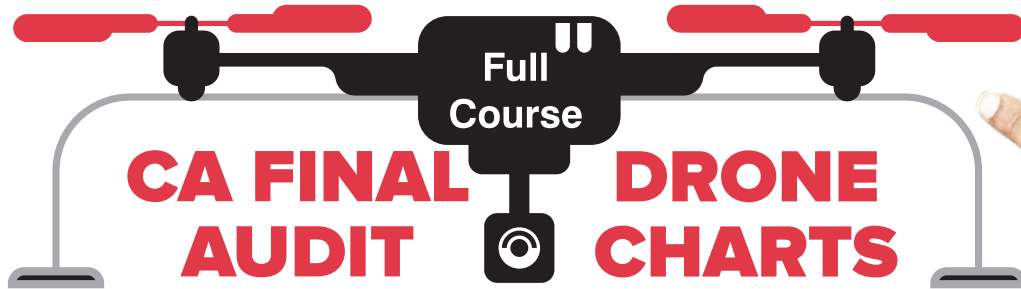


CA FINAL - ADVANCED **AUDITING** ASSURANCE AND PROFESSIONAL ETHICS

NEW COURSE

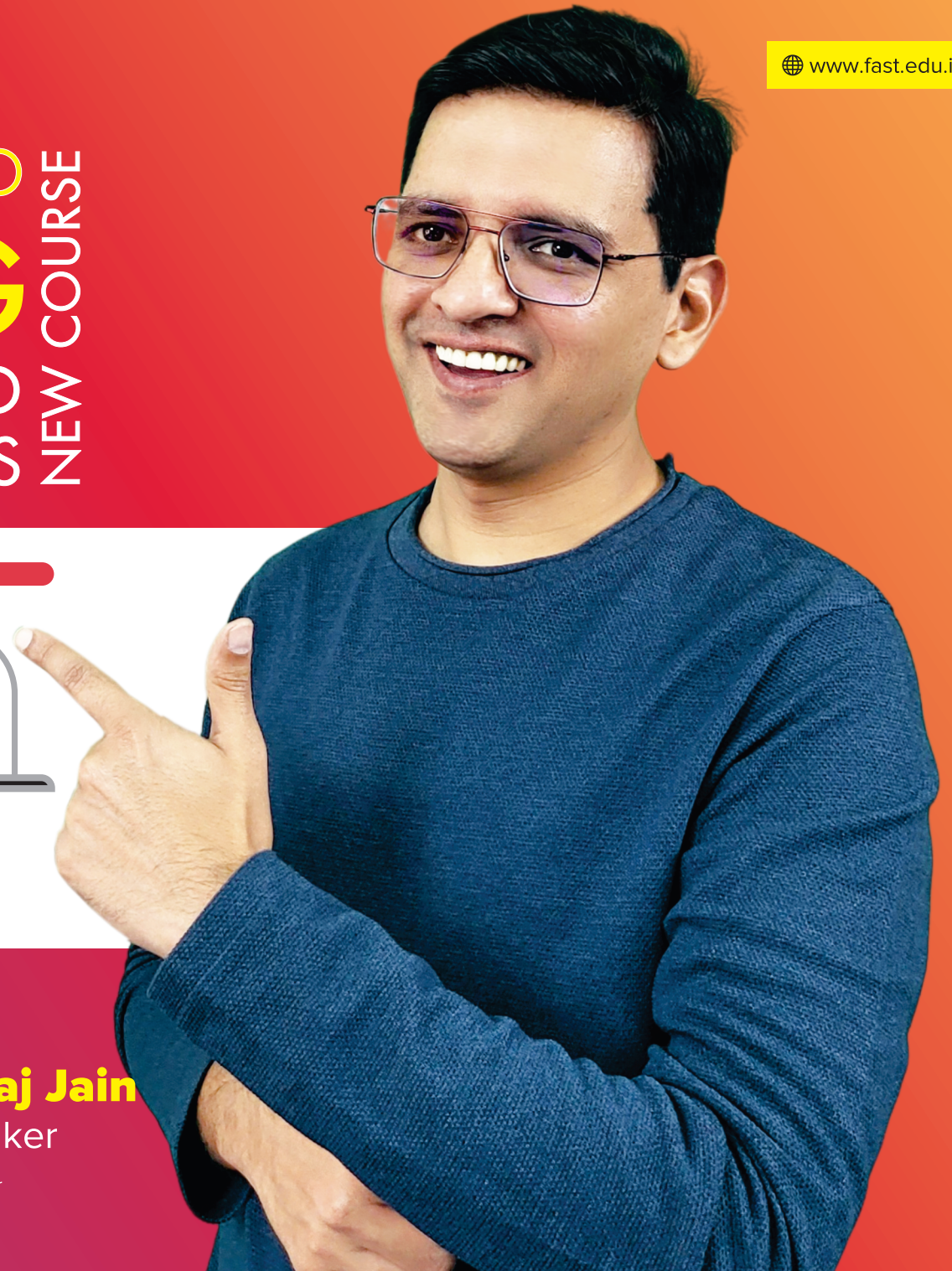


Full Course Summarised - Based on ICAI New Syllabus
Scientifically Designed & Beautifully Crafted
These are not just summary charts but covers all relevant content in
pictorial charts for easy understanding and quick last day revision.

Ab!
Audit
Hoga Sabse
Scoring

CA. Sarthak Niraj Jain
All India CA Ranker

© Copyrights with the author



AUDIT DRONE CHARTS INDEX



CA Sarthak Niraj Jain

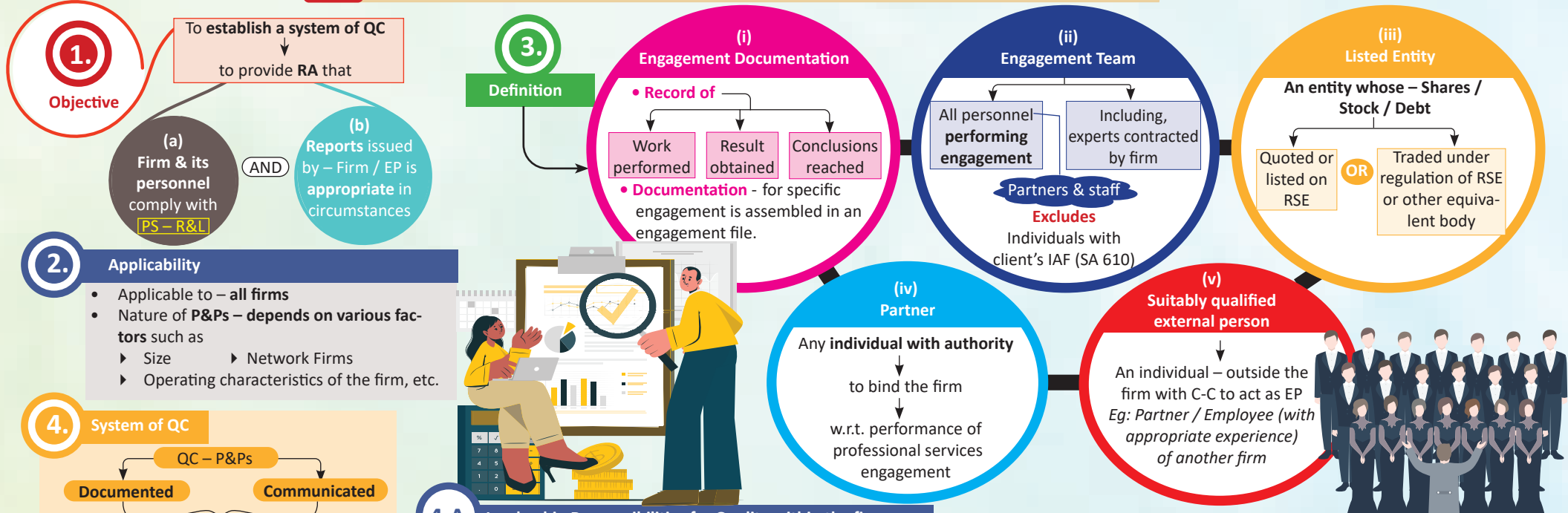
Dear Students,
 Audit Drone Chart in your hand is the output of a dream which we were not just imagining, but living day and night. Finally it has come to life. Thanks to the inspiration given by you!
 Every word, concept, connection in the book has been crafted with utmost care. It has been rechecked and subject to rigorous quality reviews and we trust that you will absolutely love this publication of FAST as you have loved the FR Brahmastra, Ind-AS and Audit Full course, Drone Charts, Question Banks and so many more. Now we are confident that 100% of Audit can be well covered and revised just in a day before the exams. Surely Ab Audit Hoga Sabse Scoring.

With Best Wishes!

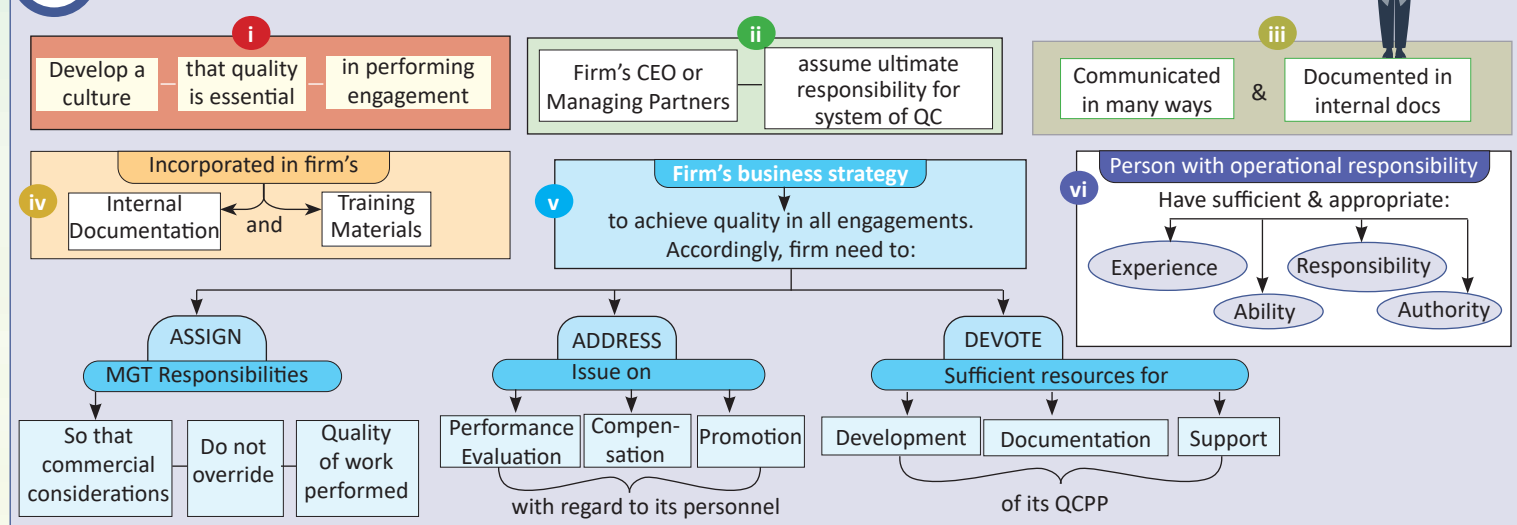
SHARE FEEDBACK 🙏 😊 😐 😞 @9522564050

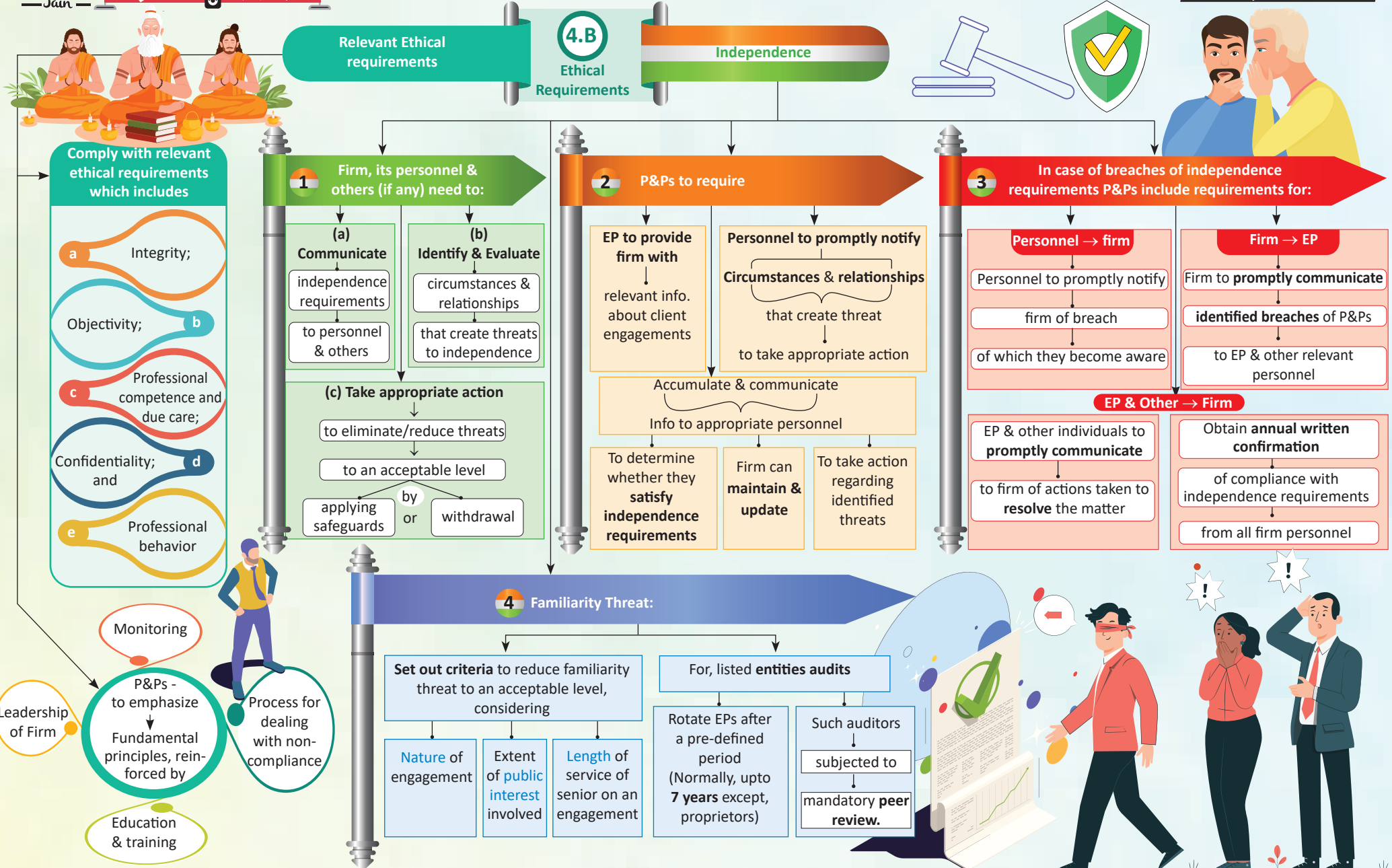
| | | | | | |
|----------------------|--|------------|------------|---|----------------------|
| CHAPTER 01 | Quality Control (SQC 1, SA 220) | 01 | 122 | Prospective Financial Information and Other Assurance Services (SQC 1, SA 220) | CHAPTER 11 |
| CHAPTER 02 | General Auditing Principles and Auditors Responsibilities (SA 240, 250, 260, 299, 402) | 10 | 130 | Digital Auditing & Assurance | CHAPTER 12 |
| CHAPTER 03 | Audit Planning, Strategy and Execution (SA 300, 600, 610, 620, 540, 520) | 22 | 142 | Group Audits | CHAPTER 13 |
| CHAPTER 04 | Materiality, Risk Assessment and Internal Control (SA 315, 320, 330, 265) | 36 | 147 | Special Features of Audit of Banks & Non-Banking Financial Companies | CHAPTER 14 |
| CHAPTER 05 | Audit Evidence (SA 500, 501, 505, 510, 530, 550) | 50 | 176 | Overview of Audit of Public Sector Undertakings | CHAPTER 15 |
| CHAPTER 06 | Completion and Review (SA 560, 570, 580, 450) (Additional SA 200, 210, 230) | 63 | 181 | Internal Audit | CHAPTER 16 |
| CHAPTER 07 | Reporting (SA 700, 701, 705, 706, 710, 720) (S.143, 145 OF CA 13 & CARO) | 78 | 188 | Due Diligence, Investigation & Forensic Accounting | CHAPTER 17 |
| CHAPTER 08 | Specialised Areas (SA 800, 805, 810) | 102 | 211 | Emerging Areas: Sustainable Development Goals (SDG) & Environment, Social and Governance (ESG) Assurance | CHAPTER 18 |
| CHAPTER 09 | Related Services (SRS 4400 SERIES) | 109 | 220 | Professional Ethics & Liabilities of Auditors | CHAPTER 19 |
| CHAPTER 10 | Review of Financial Information (SRE 2400 SERIES) | 112 | | | |

F.A.S.T
 first attempt success tutorials



- A** Leadership Responsibilities for Quality with the firm
- B** Ethical requirements
- C** Acceptance and continuance of client relationships and specific engagements
- D** Human Resources
- E** Engagement Performance
- F** Monitoring





SA 700: FORMING AN OPINION AND REPORTING ON THE FINANCIAL STATEMENTS

1. Introduction

1. Definition of Audit Report

- A **written opinion** of an auditor on entity's FS,
- Written in a **standard format**, as mandated by **GAAS**.

2. Features of Audit Report

- Culmination of audit work.**
- Medium of communication.**
- Significant bearing on the **credibility of FS**.
- Serve as a basis for large number of stakeholders as they rely on FS & depends on auditor's opinion.
- Auditor should be **careful, vigilant, and objective** when preparing report.
- AR should **comply with SAs**.

3. Scope of this SA

The auditor's responsibility to form an opinion on the FS.

The form and content of auditor's report issued as a result of an audit of FS.

SJ Tip

SA 700 covers unmodified opinion★ & SA 705 covers modified opinions.

★ Unmodified opinion

The opinion expressed by the auditor when the auditor concludes that the **FS are prepared in all material respect in accordance with the A-FRFW**.

2. The Auditor's Report on FS

Comply with SA 700 series.

4. Objectives of this SA

To **form an opinion on FS** based on an evaluation of the conclusions drawn from the AE obtained; and

To **express clearly** that opinion through a **written report**.

5(iv)

When FS prepared as per fair presentation framework

When FS prepared in accordance with Fair Presentation Framework (FPF)

But, do not achieve fair presentation

Discuss matter with MGT & based on A-FRFW and how matter is resolved,

Determine whether to modify report as per SA 705(R).

When FS prepared in accordance with Compliance Framework

No requirement to evaluate whether FS achieve fair presentation.

However, if auditor concludes that such FS are misleading,

Discuss matter with MGT & how matter is resolved,

Determine whether & how to communicate it in AR.

5(v) Purpose

- Audit of complete set of **general-purpose** FS.
- Aims at **consistency and comparability** in auditor reporting **globally**.
- Helps to promote user's **understanding** and to **identify unusual circumstances** when they occur.

5. Forming Opinion

5(i)

The auditor shall **express an unmodified opinion** when he concludes that FS are prepared, in all material respects in accordance with A-FRFW.



5(ii)

Basis for opinion

To form that opinion, auditor shall conclude as to whether the auditor has obtained RA considering:

- Auditor's conclusion on whether SAAE has been obtained (SA 330).
- Auditor's conclusion on whether uncorrected misstatements are material, individually or in aggregate (SA 450).

5(iii)

The evaluations required below:

- The auditor shall evaluate whether the FS are prepared, in all material respects in accordance with the **requirements of the A-FRFW**.
- Evaluate whether:
 - The FS **adequately disclose** the significant accounting policies selected and applied;
 - The a/cing **policies** selected and applied are **consistent** with the A-FRFW and are **appropriate**;
 - The a/cing **estimates** made by MGT are **reasonable**;
 - The info. presented in the FS is **relevant, reliable, comparable, and understandable**;
 - The FS provide **adequate disclosures** to enable the IU to understand the effect of material transactions and events on the info. conveyed in the FS; and
 - The **terminology** used in the FS, including the title of each FS, is **appropriate**.
- When FS prepared as per **FPF**, evaluate whether FS achieve fair presentation.



6. Forming an opinion on the FS

Opinion on whether the FS prepared, in all material respects, in accordance with A-FRFW.

- Auditor shall obtain RA about whether the FS as a whole are free from MM whether due to fraud or error.
- When FS prepared as per FPF, evaluate whether FS **achieve fair presentation** by considering:
 - Overall** presentation, structure and content of the FS; and
 - Whether the FS, including the related **notes**, **represent** the underlying transactions and events in a manner that achieves fair presentation.

7. Basic elements of the Auditor's Report

- Title – "Independent Auditor's Report"
- Addressee – As appropriate (member in case of GP-FS of a co.)
- Auditor's opinion

The opinion section of the auditor's report shall also :

- Identify the entity whose FS have been audited;
- State that the FS have been audited;
- Identify the title of each statement comprising the FS;
- Refer to the notes, including the summary of significant a/cing policies;
- Specify the date of, or period covered by, each statement comprising the FS.

Phrases to be used when auditor expresses an unmodified opinion on FS
When expressing an unmodified opinion on FS prepared in accordance with:

Fair Presentation Framework

Auditor's opinion shall, unless otherwise required by LoR, use one of the following phrases, which are regarded as being equivalent:

- In our opinion, the accompanying FS present fairly, in all material respects, [...] in accordance with [A-FRFW] or
- In our opinion, the accompanying FS give a true and fair view of [...] in accordance with [A-FRFW].

Compliance Framework

Auditor's opinion shall be that the accompanying FS are prepared, in all material respects, in accordance with [A-FRFW]. If the reference to the A-FRFW in the auditor's opinion is not to AS, the auditor's opinion shall identify the origin of such other framework.

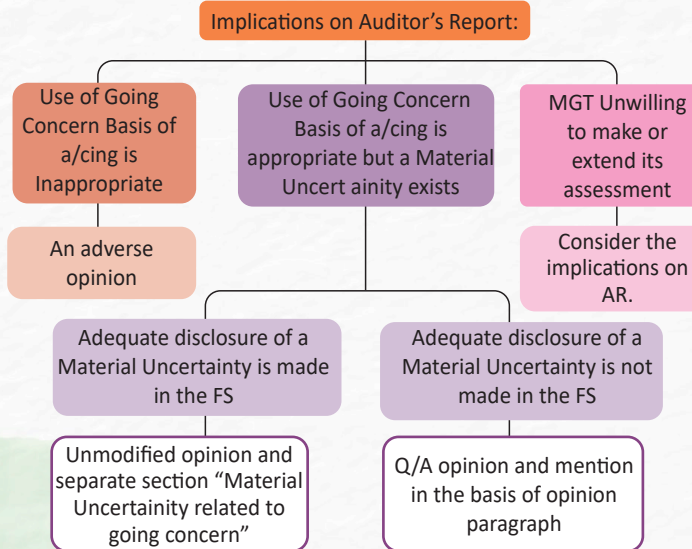
IV. Basis for opinion



V. Going concern

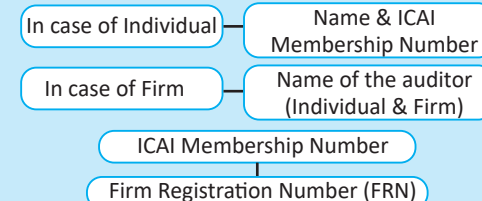
- In accordance with SA 570.
- Auditor is responsible to obtain SAAE & conclude on appropriateness of **MGT's use of going concern basis of a/cing** in the preparation of FS and conclude whether a **material uncertainty exists** about the entity's ability to continue as a going concern.

Implications for the Auditor's Report:



Note: Where the use of Going Concern Basis is appropriate- no special paragraph is required in AR mentioning the fact.

- Key audit matters***: In accordance with SA 701
- Management Responsibilities** for the audit of FS (See below)
- Auditor's Responsibilities for the audit of FS** (See below)
- Other reporting responsibilities**
- Signature:**



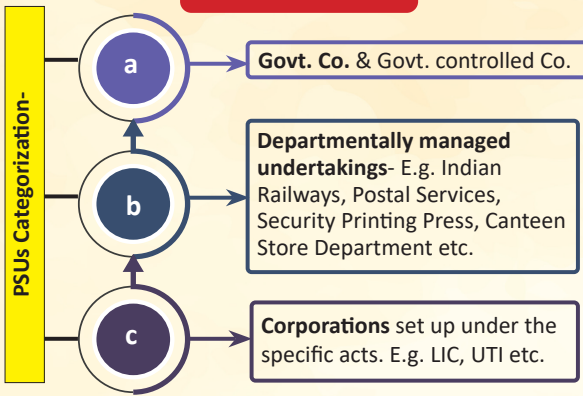
- Place of signature** : Place where AR is signed
- Date of auditor's report** : Not earlier than the date on which the auditor has obtained SAAE on which to base opinion

* It refers to those matters that, in auditor's PJ, were of most significance in the audit of FS of the current period. KAM are selected from matters communicated with TCWG.

VII. Management's Responsibilities (MGT/TCWG)

- Preparing the F.S. in accordance with A-FRFW.
- For such IC as MGT determines is necessary to enable the preparation of FS that are free from MM.
- Assessing the entity's **ability to continue as going concern**.
- Identify those responsible for the oversight of FR process.**

1. Introduction



3. Organisations Subject to C&AG Audit

- All the union and **SG departments** and offices including the **Indian Railways** and Posts and Telecommunications.
- Public Commercial Enterprises** controlled by the Union and SG i.e. Govt. Companies and Corporations.
- Authorities** and bodies substantially **financed from union or State revenues** i.e. **NGO**
- Non-commercial autonomous bodies** and authorities owned or controlled by the **Union** or the **States**.

4. Audit Of Government Companies (Commercial Audit)

- Auditor**- Chartered Accountants
- Appointed by**- C&AG
- Audit**- As per C&AG directions.
- Relevant Provisions**- Sec. 139(5), (7), (8) (ii) and Sec. 143(5), (6), (7) of Co. Act, 2013.
- Supplementary audit**- Within 60 days,
- Test audit**- If required, no time limit.

5. Audit Board Setup in Commercial Audit (For Comprehensive Audits)

- Audit**- Audit Boards conduct **comprehensive audit** of PSUs.
- Status**- No legal status of its own. Works under the **supervision and control** of C&AG.
- Findings**- **Associate experts** with them to discuss findings with MGT before finalization.
- Report**- Results are incorporated in **C&AG reports**.

2. Comptroller and Auditor General (C&AG)

Comptroller and Auditor General (C&AG) of India, Indian Audit and Accounts Department (IAAD).

C&AG Role in functioning of financial committees of Parliament and State Legislature

a. Role of C&AG

- i. Article 148**
 - C&AG Appointment**- by President
 - C&AG Removal**- if proven misbehaviors or incapacity.
- ii. Article 149**
 - Perform **duties** & exercise **powers** – related to – A/Cs of Union & States.
 - C&AG (Duties, Powers and Condition of Service) Act, 1971 defines these.
- iii. Article 150**
 - Form of accounts** of Union & States- as prescribed by President based on C&AG advise.
- iv. Article 151**
 - Report**- submitted to President /Governor of the state & laid before parliament/state legislature.

2. Term of C&AG

Term- 6 years or 65 years of age whichever is **earlier**.

Resignation- anytime by addressing a letter to the President.

- i. Basis:** C&AG report forms basis of committees' working.
- ii. Notes from Ministries:**
 - C&AG assistance helps committees in scrutinizing notes submitted by ministries to them.
 - Check correctness of submissions & facts and figures in their draft reports.
- iii. Recommendation to Ministries:**
 - C&AG assists various committees in suggesting recommendations to ministries.
- iv. Report to P/SL:** Committees recommend to Ministries. Ministries submit financial committee's report to parliament/SL with their observations and actions taken.
- v. AR not discussed:** Written answers obtained by ministry from committees and included in reports given to Parliament/SL by ministry.

6. Specialized Committees

Constituted by- Parliament & SL
Purpose- Scrutiny of annual accounts & AR.

a PAC - Public Accounts Committee (Financial/Expenditure Control-Government Department) satisfies itself;

- Moneys** - Disbursed legally
- Expenditure** – Authorized
- Re-appropriations** – As per provisions made.

Did You Know?

Statement of accounts of autonomous / semi-autonomous bodies audited by C&AG under the directions of President, or Parliament are also examined by PAC.

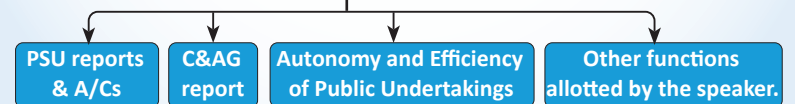
b EC- Estimates Committee examine estimates to :

- Report:**
 - Economics,**
 - Improvements,**
 - Efficiency,**
- to be effected in underlying estimates made.
- Suggest **alternative policies**.
- Examine whether **money is well laid out** within the limit.
- Suggest the **form** in which estimates presented to parliament.

Note- Committee does not comments on policy approved by Parliament, but brings to notice if policy not leading to desired results or causing wastages.

c CPU/COPU - Committee on Public undertakings (Financial Control PSUs) -

Examine:

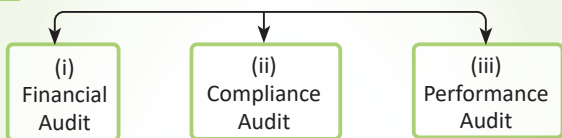


7. Objective and Scope of Public Enterprises Audit

1 Applicability:

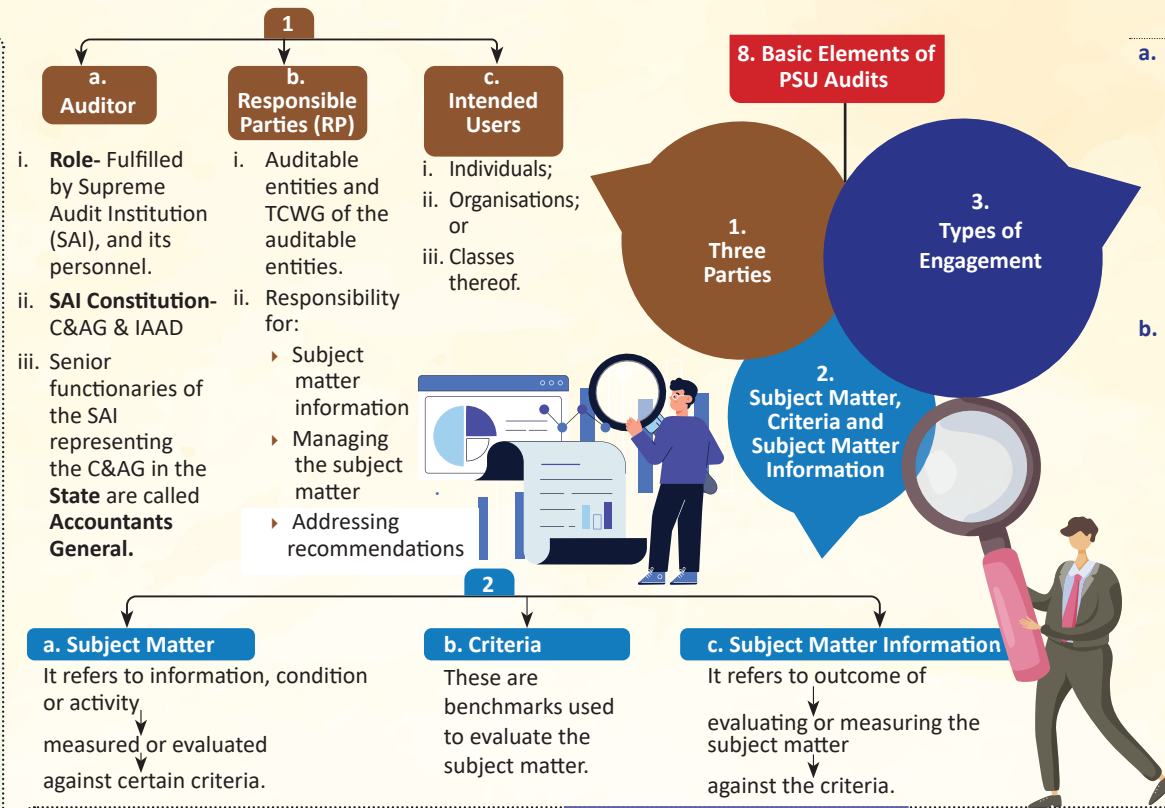
The C&AG's (Duties, Power and Conditions of Services) Act, 1971 specifies the entities that come under audit purview of C&AG at the Union and State level.

2 Scope & Extent: Determined by C&AG.



3 Objective

- (i) Not constrained to Financial and Compliance Audit rather it also extends to performance (E-E-E).
- (ii) **Propriety Audit:** Examine expenditure to be in best interest of the entity and meet financial propriety.
- (iii) **Comprehensive Audit:**
 - a) Whether undertakings;
 - Fulfilled its objectives;
 - Value for-money spent is obtained;
 - Targets have been achieved, etc.
 - b) It does not covers areas already covered.
 - c) It is an efficiency cum performance audit/appraisal.
- (iv) **Org. decision** - taken by competent authority.
- (v) Helping govt. to **improve efficiency and effectiveness** by pointing financial, operating, system, performance deficiencies from or acceptable standards.
- (vi) **Highlighting issues** of efficient and economic operations.
- (vii) **Fiscal and MGT accountability** – two main elements of PSU audit:
 - a Fiscal Accountability:** Audit of sanctions, provisions of funds, compliance and propriety
 - b Managerial Accountability:** Includes efficiency cum performance audit



3 a. Direct Reporting Engagements (DRE)

Under DRE, it is the auditor - who measures or evaluates – the subject matter - against the criteria.

E.g. Performance Audits and Compliance Audit.

b. Attestation Engagements

Under AE, it is the RP- **measures the subject matter - against the criteria** &

Presents the subject matter info., on which auditor gathers SAAE to provide a reasonable basis for expressing a conclusion.

E.g. Financial Audits.

9. Principles of PSU Audit

It consists the general standards that apply to SAI India's personnel as auditors and fundamental to PSU audits

General Principles

- a** Ethics & Independence
- b** PJ, Due Care and Skepticism
- c** QC
- d** Audit Team Management & Skill
- e** Audit Risk
- f** Materiality
- g** Documentation
- h** Communication

Principles relating to audit process

Planning the Audit

- ▶ Establish the **terms of the audit.**
- ▶ Obtain **understanding of the entity.**
- ▶ **Conduct risk assessment** of problem analysis.
- ▶ Identify **risks of fraud.**
- ▶ Develop an **audit plan.**

Conducting the Audit

- ▶ **Perform the planned audit procedures** to obtain audit evidence.
- ▶ **Evaluate AE and draw conclusions.**

Reporting & Follow-up

- ▶ **Prepare a report** based on the conclusions reached.
- ▶ **Follow-up** on reported matters as relevant.

DRONE VIEW

Volume 1

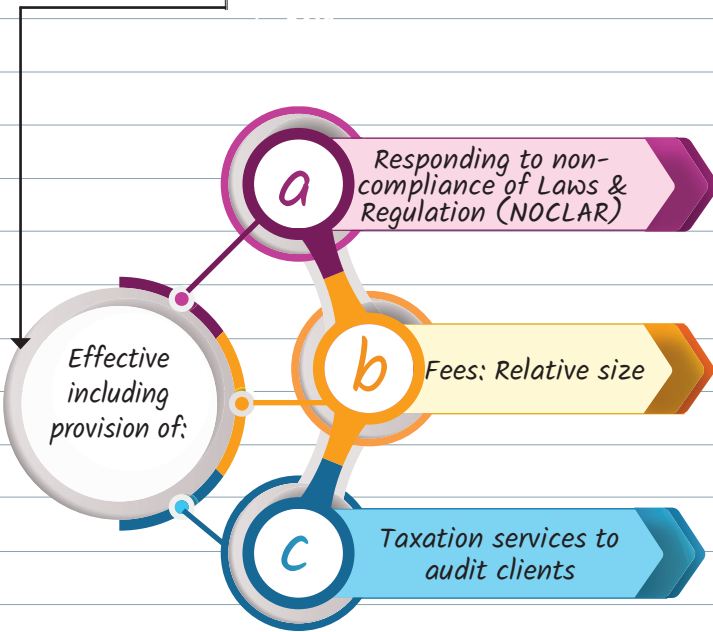
International Ethical Standards Board for Accountants (IESBA) based Ethics

Volume 2

Domestic provision based Ethics for CAs

Volume 3

Case laws referencer (not relevant for exams)



Chapter 1 Accounting and Auditing Standard

Chapter 2 The Chartered Accountants Act, 1949
Including First & Second Schedule to CA Act, 1949 and related CA Regulations, 1988

Chapter 3 Council Guidelines for Advertisement

Chapter 4 Council General Guidelines, 2008

Chapter 5 Self-Regulatory Measures Recommended by the council

A repository of disciplinary cases for ready reference of members sorted section wise/ clause wise

Earlier included as commentary to various sections and clauses to Schedules of the CA Act, 1949.

Index

VOLUME 1 - CODE OF ETHICS BASED ON IESBA

- Guide to the CODE
- Structure
- New Features of Volume 1 of the Code
- PART 1 - General Application of Code IESBA
- PART 2 - Professional Accountant in Business / Service
- PART 3 - Professional Accountant in Public Practice

VOLUME 2 - ICAI CODE/DOMESTIC CODE

Chapter 1 - Applicability of Various Pronouncements

Chapter 2 - The Chartered Accountants Act & Regulations

- A.** Section 2(2) - Member Deemed to be in practice
- B.** Section 6 - Certificate of Practice
- C.** Section 4 - Member of ICAI i.e. Register of Members
- D.** Section 7 - Members to be known as Chartered Accountants
- E.** Section 8 - How to become a member, removal, suspension and restoration of membership
- F.** Section 27 - Branch Office
- G.** Section 5 - Follow and Associates Members of ICAI
- H.** KYC Norms for CA in Practice (New)
- I.** Section 21 - Disciplinary Proceeding
- J.** Section 22 - Professional and Other Misconduct

SCHEDULES TO CA ACT 1949

- | | |
|---------------------|----------------------|
| Schedule - I | Schedule - II |
| Part I | Part I |
| Part II | Part II |
| Part III | Part III |
| Part IV | |

Chapter 3 - Guidelines for Advertisement

**Chapter 4 - Council General Guidelines 2008
(Including Networking Guidelines)**

ETHICAL STANDARDS BOARD (ESB)

- **Recent Announcements Of Ethical Standards Board**
- **Recent Clarifications Of Ethical Standards Board**

Brahmastra and Drone Charts have similar content for this chapter hence student having Brahmastra may simply refer that book only

CODE OF ETHICS - VOLUME I

PART I – General Application of Code IESBA (applies to all professional accountants)

Fundamental Principles of Code of Ethics

- ⇒ **Integrity** : Professional accountants to be straightforward and honest in both professional and business relationships.
- ⇒ **Not knowingly be associated** with reports, that:
 - (a) Contains a materially false or misleading statement;
 - (b) Contains statements or information provided negligently; or
 - (c) Omits or obscures required information; unless opinion modified.
- ⇒ When a professional accountant becomes aware of above information the accountant shall take steps to be disassociated from that information.
- ⇒ **Objectivity**: Not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others.
- ⇒ **Professional Competence and Due Care** :
 - (a) To maintain professional knowledge and skill
 - (b) To act diligently in accordance with applicable technical and professional standards
 - (c) Serve with professional competence & exercise sound judgment
 - (d) Develop continuing awareness
 - (e) Continuing professional development
 - (g) Shall take steps to train subordinates

- ⇒ **Confidentiality** : To refrain from:
 - (a) Disclosing outside the firm or employing organization confidential information without proper and specific authority or unless there is a legal or professional right or duty to disclose; and
 - (b) Using confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties
- ⇒ **Confidentiality : Subsection 114**
NOTE: Following are circumstances where professional accountants might, be required to disclose confidential information:
 - Disclosure is required by law,
 - Disclosure is permitted by law and is authorized by the client or the employing organisation;
 - There is a professional duty or right to disclose, in case of:
 - (i) Peer Review or Quality Review
 - (ii) Inquiry or investigation by a professional or regulatory body;
 - (iii) To protect interests in legal proceedings; or
 - (iv) To comply with TPE standards
- ⇒ **Professional Behaviour** :
 1. To comply with relevant laws and regulations and avoid any action that may bring discredit to the profession
 2. Professional accountants should be honest and truthful and should not:
 - (a) Make exaggerated claims
 - (b) Make disparaging references or unsubstantiated comparisons
 - (c) Any violation of Advertisement Guidelines issued by the Council

www.fast.edu.in

**NOW JOIN
FR & AUDIT**

**Live @
HOME**

By
CA. Sarthak Niraj Jain

- Live Batches of Regular, Faster & Revision
- With Multicoloured Self Study Book and Drone Charts
- Board Notes with Real Time Updation During Class with 100% LMS Access
- Backup Facility of 100% Lectures with 30% Watch Time
- Daily MCQs In FR & Audit with Live Polls And MCQs
- Watch on Windows & Mobile

Join

CA.SARTHAK JAIN FOR FR & AUDIT

LIVE @ HOME/VIRTUAL CENTRES/VIDEO LECTURES/ BOOKS

(Full Course, Fast Track, Power Batches Available)



Feedback at: hello@casj.live

Corp. Office : M-1, Trade Centre,
South Tukoganj, Indore
M.P. (452001)
Contact : 9584510000, 9522564050

Want to Buy
Books & Video Lectures
Scan this QR Code

Price : ₹ 990/-



अब!
Audit
हेगा सबसे
Scoring

Visit : www.elearn.fast.edu.in

CA FINAL FR & AUDIT

46th AIR
Rank Holder in CA Final



Degree in Management and Administration



Faculty of
Audit and FR
/ Accounts
at CA Final
and
Intermediate
Level

135,000+
CA Students
Taught till date

221+
AIRs including
AIR 1 & 2

★
Chief
Mentor
of FAST
TEST
SERIES
& CA Flix



Founder of
FAST Career
Consultants
India's
largest private
CA Placement
Company placing
CA Freshers
across India
at packages
upto 35 Laacs



CA. Sarthak Jain



Scan to
Download
**FAST
APP**



95225 64050

/esarthak

/casarthakjain

/FAST Education

/CASarthakJain

/SarthakJainCA