

SA210: Agreeing the Terms of Audit Engg.

Accept & continue audit only when **Basis** upon which it's performed is **agreed**.

1. Pre-conditions are present
2. Common understanding b/w Auditor & mgr.

Pre-conditions of Audit

a) FRF is acceptable. (factors → book)

b) Agreement with mgr that it

Acknowledges & understands responsibility
Smjhh

- for:
- PPFs as per AFRF. (Preparation & Presentation of FS)
 - Internal controls to prepare FS free from MM.

To provide auditor with

Access to all info. relevant to prepare FS.

Additional info. that he may require

Unrestricted access to persons within entity to obtain A. Evidence.

- sales transⁿ → sales team ✓
- legal → legal team ✓

Q what if pre-conditions not present?

• Discuss with mgr • Don't accept audit unless reqd. by L/R (Law/Reg).

Contents of Engg. letter [Agreed terms → recorded in EL | other written agreement]

Q who sends EL to whom?

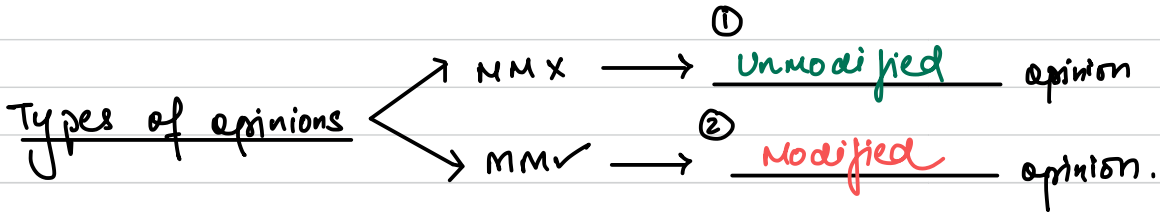


Q what are contents of EL?

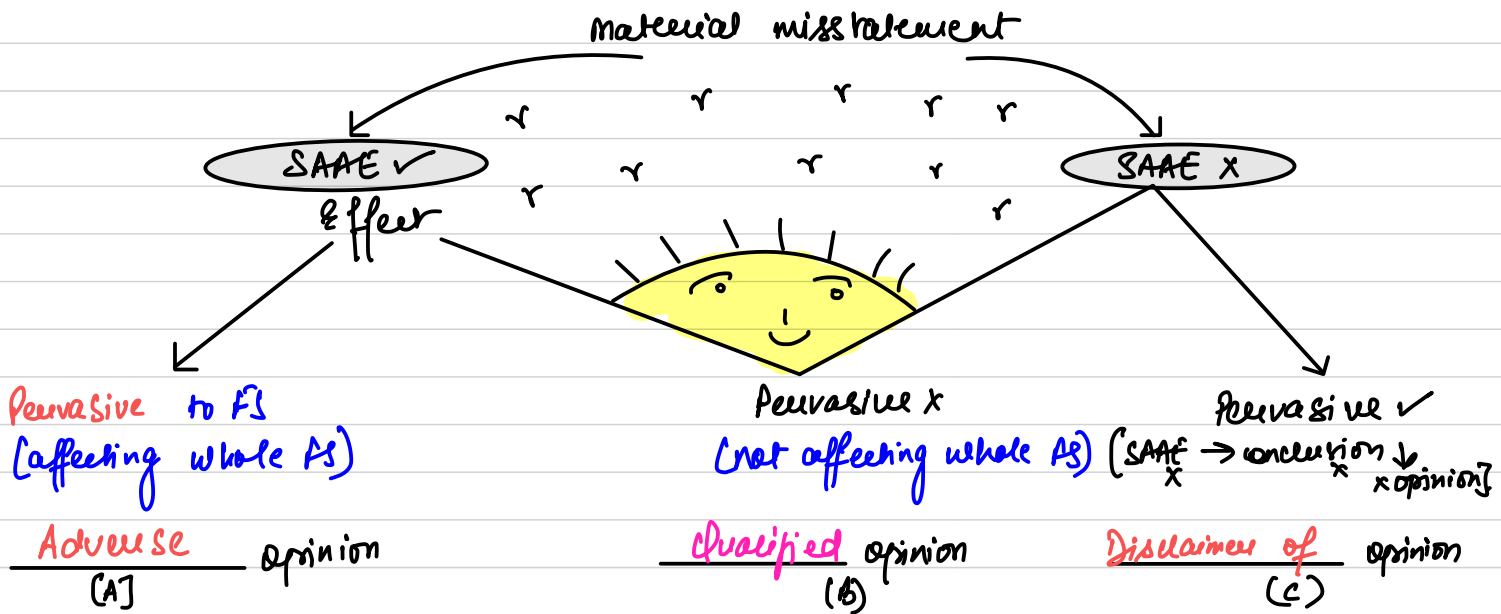
1. Objective & scope of audit → Responsibilities of
 - 2. mgr → 4. Identifying AFRF.
 - 3. Auditor → 5. Reference to expected form & content of A / Report
- statement that there may be **circumstances**

In which report may differ from expected form & content.

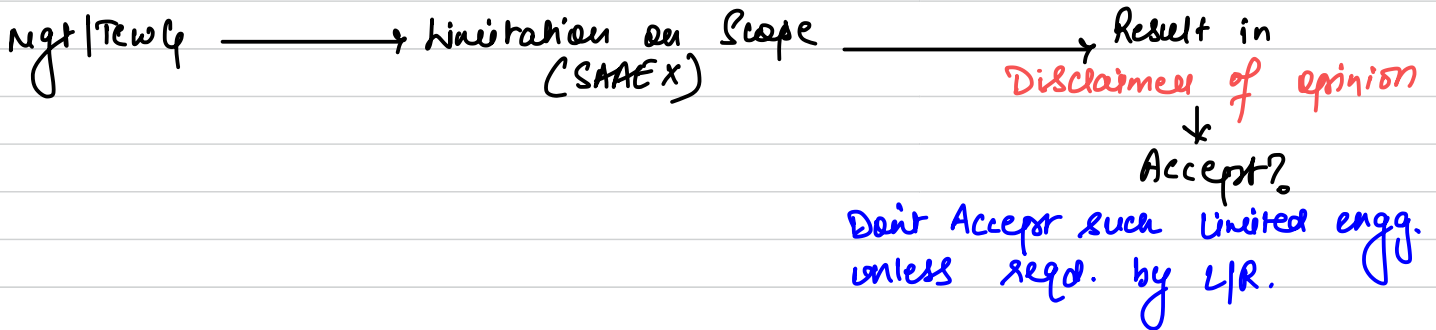
eg
 SA 510 + SA 701 + SA 705 + SA 706
 MUR 4 para (KAM para) (Modified opinion) (EOM/om para)
 [Material uncertainty related to G.C.]
 ↓
 Disclose []



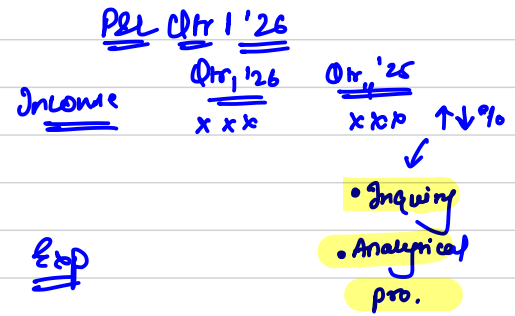
Modified opinion (Types)



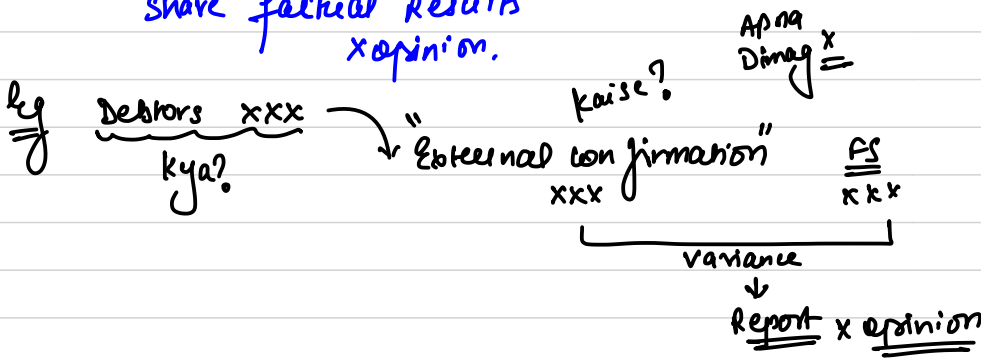
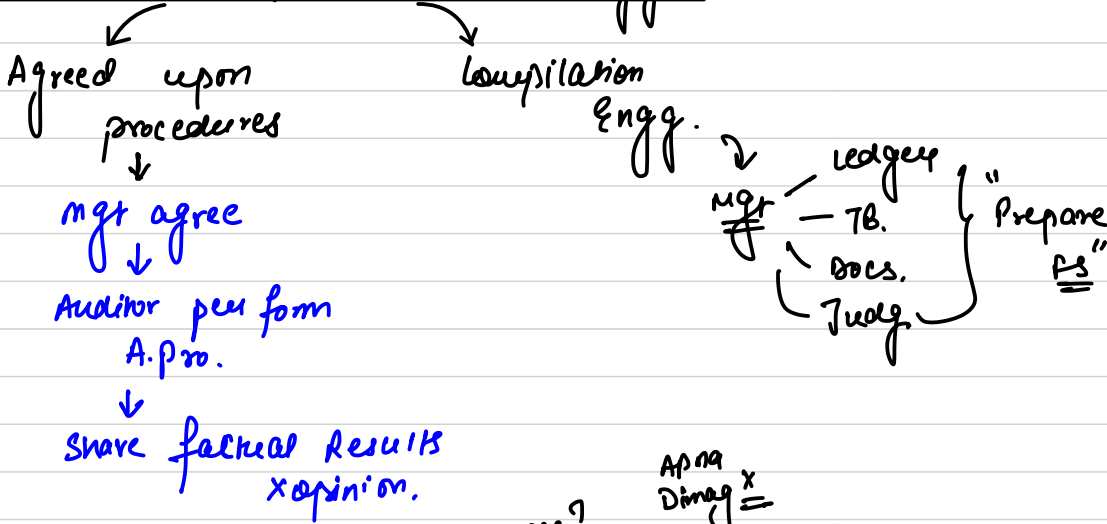
Ans this



• Review of FS. → Limited Assurance. → Limited procedures
 LLP → Ltd. review (Bted Co.).



• Related Services (Non-Assurance Engg.)



Accepting change in terms of audit engg. (Audit x Review / A.V.P)

Prior to audit completion, if mgt requests auditor,

to change audit engg. to an engg. with lower assurance.

