

Insights into Standards on Auditing

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Structure of the discussion

Applicability of Standards on Auditing

Key Standards and audit process

Practical Issues

The driving factors

Size should not influence the engagement (Audit is an audit anyway!)

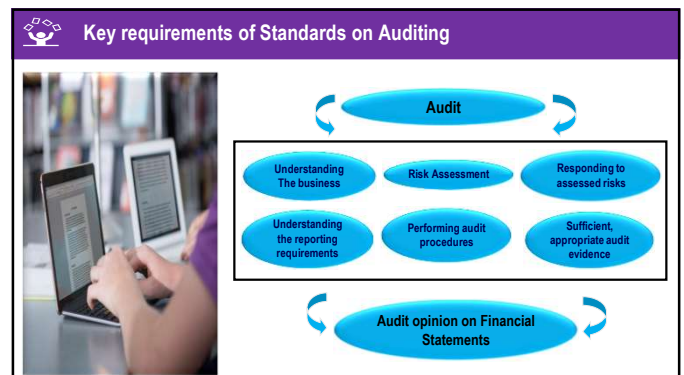
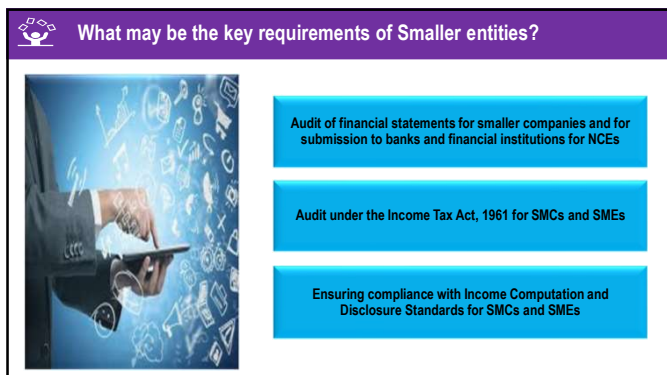
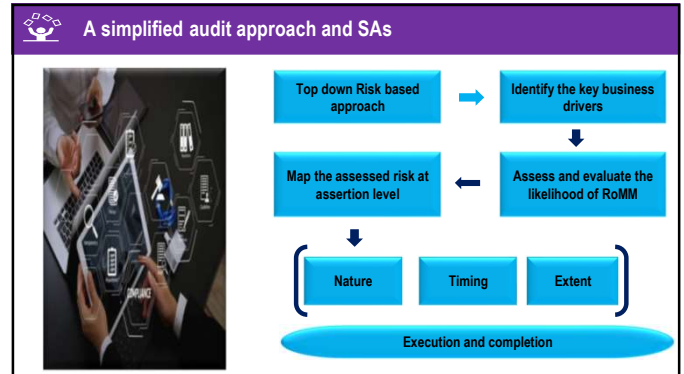
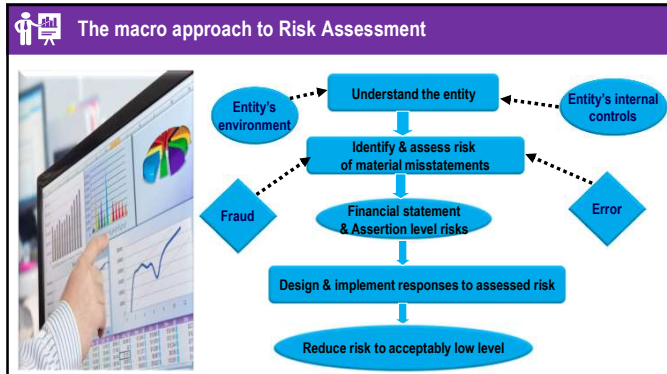
Audit of smaller entities may be mandatory under various situations

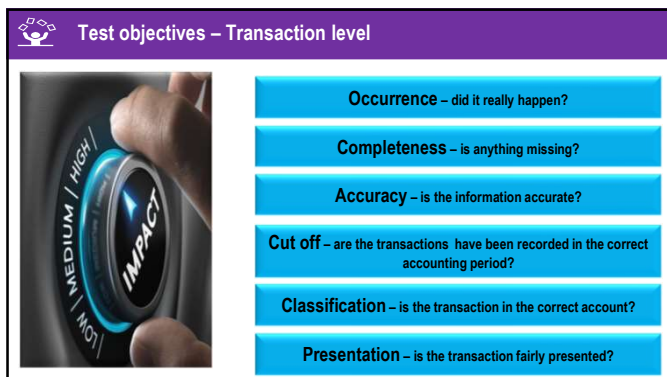
Smaller entities may have complex transactions too

Complete guidance to avoid litigations is provided by SAs

Services provided and interplay with SAs

Nature of Service	Audit	Review	Agreed Upon Procedures	Compilation
Level of assurance provided by auditor	High but not absolute assurance	Moderate assurance	No assurance	No assurance
Report provided by auditor	Positive assurance on assertions and other specific reporting requirement	Negative assurance on assertions and other specific reporting requirement	Factual findings of procedures performed as agreed	Identification of information compiled







Key Standards on Auditing – Planning phase



Agreeing the terms of audit engagements (SA 210)

Consideration of laws and regulations (SA 250)

Planning an audit (SA 300)

Materiality in planning and performing an audit (SA 320)

Preliminary analytics (SA 520)



Key Standards on Auditing – Execution phase



Audit evidence (SA 500)

External confirmations (SA 505)

Analytical procedures (SA 520)

Audit Sampling (SA 530)



Key Standards on Auditing – Execution phase



Auditing accounting estimates (SA 540)

Related Party Transactions (SA 550)

Subsequent events (SA 560)

Using the work of experts (SA 620)



Key Standards on Auditing – Completion phase



Letter of representation (SA 580)

Communication to those charged with governance (SA 260)

Final analytics (SA 520)

Forming an opinion and reporting (SA 700, 705 and 706)

Special considerations



Professional Scepticism

Fraud risk and management override

Recent economic/ accounting developments

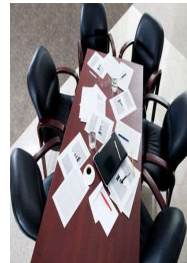
Complexity of transactions/ Accounting policy

Related Party Transactions

Judgemental areas/ subjectivity

Outside normal course of business?

Test of controls



Test of controls at assertions level

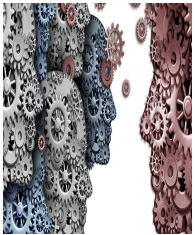
Testing manual control and automated controls

Whether dual purpose test can be applied?

Test of controls alone is not enough?

Periodicity of testing automated controls

Substantive procedures



For each material class of transactions

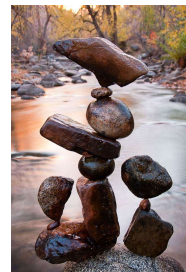
For each material account balance

For each material disclosure

Results of ToC has direct impact on NTE of substantive procedures

Consider nature of risk and assertion

NTE of substantive procedures



Previous audit information

Coverage in the interim period

Consider latest developments

Results of Analytical Procedures?

Use of sampling techniques?



Special focus points



External confirmations

Key reconciliations

Roll forward/ Roll backward techniques

Use of Unpredictability

Communicating with the client



Best practices



Permanent and temporary files

Use of checklists

Training the audit team

Consult, consult, consult

Work paper review by senior partner



Questions?



Thank you



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