

Acceptance of a change in Engagement

Result from:

Misunderstanding
nature of audit

Restriction on
scope of engagement

By management

Circumstances

Auditor ♂

Reasons given

Reasonable Justification

Report

Appropriate for
Revised terms.

Avoid confusion

Report not include

Original
engagement

Procedure
in original
engagement.

No Reasonable
Justification
Not agree

Auditor unable to agree

Not permitted original engagement.

Withdraw

Report
TCWs.

Operational Audit



Meaning



Examination



Operations



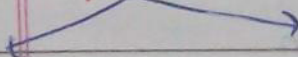
Activities



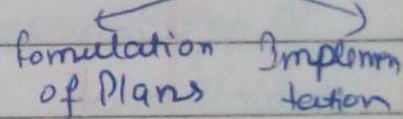
Object

Purpose

Concerned



Appraisal



Examination

Relation

Control Structures

Dept Control

Prescribed

Standard

Standards

efficiency

maintained.

Traditionally

Internal audit



Accounting

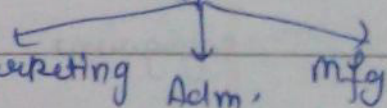
operations

Operational audit



All other

operations



Initial Stages



Extension of
Internal audit

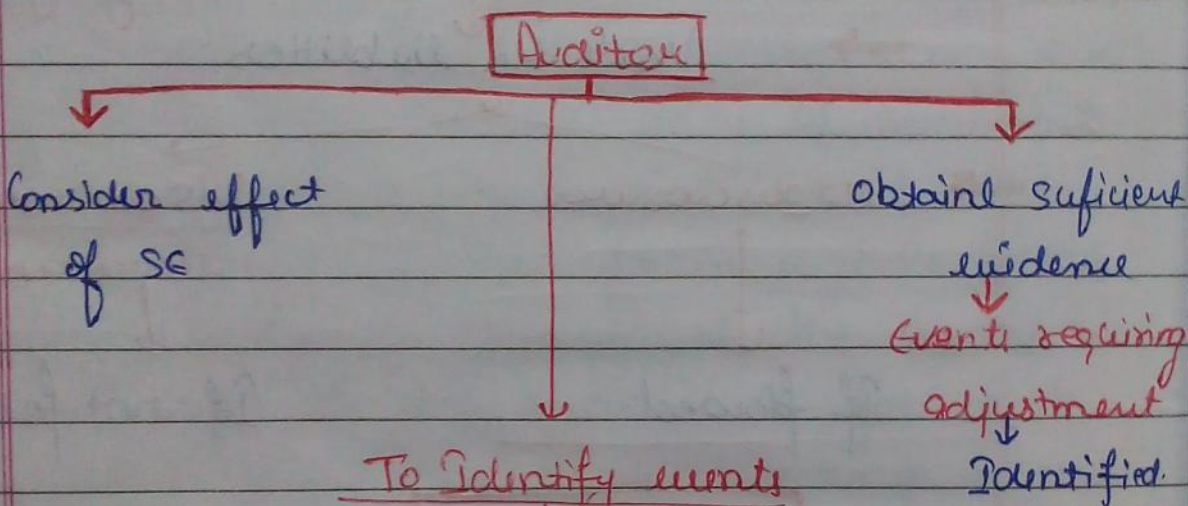
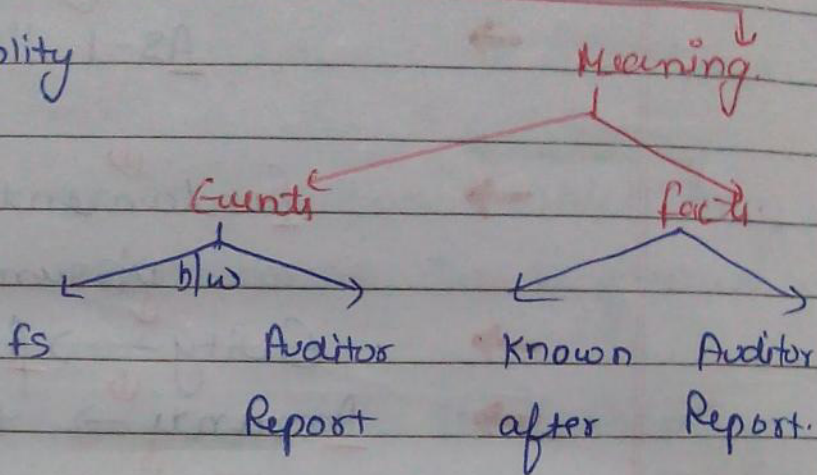
Need arose



Inadequacy of
Traditional Sources

SA-560 → Effect of Subsequent Events

↓
Auditor responsibility regarding SE.



To Identify events

- Inquire mgt, any SE occurred.
- Read minutes
- understanding of procedures.
- Read Interim fs.

Types of Inquiry

- New commitments, borrowings
- Sale or acquisition of assets
- Development seg. Contingencies.
- Dev. regarding risk area re cont.
- Unusual acc adjustments
- recoverability of asset

Bring Concern

→ AS-1 "Disclosure of Accounting Policy"

→ fundamental Accounting Assumption.

→ Entity → foreseeable future

→ Accounts → this concept

Unless ⇒ Not holding good

→ Assets & Liabilities.

→ No disclosure

If followed.

Disclosure required

If not followed

A - ff - AA - D

*

200

Professional Skepticism

- As per SA 200 "_____ " Professional Skepticism is an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to fraud or error.
- Therefore P.S is necessary to the critical assessment of audit evidence.
- This includes Questioning contradictory audit evidence and the reliability of documents and responses to inquiries and other information obtained from mgmt & TCWG.
- Maintaining PS throughout the audit is necessary if the auditor is for eg. to reduce the risk of overlooking unusual circumstances, over generalising when drawing conclusions from audit observations or using inappropriate assumptions in determining the NTE of audit procedures and evaluating results.
- While obtaining reasonable assurance, the auditor is responsible for maintaining PS throughout audit.
- This requirement is also designed to assist the auditor in identifying & assessing the risk of m.m. due to fraud & in designing procedures to detect such misstatements.

SA-330 "Auditor's Response to Assessed Risk"

Auditor

obtain Sufficient
Appropriate Audit Evidence

Test from before
framing opinion.

Audit Procedures

Test of Controls

Substantive Proc.

Designed to evaluate

IC is operating
effectively

Designed to detect
material misstatement

Pursuing, detecting, correcting
Material misstatement.

Include

When

Test of
details

Substantive
Analytical
Procedures

Assessment

Expectation

IC is operating
effectively.

Substantive
Procedures

Alone

Can't provide
SA Evidence

Prospective
Assessed
Risk

Design &
Perform
S.P.

Questions on Standards on Auditing

560 - Subsequent Events

Q. Auditor should consider the effect of SE on FS and on Auditor's Report.

A. Effect of Subsequent Events - [SA 560 "Subsequent Event" establishes standard on auditor's responsibility regarding Subsequent Events.]

Subsequent Events refers to those events which occur between the date of Balance Sheet and date of auditor's report. And facts that become known to the auditor after the date of auditor's report. It lays down the Standard that the auditor should consider the effect of Subsequent events on the financial statements and on auditor's report.]

[Auditor should obtain sufficient appropriate evidence that all the Subsequent events upto the date of auditor's report requiring adjustments and disclosure have been identified.] And to identify such events the auditor should :-

- Obtain an understanding on procedures management has established to ensure that Subsequent events are identified.
- Read the minutes, if any of the meeting of entity's owners, management and PwG.
- Read the entity's latest subsequent Interim FS.

- Inquiry of management, where appropriate TCWG as to whether any subsequent events have occurred which might affect the financial Statement.
- Eg - of inquiry of mgt on specific matters are -
- Whether new Commitments, borrowings or guarantees have been entered into.
 - Whether Sale or acquisition of assets have been occurred or planned.
 - Whether there have been any development regarding contingencies.
 - Whether there have been any development regarding risk and Contingencies.
 - Whether any unusual accounting adjustment have been made or contemplated.
 - Whether any event have occurred that are relevant to recoverability of assets.

* 260 - Communications with TCWG.

Q The auditor shall communicate all the significant findings with TCWG.

A Communication of findings with TCWG -

As per SA 260 "Communication with TCWG" the auditor shall communicate following significant findings from the audit with TCWG -

- Significant difficulties if any, encountered during the audit.

- Unless all of those charged with Governance are involved in managing the entity.
 - Significant matters, if any arising from the audit, that were discussed or subject to Correspondence with mgt.
 - Written Representation, the auditor is requesting.
- Other matters if any arising from the audit, that in the auditor's professional judgement are significant to oversight of the financial reporting process.

Read again

- The auditor's views about significant qualitative aspect of the entity's accounting practices, including accounting policies, accounting estimates & financial Statement disclosures. When applicable the auditor shall explain to TCWGs why the auditor considers a significant accounting practice that is acceptable under the applicable FRF.

OTC → 000 Teu (कॉ) → C

Date / /

Page no. _____

★ 610 - Using the work of Internal Auditors

Q. Can external auditors rely upon the work of Internal Auditors?

Reliance on work of Internal Auditor - As a part of his audit, he should carry out general evaluation of general Internal Control function to determine the extent to which he can place reliance on the work of Internal auditor. As per SA 610 "Using the work of Internal Auditor" the factors that may affect the EA determination of whether the work of IA is likely to be adequate for the purpose of audit include:-

Objectivity

- Whether the Internal audit function report to TCWG, and whether the Internal auditors have direct access to TCWG.
- Whether any restrictions imposed by TCWG on internal audit function.
- Whether and to what extent management act on the recommendation of the IAF.

Technical Competence

- Whether Internal auditors are members of relevant professional bodies.

- Whether Internal auditors have adequate technical training as Internal Auditors.
- Whether there are established policies for hiring and training IA.

Communication - Communication between Internal and external auditors may be most effective when Internal auditors are free to communicate with external auditors.

- Meetings are held at appropriate intervals throughout the period.
- The external auditors should inform the internal auditors of any significant matters that may affect the IAF.

710 Comparative Information - Corresponding figures and Comparative financial Statements -

- Q: What are the auditor's responsibility in respect of corresponding figures.
- A: Auditor's Responsibility in respect of corresponding figures. As per SA 701 "—" in respect of corresponding figures, the auditor should determine whether the financial statements include comparative information required by applicable FRF and whether such information is appropriately classified.

For this purpose the auditor shall evaluate whether -

- The Comparative information agrees with the amount and other disclosure presented in the prior period
- The accounting policies reflected in the Comparative information are consistent with those applied in the current period, if there have been changes in accounting policies, whether these changes have been properly accounted for and adequately presented and disclosed.

If the auditor becomes aware of a possible mistatement in the Comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists.

Q. 530 - Audit Sampling

While performing the audit of S Ltd you want to apply sampling techniques. What are the risk factors you should keep in mind.

Q. The auditor is faced with sampling risk in both test of control & substantive procedures." Comment

w.r.t. SA 530 (Read Pg 3.26 first Para + ↓)

Date / /

Page no. _____

Risk factors while applying Sampling techniques.

As per SA 530 "Audit Sampling" sampling risk is the risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. Sampling risk can lead to two types of erroneous conclusions.

→
3x
- In the case of a test of controls that controls are more effective than they actually are, or in the case of test of details, that a material misstatement does not exist when in fact it does.

✓
The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion.

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- In the case of a test of controls, the controls are less effective than they actually are, or in the case of test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.

550 - Identification of significant related party transaction outside business.

As per SA 550 on "Related Parties" for identified significant related party trans. outside the entity's normal course of business, the auditor shall -

Inspect the underlying contracts or agreements, if any and evaluate whether!

- The business rationale of the transaction suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

- The terms of the transactions are consistent with management's explanations

- The transactions have been appropriately accounted for and disclosed in accordance with the applicable FRF.

- Obtain audit evidence that the transactions have been appropriately authorized & approved.

SA-315 Identifying and Assessing the Risk of Material Misstatements through understanding the Entity and its Environment.

[SA 315 " " defines "Significant risk" as an identified and assessed risk of material misstatements that, in the auditor's judgement requires special audit consideration.]

As part of risk assessment [the auditor shall determine whether any of the risks identified are in auditor's judgement significant risk.]

In exercising judgement as to which risks are significant risk, the auditor shall consider at least the following. -

- ✓ Whether the risk is a risk of fraud.
- whether the risk is related to recent significant economic, accounting or other developments like changes in regulatory envt. etc. as therefore requires specific attention.
- ✓ The complexity of transactions.
- ✓ Whether the risk involves significant transactions with related parties.
- ✓ Whether the risk involves significant transactions that are outside the normal course of business.

320 Materiality in Planning and Performing an Audit.

Q. W.r.t. SA 320, indicate the factors which may affect the identification of an appropriate benchmark in determining materiality for FS as a whole.

A. Factors that may affect identification of an Appropriate Benchmark in determining Materiality. As per SA 320 "_____" determining materiality involves the exercise of professional judgement. Factors that may affect the identification of an appropriate benchmark include the following -

- The elements of FS (Assets, liability, equity)

- The nature of the entity, where the entity is at in its life cycle, and the industry and economic environment in which the entity operates.

- The relative volatility of benchmark.

- The entity's ownership structure & the way it is financed.

- Whether there are items on which the attention of the users of particular entity's FS (tends to be focused).

330 - The Auditor's Response to Assessed Risks.

Q. Explain the test of Controls and Substantive procedures as audit procedure of obtaining sufficient appropriate audit evidence for forming an audit opinion.

A. Collection of evidence to form Audit Opinion-

Auditor should obtain sufficient and appropriate audit evidence and test them before framing an opinion about the assertions the FS reveal.

- For this the auditor checks evidences through (a) test of Controls and (b) Substantive Procedures.

- According to SA 330 "The Auditor's Response to Assessed Risks" test of Controls means an audit procedure designed to evaluate that IC is operating effectively in preventing or detecting and correcting the material misstatements at the assertion level.

POC

- The auditor shall design and perform test of controls to obtain sufficient appropriate audit evidence the IC is operating effectively when -

(a) The auditor's assessment of risks of material misstatements at the assertion level includes an expectation that controls are operating effectively.

2- Substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.

SA 330 further explains the 'Substantive procedure' as an audit procedure designed to detect material misstatements at the assertion level.

Substantive procedures comprise:-

- • Test of details
- • Substantive analytical procedures.

In respect of Assessed RMM, the auditor shall design and perform Substantive procedures for each material class of transactions, account balance and disclosure.

The auditor shall consider whether internal confirmation procedures are to be performed as Substantive audit procedures.

540 "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures"

Q. What are accounting estimates acc to SA?

A. Accounting Estimates - According to SA 540

1. "Auditing Accounting Estimates, ---"
accounting estimates means an

approximation of a monetary amount in the absence of a precise means of measurement.

3 - This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. SA 540 addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.

2 - Because of the uncertainties inherent in business activities, some FS items can only be estimated.

4 - Some accounting estimates involve relatively low estimation uncertainty and may give rise to lower risks of material misstatements.
for example -

- Accounting estimates arising in entities that engage in business activities that are not complex.
- Accounting estimates that are frequently made and updated because they relate to routine transactions.

5 - For some accounting estimates, however, there may be relatively high estimation uncertainty, particularly where they are based on significant assumptions, for eg.
 • Accounting estimates relating to outcome of litigation.

Fair Value Accounting estimates for derivative financial instruments not publicly traded.

520

Analytical Procedures → Maine Idhar Cash Choda

Q. What do you mean by Analytical Procedures?
How such procedures are helpful in auditing
Mgt ko Isme CA ka Choice Pta - umda 99

Analytical Procedures - As per SA 520,

Mean
↓
Maine

the term "analytical procedures" means evaluation of financial information through analysis of plausible relationship among both financial and non financial data.

Investigation
↓
Idhar

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 amount.

Choice
↓
Cash

The auditor's choice of procedures, methods and level of application is a matter of professional judgement.

C
Choda

Analytical procedures include the consideration of comparisons of the entity's financial information with, for eg:-

- comparable information for prior periods, anticipated results of the entity, such as budgets or forecasts, or expectations of

the auditor, such as an estimation of depreciation.

Analytical procedures are used for the following purposes:

- To obtain relevant and reliable audit evidence when using substantive analytical procedures.
- To design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.

320 Materiality in Planning and Performing an audit:

Q. Explain the concept of Materiality.

A. Concept of Materiality - According to SA 320

"_____" FRF often discuss the concept of materiality in the context of preparation and presentation of FS. Although FRF may discuss materiality in different terms -

- Mistatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decision of users taken on the basis of FS.

- Judgements about materiality are made in the light of surrounding circumstances, and are affected by the auditor's perception of financial information needs of users of fs.

- The auditor's determination of materiality is a matter of profession judgement and is affected by the auditor's perception of the financial information needs of users of the financial statements.

It is reasonable for auditor to assume that users:-

- Have a reasonable knowledge of business and economic activities. & willingness to study the information in the fs.
- Understand that fs are prepared, presented and audited to levels of materiality.
- Make reasonable economic decisions on the basis of the information in the fs.

315 - Identifying & Assessing the RMM through understanding the entity & its environment.

Q. RMM at assertion level, account balance disclosure need to be considered" Explain stating different categories of assertions used by the auditor.

①

ix) Risk of material misstatement at Assertion level - Acc to SA 315 "_____" Rmm at assertion level for class of transactions, account balance and disclosures need to be considered because such consideration directly assist in determining the NTE of further audit procedures at assertion level necessary to obtain sufficient appropriate evidence.

Assertions used by the auditor to consider different types of misstatements that may occur fall into following three categories -

(a) Assertions about class of transactions & events for the period under audit

Occurrence - transactions & events that have been recorded have occurred & pertain to entity.

Completeness - all transactions and events that should have been recorded have been recorded

Accuracy - amounts and other data relating to recorded transactions and events have been recorded appropriately.

Classification - transactions and events have been recorded in proper accounts.

Assertions about account balances at the period end

Existence - assets, liabilities, exists.

Completeness - the entity holds or controls the rights to assets & liabilities and the obligations of the entity.

Valuation & allocation - assets, liability are included in fs at appropriate amount

Rights & Obligations - the entity holds or controls the rights to assets & liabilities and obligations of entity.

MTP
MP.

Assertions about presentation & disclosure

Completeness - all disclosures that should have been included in the fs have been included.

Accuracy & valuation - financial & other information are disclosed fairly and at appropriate amounts.

Occurrence & rights & obligations - disclosed events, transactions & other matters have occurred & pertain to entity.

Q. 500 - Audit Evidence.

Q. What do you mean by Sufficient Appropriate Audit Evidence? State factors that help auditor to ascertain as to what is sufficient appropriate audit evidence

A Meaning of Sufficient, Appropriate Audit Evidence.

- SA 500 "Audit Evidence" requires that the auditor shall design and perform audit procedures that are appropriate for the purpose of obtaining sufficient appropriate audit evidence.
- SA 500 further expands this concept. According to it, the Sufficiency & appropriateness of audit evidence are interrelated. Sufficiency is the measure of the quantity of audit evidence.
- Appropriateness is the measure of the quality of audit evidence.
- SA 330 requires the auditor to conclude whether sufficient appropriate audit evidence has been obtained. ~~whether sufficient appropriate audit evidence has been obtained~~ to reduce audit risk to an acceptably low level, thereby enable the auditor to draw reasonable conclusions.
- In general and various factors which may influence the auditor's judgement as to what is sufficient and appropriate audit evidence are as under.
 - Degree of risk of misstatements.
 - The materiality of item.
 - The experience gained during previous audit.

15/3

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8

The result of audit procedures, including fraud and error which may have been found.

The type of information available

The trend indicated by accounting ratios and analysis.

315 + 330

Inherent risk मतलब ⇒

जान के कुरा में इकैलना में अमझके कि सामने वाली को कुछ नहीं आता.

Q. Explain the Inherent risk w.r.t. SA.

Inherent Risk - Inherent Risk is the Susceptibility of an account balance or class of transactions to misstatements that could be material either individually or when aggregated with the misstatements in other balances or classes, assuming that there were no related internal controls.

As per SA 330, "The Auditor's response to Assessed Risks" while designing the further audit procedures to be performed the auditor shall consider the reasons for the assessment given to the risk of material misstatement at the assertion level for the likelihood of mat. Mis. due to particular characteristics of the relevant class of transactions.

As per SA 315 "_____ " for this purpose the auditor shall -

- Identify risks throughout the process of obtaining an understanding of the entity and its environment, including relevant controls that relate to the risks.
- Assess the identified risks, and evaluate whether they relate more pervasively to the FS as a whole
- Relate the identified risk to what can go wrong at the assertion level.

200 "Overall objectives of the Independent Auditor and Conduct of Audit in Accordance with SAs"

Q. Explain the overall Objectives of Independent Auditor.

A. Overall Objective of Independent Auditor - SA 200 "OIA-CASA" states that overall objectives of auditor are :-

- (a) To obtain reasonable assurance about whether the FS as a whole are free from material misstatements, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the FS are prepared in all material respects in accordance with an applicable FRF,

- To report on the FS and communicate as required by the SAs, in accordance with the auditor's findings.

In all cases when reasonable assurance cannot be obtained and a qualified opinion in the auditor's report is insufficient the SA requires that the auditor disclaim an opinion or withdraw from engagement.

★ Comment "The Auditor shall comply with relevant ethical requirements including independence".

Compliance of Ethical Requirements - As per SA 200 "Overall Objectives of Independent Auditor's Conduct of Audit in accordance with SAs" the auditor shall comply with relevant ethical requirements including independence.

Relevant ethical requirements ordinarily comprise the code of ethics issued by ICAI. The fundamental principles are -

Integrity

objectivity

Professional competence

Confidentiality

Professional Behaviour

Independence comprises both independence of mind and independence of appearance.

Q. Auditor shall exercise professional judgment in planning and performing an audit of FS.

Ans. Professional Judgement: SA 200 "OOIA-CASA" requires that the auditor shall exercise professional judgement in planning and performing an audit of FS.

- As per SA 200 Professional Judgement means the application of relevant training, knowledge and experience within the context provided by auditing, accounting and ethical standards in making informed decisions about the courses of action that are appropriate in circumstances of audit engagement.

- Exercise of Professional Judgement depends on facts & circumstances known to the auditor.

- Professional Judgement is important when deciding about materiality and

SU-RU-BU

Mnemonic

Date

Sab uske
Right date uske
Bhaji uske.

Page no.

260

Communication with TCWG.

Q. The significant difficulties encountered during audit w.r.t. SA 260.

A. Significant difficulties encountered during audit - As per SA 260 "Communication with those charged with Governance" significant difficulties encountered during audit may include such matters as:-

- Significant delays in management providing required information
- An unnecessarily brief time within which to complete the audit.
- Extensive unexpected effort required to obtain sufficient appropriate audit evidence.
- The unavailability of expected information.
- Restrictions imposed on auditor by mgmt.
- Management unwillingness to make its assessment of entity's ability to continue as going concern when requested.

580

Written Representation.

Q. What do you mean by WR? How would you deal if management does not provide requested written Representation?

A. Written Representation - As per SA 580 "Written Representation" is a written

Information by management provided to the auditor to clarify certain matters or to support other audit evidence. These representations are an important source of audit evidence. If management identifies an area not provide requested information about the auditor to the possibility that one or more significant risks may exist.

Requested LR not Provided by Management.

If management does not provide one or more of requested LR, the auditor shall

1. Discuss the matter with management.

2. Evaluate the integrity of management and evaluate the effect that this may have on the reliability of representations and audit evidence in general.

3. Take appropriate actions, including determining the possible effect on the opinion in auditor's report.

4. If auditor shall disclaim an opinion or withdraw if management does not provide LR.

230 Audit Documentation

* Q. What are audit working paper and why should they be carefully preserved by Auditor?

A. Audit working papers - As per SA 230 "Audit Documentation" Audit Working papers are the record of audit procedure performed, relevant audit evidence obtained, and conclusions the auditor reached.

Working papers are -

- a) evidence of auditor's basis for a conclusion about the achievement of the overall objective of the auditor.
- b) evidence that the audit was planned & performed in accordance with SAs and applicable legal & regulatory requirements.

They serve a number of purposes:

- Assisting the engagement team to plan & perform the audit.
- Enabling the engagement team to be accountable for its work.
- Retaining a record of matters of continuing significance to future audits.
- Enabling the conduct of Quality Control reviews and inspections in accordance with QSC 1.
- Enabling the conduct of external inspections in acc. with applicable legal or other requirements.

Retention of Working Papers - Working papers should be retained long enough for a period of time sufficient to meet the needs of his practice and satisfy any legal or professional requirement of record retention.

SOC 1 firms require firms to establish policies and procedures for retention of engagement documentation.

The retention period for audit engagements ordinarily is no shorter than 7 years from the date of auditor's report.

Advantages of Working Papers

- aid in planning and performance of audit
- aid in supervision & review of audit work.
- provide evidence of audit work performed to support auditor's opinion.
- act as an evidence in the court of law when a charge of negligence is brought against auditors. (Page 3-20 Q-19)

500 Audit Evidence.

Q. What is audit evidence.

A. Audit Evidence - As per SA 500 Audit Evidence it is the information used by the auditor in arriving at conclusions on which

auditor's opinion is based. Audit evidence includes both information contained in accounting records underlying fs and other information.

570

"Going Concern"

- Q. Explain Appropriateness of Going Concern.
A. Appropriateness of Going Concern - As per SA 570 "Going Concern"

PRACTICE MANUAL

Following are examples which may cast doubt about going concern assumption.

- Financial
 - Net liability or net current liability position
 - Indications of withdrawal of financial support by trade payables.

- Negative operating cash flow indicated by prospective FS.
- Adverse key financial ratios.
- Awareness or discontinuance of dividends.
- Inability to pay trade payables on due dates.
- Inability to comply with terms of loan agreements.
- Change from Credit to Cash on delivery transactions with suppliers.

Operating

- Management intentions to liquidate entity.
- Loss of key management without replacement.
- Loss of major market, key customers.
- Labour difficulties.
- Shortages of important suppliers.
- Emergence of highly successful competitor.

Other

- Non compliance with Capital or other statutory requirements.
- Changes in law or govt Policy which adversely affect the entity.
- For uninsured or underinsured catastrophes when they occur.

505

External Confirmation

Q. What is external confirmation? Mention four situations where it may be used.

A. External Confirmation As per SA 505 "External Confirmation" EC is an audit evidence obtained as a direct written response to the auditor from a third party in paper form or by electronic or other medium.

— The auditor should determine whether the use of external confirmation is necessary to obtain SAE.

Following are example of situations where EC may be useful

- Balance Bank or other inf from Bankers
- Account receivable balance
- Inventory held by third party.
- Account Payable Balance

299 - Responsibility of Joint Auditors.

Q. A Joint Auditor is not bound by the views of majority of Joint auditors.

A. Responsibility of Joint Auditors - As per SA 299 "—" in respect of work divided amongst the joint auditors, each joint auditor is responsible only for work

allocated to him, whether or not he has made a separate report on the work performed by him. On the other hand, the joint auditors are jointly & severally responsible in respect of audit conducted by them as under:-

- in respect of audit work which is not divided among the joint auditors and is carried out by all of them.
- in respect of decision taken by all joint auditors concerning N, T, E of audit procedures to be performed by any of joint auditors.
- in respect of matters which are brought to the notice of the joint auditors by any one of them and on which there is an agreement among joint auditors.
- for examining that FS of entity comply with disclosure requirements of relevant statute.

Normally joint auditors are able to arrive at an agreed report. However where the joint auditors are in disagreement with regard to any matters, each one of them should express their own opinion through a separate report.

580 (Written Representation)

Briefly Explain Management Representation.

Management Representation - SA 580

"Written Representation" deals with the auditor's responsibility to obtain WR from management and where appropriate TCWB.

Audit evidence is all the information used by the auditor in arriving at the conclusion on which auditor's opinion is based.

WR are necessary information that the auditor requires in connection with audit of entity's FS.

Similar to response to inquiry, WR are audit evidence.