

SA 299 "JOINT AUDIT OF FINANCIAL STATEMENTS"

Requirements of SA 299

(a) Audit Planning, Risk Assessment and Allocation of Work

(1) Engagement Letter and WR

Joint auditors shall obtain **common** engagement letter and common management representation letter.

(2) Establishing of Audit Strategy

Joint auditors shall **jointly establish an overall audit strategy (common)** that sets the scope, timing and direction (STD) of the audit, and that guides the development of the audit plan.

(3) Development of Audit Plan

The joint auditors shall discuss and develop a **joint audit plan** to determine NTE of Audit procedures. (common)

In developing the **joint audit plan**, the joint auditors shall:

- (i) Ascertain the reporting objectives of the engagement to plan the timing of the audit. (Humara scope)
- (ii) Identify division of audit areas and common audit areas(GAJAB) amongst the joint auditors that define the scope of the work of each joint auditor; (mera scope)
- (iii) Ascertain the NTE of resources necessary to perform the engagement. (article)
- (iv) Consider in their professional judgment, are significant in directing the engagement team's efforts; (Kaam karvao)
- (v) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other or similar engagements performed earlier by the respective engagement partner(s) for the entity is relevant. (PEA ko yaad karo)

(4) Allocation Of Work

- After identification and allocation of work among the joint auditors, the work allocation document shall be signed by all the joint auditors and the same shall be communicated to TCWG of the entity.
- Documentation of allocation of work helps in avoiding any dispute or confusion which may arise among the joint auditors regarding the scope of work to be carried out by them.

(5) Assessment of ROMM (alag alag)

ROMM need to be considered and assessed by each of the joint auditors and shall be communicated to other joint auditors, whether pertaining to the overall F.S. level or to the area of allocation among the other joint auditors.

(6) Further Audit Procedures (Separate)

(7) Review (Not necessary/ Not required)

(8) Reporting (common audit report, Disagreement= Separate audit report)

(b) Responsibility and Co-ordination among Joint Auditors

(1) Responsibilities of Joint Auditors

- (i) In respect of audit work divided (& doc bhi likhna chaiye) among the joint auditors, each joint auditor shall be responsible only for the work allocated to such joint auditor including proper execution of the audit procedures.
- (ii) All the joint auditors shall be *jointly and severally responsible* for: (attiiii imp)
 - The audit work which is not divided among the joint auditors
 - Decisions taken by all the joint auditors under **audit planning**.
 - Matters which are brought to the notice of the joint auditors by any one of them and on which there is an agreement among the joint auditors;
 - Ensuring that the audit report complies with the requirements of the relevant statutes, the applicable Standards on Auditing and the other relevant pronouncements issued by ICAI.
 - Examining that the F.S. of the entity comply with the requirements of the relevant statutes;
 - Preparation of the F.S. as required by the applicable FRF; (Basic point)
- (iii) It shall be the responsibility of each joint auditor to determine the NTE of audit procedures to be applied in relation to the areas of work allocated to the said joint auditor. (thankyou)
- (iv) It is the individual responsibility of each joint auditor to study and evaluate the prevailing system of internal control and assessment of risk relating to the areas of work allocated to the said joint auditor. (thankyou again)

(2) Co-ordination among Joint Auditors (dusre ke kaam ka milla, comm. Karo)

Where, in the course of the audit, a joint auditor comes across matters which are relevant to the areas of responsibility of other joint auditors and which deserve their attention, or which require disclosure or require discussion with, or application of judgment by other joint auditors, the said joint auditor shall communicate the same to all the other joint auditors in writing (play safe) prior to the completion of the audit.

(c) Audit Conclusion and Reporting

(1) Reporting Requirement(common audit report, Disagreement= Separate audit report)

- Joint auditors are required to issue common audit report.
- However, in case of any disagreement among joint auditors with regard to the opinion or any matters to be covered by the audit report, they shall express their opinion in a separate audit report.
- A joint auditor is not bound by the views of the majority of the joint auditors regarding the opinion or matters to be covered in the audit report and shall express opinion formed by the said joint auditor in separate audit report in case of disagreement.

- In case of separate reports, the audit report issued by the joint auditor shall make a reference to the separate audit report(s) issued by the other joint auditor(s).
(Other Matter Paragraph)

(2) Review of work by other Joint Auditor (not necessary)

- Each joint auditor is entitled to assume that the other joint auditors have carried out their part of the audit work and the work has actually been performed in accordance with the SAS.
- It is not necessary for a joint auditor to review the work performed by other joint auditors or perform any tests in order to ascertain whether the work has actually been performed in such a manner.
- Each joint auditor is entitled to assume that the other joint auditors have brought to said joint auditor's notice any departure from applicable FRF or significant observations that are relevant to their responsibilities noticed in the course of the audit.

(3) Discussion of Conclusion (time pass)

Before finalizing audit report, the joint auditors shall discuss and communicate with each other their respective conclusions that would form the content of the audit report.

(d) Communication with TCWG (time pass)

- When the joint auditors expect to modify the opinion in the auditor's report, they shall communicate with TCWG the circumstances that led to the expected modification and the proposed wording of the modification to ensure compliance with SA 705.
- If the joint auditors expect to include an EOM or an OM paragraph in the auditor's report' the joint auditors shall communicate with TCWG regarding this expectation and the proposed wording of this paragraph to ensure compliance with SA 706.

Special Point- Audit Strategy vs Audit Plan

Audit Strategy= Audit (Overall audit strategy) (STD) (FIRST)

Audit Plan= NTE of Audit Procedures