



CA INTER AUDIT

BY NEERAJ ARORA

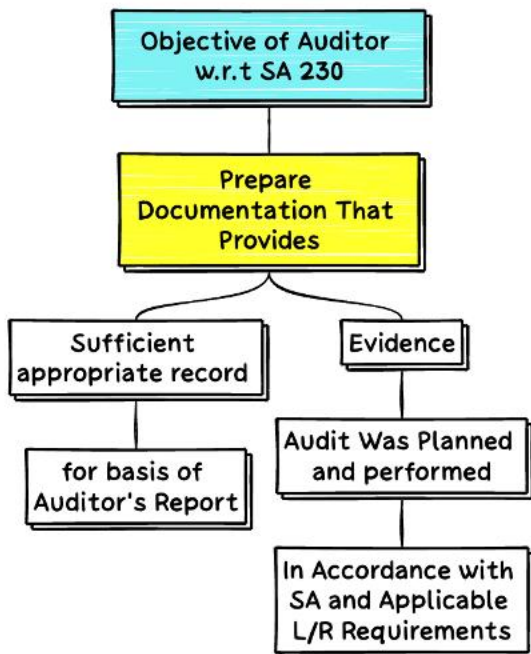
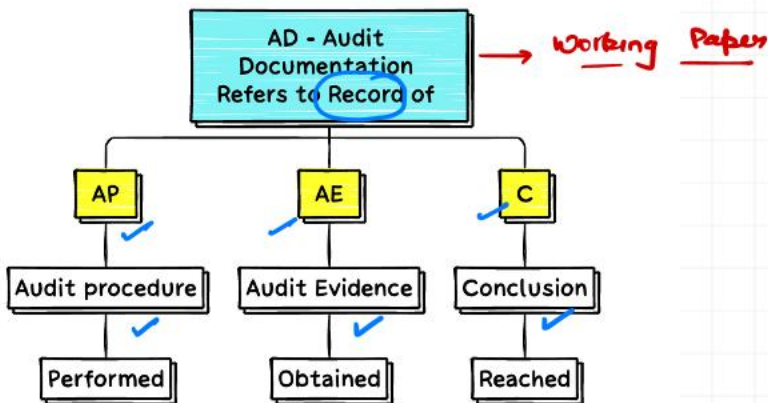
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SA 230 - Audit Documentation

→ 3-6



Examples of Audit Doc

1. Audit Program
2. Analyzes
3. Issue Records (Memoranda)
4. Summaries of Significant Matter
5. Query of Confirmation / Representation
SAS 505 SAS 80
6. Checklist
7. Correspondence w.r.t Significant Matter
Communication



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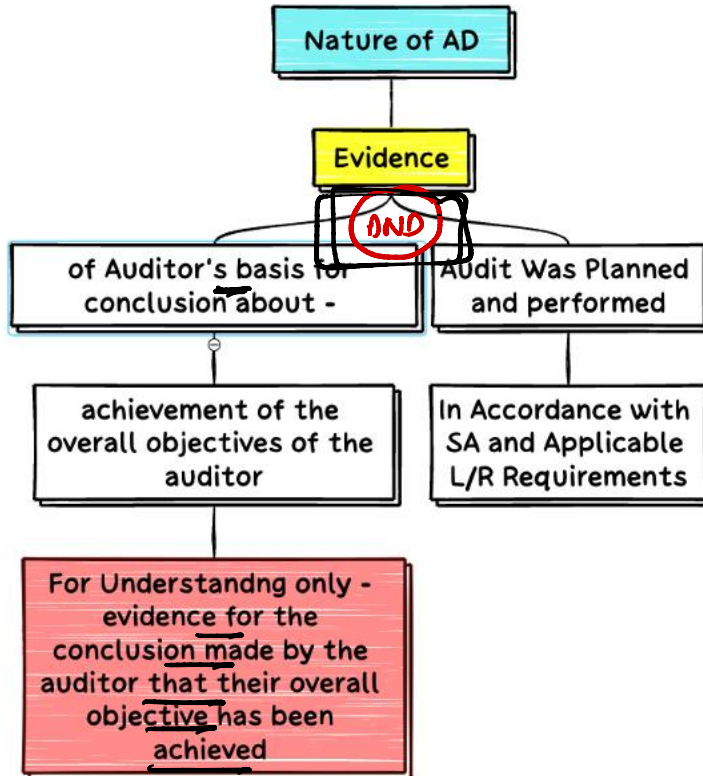
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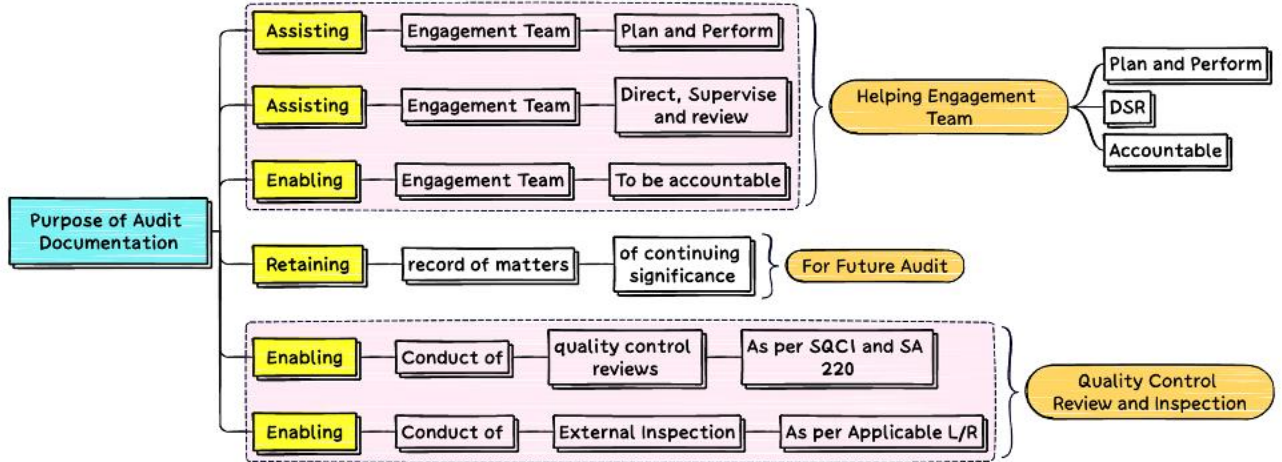


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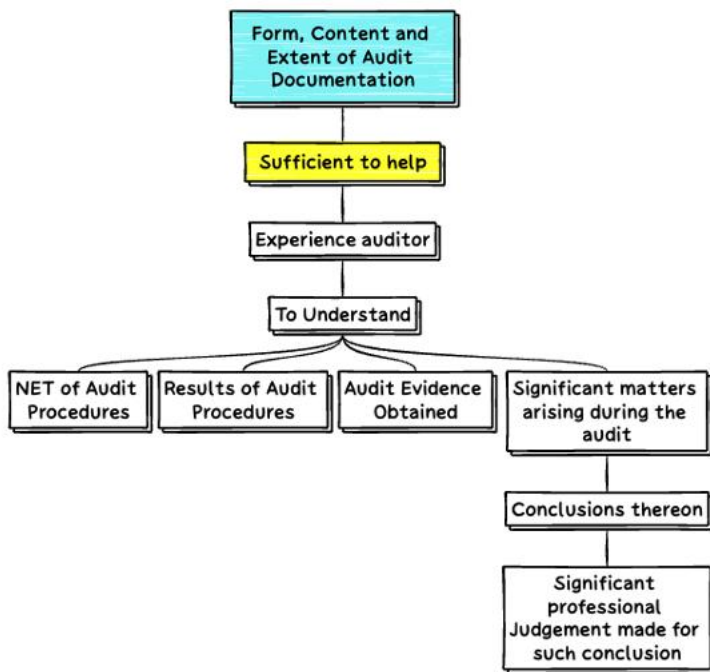
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Example - An audit being conducted for an Indian manufacturing company. The auditor documented that they Attended physical verification and a review of financial records for inventory valuation (Nature), this task was carried out immediately after the end of the financial year (Timing), and the entire inventory was covered (Extent). The audit results revealed that the inventory was overvalued because some obsolete stock had not been properly accounted for. This was a significant matter, and the auditor concluded that a revaluation of the inventory was necessary. In making this decision, the auditor used their professional judgment, taking into account the nature of the inventory and market conditions. All these details were clearly written in the documentation so that any experienced auditor could understand this audit and validate the auditor's decisions.

Experience Auditor

individual (whether internal or external to the firm)

who has practical audit experience

reasonable understanding

* Audit processes;

- * SAs and applicable legal and regulatory requirements;
- * The business environment in which the entity operates;
- * Auditing and financial reporting issues relevant to the entity's industry.



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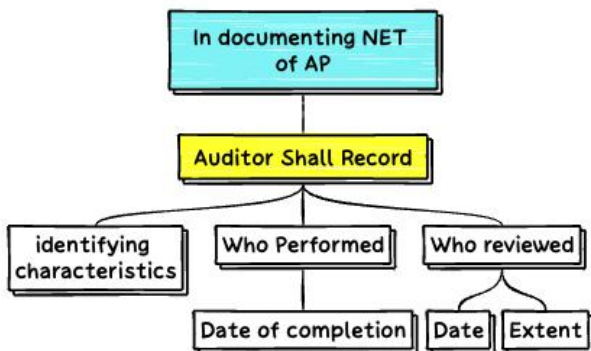
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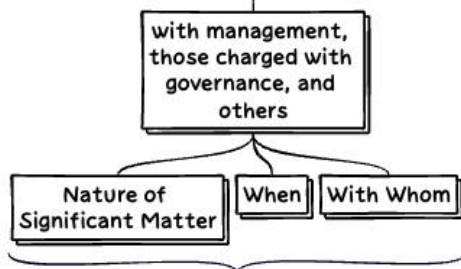


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Suppose an audit is being conducted for the financial transactions of a company. The auditor has documented that they tested some specific high-value transactions, for each of which the invoice number, date, and amount were recorded (Identifying Characteristics). Audit team member A performed this work, and it was completed on 15th October (Who performed and Completion Date). Senior auditor B reviewed this work, which was completed on 20th October, and the review focused on specific points (Who reviewed, Date and Extent of Review). Thus, the audit documentation maintains a clear, accountable, and traceable record.

Auditor shall document discussions of significant matters



If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency



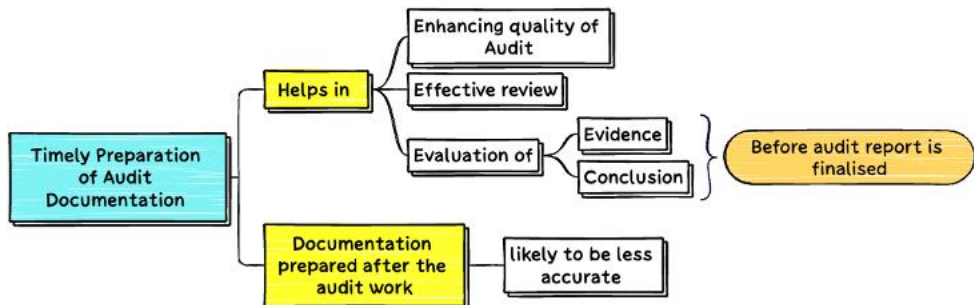
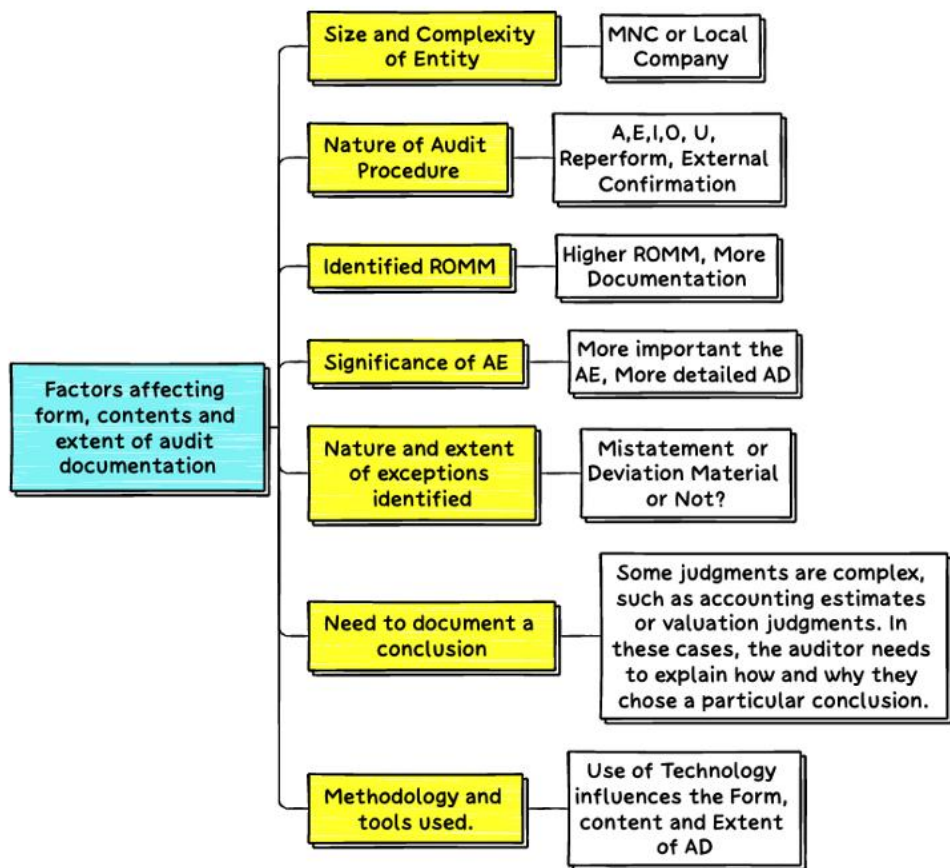
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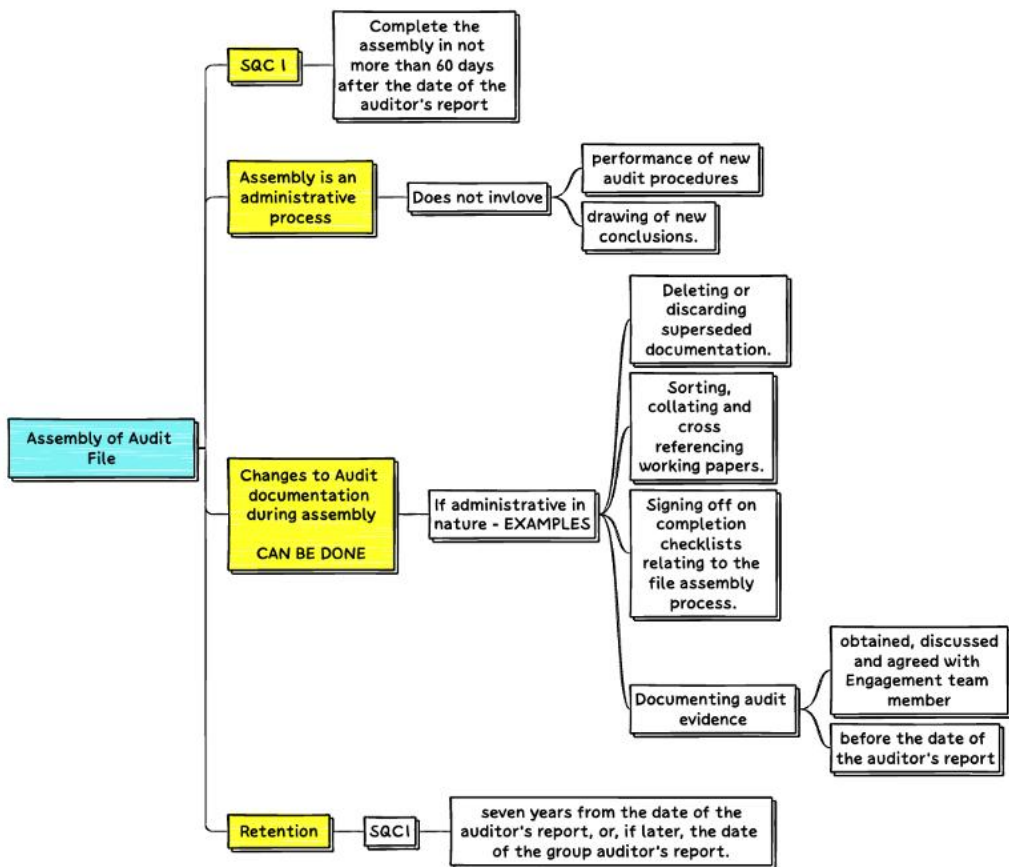
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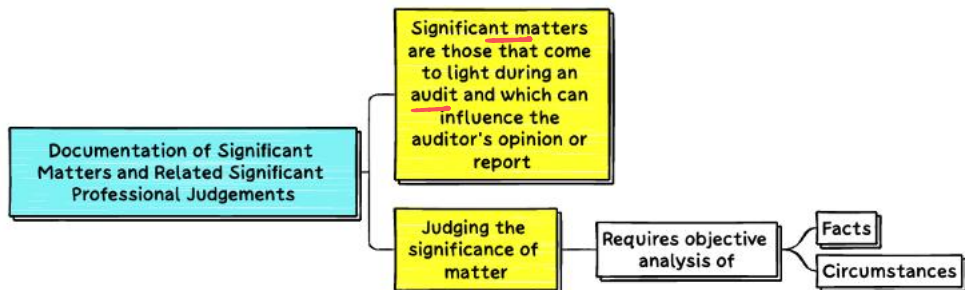
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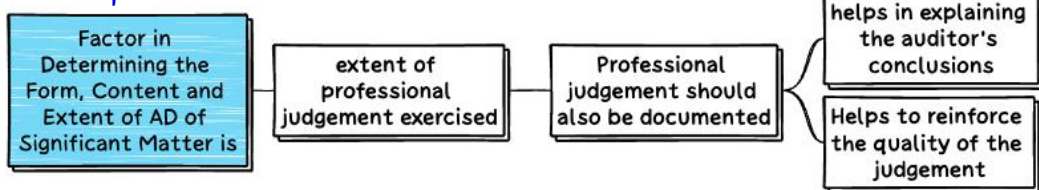
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An important



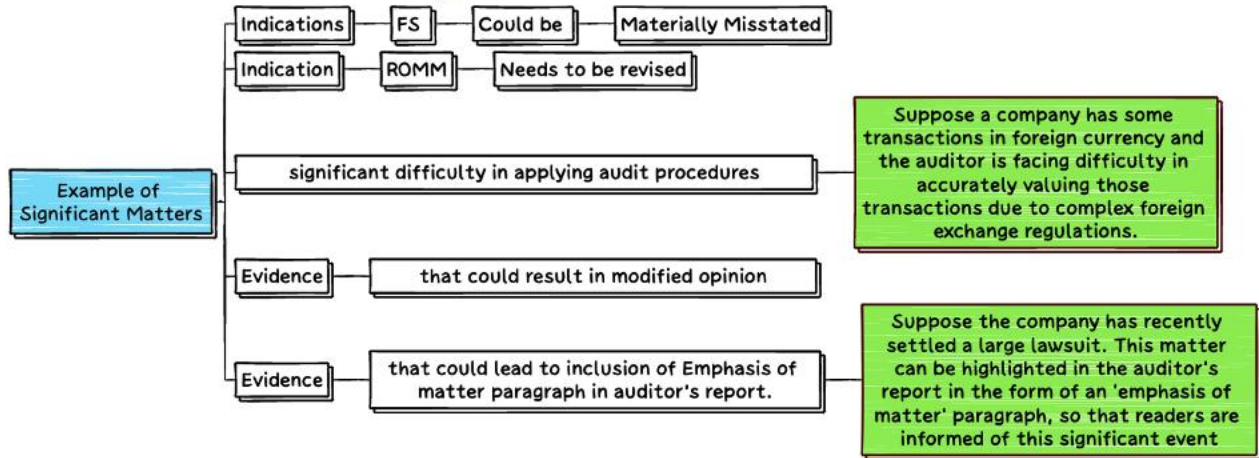
Examples For Understanding Only

helps in explaining the auditor's conclusions	<p>During an audit, the auditor may suspect the authenticity of a document, such as a sales contract or a property title deed. If certain conditions are encountered during the audit that indicate the document may not be authentic, the auditor conducts further investigation. This investigation might involve communicating with the source of the document or consulting external experts. The auditor will record all these details in their documentation, such as the type of investigation conducted, the kinds of evidence obtained, and why they concluded whether the document is authentic or not.</p>
	<p>Suppose a company has estimated the depreciation of a large asset in its financial statements. This estimation process is subjective and involves various judgments, such as the expected life of the asset and its residual value. The auditor needs to assess whether these estimates are reasonable or not. For this purpose, they look at market data, industry standards, and the company's past estimates. The auditor will write all these details in their documentation, making it clear how and why they concluded that these estimates are reasonable</p>
Helps to reinforce the quality of the judgement	<p>If the auditor, while analyzing a complex transaction, has referred to various accounting standards and past precedents, then the documentation will show that the decision-making process was well-informed and robust.</p>



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Matters giving Rise to Significant Risks





CLASS NOTES BY NEERAJ ARORA

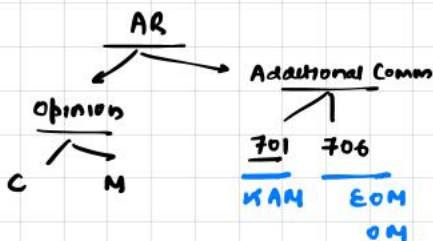
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@neerajaroraofficial



@neerajarora91



EOM - AR ?

FS - Matter - Auditor Users of FS

Disclosy



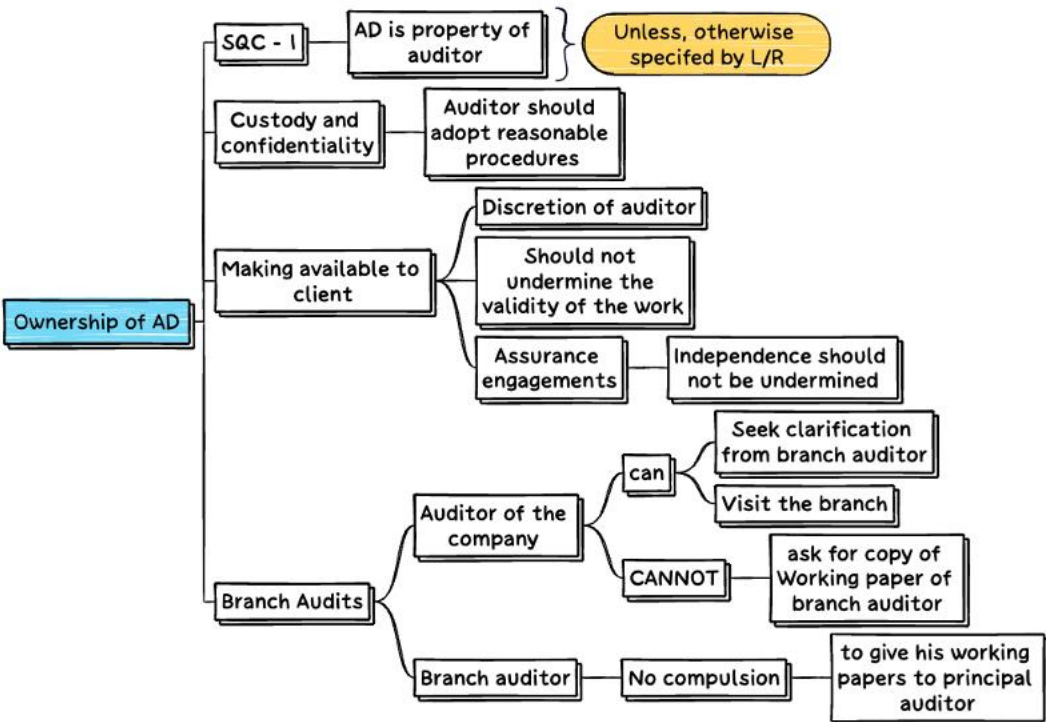
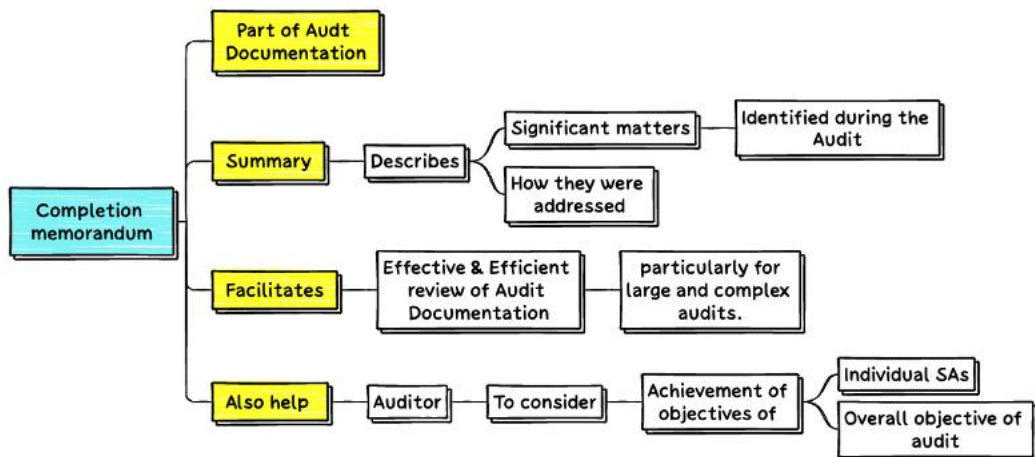
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