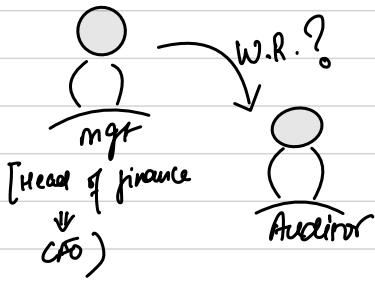


SA 580: Written Representation



written statement by mgt to auditor to

- confirm certain matters or support other evidence.
- eg. SAS1 → US completeness
- eg. SAS6 → subs. events
 - Adjusted
 - disclosed
- eg. SAS70 → mgt plans + feasibility
- eg. SAS08 → oral inquiry
 - ↓
 - W.R.

Notes • W.R.(s) don't include f.s., their assertions, books/records.

- They are necessary AE, but not SAE for the matters they deal with.
- If mgt has provided W.R., it doesn't affect nature/extent of other AE that auditor obtains.



"Lambhar"

"fun fact"

"W.R. is like Sambhar to Dosa, it is necessary but not suff. & appr. to satisfy my hunger".

"Objectives of auditor" → read from Book.

Rough mgt → ^{written} public statement ^{→ Auditor is included} about its "Responsibilities"

Auditor feels if covers W.R. content.

Such matter should be included again in W.R.? No
(° of repetition)

Date & Period covered by W.R. (V. Imp.)

Date

- W.R. are **necessary AEs**, so **A/R can't be dated before date of W.R.** ^{signed}
- Also, as per SA560, **subsequent events**, auditor is concerned with **events up to date of A/R**, that may require adjustment/disclosure,
- W.Rs are dated **as near as practicable but not after date of A/R.**
- for W.Rs on **specific assertions** [eg. completeness] obtained during audit, may request for **updated** fresh W.R.

[• Date of A/R (before) \rightarrow As near as practicable to A/R \rightarrow (old W.R. outdated) Updated W.R.]

Period covered by W.R.

- W.Rs are for **all periods** referred in A/R eg. mgt prepared ^(law) Restated F.S.

2024-25 ✓
2023-24 ✓
2022-23 ✓

_{Δ mgt.}
- mgt has to **reaffirm** that **previous W.Rs** are **appropriate**.

Al of them again? \rightarrow No \rightarrow Solution

Auditor & mgt may agree to a **form of W.R** that **updates W.R. of prior periods**, by addressing ^{How?} **whether any changes to W.R?** & **if yes, what they are?**

[change in mgt]

current mgt may not be present during all periods

They may assert that we can't provide W.R for prior periods. ^{excuse \rightarrow work X}

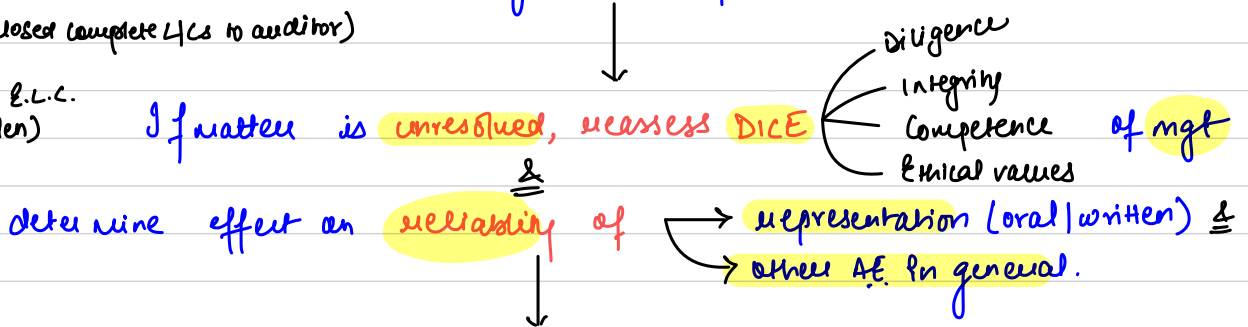
This doesn't diminish their responsibility for FS as whole,

◦ auditor shall request W.R for all relevant periods.

Doubt on Reliability of W.R.

- W.R. Inconsistent with other A.E. ⇒ Performs Audit pro. to resolve the matter.

Eg mgt → W.R. (disclosed complete L/Cs to auditor)
 D. confirmation from E.L.C. (L/Cs are hidden)



- If auditor concludes, W.R.(s) are not reliable, then determine effect on audit opinion in AR i.e. Disclaimer of opinion.

(SAAE's) m P ✓ → opinions

W.R. not provided

1. Discuss with mgt.

2. Re-evaluate integrity of mgt & effect on Reliability of

- Representations (oral/written)
- A.E. in general.

3. Take appt. actions, including possible effect on audit opinion in AR i.e. Disclaimer of opinion.

+ Perform alternate audit pro. to get SAAE.

Q4 (SA 240 + 580)

CA. Arvind, statutory auditor of Divinity Technologies Pvt. Ltd., noticed that Mr. Kamlesh was engaged by Management for investigation of suspected fraud within the organisation. CA. Arvind formally requested a copy of the report of the same to understand the nature, extent and implications of the suspected fraud so that he could appropriately consider it in his audit procedures and reporting responsibilities. Despite multiple written reminders, the management did not provide the report. ✓

In view of this, CA. Arvind requested the management to at least provide a written representation regarding the fraud on/by the Company. The management neither provided the investigation report nor responded to his request to provide the requested representation. How should CA. Arvind deal in the given situation? (MTP Sep'25)

Ans

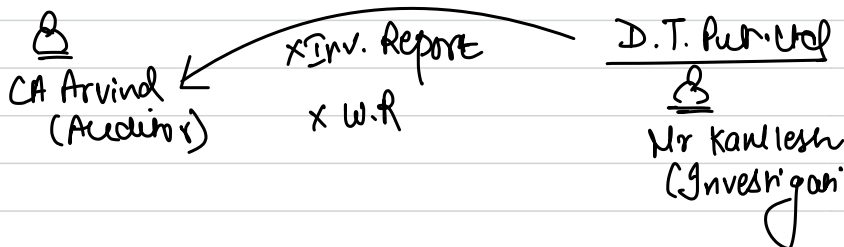
W.R. not provided
 ↓
 Sig. issues exist

Theory

SAS 80
 W.R. not provided

SAS 240 (Reporting)

- 143(12)
- CARO 2020
- Withdraw + Report.



SA500: written representation

◦ Written statement → from mgt to auditor → confirm certain matters or support other evidence.

◦ NOTES: ◦ WR → x FS/Assertions / Books/Records
 ◦ Necessary AE ✓ → x SAAE → x affect NTE of other audit evidence.

◦ Objective of Auditor

- obtain WR → mgt fulfilled Resp. — P.P.F.S as per Af.Rf
- support other evidence — All transn ✓
- Respond — WR ✓
 WRx
- All info. → Auditor ✓

◦ Form of WR ◦ Representation letter addressed to auditor

◦ LIR → written public statements (mgt responsibilities)
 ↓
 x included in WR.

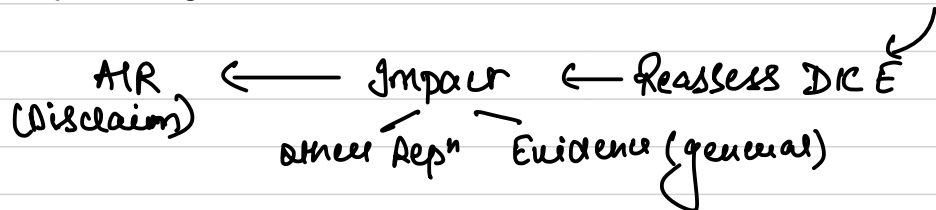
◦ Date & Period Date ◦ A/R not after WR ◦ Subsequent (WR) events upto date of A/R (as near as practicable to A/R date)
 ◦ WR (during audit → specific Assertion → request updated WR)

◦ Period ◦ All periods covered by A/R → Form of WR updates P.P.WR.
 (mgt → re affirm earlier WR appt.) (Address → Any changes?
 → if yes, what?)

◦ mgt change → still responsible for whole FS → Resp. to provide WR for all periods.

◦ Doubt about reliability

◦ Inconsistency with other AE → Addⁿ Procedures to resolve → x Resolved



◦ WR not provided

◦ Discuss with mgt → Re-evaluate integrity + impact
 + Appt action in A/R opinion (Disclaim).

other repⁿ + Evidence (general)