

## SA 210 Agreeing to terms

of audit engagements

→ 1) <sup>Applicable</sup> ~~FR~~ <sup>FRF</sup> framework should be acceptable

and

2) Obtain agreement of mgt that they understand their responsibility of:

i) Preparation & presentation of f/s with Applicable FRF.

ii) Design, implement & maintain an adequate internal control system to prevent & detect fraud & error

iii) To provide auditor with:

1) All info

2) Additional info

3) Unrestricted access to person within entity

2) Auditor has entered into single engagement letter for multiple years, now auditor want to send revised engagement letter. What are the circumstance in which auditor should send engagement letter?

→ 1) Client misunderstands the scope of audit

- 2) Change in nature and size of client business
- 3) Change in ownership
- 4) Change in senior mgt
- 5) Change in Regulatory environment
- 6) Change in other reporting requirement
- 7) Change in terms

### 3) Content of Engagement letter

If this question comes hamesha pehle meaning likhna of Engagement letter

→ Meaning of Engagement letter :-

It is a formal written agreement between client and auditor

Content :-

- 1) Objective and scope of audit
- 2) Responsibilities of auditor
- 3) Responsibilities of mgt
- 4) Identification of applicable FRF
- 5) Reference to expected form & content of any report to be issued by audit.

(Auditor ek reference dega client ko ki aisa format, language hoga report ka)

and

ii) Statement that there might be a circumstance in which a report may differ from its expected form and content.

4) Change in terms of engagement during audit

→

Auditor starts work → starts asking questions (professional skepticism) → client accused auditor will find fraud

Therefore

Clients request auditor during audit to:  
Not to continue audit. Just do review or related service.

What should auditor do in such case?

Auditor should enquire reason for change in engagement

If valid reason is:

- 1) Accept the request
- 2) Enter into new Engagement letter
- 3) New report, not to refer

If invalid reason is:

- 1) Reject request & continue with audit
- 2) If client does not co-operate:
  - i) Withdraw from the engagement &

ii) Inform appropriate authorities  
season for withdrawal (TCWG)