

1 - Auditor's Responsibility to Plan an Audit of FS

SA 300 "Planning an Audit of FS"

Objective of the Auditor to Plan an Audit

So that it can be performed EFFECTIVELY

Timely Manner

* 1.1 Benefits

- 1) Auditor devotes → Appropriate Attention → Imp. Areas
- 2) Auditor → Identify → potential problems → Timely basis
 → Resolve
- 3) Auditor → Organise → Audit Engagement
 → Manage
 ↓ ↓
 Effective Efficient
- 4) Assisting in selecting → Engagement Team Members
- 5) Facilitating → Direction
 → Supervision
 → Review
- 6) Assisting → coordination of work (eg: Experts)

* Planning ensures → Audit Risk is REDUCED
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 To an ACCEPTABLE LEVEL
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 Reduces the RISK of INAPPROPRIATE OPINION

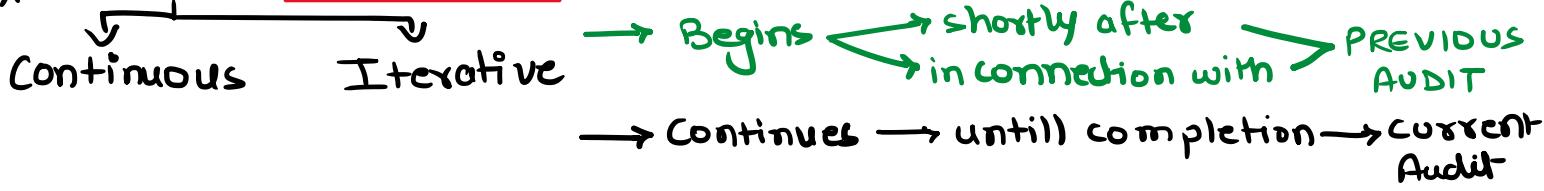
* 1.2 Nature of Audit Planning

→ NOT A DISCRETE PHASE

→ Begins → shortly after → PREVIOUS AUDIT
 → in connection with

Continuous

Iterative



* EXTRA GYAAN → Audit

Procedures

Stages of Audit

Risk Assessment Procedures [R.A.P.]

Further Audit Procedures [F.A.P.]

SA315

SA330

"Identification & Assessment of ROMM through understanding the Entity & its Environment"

"Auditor's Response to Assessed Risk"

↳ Things to be done before R.A.P. → CONSIDER

- ① ANALYTICAL PROCEDURES → to be applied as → RAP
- ② General Understanding Entity Complying > LEGAL + REGULATORY Framework
- ③ Determination of MATERIALITY
- ④ Involvement of EXPERTS → Taking Acc of complexity of Business
- ⑤ Performance of OTHER RAP

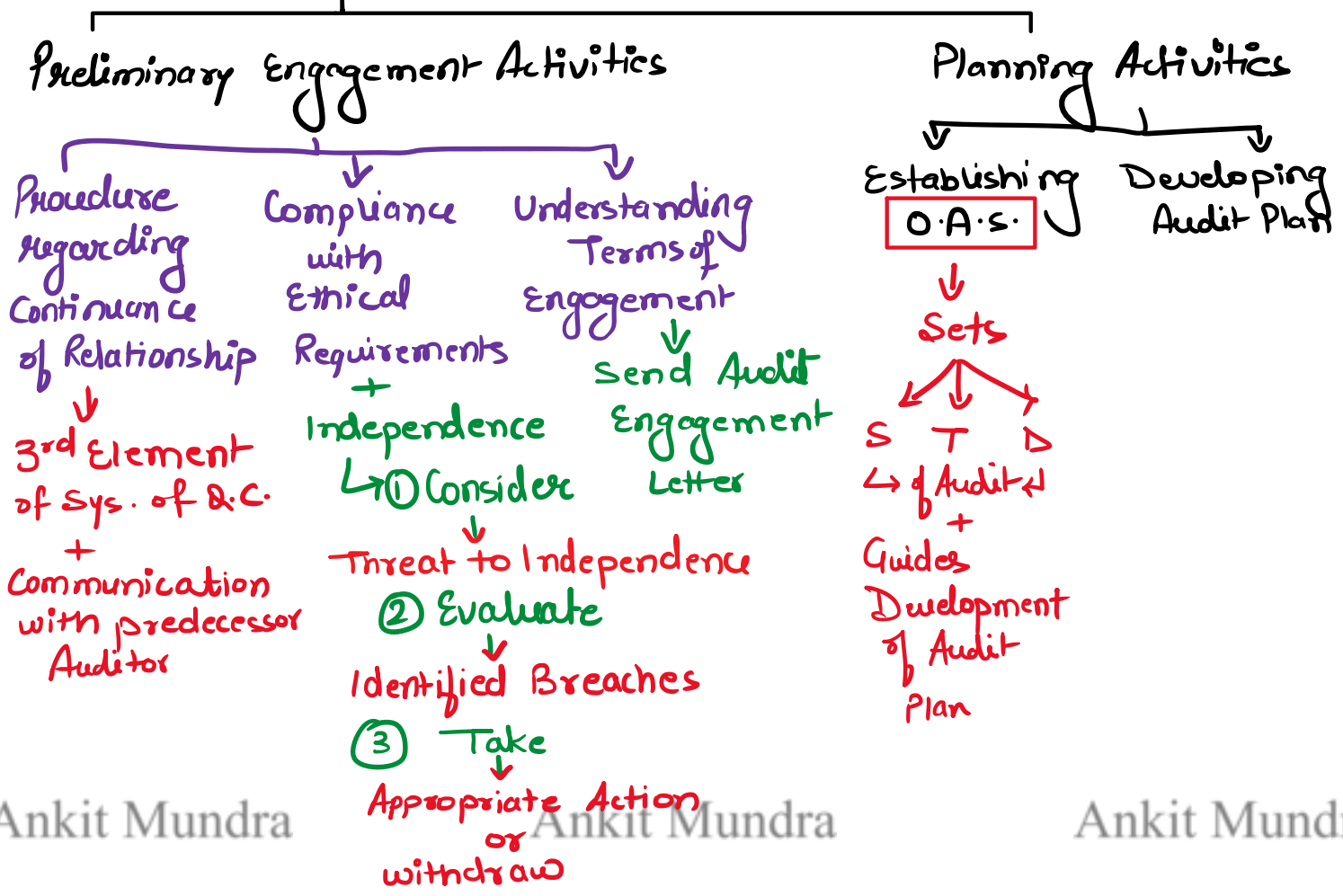
* Planning Involves Engagement Partner } EXPERIENCE
Other Key Members } INSIGHT
Enhance EFF. & EFF.

* DISCUSSION OF ELEMENTS OF PLANNING → with Mgt.

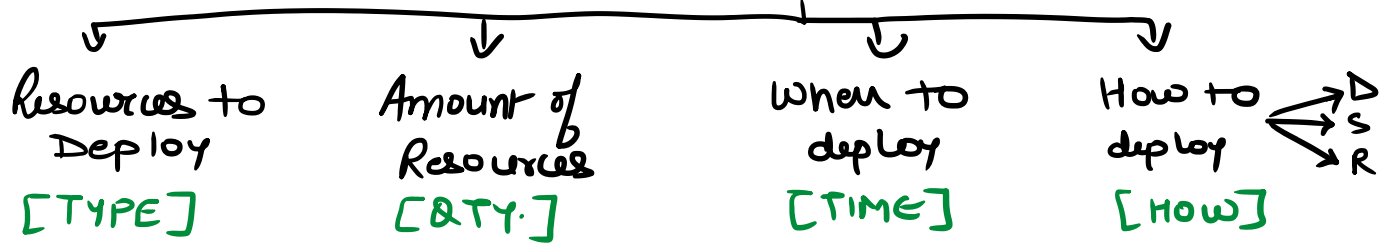
Auditor MAY discuss → To Facilitate conduct of Audit Engagement

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NOT TO COMPROMISE THE EFFECTIVENESS OF AUDIT

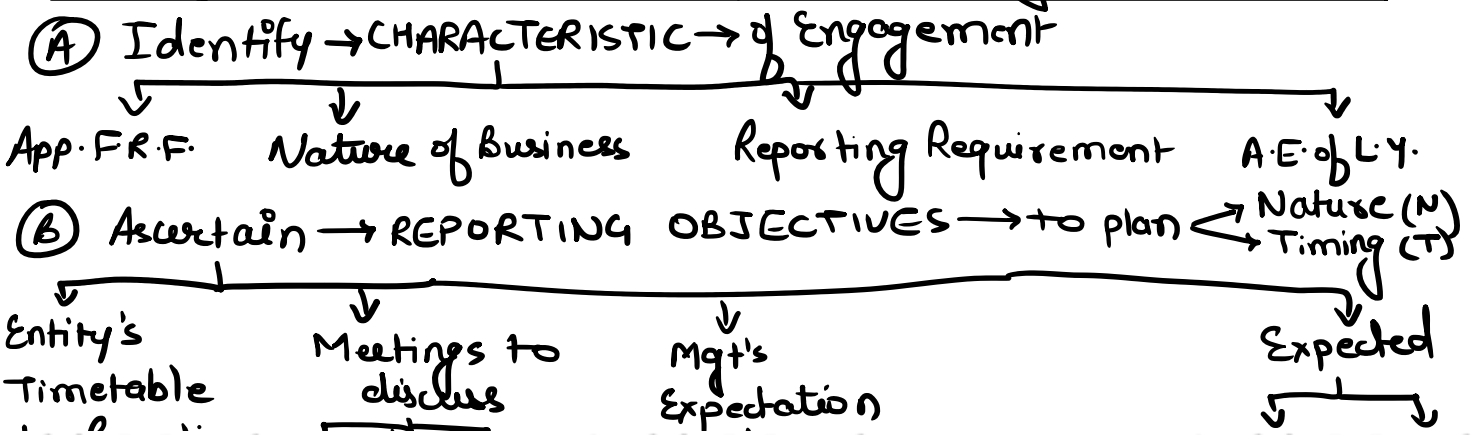
2 - Planning Process - Elements of Planning



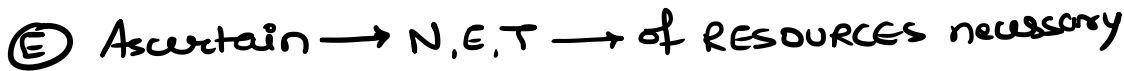
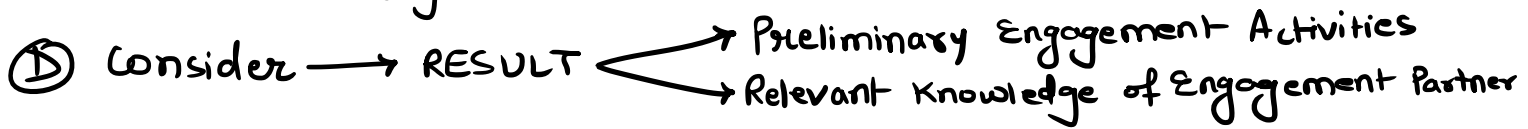
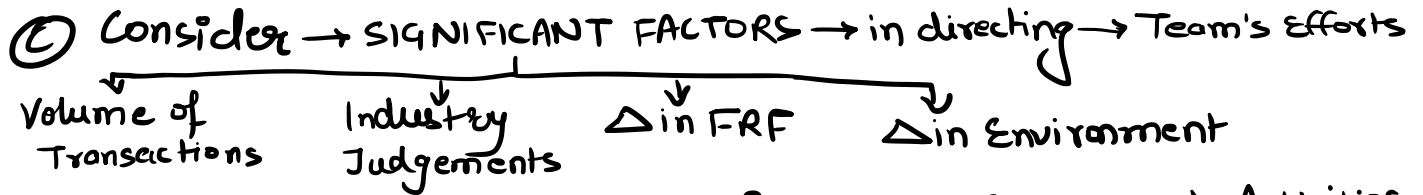
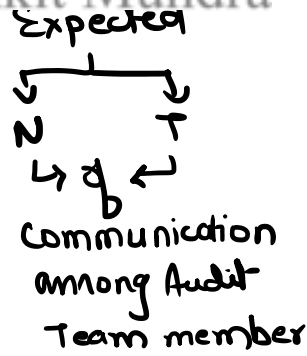
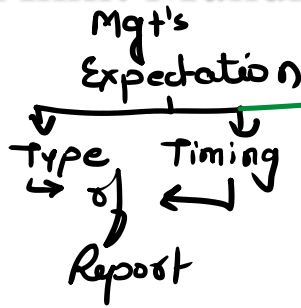
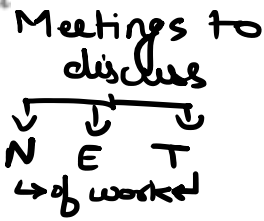
* OAS → Assist Auditor → to determine → AFTER R.A.P.




* FACTORS to be considered → for establishing Audit Strategy



carry →
Timetable
for Reporting

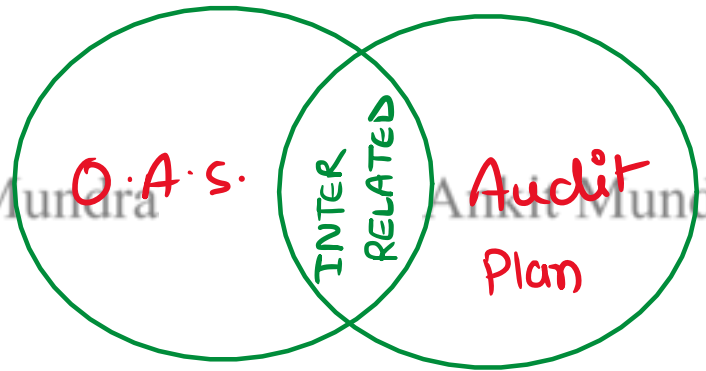
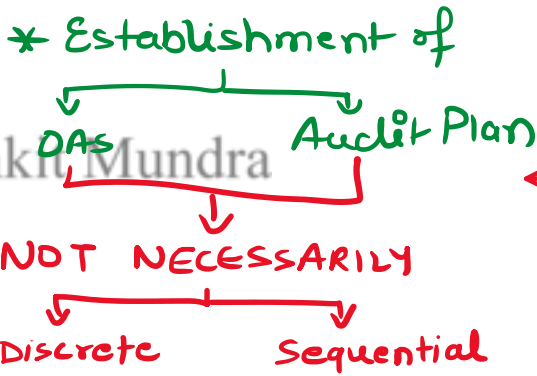


Audit Strategy

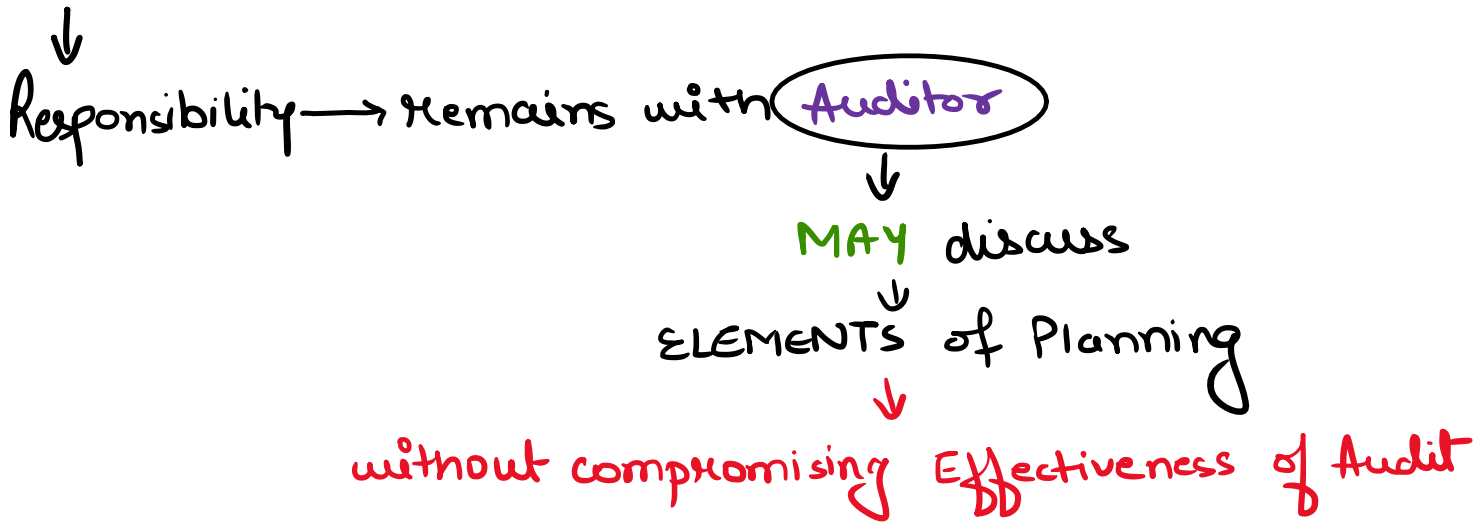
- Sets broad overall Approach
- Determines  of Audit
- Less DETAILED than Audit Plan
- OAS is established FIRST

Audit Plan

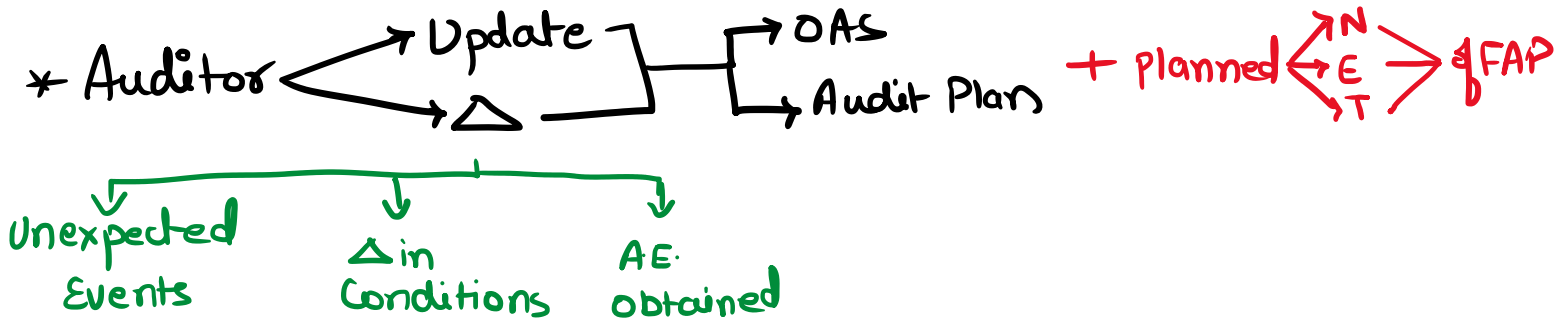
- Addresses various matters identified in OAS
- Describes HOW strategy is going to be implemented
- More DETAILED than OAS
- Includes NET of Audit Procedures
- Audit Plan can be developed AFTER OAS



4 - OAS & Audit Plan - Responsibility of Auditor

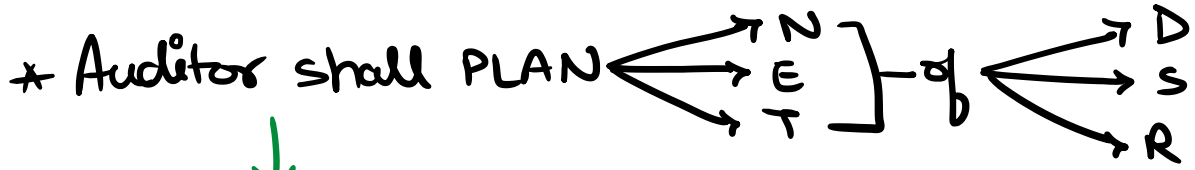


5 - Changes to Planning Decision During the Course of Audit



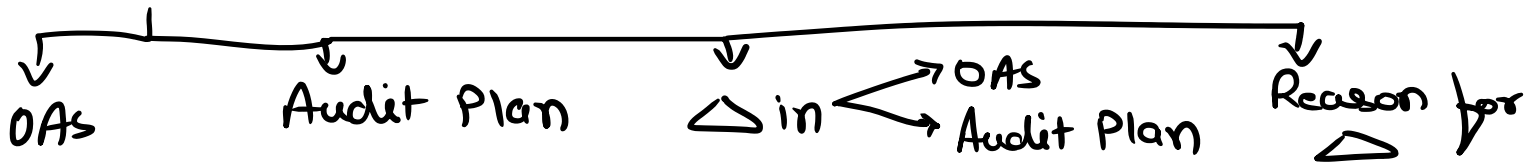
* This happens when → INFO. → at the time of Planning
 DIFFERS in Auditor's attention

6 - Planning Supervision & Review of Work of Engagement Team Members



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FACTORS

- ① Size Complexity > of Entity
- ② Area of Audit
- ③ Assessed ROMM
- ④ Capabilities Competence > of the Engagement Team Members



* Documentation = Record of :-

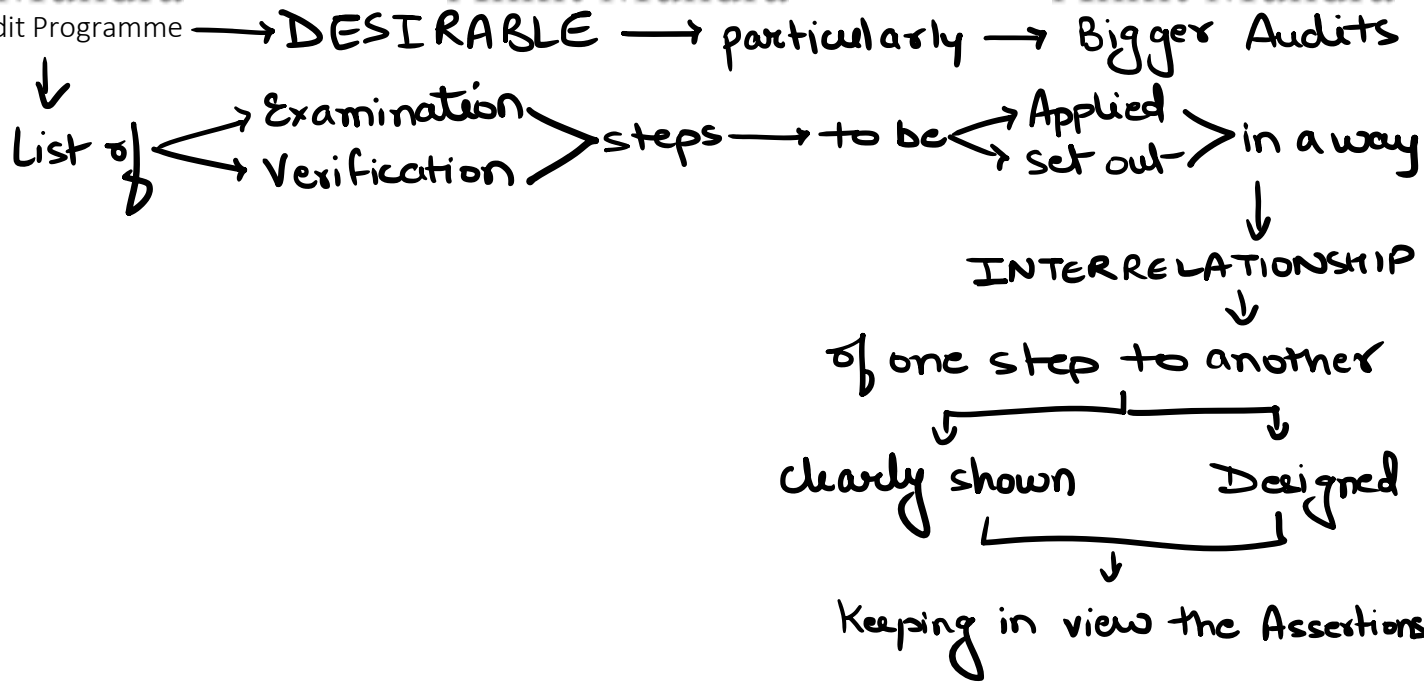
i) RAP & FAP

ii) Proper planning of Audit Procedures

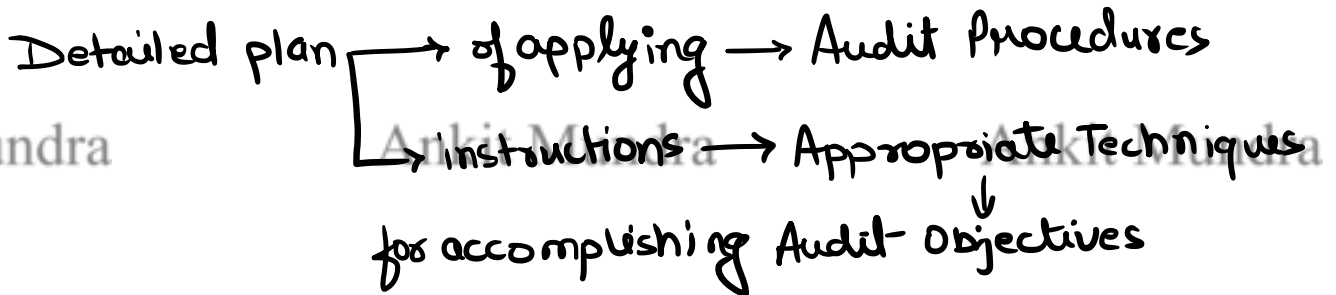


* Auditor MAY use → STANDARD → Audit Program
→ Audit Completion Checklist

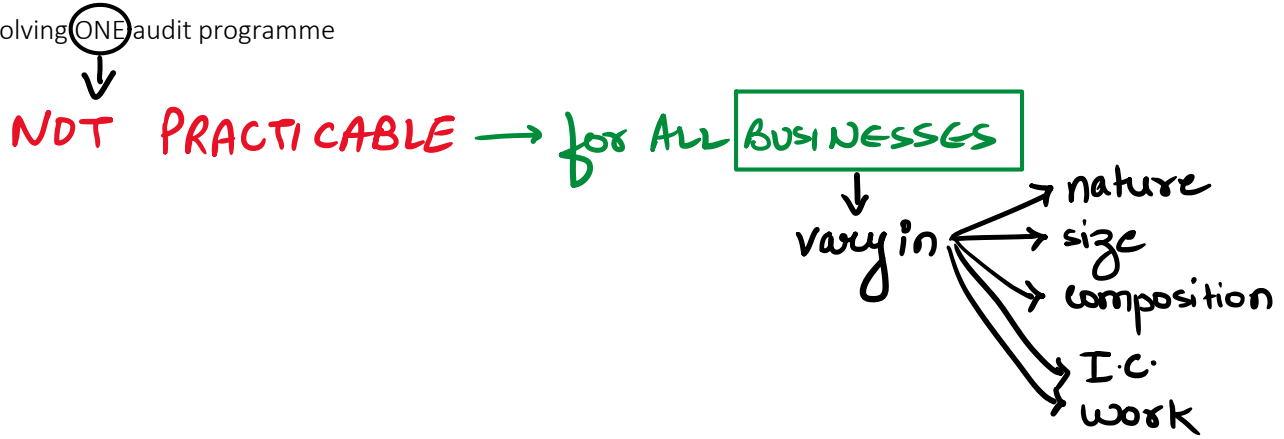
→ TAILORED → as needed



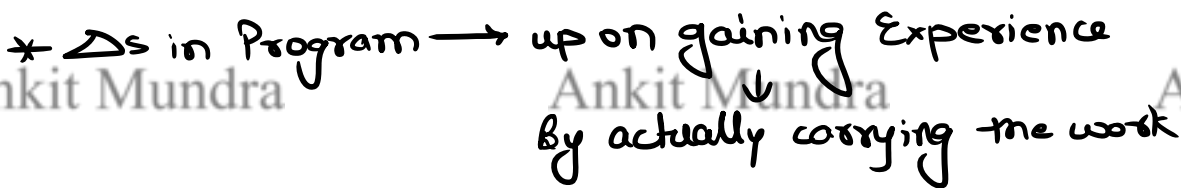
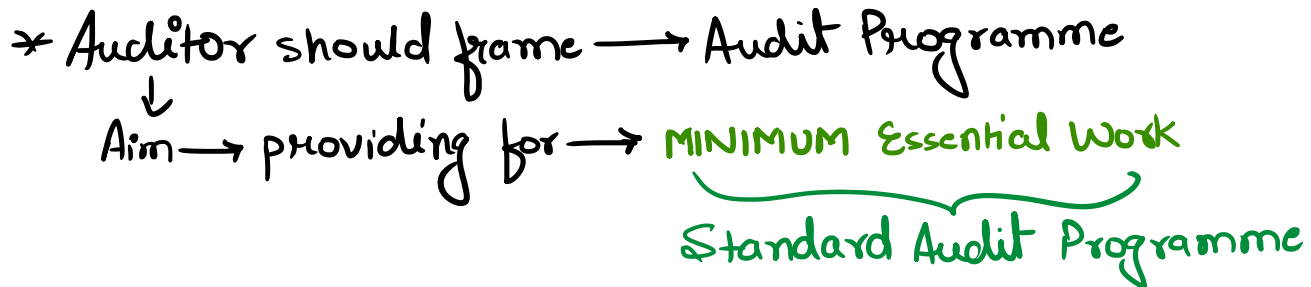
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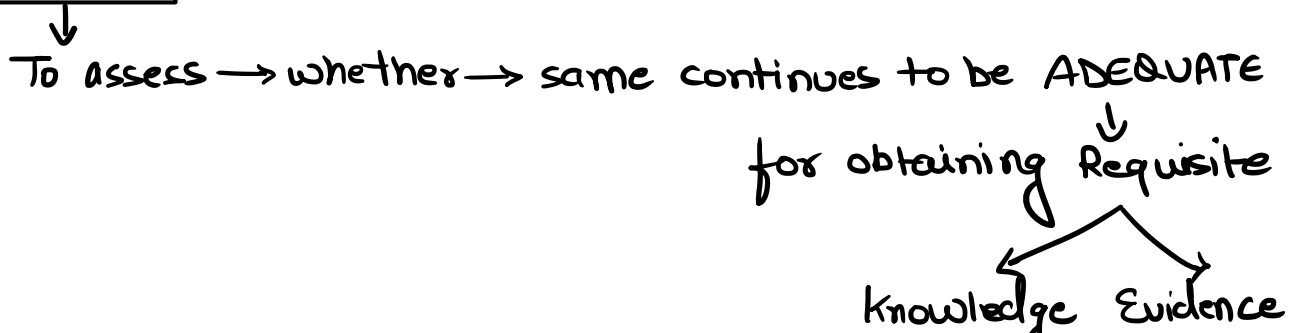
8.1 - Evolving ONE audit programme



8.2 - Assistants to keep an Open Mind



8.3 - Periodic Review of Audit Programme



* Auditor → may have to face legal consequences

NEQUENTLY CONDUCTED AUDIT

on the basis of an ADEQUATE Audit Programme

NEQUENTLY CONDUCTED AUDIT

↓
on the basis of an OBSOLETE Audit Programme

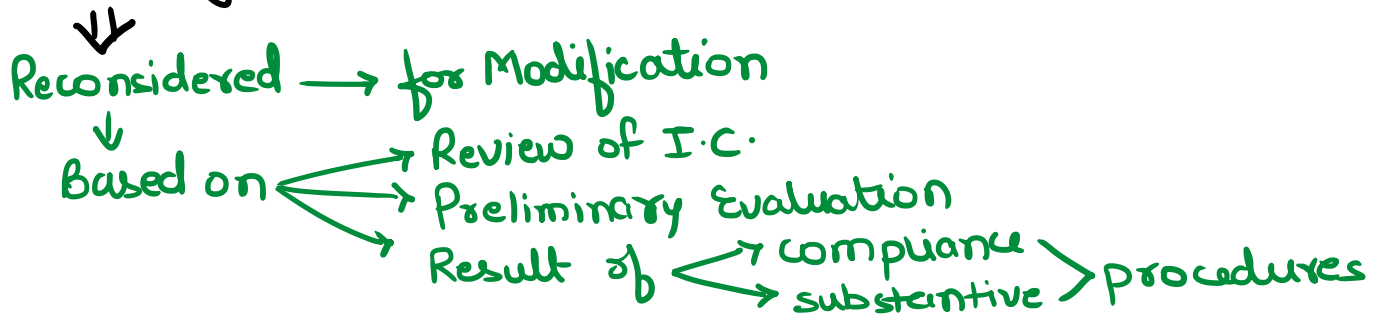
* Audit Assistants → unflinching → follow instructions of Audit Programme

↓

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until changed by Principal

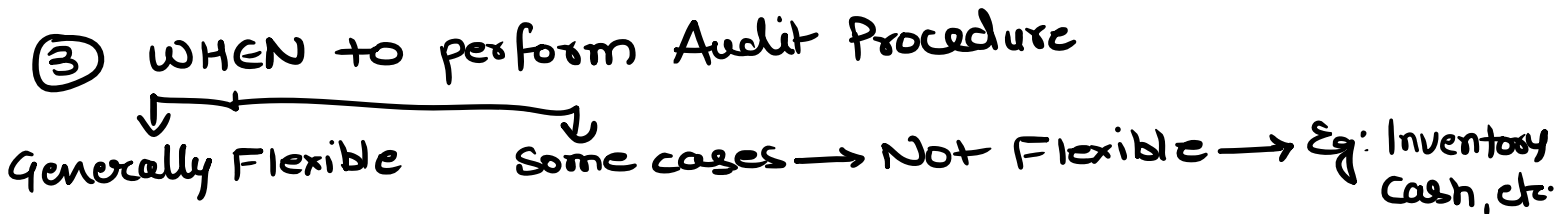
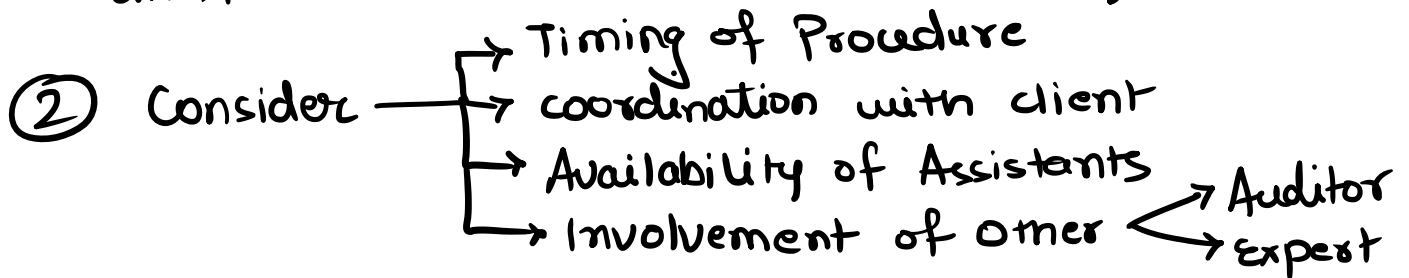
If periodic review is conducted → it removes RIGIDITY

* Audit Planning Related Program } commences → conclusion → P.Y. Audit



* while developing Audit Program →

① Auditor MAY

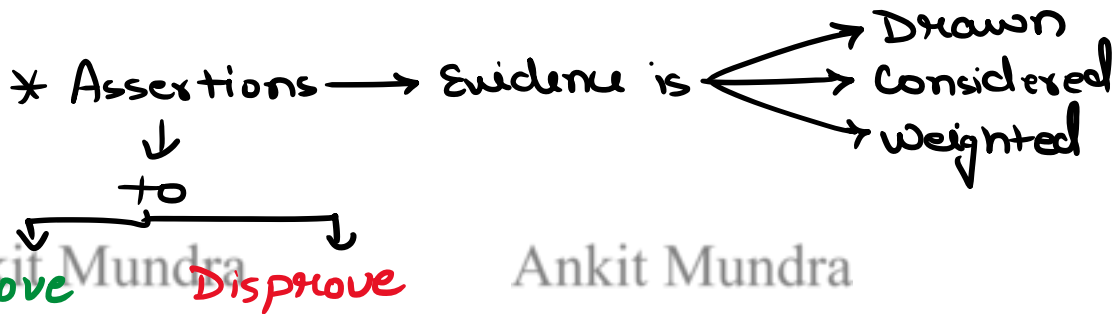
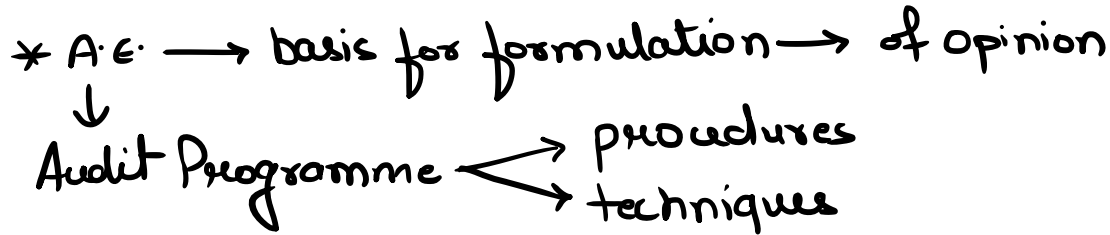
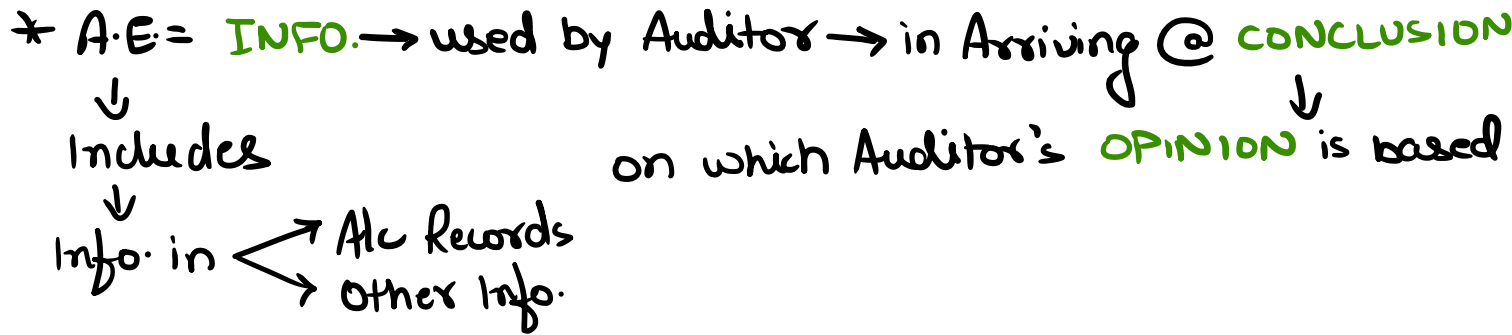


* Construction of Audit Programme:

① Stay within → scope } of the assignment
 → Limitation }

② Prepare → written Audit Programme

- ③ Identify → Best evidence
- ④ Apply → only useful steps
- ⑤ Include → Audit objectives → of each area
- ⑥ Consider → possibilities of errors
- ⑦ Co-ordinate → procedures



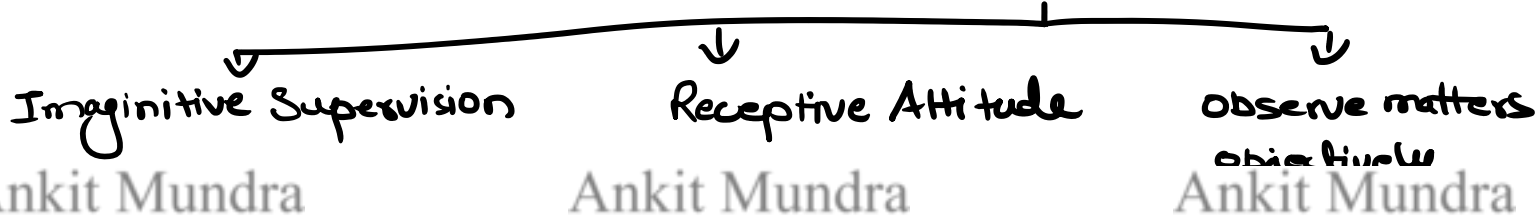
Advantages

- ① Total + Clear → set of Instructions
- ② provide → perspective → of work TO BE PERFORMED
- ③ Selection of capable assistants
- ④ Audit can proceed systematically
- ⑤ Work may be tracked back to the assistant
- ⑥ Principal can track progress
- ⑦ Serves as a guide for future audits
- ⑧ serves as evidence

Disadvantages

- ① work → may become → mechanical
- ② programme → tends to become → Rigid
→ Inflexible
- ③ Inefficient assistants → may take shelter
- ④ Hard & fast Audit Programme → may kill initiative

⇒ Disadvantages may be overcome by



Ankit Mundra
Imaginative Supervision

Ankit Mundra
Receptive Attitude

Ankit Mundra
observe matters
objectively

Ankit Mundra

Ankit Mundra

Ankit Mundra

Ankit Mundra

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