Compliance with Technical and Professional Standards

Organised by PEER REVIEW BOARD
Hosted by ICAI Nagpur Branch

CA Vijay Maniar

20 May 2025

ASA & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

Agenda

- Meaning of Technical and Professional Standards
- Frameworks:
  - Compliance
  - Fair Presentation
- Auditing Standards – brief overview

Technical and Professional Standards

- Accounting Standards
- Auditing Standards
- Guidance Notes
- Schedule III
- Applicable laws – Company Law etc
- Statements issued by ICAI
- Code of Ethics
- Any other publications of ICAI for members
- NFRA Standards and guidance ?

Frameworks

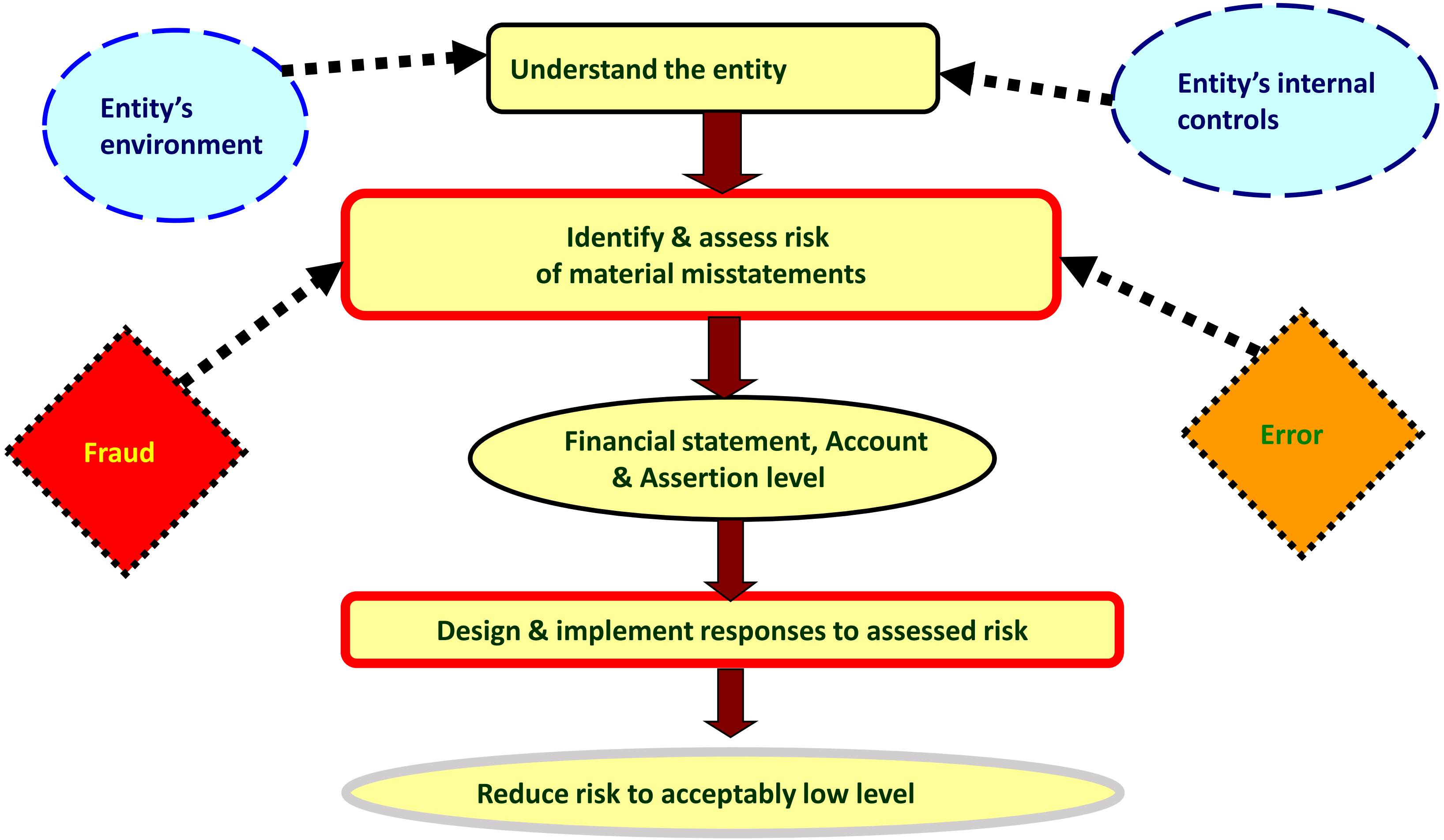
- Common Frameworks:
  - USGAAP
  - IFRS
  - India – Indian GAAP
  - IndAS
- Fair presentation framework
- Compliance Framework

OVERALL OBJECTIVE OF AUDIT

Overall Objectives

- **Objectives of the Auditor:** To obtain reasonable assurance about whether the financial statements as a **whole are free from material misstatement**, whether due to fraud or error, thereby enabling the auditor to express an opinion
- SA's establishes the independent auditor's overall responsibilities when conducting an audit of financial statements in accordance with the SAs.
- SA's contain objectives, requirements and application and other explanatory material that are designed to support the auditor in obtaining reasonable assurance.
- Require that the auditor exercise **professional judgment** & maintain **professional skepticism** throughout the planning and performance of the audit and, among other things:
  - **Identify and assess risks of material misstatement, whether due to fraud or error,** based on an understanding of the entity and its environment, including the entity's internal control.
  - **Obtain sufficient appropriate audit evidence** about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
  - **Form an opinion on the financial statements** based on conclusions drawn from the audit evidence obtained.

Objectives Of Audit



Key Standards on Auditing

- Documentation
- Identifying and Assessing Risk of Material Misstatement
- Materiality
- Planning an audit
- Audit Evidence
- Sampling
- External Confirmation
- Analytical Review
- Estimate Uncertainties
- Fraud
- Going Concern
- Relying on work of an expert
- Reporting and Conclusion

SA 230 : AUDIT DOCUMENTATION

Ground Rules for Audit Documentation

- *An Experienced Auditor* having no previous connection with the audit can understand:

  - ✓ Planned audit procedures and basis thereof
  - ✓ Nature, extent and timing of audit procedures performed
  - ✓ Results of the procedures performed, and evidence obtained
  - ✓ Significant findings or issues arising during the audit and conclusions reached
  - ✓ Significant professional judgements made in reaching those conclusions

NOT DOCUMENTED MEANS RELEVANT AUDIT PROCEDURES NOT PERFORMED

AND

TIMELY PREPARATION AND REVIEW IS CRITICAL

Experienced Auditor

Experienced auditor – An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of:

(i) Audit processes;

(ii) SAs and applicable legal and regulatory requirements;

(iii) The business environment in which the entity operates; and

(iv) Auditing and financial reporting issues relevant to the entity’s industry.

NFRA’s Observation – without getting into facts of the case

- Eleven instances of mismatches between WP ‘ITNL TPE Minutes March 2018’ (soft copy) and WP ‘ITNL TPE M18 (ppt)’ (hard file) were found.

- Lack of evidence of any analysis carried out by the Audit Firm, and no accompanying evidence, to support the management assumptions regarding Going Concern.

- WP ‘TPE Minutes’ did not include discussion on any fraud risks, while ‘Fraud Considerations Form’ dismisses any fraud risk, without even assessing presumed fraud risks.

- NFRA observed that Audit Strategy Memorandum contains the staggering conclusion, not supported by any evidence of substantive work being done.

- The WP only mentioned that Engagement Partner updated the team about the business risk, significant risk. However, there was neither documentation on such explanation of the background and functioning of the entity’s sector, nor any discussion about the major risks and the auditor’s audit procedures.

NFRA's Observation – without getting into facts of the case

- The WP "Management Representation note on NTBCL" referred by the Audit Firm is neither addressed to the Auditor nor is dated. Hence, such management representation is not acceptable.

- NFRA has observed that the reversal of ECL is not supported by any evidence in the Audit File.

- In respect of Loans, there was no evidence of samples verified, containing proper loan repayment schedule showing repayment amounts and due dates.

- The document "Tripartite Agreement" was dated 31st March (whereas in the Audit Firm's response it is stated as 29th March 2018). It is signed only by the Company and ITNL. It was not signed by the Original Lender and It did not contain any names of authorized signatories.

- There were no working papers in the Audit File to explain the reason for change in the estimated costs for projects, nor had the Auditor documented the revised agreement in support of change of scope of work, if any.

Takeaways from interpretations of SAs and CA Act by NFRA

- Neither be a watchdog nor a bloodhound – bark?
- Auditor has done, what is required to do under the Code of Ethics, Standards on Auditing (SAs) and under the legal provisions of the Companies Act, 2013 including CARO 2020 and other regulations governing the company
- Let audit documentation and audit report provide evidence that Auditor did what was required to do be done. Let them speak for themselves.
- Audit should not only be done but appear to have been done from the audit file
- Auditor should be in a position to send audit file to you and relax – judge from their behavior
- In case any query emanate from your review even after Auditor sending its audit file, he/she should be able to send a one para email or letter drawing attention to evidence in the audit file which you have missed out on – evaluate Auditors response to your query

Level of Audit Documentation

- Size and Complexity of client
- Identified risk of material misstatement
- Nature, Timing and extent of audit procedures performed
- Significance of audit evidence
- Nature and Extent of identified exceptions
- Audit methodology adopted and audit tools used
- Need to document
- Superseded or draft work papers
- How to demonstrate professional scepticism
- How to demonstrate planning, directing and supervision of audit

Overall Requirements

Audit Documentation should…

- Assist the team in planning, conducting and supervising the audit
- Enable the team to show its accountability and responsibility for work done
- Show who performed work and who reviewed the work
- Serve as record for future audits of the same entity
- Enable the conduct of quality control review and external inspections
- Document the auditor’s justification for a departure from key audit procedures and how alternative procedure carried out (example not attended inventory physical verification)

SA 315 :RISK OF MATERIAL MISSTATEMENT

Understanding Audit Risk

Audit Risk

Audit Risk = [Risk of material misstatement] X [Risk that the auditors fail to detect misstatement]

= Inherent Risk X Control Risk X Detection Risk

Inherent Risk : It is posed by an error or omission in financial statements due factors other than a failure of internal control

Control Risk : It arises due to absence or failure in the operation of relevant controls in the entity

Detection Risk : It occurs when an auditor fails to identify a material misstatement in the company's financial statement

Risk of Material Misstatement

- Risk that the financial statements of the client be materially misstated is defined as risk of material misstatement (ROMM). It is a function of inherent risk and control risk.

		Control risk	
Inherent risk		Rely on controls	Not rely on controls
	Low	Minimal	Moderate
	High	Low	High
	Significant Risk*	Special audit considerations	

*Significant Risk are inherent risk with a higher likelihood of occurrence and a higher likelihood of material misstatement.

* Fraud Risk

The Auditor shall give special audit considerations to Significant Risk including Fraud Risk .

- **Few Examples of ROMM at account level :**

Account Caption	Examples of few accounts	Inherent Risk	Rely on Control	ROMM	Remarks
Assets	Cash and cash Equivalents	↑	Y	**Low**	
Assets	Inventory	↑	Y	**High^**	^Concluded as High since inventory is classified in significant risk in the example
Liabilities	Share Capital	↓	Y	**Minimal**	
Income	Revenue	↑	N	**High**	Fraud Risk
Expenses	Other expenses	↓	N	**Moderate**	

ROMM At Assertion Level (B/S)

- Risk of Material Mis-statements at Assertion Level - Few examples of Balance Sheet Accounts:

Account balances	Existence	Rights and Obligations	Completeness	Valuation
Inventory	Inventory physically exists?	Entity has title over inventory?	All inventory are recorded?	Appropriately valued and adjustments recorded?
Cash and Bank balances	Cash exists in physical and bank balances confirmed?	Entity has right over the cash and bank account?	All cash and bank balances recorded?	As above
Equity Share Capital	Equity Shares have been issued?	Has all rights and obligations considered and disclosed	All approved issues and allotments have been recorded?	As above
Borrowings	Borrowings exists?	Valid Obligation?	All obligations have been recorded?	As above

- +++ Presentation and Disclosure

ROMM At Assertion Level (P/L)

- Risk of Material Mis-statements at Assertion Level - Few examples of Profit and Loss Accounts:

Account balances	Occurrence	Completeness & Classification	Measurement	Cut-off
***Sale of Goods / Services**	Has sales occurred? backed with actual deliveries	All revenue recognized is considered and recorded in proper account?	Sales have been measured correctly ?	Revenue recognized in correct period ?
Materials Consumed	Materials have been consumed? Cost recorded only for material consumed ?	Costs for all the material consumed & recorded in proper account?	Material consumption is accurately calculated and recorded ?	Expenses in the period of actual consumption ?
Other Expenses	Expense incurred? Valid expenses recorded?	All expenses incurred have been accounted and recorded in proper account?	Expenses have been correctly computed and recorded ?	Expenses in the correct period ?

- +++ Presentation and Disclosure

* Presumed fraud risk

Fraud Risk Assessment

- Fraud or Error – Intentional or Unintentional
- Professional skepticism
- Discussion amongst Team members
- What if Engagement Team believes that management and those charged with governance are honest and have integrity
- Inquires with Management, those charged with governance and Internal Auditors
- Revenue – presumed risk
- Journal entries
- Accounting Estimates
- Significant transaction outside the normal course of business
- If identified re-evaluate the risk assessment and nature, timing and extent of audit procedures

MATERIALITY – AN INTRODUCTION

Materiality In The Context Of An Audit

- **Financial reporting framework discuss 'materiality' in context of preparation & presentation of financial statements of financial statements**
  - Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could influence the economic decisions of users taken on the basis of the financial statements.
  - Judgments about materiality are affected by the **size or nature of a misstatement,** or a combination of both.
  - Auditor’s determination of materiality is a matter of **professional judgment** and is affected by the auditor’s perception of the financial information needs of users of the financial statements.
- **Auditor may assume that users:**
  - have reasonable knowledge of business & economic activities & accounting,
  - have willingness to study financial statement with reasonable diligence,
  - understand that financial statements are prepared, presented & audited to levels of materiality,
  - recognise inherent limitations in accounting estimates, judgements & consideration of future events,
  - make reasonable economic decisions based on information in financial statements.

Materiality – An Overview

What is the role of materiality in audit?

- Materiality helps in performing audit in the following manner:

Planning an audit

Performing an audit

Evaluating effect of identified misstatements on audit

Evaluating the effects of uncorrected misstatements on the financial statements.

Dealt by SA 320

Dealt by SA 450

(These evaluations will help in forming the opinion in the auditor's report)

How can an auditor calculate materiality while planning an audit?

- The auditor makes **judgments about the size of misstatements** that will be **considered material**.

For example: Following amounts are noted from the draft financial statements of a Company for 2023-24

- Profit before taxes = Rs. 10 crore
- Total revenues = Rs. 100 crore
- Total assets = Rs. 300 crore

The auditor may calculate the amount to be material as PBT X 5% = Rs. 50 lakhs

- What benchmark to use (PBT, total revenue, total assets, etc.) and the % to apply vary between entities and requires judgment of the auditor.
- This has been explained in more detail in the next few slides

SA 320 - MATERIALITY IN PLANNING AND PERFORMING AN AUDIT

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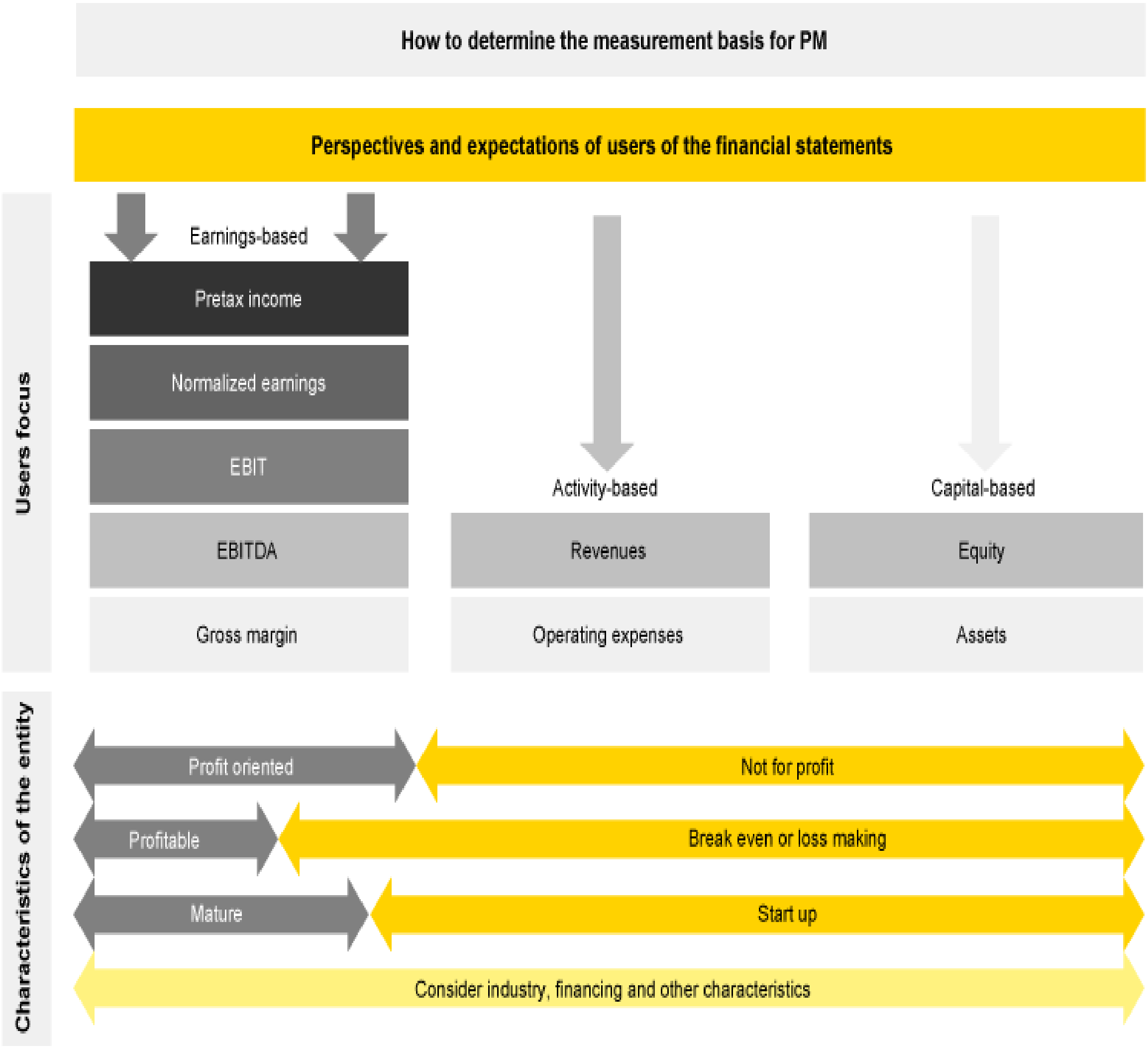
Performance Materiality (PM)

- **What is performance materiality?**
  - Performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole.
  - If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.

- **Is performance materiality set at less than materiality?**
  - Yes, the amount is set at less than materiality, because it reduces probability to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Determining The Basis Of PM



Particulars	Amount (Rs.) in lacs
Profit before tax	100
Includes following exceptional items	
Insurance claims received due to floods	5
Loss on sale of subsidiary	(10)

Measurement	Basis	Scenario 1 PBT Amount (Rs.)	Scenario 2 Normalized earnings * Amount (Rs.)
Materiality	5%	5	5.25
Performance Materiality #	50% of Materiality	2.5	2.625

* Normalized earnings are earnings which are adjusted to remove the effects of unusual or non-recurring transactions

in the example given above, it could be 60% of materiality amount i.e Rs. 60 lakhs. Again, the % to be taken basis the auditor's judgment depending on the risk of material misstatements.

PRACTICAL EXAMPLES (1/5)

Example 1 :

- The Company ABC Limited is a profit-making entity historically and until end of the last year.

- The auditor of the Company sets materiality based on the profit before tax of the Company. However, on account of COVID-19 and consequent lockdown in the 2nd week of March, the Company has suffered losses in the current year and the auditor needs to re-assess materiality again.

- Can auditor revise the amount of materiality as the audit progresses?

PRACTICAL EXAMPLES (1/5)

- **Response 1**
  - Yes, the auditor has to revise materiality in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.
  - If the auditor concludes that a lower materiality than that initially determined is appropriate, the auditor shall determine
    - whether it is necessary to revise performance materiality, and
    - whether the nature, timing and extent of the further audit procedures remain appropriate.

PRACTICAL EXAMPLES (2/5)

Example 2 :

- The auditor of Company ABC Limited have identified a misstatement during audit of related party transactions which is below the amount of materiality determined.
- How should the auditor document and deal with above situation

PRACTICAL EXAMPLES (2/5)

Response 2 :

- Materiality determined when planning the audit does not necessarily establish an amount below which uncorrected misstatements, individually or in aggregate, will always be evaluated as immaterial.
- Sometimes, even if the misstatements are below materiality, the circumstances related to those misstatements may cause the auditor to evaluate them as material.
- It may so happen that the value of transactions with the related parties in a Company would be less, however the significance of these transactions would be such that the impact of such misstatements on the financial statements cannot be ignored.
- Judgments about materiality are made in the light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.
- Accordingly, the auditor of ABC Limited should consider not only the size but also the nature of uncorrected misstatements, and the particular circumstances of their occurrence, when evaluating them as material and evaluating their effect on the financial statements

PRACTICAL EXAMPLES (3/5)

Example 3 :

- On verification of individual accounts of customers on a sample basis, the auditor of Company ABC Limited have identified errors in discount allowed to few customers, which is not material at the level of an individual customer

- What should be done?

PRACTICAL EXAMPLES (3/5)

Response 3 :

- The determination of materiality is not a simple mechanical calculation and involves the exercise of professional judgment.
- Materiality may have to be judged on a single item in relation to the group of assets and liabilities, e.g., for a single item of assets in the context of total assets and for a single item of liability in the context of total liability
- Hence in the current case, the auditor of Company ABC Limited should consider the effect of such aggregated impact based on his understanding of the entity updated during the performance of the risk assessment procedures and the nature and extent of misstatements identified in previous audits and thereby the auditor's expectations in relation to misstatements in the current period.

PRACTICAL EXAMPLES (4/5)

Example 4 :

- In the 1st year of audit, the auditor of Company ABC Limited identified no misstatements during the audit.
- In the 2nd year, their audit differences contained a number of small errors related to the processing of routine classes of transactions. These errors were corrected by the entity. They occurred because of a change in IT systems in that period.
- In the 3rd year, the management has resolved these problems and does not expect to encounter a similar level of misstatements. Can the auditor set higher PM in the 3rd year of audit which is about to begin?

PRACTICAL EXAMPLES (4/5)

Response 4 :

- The auditor of the Company ABC Limited should first assess as to whether or not these problems have been resolved.
- In case this is concluded by the auditor by undertaking auditing procedures that the Company has taken steps to rectify reasons based on which errors/misstatements identified in the prior period have been addressed and will not recur in the current period, they may consider to set a higher PM for the 3rd year of audit.
- A well-structured control environment with a good segregation of duties, experienced and knowledgeable staff, and appropriate governance bodies responsive to internal control issues, reduces the likelihood of misstatements and may support setting the PM at a higher threshold

PRACTICAL EXAMPLES (5/5)

Example 5 :

- The auditors of Company ABC Limited have come across a situation during the course of audit where significant transactions have taken place in the Company due to introduction of a new line of business. The auditors have applied the concept of materiality on the financial statements as a whole.
- Can they re-evaluate the materiality concept for these transactions?

PRACTICAL EXAMPLES (5/5)

Response 5 :

- Yes, the auditor can re-evaluate the materiality concepts after considering the necessity of such revision.
- The auditor can revise the materiality for the financial statements as a whole or for particular class of transactions, if during the course of the audit they become aware of such information which if he would have known during the planning phase, it could have caused him to determine a different amount of materiality.
- In the current case, the auditor should re-assess the materiality concept based on the information collected during the course of the audit.

SA 450 - Evaluation Of Misstatements Identified During The Audit

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Evaluation Of Misstatements Identified During An Audit (1/3)

- **Misstatement**
  - A difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
  - Misstatements can arise from error or fraud

- **Uncorrected misstatements:**
  - Misstatements that the auditor has accumulated during the audit and that have not been corrected

Evaluation Of Misstatements Identified During An Audit (2/3)

- **Evaluating effect of identified misstatements on audit:**

Accumulate misstatements identified during the audit (other than those that are clearly trivial)

Do the nature of identified misstatements and the circumstances of their occurrence **indicate that other misstatements may exist that, when aggregated with misstatements accumulated during the audit, could be material?**

OR

Has aggregate of misstatements accumulated during the audit **approached materiality** determined in accordance with SA 320?

Yes

Communicate all misstatements accumulated during the audit and request management to correct those misstatements.

- **If management corrects misstatements that were detected, perform additional audit procedures to determine whether misstatements remain**

- **If management refuses to correct some or all misstatements**
  - obtain an understanding of management's reasons for not making the corrections and
  - evaluating the effect of uncorrected misstatements on the financial statements

Evaluation Of Misstatements Identified During An Audit (3/3)

- **Evaluating effect of uncorrected misstatements on the financial statements:**

Reassess materiality determined in accordance with SA 320 (Prior to evaluating the effect of uncorrected misstatements)

Determine whether **uncorrected misstatements are material**, individually or in aggregate.

Factors to consider

- Size & nature of misstatements.
- Particular circumstances of occurrence of misstatement.
- Effect of uncorrected misstatements related to prior periods.

Misstatements

Types of Misstatements:

- Factual Misstatement
- Judgemental Differences
- Projected Misstatement

Documentation shall include:

- The amount below which misstatements would be regarded as clearly trivial;
- All misstatements accumulated during the audit and whether they have been corrected; and
- The auditor's conclusion as to whether uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion.

Should We Look At Items Below Materiality

- Auditors may look at items below materiality set if:
  - Affects compliance with regulatory requirements;
  - Compliance with debt covenants or other contractual requirements; ·
  - Relates to the incorrect selection or application of an accounting policy that is likely to have a material effect on future periods' financial statements;
  - Affects segment information presented in the financial statements
  - Increasing management compensation,
  - Relates to RPTs

Working Papers

- Audit working papers must include

Appointment Formalities

SQC/ Risk Management

- Client Background Check/ KYC
- Client/ Engagement Acceptance Decision checklist
- Engagement Risk Categorisation
- Signed Independence confirmation from Partners and team

Companies Act

- Board/ Shareholders Approval
- Intimation to the auditor
- Communication with previous auditor (NOC)
- Audit Acceptance
- Form ADT-1
- Signed Engagement Letter

Timing and dating of above key documents are critical

Audit Planning

- ✓ Audit planning memorandum (scope, client business and industry understanding, performance, audit team composition, etc)
- ✓ Analytics between current and previous year – At planning level
- ✓ Materiality determination and basis thereof
- ✓ Identification of Significant Risks, Fraud Risks at the assertion level
- ✓ Audit strategy (assertions to be tested, control and/ or substantive approach)
- ✓ Budgeted man-hours
- ✓ Minutes of Team planning meeting and Client kick-off meeting

Execution

- Audit Program
- Lead Sheets
- Lead Memo
- Work Done on Information Provided by Client
- Analytical Procedures based on expectation built by the team
- Basis and selection of Samples
- Control testing (process, RCM, walkthrough and Test of Controls IT and manual)
- Substantive testing (Test of Details, Cut-off testing, analytical)
- Confirmation procedures
- Specific/Alternate procedures
- Significant judgements and basis thereof
- Consultations
- Comments and involvement of EQR
- Observation & Conclusion

Other Procedures and Documentation thereof

- Disclosures – Mandatory and those assisting users in reading the FS
- Related Party Transactions
- Corporate Governance/ Other Information
- IT Testing
- Going Concern
- Review of Secretarial Documents
- Litigation and claims
- Law and Regulations
- Use of Internal Audit and other Auditors
- Audit of Estimates

Completion and Reporting

- Reassessment of planned audit procedures
- Significant Issues and Conclusion
- Management Representation Letter
- Subsequent Events
- Communication with TCWG
- Work on Audit Reporting (like CARO)
- Deliverables

Going Concern

Reference – SA 570

- Planning stage – Auditor's risk assessment on Going Concern based on preliminary analytical review and inquiries with the management, planned procedures on Going Concern
- Execution – Workpaper on evaluation of management's assessment and additional procedure when events or conditions leads material uncertainty on going concern
- Reporting – Workpaper on auditor's conclusion on going concern
- Memo/ minutes of Communication with TCWG, internal reviews by quality reviewer, etc (wherever applicable)

Review of Secretarial Documents

- Minutes of meeting with Company Secretary or consultant handling the secretarial matters to understand the applicable compliances and any non-compliances reported

- Synopsis of all meeting minutes (BOD, AC, shareholders, etc) and its impact on audit procedures

- Whether minutes is in line with the discussions at the meetings attended by the auditor

Merely putting copies of meeting minutes in audit file will result in no audit work

Litigations and Claims/ Law and Regulations

Reference – SA 501

- Memo on auditor's understanding of key laws and regulations applicable on the entity, on-going litigations and legal cases
- Minutes of meeting with management on their process to identify and handle the non-compliances with laws and regulations and any legal cases.
- Completeness of litigation
- Seeking independent and direct opinion from entity's legal consultants
- Internal/External consultations
- Workpaper documenting the audit procedures done, auditor's independent assessment of possible outcome of legal cases (High, Medium and Low risks) and appropriates of treatment made in the financial statements

Audit Estimates

Reference – SA 540, AS 29 and IND-AS 8

- Memo on auditor's understanding of Company's key estimates,
- Auditor's risk assessment on estimates
- Assumptions used in the estimates and basis of concluding its reasonableness and validating assumptions or otherwise
- Working to arrive the estimated amount
- Whether it is in line with auditors estimate

Consultations

Reference – SQC 1

- Matters on which consultation was done – (Accounting, Auditing, Reporting)
- Facts communicated
- Conclusion of the consultation team
- If agreed by the ET, how implemented
- If not agreed by the ET how resolved
- If policy of the firm mandates consultation on certain matter but not done by ET reason thereof

Significant Issues and Conclusion

- **What are significant Issues ?**

  - Business risks, entity level risks and assertion level risk assessed as significant risks or fraud risk at planning stage
  - Key legal cases, litigations, estimates
  - Critical accounting or audit matter identified during execution
  - Matter on which consultation sought by audit team
  - Issue resulting in qualification in audit report

- Working note for each of significant issues (facts, issue involved, engagement team's assessment, EQR or technical reviewer's views, client's response, if any and conclusion)

Management Representation Letter

Reference – SQC 1

- **Oral explanations?**
- **Note that MRL is not a substitute or replacement of any mandatory audit procedure or audit evidence.**
- Date of MRL
- Every audit firm should have the standard MRL aligned with all matters specified in SA 580. In addition, any key matters confirmed/ replied by the management during the audit should be included in the MRL.
- Obtain and document the MRL signed by the management (ideally by Director and CFO)

Communication with TCWG

Reference – SA 260, SA 265

- Auditor should communicate with TCWG on timely basis and in writing (SA 260 specific the minimum matter to be communicated with TCWG at planning and concluding stage of audit).
- Minutes of meetings with TCWG and depository of all communication made to them (like observation letter, etc)

Audit Reporting and Deliverables

- **Audit Reporting**
  - Checklist on CARO reporting along with cross referencing of all evidences obtained
  - Working note for each comment/ qualification made in the audit report (facts, issue involved, engagement team's assessment, EQR or technical reviewer's views, client's response and conclusion)
  - KAM – Basis of inclusion, completeness and ensuring all documentations around procedures

- **Deliverables**
  - Reviewed set of deliverables – by manager, partner and quality reviewer, if applicable
  - Depository of all signed deliverables like audit report, financial statements, certificates, etc

Engagement Documentation – Completion and Archival

Policies and procedures for engagement teams to complete the assembly of engagement files on a timely basis post the issuance of engagement reports

- In case of audit normally 60 days

- When two or more reports are issued? Eg as component auditor and as statutory auditor on a stand-alone basis

Thank You