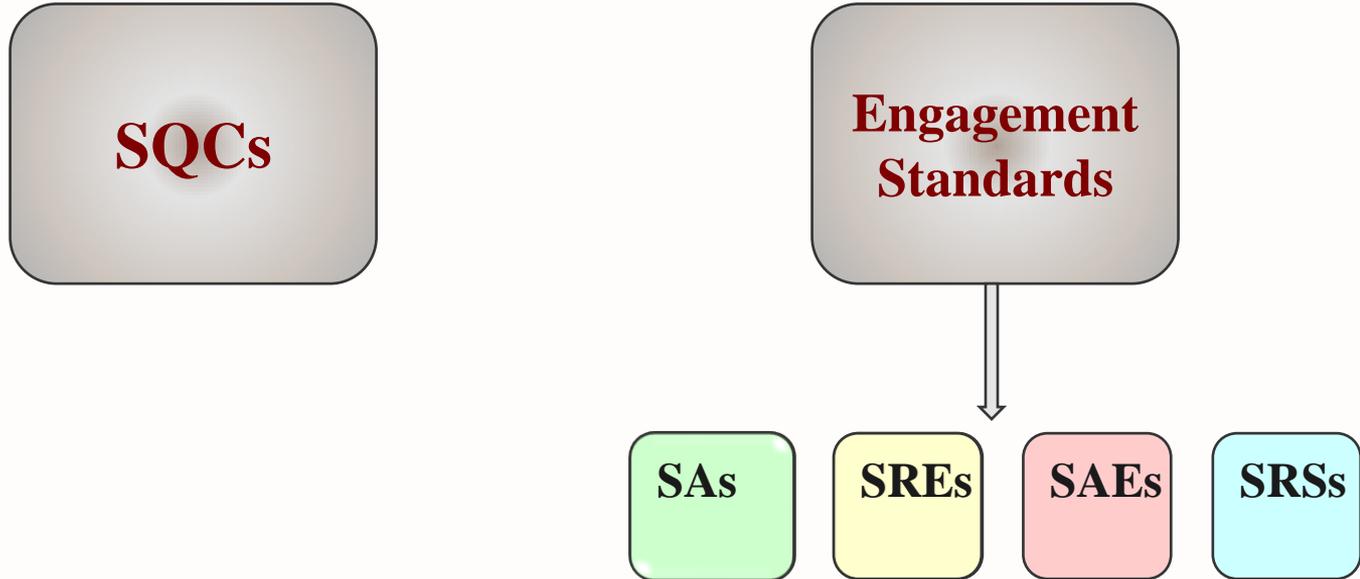


STANDARDS
ON
AUDITING

AN UPDATE

NEW CLASSIFICATION



- to expedite audits effectively in accordance with GAAPs
- **to utilize resources effectively**
- to guide, direct and supervise assistants properly
- **to ensure quality control**
- to disprove charges of negligence
- **to face & pass PEER REVIEW**

WHY COMPLY WITH STANDARDS



The Companies Act 2013

Section 143(9)

**Every Auditor shall comply
with AUDITING
STANDARDS**

WHY

COMPLY WITH STANDARDS



A SHAMEFUL REMARK

We do not expect the auditors to find a needle
in a haystack but they must see the elephant
in the room.

Former MCA Secretary

**Overall Objectives of the Independent Auditor
and the conduct of an audit in accordance with
SAs.**

Professional Skepticism -
An 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.



**Auditor - Can't
just be a watchdog
anymore**

**SA
200**

AUDIT PROCESS

01

**OPENING
BALANCE
CHECKING**

02

**IC EVALUATION
&
COMMUNICATING FINDINGS TO
TCWG**

03

VOUCHING

04

**LEDGER
ANALYSIS**

05

VERIFICATION

AUDIT PROCESS

06

**COMPARING FS
WITH BOOKS –
SIGNED TB**

07

**AS
COMPLIANCE**

08

**SCHEDULE III
COMPLIANCE -
INFO FOR
NOTES**

09

**ANALYTICAL
REVIEW**

10

**CARO POINTS –
INFORMED
REPORTING**

Professional skepticism includes being alert to :

- Audit evidence that contradicts other audit evidence obtained.
- Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.
- Conditions that may indicate possible fraud.
- Circumstances that suggest the need for audit procedures in addition to those required by the SAs.

SA
200



SA 210

Agreeing on Terms of Audit Engagement

Obtain an Audit Engagement Letter covering :

- the objective and scope of the audit of FS.
- the responsibilities of the auditor
- the responsibilities of management
- identification of the applicable financial reporting framework .
- reference to the expected form and content of any reports to be issued by the auditor

Quality Control for Audit Work

This SA deals with the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements.

This SA is to be read in conjunction with relevant ethical requirements.

**SA
220**

**SOME PRACTICE BASED
STANDARDS**



Under SQC 1, the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that :

the firm and its personnel comply with professional standards and regulatory and legal requirements

and

the reports issued by the firm are appropriate in the given circumstance.

**SA
220**

SQC
QUALITYCERT

**SOME PRACTICE BASED
STANDARDS**

SA 230

Not Documented, Not Done



Audit Documentation

The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor to understand :

- ✓ The nature, timing, and extent of the audit procedures performed to comply with the SAs and applicable legal and regulatory requirements
- ✓ The results of the audit procedures performed, and the audit evidence obtained;
- ✓ Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

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

SA 240

The auditor's responsibilities relating to Laws and Regulations in an Audit of Financial Statements

SA 250

Communication with those charged with governance

SA 260

SOME PRACTICE BASED STANDARDS

SA 300

Planning an Audit of FS

This SA deals with the auditor's responsibility to plan an audit of financial statements in recurring audits and initial audit engagements.

- Overall Audit Strategy
- Detailed Audit Plan



Identifying and Assessing the Risks of
Material Misstatement Through
Understanding the Entity and its
Environment

Deals with the auditor's responsibility to identify and assess the risks of **material misstatement in the financial statements**, through understanding the entity and its environment, including internal controls

SA
315

SOME PRACTICE BASED
STANDARDS

SA 500

Audit Evidence

Deals with the auditor's responsibility to design and perform audit procedures to obtain **sufficient appropriate audit evidence** to draw reasonable conclusions on which to base his opinion.



Audit Evidence - Specific Considerations for Selected Items

This SA deals with specific considerations by the auditor in obtaining sufficient appropriate audit evidence with respect to :

- Certain aspects of inventory**
- Litigation and claims involving the entity**
- Segment Information.**

**SA
501**

SOME PRACTICE BASED
STANDARDS

SA 505



External Confirmations

SA 500 indicates that the reliability of audit evidence is influenced by its source and by its nature and states :

Audit evidence obtained from independent sources outside the entity, directly by the auditor is much more reliable than audit evidence obtained indirectly or by inference.

Audit evidence is more reliable when it exists in documentary form, whether paper/electronic.

SA 505

When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including :

- Selecting the appropriate confirming party and determining the information to be confirmed or requested;
- Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor

Initial Audit Engagements - Opening Balances

In an initial audit engagement, the auditor should make sure that :

- ❑ Opening Balances do not contain misstatements that materially affect the current period's financial statements
- ❑ Appropriate Accounting Policies reflected in the opening balances have been consistently applied in the current period's financial statements or changes if any thereto are properly accounted for and adequately presented and disclosed.

**SA
510**

SOME PRACTICE BASED
STANDARDS

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 amounts

Audit Sampling

Audit Sampling is the application of audit procedures to less than 100% of items within a population of audit relevance such that all 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.

SA
530

SOME PRACTICE BASED
STANDARDS

When designing an audit sample, the auditor shall determine a sample size sufficient to reduce sampling risk to an acceptably low level.

The auditor shall select items for the sample in such a way that each sampling unit in the population has a chance of selection.

**SA
530**

**SOME PRACTICE BASED
STANDARDS**



SA 570

Going Concern

The auditor should obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of **Going Concern** basis of accounting in the preparation of the financial Statements.

Also assess, whether a **material uncertainty exists** related to conditions that may cast significant doubt on the entity's ability to continue as a **Going Concern**.

Written Representations

The auditor should obtain Written Representations from the management that they believe that they have fulfilled their responsibility for the preparation of the financial statements and that information provided is complete.

SA
580

SOME PRACTICE BASED
STANDARDS

WR is to **support other audit evidence** relevant to the financial statements or specific assertions in the financial statements by means of written representations, if determined necessary by the auditor or required by other SAs.

SA
580

SA 700



Forming an opinion and reporting on Financial Statements

SA 700 (Revised)	SA 700 (Old)
Title	Title
Addressee	Addressee
Opinion	Introductory Paragraph
Basis for Opinion	Management Responsibility
Going Concern	Auditors Responsibility
Key Audit Matters	Auditors Opinion
Management Responsibility	Other Reporting Responsibilities
Auditors Responsibility	Signature
Other Reporting Responsibilities	Date, Place
Signature	
Date, Place	

Communicating Key Audit Matters in AR

Key Audit Matters - Those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period.

Key Audit Matters are selected from matters communicated with those charged with governance.

SA
701

SOME PRACTICE BASED
STANDARDS

SA 705

Modifications to the Opinion in the Independent AR

- Clean Report
- Qualified Opinion
- Disclaimer
- Adverse

Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report.

EoM 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.

SA
706

Merry Christmas





★ HAPPY ★
2026
NEW YEAR



Thank You...

JOMON K
GEORGE