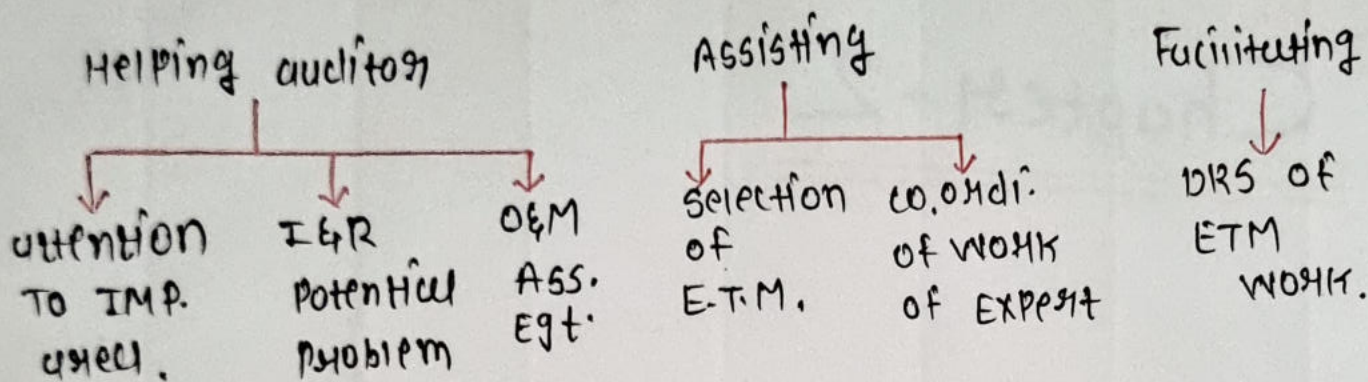


Chapter - 2

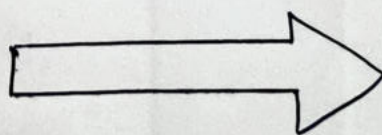
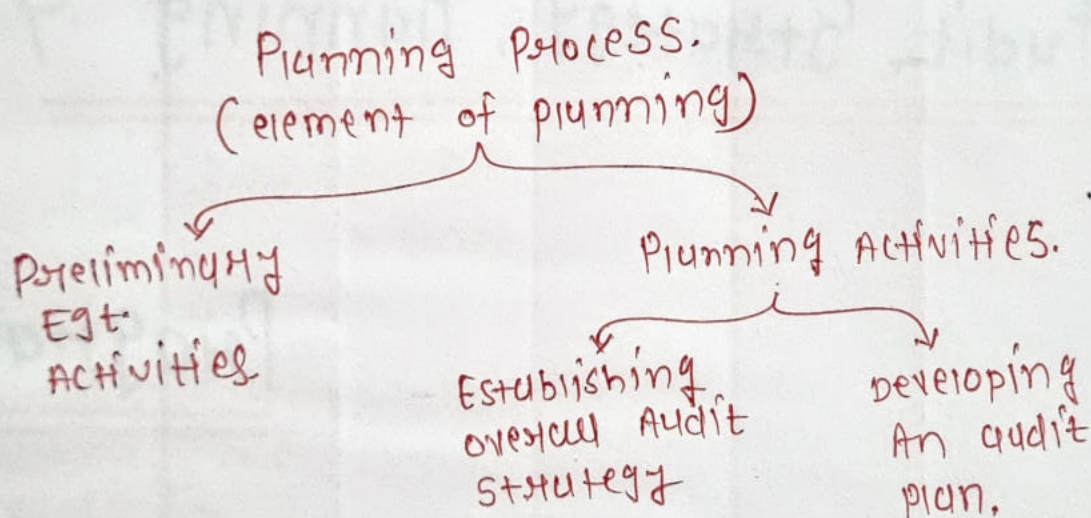
Audit Strategy, Planning &

Programme

• Why Planning an audit is necessary? its benefits:



Therefore, Planning An Audit Ensure that Audit Risk is reduced to an Acceptably low level.



Primary Egt. Activities.

performing procedure regarding C.C.R. & Audit Egt.

Firm should obtain info. on matters such as,

- Integrity
- Competence.
- Impairment of matters.

compliance with ethical req. incl. independence

It is require to form conclusion for that auditor shall,

USE criteria. of relationship that create T.T.O.I

determine whether mgt. create any T.T.O.I for audit Egt.

Establishing an understanding of terms of Egt.

Take app. action

eliminate threat from audit

apply s.c. if permit by law.

NOTE:- For detailed elaboration refer Module-2. (A.B.3)

Planning Activities

Establishing overall audit strategy

Factor

Identify the characteristic of Egt. that define its scope.

* F → AFRF

I → Ind-specific REPOSTING REQ.

N → NUMBER of BSNs segment

E → AE of PHF. Audit

Ascertain the Repo. objective of Egt. To plan timing of audit & nature of communication required.

For Eg.

- Entity T.T. for REPOSTING
- Orgn. of meeting To discuss NTE with mgt.
- Discuss with mgt. Expected Type & Timing of Report
- NTE of,

comm. among team member

their Review,

signi. factors IN A.P.J.

- eg. - V.O.T. (is REYON IC?)
- A in INDUS BNIP.
- D in AFRF other D in regul ENVRN.

consider the RESULT of PHIM. ACTIVITIES. (R.O)

Ascertain the NTE of RESOURCES. (R.O)

- Developing An audit plan.
- It shall inc. DISCRIPION of
- NTE OF RAP
- NTE OF FAP
- Other PAP that REQUISITE To comply with SAs.

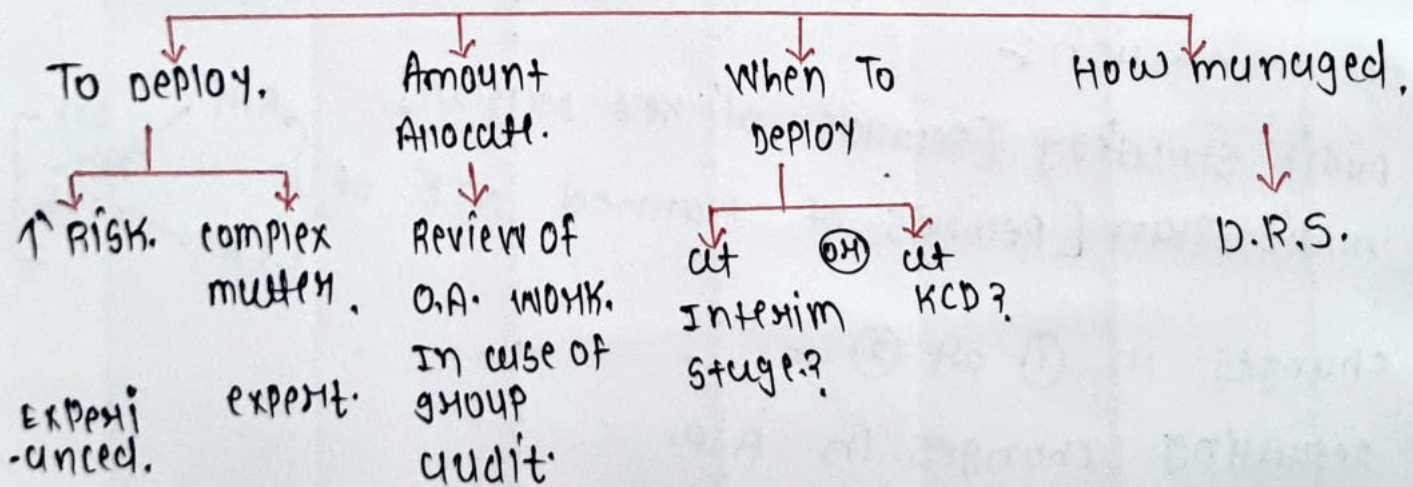
* the auditor shall REQ. To DEVELOPE an audit strategy that S.T.D. sets of the audit. and that guides the DEVELOPMENT of audit plan.

• Relationship B/W Audit Strategy & Audit Plan:-

Audit Strategy	Audit Plan
<ul style="list-style-type: none"> • set broad level approach to audit. • determine S.T.D. of audit. 	<ul style="list-style-type: none"> • address the matter identified during the audit strategy • how strategy is implemented • more detailed than A.S.
<ul style="list-style-type: none"> • Both are not sequential process. • closely inter related • Δ in one results in Δ in other. • Auditor's Responsibility. 	

• Benefit of overall audit strategy:-

Assist Auditor to determine, RESOURCES

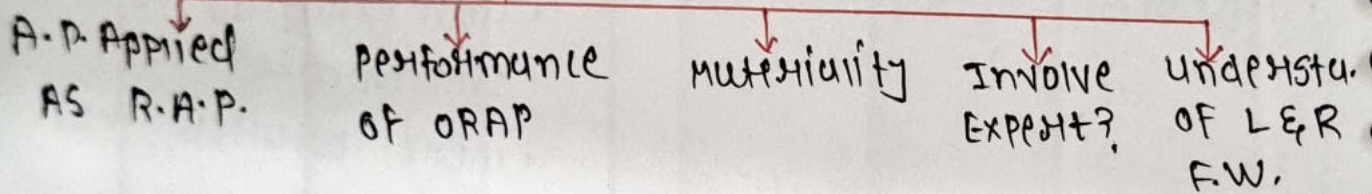


• Nature of audit planning - A continuous process:-

→ Audit planning begins shortly after the completion of the previous audit and continue until the completion of current A.E.

→ matters considered for planning:-

ROMEO



• Planning, Review & Supervision (PRS) of ETM:-

The Auditor shall plan NTE of BRS of ETM Based on

C = capabilities & competencies.

A = Area of audit

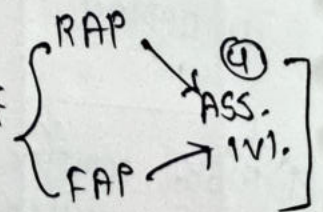
R = AROMM

S = size & complexity of entity

• Documentation:-

1] Audit strategy [Records of key decision]

2] Audit plan [Records of planned NTE of



3] changes in ① or ②

4] Resulting changes in A.P.

5] Why changes?

6] final Adoption ① & ②

Audit Programme

Definition :-

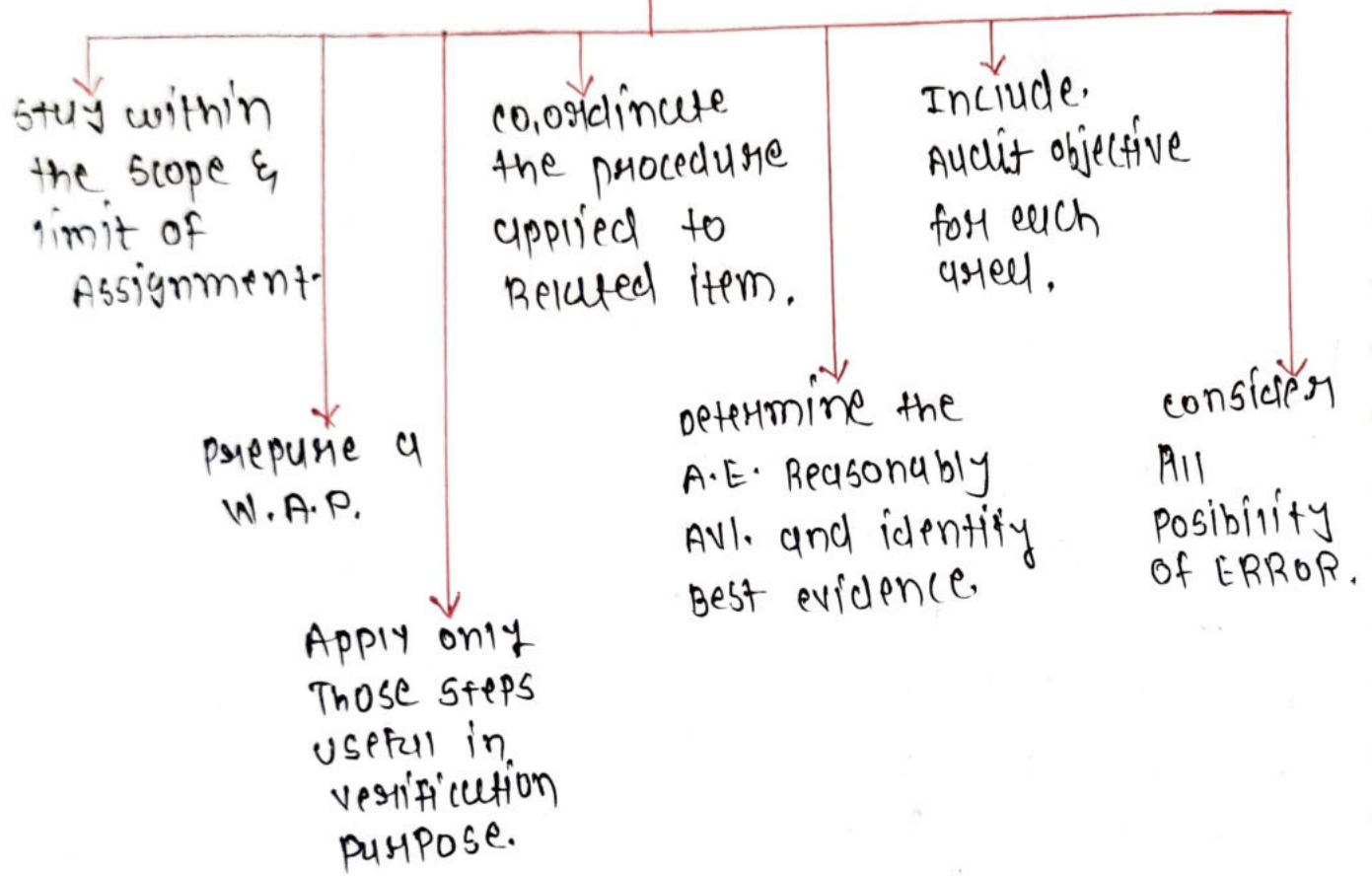
An Audit Programme consist of,

- series of verification process
- Applied at F.S. & ALL Balances of given entity.
- For the purpose of obtaining SAAE
- enable the auditor to Express an informed opinion on F.S.

Features :-

- work which is suitable for one BSNs may NOT for others
- one A.P. cannot applicable to all.
- Assistant has to keep an open minded.

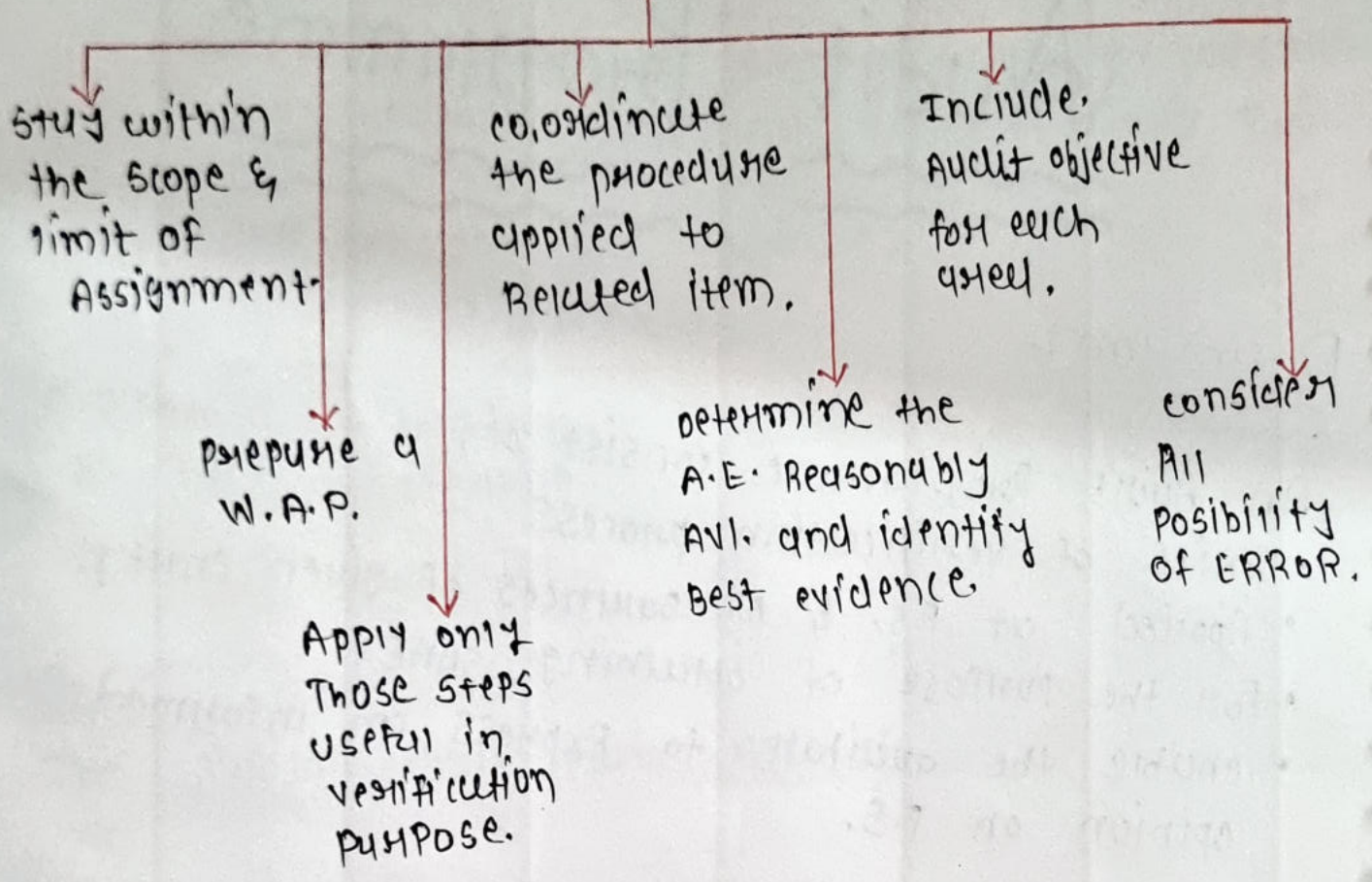
• Points kept in mind while programme constⁿ:



• Advantages and Disadvantages of Audit prog^o:

Advantages.	Disadvantages.
<ul style="list-style-type: none"> • provide assistant, instruction • provide total perspective of work. • Risk of overlooking B & REC is less. audit can proceed significantly. • By sign on A.P. assistant takes the responsibility • Examination principle can control the progress. • guide for succeeding audit • settle up evidence 	<ul style="list-style-type: none"> • work may become mechanistic. • rigid and inflexible. <p><u>NOTE:-</u> It may be eliminated by, - Imaginative supervision - Receptive attitude - Assistant should be encouraged to observe matters objectively. - Notice signi. matters. (5Q)</p>

• Points kept in mind while programme constⁿ:



• Advantages and Disadvantages of Audit prog^s:

Advantages.	Disadvantages.
<ul style="list-style-type: none"> • provide assistant, instruction • provide total perspective of work. • Risk of overlooking B & Rec is less. audit can proceed significantly. • By sign on A.P. assistant takes the responsibility • Examination principle can witness the progress. • guide for succeeding audit. 	<ul style="list-style-type: none"> • work may become mechanical. • rigid and inflexible. • Hard & fast audit with efficiency. • Inefficient assistant.

matter objectively.
 - Notice signi. matter.
 (6Q)

Other Point Read from Books (M2) :-

1.] Other IMP. NOTES.

2.] Assistant HAS TO KEEP open mind.

3.] Periodic Review of audit programme.