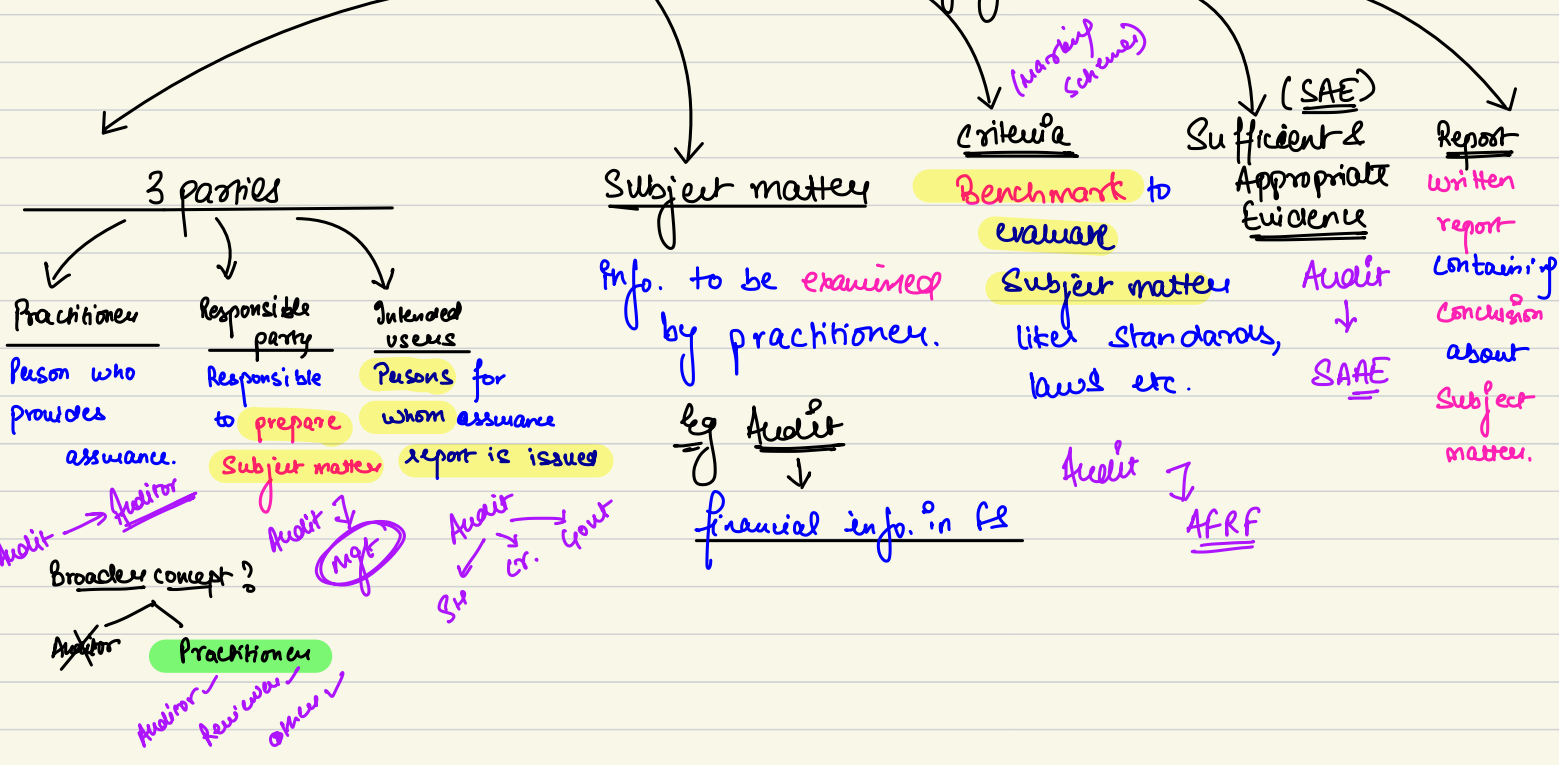
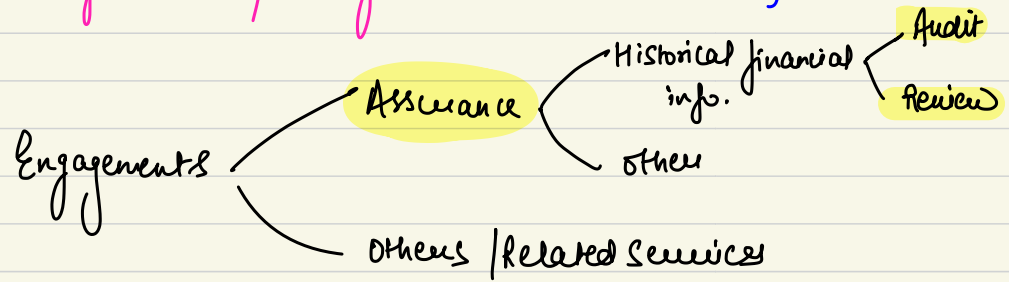


Elements of Assurance Engagement



Engagement: Agreement / Arrangement to do something



Assurance Engagement

Engg. in which:

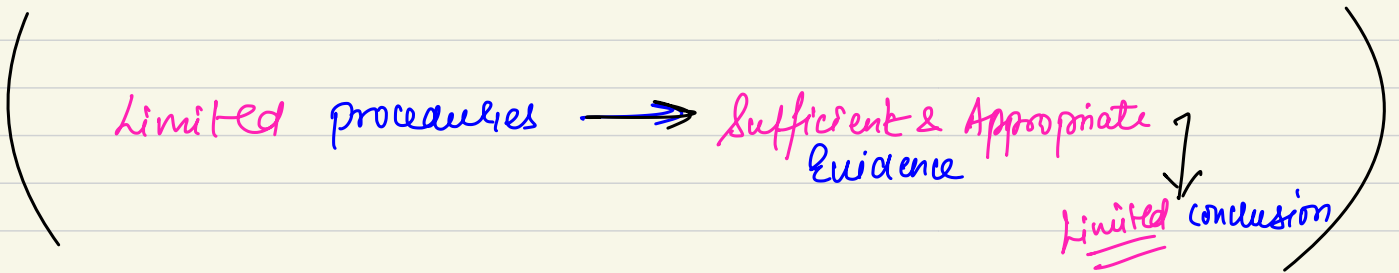
- Kya? • practitioner expresses conclusion
 - Kyu? • to enhance degree of confidence
 - Kiska? • of intended users (not responsible party)
 - Kaise? • about evaluation of subject matter against criteria.
- [yashi]*
 @ad support staff

Types of Assurance Engg.

Audit → Standards on Auditing (SA) → Reasonable Assurance
[High level]



Review → Standard on Review Engagement (SRE) → Limited Assurance
[Low level]
[Eg Qtr] Review [60 days] { Inquiry Analytical pro. }



Common?

Historical financial info (BS & P/L → info.)

• info. expressed in financial terms.

• derived from Acc system ABOUT Economic

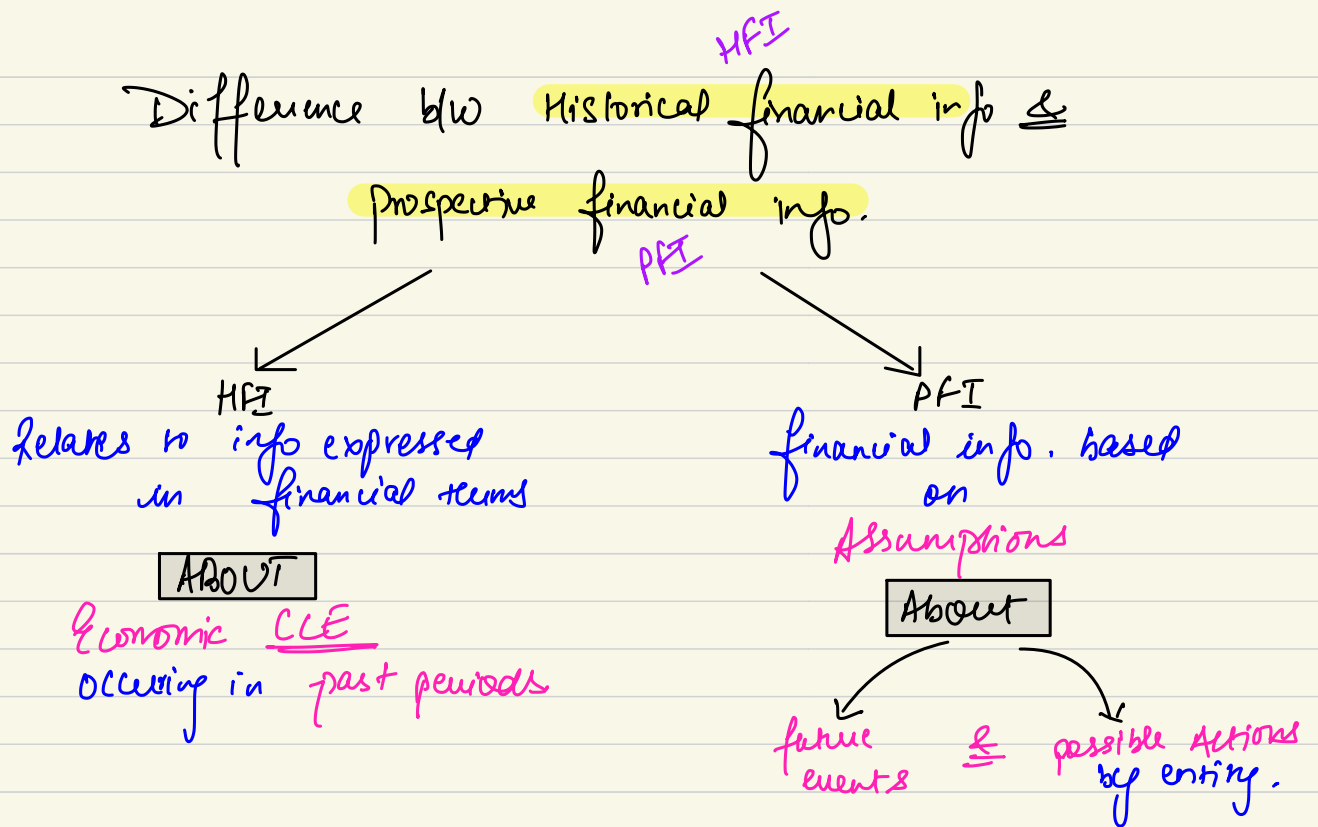
[B.S.]

[P/L]

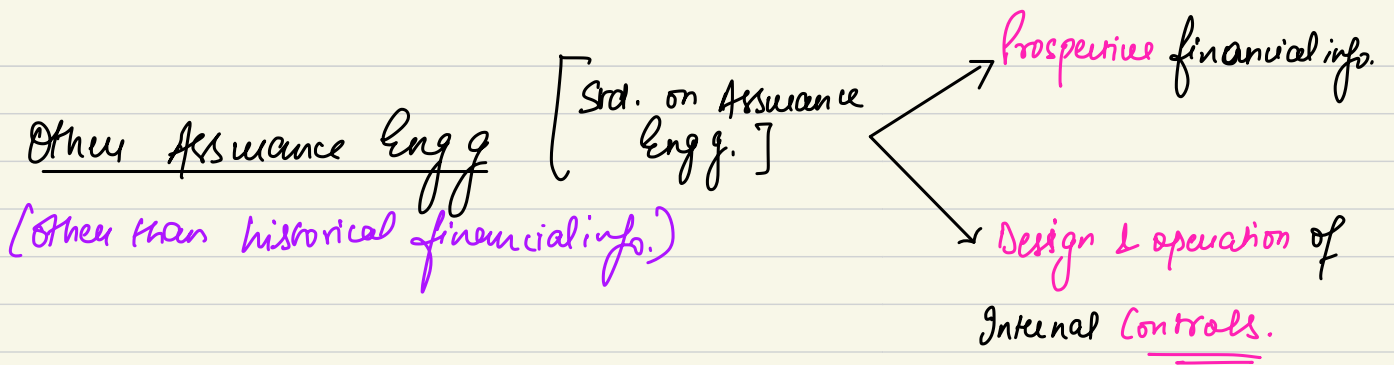
Conditions/circumstances at point in time in past

Events occurring in past time periods.

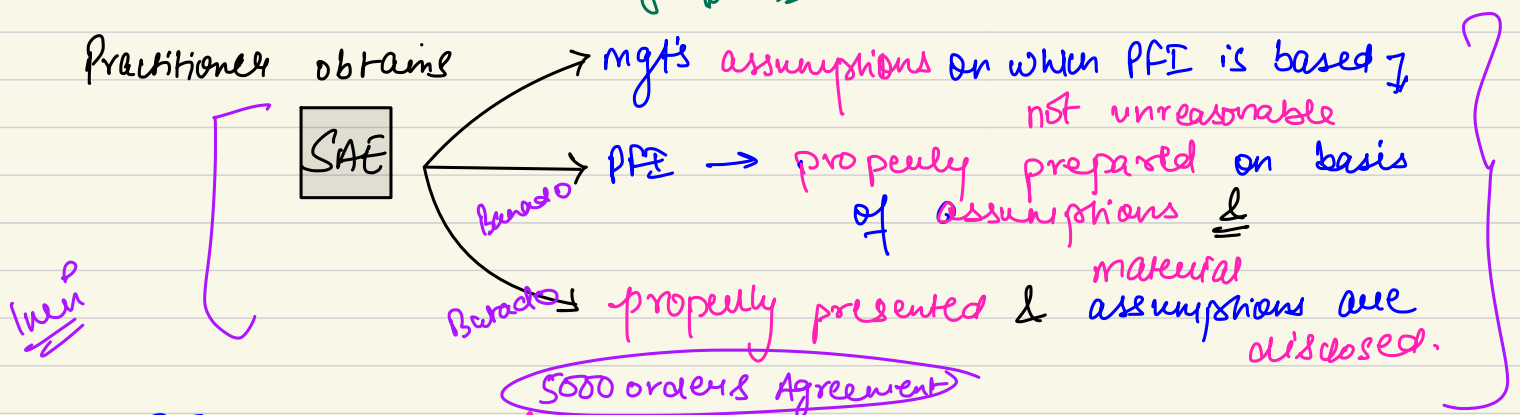
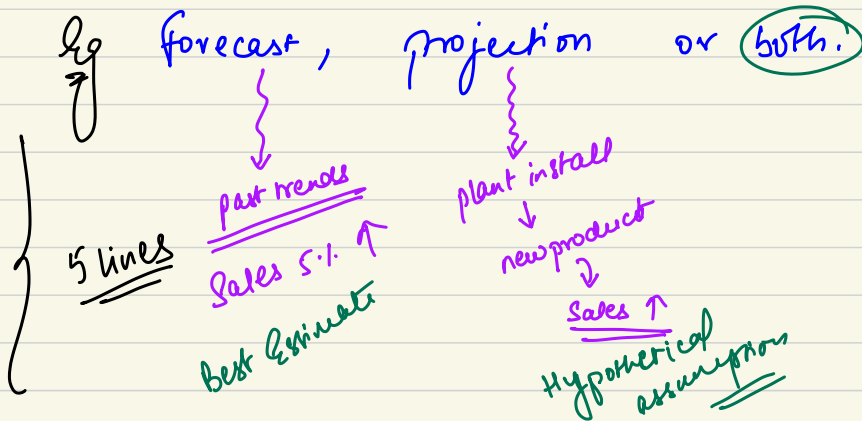
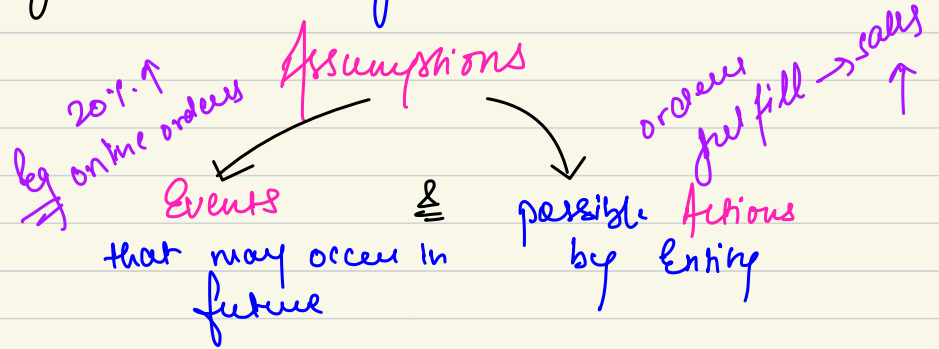
Info



Conclusion: HFI it is related in past events &
 PFI it is related to future events.



Prospective Financial Info. Financial info based on



• PFI relates to future events.

while evidence maybe available to support assumptions is also future oriented.

Rough

Report kaise karna?

① Assumptions thik hain

② Assumptions → galat nahi mila

Q Can auditor express opinion → Results of PFI achieved?

(No), Report → assuring → Nothing has come to his attention to suggest

assumptions are not reasonable.

↓
Moderate Assurance

Ans 19)

1. SAs apply in audit of HFI which is a reasonable assurance engg. whereas SRE apply in review of HFI which is L.A. engg. ③

2. HFI is info. expressed in financial terms, derived from ITC system about economic (CCE) circumstances, conditions or events occurred in past.

3. Audit is R.A. engg & objective is to reduce engg. risk to zero acceptably low level.

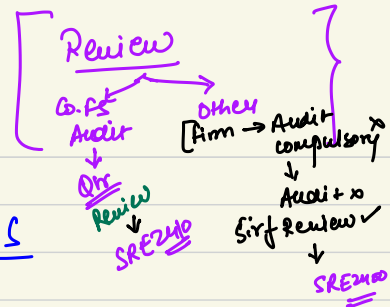
4. Review is L.A. engg & objective is reducing assurance engg risk to acceptable level in engg. circumstances.

Unani
@aarsupportstaff

5. SAs examples [SA 200 | 500 | 700]

6. SRE examples SRE 2400 Engg to Review HFS

SRE 2410 Review of Interim financial info by Independent auditor of entity.



Ans 20 Audit engg. it is assurance engg.

- However assurance engg. is not limited to audit.
- They also include review engg, engg to provide assurance on PFI, Internal controls of entity.

(Explain) Assurance engg. provides assurance to users.

• Difference is of degree.

• Audit provides R.A. which is high level of assurance,
Review provide L.A. which is lower level of assurance
compared to audit.

• There are also assurance engg which relate to matters other than HFI i.e. assurance on PFI & Internal controls of entity.

PFI

Practitioner obtains SAE to effect that:

- mgmt's assumption based on which PFI is prepared are not unreasonable.
- PFI is properly prepared on basis of assumptions &
- properly present & all material assumptions are disclosed.

Facts: (own summary)

Conclusion: Considering facts, Somaya is correct.