Final Course
Study Material
(Modules 1 to 3)

Paper 3

Advanced Auditing, Assurance & Professional Ethics

Module – 1

(Relevant for May, 2027 and onward Examinations)

BOARD OF STUDIES(ACADEMIC)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

© The Institute of Chartered Accountants of India

This Study Material has been prepared by the faculty of the Board of Studies(Academic). The objective of the Study Material is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarification or have any suggestion for further improvement of the material contained herein, they may write to the Joint Director, Board of Studies(Academic).

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the Study Material has not been specifically discussed by the Council of the Institute or any of its committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

Permission of the Institute is essential for reproduction of any portion of this material.

© THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior permission, in writing, from the publisher.

Basic draft of this publication was prepared by by CA. (Dr.) Rashmi Goel.

Edition	:	September, 2026
Committee/Department	:	Board of Studies (Academic)
E-mail	:	bosnoida@icai.in
Website	:	www.icai.org
Price	:	₹ /- (For All Modules)
ISBN No.	:	978-93-80092-03-4
Published by	:	The Publication Directorate on behalf of The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi 110 002 (India)
Printed by	:	

BEFORE WE BEGIN.....

Evolving Role of a CA. - Shift Towards Strategic Decision Making

The role of a chartered accountant is evolving continually to assume newer responsibilities in a dynamic environment. There has been a notable shift towards strategic decision making and entrepreneurial roles that add value beyond traditional accounting and auditing. The causative factors for the change include globalisation leading to increase in cross border transactions and consequent business complexities, significant developments in information and technology and financial scams underlining the need for a stringent regulatory set up. These factors necessitate an increase in the competence level of chartered accountants to bridge the gap in competence acquired and competence expected from stakeholders. Towards this end, the scheme of education and training is being continuously reviewed so that it is in sync with the requisites of the dynamic global business environment; the competence requirements are being stepped up to enable aspiring chartered accountants to acquire the requisite professional competence to take on new roles.

Skill Requirements at Final Level

Under the Revised Scheme of Education and Training, at the Final Level, you are expected to apply the professional knowledge acquired through academic education and the practical exposure gained during articleship training in addressing issues and solving practical problems. The integrated process of learning through academic education and practical training should also help you inculcate the requisite technical competence, professional skills and professional values, ethics and attitudes necessary for achieving the desired level of professional competence.

Auditing – Core and Practical Subject

Auditing has been conceived of to provide a highly useful technical service to the economy to know performances in financial and other appropriate terms in a reliable manner. It is needless to say that multitudes of significant decisions in the economic society are taken based on the financial information and, therefore, ensuring reliability of such information is an imperative necessity. Audit is a subject that requires a lot of quick and logical application of mind to answer practical problems. It is one of the most practical-oriented subjects in the C.A. curriculum. This paper aims to provide knowledge of generally accepted auditing procedures and of techniques and skills needed to apply them in audit engagements. A good knowledge of the subject would provide a strong foundation to

© The Institute of Chartered Accountants of India

students while pursuing the Chartered Accountancy course. A good understanding of the theoretical concepts, particularly in the context of auditing standards would make practical training an enriching and enjoyable experience. While studying this paper, students are advised to integrate the knowledge acquired in other subjects in a meaningful manner along with practical training. Such learning would only help a student to become a better professional.

Know your syllabus and Study Material

The Study Material of Advanced Auditing, Assurance and Professional Ethics subject has been designed having regard to the needs of home study and distance learning students. The study material deals with the conceptual theoretical framework in detail. In each chapter, the topic has been covered in a step-by-step approach. The text has been explained, where appropriate, through illustrations, diagrams, tables, flowcharts, screenshots etc. You should go through the chapter carefully, ensuring that you understand the topic and then test your knowledge by attempting a question.

The Study Material has been divided into nineteen chapters in line with the syllabus and further bifurcated into three modules for the easy handling and convenience of students. For bare text of Guidance Notes and Auditing Standards, the students are advised to refer the "Auditing Pronouncements" which has been webhosted on the BOS Knowledge Portal by the Board of Studies. For understanding the coverage of the syllabus, it is important to read the study material along with the Study Guidelines.

Framework of Chapters – Uniform Structure Comprising of Specific Components

Efforts have been made to present each topic of the syllabus in a lucid manner. Care has been taken to present the chapters in a logical sequence to facilitate easy understanding by the students.

Structure of the Study Material

The content for each chapter/unit at the Final level has been structured in the following manner –

S. No.	Components of Each Chapter	About the Component
1.	**Learning Outcomes**	Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of each chapter/unit. Demonstration of these learning outcomes would help you to achieve the desired level of technical competence.
2.	**Chapter Overview**	As the name suggests, this chart/table would give a broad outline of the contents covered in the chapter.

© The Institute of Chartered Accountants of India

3.	**Beginning with a Story**	After Chapter Overview in flowchart, importance of the Chapter and key points to make the Chapter interesting are explained in the form of Story.
4	**Introduction**	A brief introduction is given at the beginning of each chapter/unit which would help you get a feel of the topic.
5.	**Content**	The concepts and provisions of law/standard are explained in student-friendly manner with the aid of Examples / illustrations/diagrams/flow charts. These value additions would help you develop conceptual clarity and get a good grasp of the topic. Diagrams and Flow charts would help you understand the concept/provision in a better manner. Illustrations would help you understand the application of concepts/provisions.
6.	**Test Your Understanding**	Test your Understanding feature is also newly added feature. With the help of this feature student can test their understanding and refer the answer given after the end of the Chapter.
7.	**Key Takeaways**	This feature summarise the Key Takeaways for revision purpose.
8.	**Exercise Questions with Case Study/ Case Scenario / Test Your Knowledge**	Exercising questions and answers would help you to apply what you have learnt in problem solving. In effect, it would sharpen your application skills and test your understanding as well as your application of concepts/provisions.

Though all efforts have been taken in developing this Study Material, the possibilities of errors / omissions cannot be ruled out. You may bring such errors / omissions, if any, to our notice so that the necessary corrective action can be taken.

We hope that the student-friendly features in the Study Material makes your learning process more enjoyable, enriches your knowledge and sharpens your application skills.

Happy Reading and Best Wishes!

© The Institute of Chartered Accountants of India

SYLLABUS

PAPER 3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(One Paper – Three hours 100 Marks)

Objective:

(a) To gain the ability to analyse current auditing practices and procedures and apply them in auditing engagements.

(b) To develop the ability to solve cases relating to audit engagements.

Contents:

1. Quality Control

SQC 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements

SA 220 Quality Control for an Audit of Financial Statements

2. General Auditing Principles and Auditors Responsibilities

SA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

SA 250 Consideration of Laws and Regulations in an Audit of Financial Statements

SA 260 Communication with Those Charged with Governance

SA 299 Joint Audit of Financial Statements

SA 402 Audit Considerations Relating to an Entity Using a Service Organisation.

(Note: Content of SA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing; SA 210 Agreeing the Terms of Audit Engagements and SA 230 Audit Documentation is covered in depth at Intermediate level. Thus, application part of above SAs may be discussed in the form of Case Study at Final level.)

3. Audit Planning, Strategy and Execution

SA 300 Planning an Audit of Financial Statements; (Content is covered in depth at Intermediate level, therefore, application part of SA 300 may be discussed in the form of Case Study at Final level.)

© The Institute of Chartered Accountants of India

SA 450 Evaluation of Misstatements identified During the Audit

SA 520 Analytical Procedures

SA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures

SA 610 Using the Work of Internal Auditors

SA 620 Using the Work of an Auditor's Expert

4. Materiality, Risk Assessment and Internal Control

Evaluation of Internal Control Procedures; Components of Internal Controls; Internal Control and Risk Assessment; auditor's response to assessed risks; Risk-Based Audit- Audit Risk Analysis; Reporting on Internal Control Weaknesses, Framework on Reporting of Internal Controls.

SA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.

SA 330 The Auditor's Responses to Assessed Risks

(Note: Content of SA 315 Identifying and Assessing the Risk of Material Misstatement through Understanding the Entity and its Environment and SA 320 Materiality in Planning and Performing an Audit is covered in depth at Intermediate level. Thus, application part of above SAs may be discussed in the form of Case Study at Final level.)

5. Audit Evidence

(Note: Content of SA 500 Audit Evidence; SA 501 Audit Evidence - Specific Considerations for Selected Items; SA 505 External Confirmations; SA 510 Initial Audit Engagements – Opening Balances; SA 530 Audit Sampling & SA 550 Related Parties is covered in depth at Intermediate level. Thus, application part of above SAs may be discussed in the form of Case Study at Final level.)

6. Completion and Review

(Note: Content of SA 560 Subsequent Event; SA 570 Going Concern and SA 580 Written Representation is covered in depth at Intermediate level. Thus, application part of above SAs may be discussed in the form of Case Study at Final level.)

7. Reporting

SA 700 Forming an Opinion and Reporting on Financial Statements

SA 701 Communicating Key Audit Matters in the Independent Auditor's Report

SA 705 Modifications to the Opinion in the Independent Auditor's Report

SA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

© The Institute of Chartered Accountants of India

SA 710 Comparative Information – Corresponding Figures and Comparative Financial Statements

SA 720 The Auditor's Responsibility in Relation to Other Information

8. Specialised Areas

Basic and Overview of SA 800 Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

Basic and Overview of SA 805 Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

Basic and Overview of SA 810 Engagements to Report on Summary Financial Statements

9. Related Services

Basic and Overview of SRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information

Basic and Overview of SRS 4410 Compilation Engagements

10. Review of Financial Information

Basic and Overview of SRE 2400 Engagements to Review Historical Financial Statements

Basic and Overview of SRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity

11. Prospective Financial Information and Other Assurance Services

Basic and Overview of SAE 3400 The Examination of Prospective Financial Information

Basic and Overview of SAE 3402 Assurance Reports on Controls at a Service Organisation

Basic and Overview of SAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

12. Digital Auditing and Assurance

Auditing digitally and Digital auditing, Usage of Automated Tools such as CAAT, Data Analytics, Artificial Intelligence, etc., Remote Auditing.

13. Group Audits

Audit of Consolidated Financial Statements - Responsibility of Parent Company, Auditor of the Consolidated Financial Statements; Audit Considerations - Permanent Consolidation, Current Period Consolidation; Reporting.

Audit of Group Financial Statements including the work of Component Auditors,

SA 600 Using the Work of Another Auditor

© The Institute of Chartered Accountants of India

14. Special Features of Audit of Banks & Non-Banking Financial Companies

15. Overview of Audit of Public Sector Undertakings

Concept of Propriety Audit; Performance Audit; Comprehensive Audit.

16. Internal Audit

Provisions of Internal Audit as per Companies Act, 2013; Scope of Internal Auditing; Relationship between Internal and External Auditor; Basics of Internal Audit Standards issued by the ICAI; Drafting of Internal Audit Report; Audit Trail, Internal Audit as a Management Function.

17. Due Diligence, Investigation and Forensic Accounting

Due Diligence Review; Audit versus Investigation; Steps for Investigation; Types of Investigation; Procedure, Powers, etc. of Investigator; Types of Fraud, Indicators of Fraud, Follow-up thereof; Forensic Accounting- meaning, difference between Statutory Audit and Forensic Accounting, Forensic Accounting and Investigation Report, Introduction of Forensic Accounting and Investigation Standards

18. Emerging Areas: Sustainable Development Goals (SDG) & Environment, Social and Governance (ESG) Assurance etc.

19. Professional Ethics and Liabilities of Auditors

Introduction of Code of Ethics as per IESBA and Code of Ethics with special reference to the relevant provisions of the Chartered Accountants Act, 1949 and the Regulations thereunder; Application of Fundamental Principles; Application of Threats, Evaluation of Threats; Addressing Threats and Safeguards; Conceptual Framework; Important Provisions of Chartered Accountants Act,1949 and Chartered Accountants Regulations 1988.

Note: *If any new legislations / Engagement and Quality Control Standards/ Guidance Notes/ Statements are enacted in place of the existing legislations / Engagement and Quality Control Standards / Guidance Notes / Statements, the syllabus will accordingly include the corresponding provisions of such new legislations / Engagement and Quality Control Standards / Guidance Notes /Statements, with effect from the date to be notified by the Institute.*

Similarly, if any existing legislations / Engagement and Quality Control Standards/ Guidance Notes /Statements ceases to be in force, the syllabus will accordingly exclude such legislations/ Engagement and Quality Control Standards/ Guidance Notes / Statements with effect from the date to be notified by the Institute.

Further, the specific inclusions/exclusions in any topic covered in the syllabus will be effected by way of Study Guidelines every year, if required.

© The Institute of Chartered Accountants of India

SIGNIFICANT CHANGES

Significant changes in this Module 1 *vis-à-vis* Module 1 of November, 2024 edition of the Study Material *(The amendments made in the respective chapters / units have been highlighted in bold and italics for easy reference except newly added illustrations)*		
Chapter	**Chapter name**	**Details**
1.	**Quality Control**	Practice Questions are being inserted at the end of Chapter
2.	**General Auditing Principles and Auditors Responsibilities**	Practice Questions are being inserted at the end of Chapter
3.	**Audit Planning, Strategy and Execution**	Practice Questions are being inserted at the end of Chapter
4.	**Materiality, Risk Assessment and Internal Control**	Practice Questions are being inserted at the end of Chapter
5.	**Audit Evidence**	Practice Questions are being inserted at the end of Chapter
6.	**Completion and Review**	Practice Questions are being inserted at the end of Chapter
7.	**Reporting**	Practice Questions are being inserted at the end of Chapter

© The Institute of Chartered Accountants of India

CONTENTS

MODULE – 1

Chapter 1: Quality Control

Chapter 2: General Auditing Principles and Auditors Responsibilities

Chapter 3: Audit Planning, Strategy and Execution

Chapter 4: Materiality, Risk Assessment and Internal Control

Chapter 5: Audit Evidence

Chapter 6: Completion and Review

Chapter 7: Reporting

MODULE – 2

Chapter 8: Specialised Areas

Chapter 9: Related Services

Chapter 10: Review of Financial Information

Chapter 11: Prospective Financial Information and Other Assurance Services

Chapter 12: Digital Auditing & Assurance

Chapter 13: Group Audits

Chapter 14: Special Features of Audit of Banks & Non-Banking Financial Companies

MODULE – 3

Chapter 15: Overview of Audit of Public Sector Undertakings

Chapter 16: Internal Audit

Chapter 17: Due Diligence, Investigation & Forensic Accounting

Chapter 18 : Emerging Areas: Sustainable Development Goals (SDG) & Environment, Social And Governance (ESG) Assurance

Chapter 19: Professional Ethics & Liabilities of Auditors

© The Institute of Chartered Accountants of India

DETAILED CONTENTS MODULE - 1

CHAPTER 1: QUALITY CONTROL

LEARNING OUTCOMES 1.1

CHAPTER OVERVIEW 1.2

Contents:

1. Audit Quality 1.3
2. SQC 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements 1.3
   - 2.1 Elements of System of Quality Control 1.3
3. SA 220 Quality Control for an Audit of Financial Statements… 1.14
   - 3.1 Leadership Responsibility for Quality of Audits 1.14
   - 3.2 Relevant Ethical Requirements 1.15
   - 3.3 Acceptance and Continuance of Client Relationships and Audit Engagements 1.16
   - 3.4 Assignment of Engagement Teams 1.16
   - 3.5 Engagement Performance 1.16
   - 3.6 Engagement Quality Control Review 1.16
   - 3.7 Monitoring 1.18
   - 3.8 Documentation 1.18
4. SQC 1 Vs. SA 220 Key Differences in Nature, Scope and Applicability 1.19
5. Mechanisms for Review of Quality Control 1.20
   - 5.1 Peer Review Board 1.20
   - 5.2 Quality Review Board 1.21
   - 5.3 National Financial Reporting Authority (NFRA) 1.21

KEY TAKEAWAYS 1.22

TEST YOUR KNOWLEDGE 1.23

© The Institute of Chartered Accountants of India

CHAPTER 2: GENERAL AUDITING PRINCIPLES AND AUDITORS RESPONSIBILITIES

LEARNING OUTCOMES 2.1

CHAPTER OVERVIEW 2.2

Contents:

1. General Auditing Principles and Auditor's Responsibilities 2.3
2. SA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements 2.4
   - 2.1 Objectives of the Auditor in accordance with SA 240 ..... 2.4
   - 2.2 How Fraudulent Financial Reporting may be caused by Entities? 2.6
   - 2.3 How Misappropriation of Assets may be Accomplished by Entities? 2.7
   - 2.4 Whose Primary Responsibility is to Prevent and Detect Fraud? 2.7
   - 2.5 Responsibilities of the Auditor 2.8
   - 2.6 Maintaining Professional Skepticism 2.14
   - 2.7 Discussion among the Engagement Team 2.14
   - 2.8 Risk Assessment Procedures and related Activities be geared towards obtaining Information for use in Identifying Risk of Material Misstatement due to Fraud 2.15
   - 2.9 Responses to the Assessed Risks of Material misstatement due to Fraud at the Financial Statement Level 2.15
   - 2.10 Audit Procedures Responsive to Assessed risks of Material Misstatement due to Fraud at the Assertion Level 2.16
   - 2.11 Audit Procedures Responsive to Risks related to Management override of Controls 2.16
   - 2.12 Evaluation of Audit Evidence 2.17
   - 2.13 Auditor is unable to continue the engagement 2.17
   - 2.14 Management Representations 2.18
   - 2.15 Communications to Management and with Those Charged with Governance 2.19

© The Institute of Chartered Accountants of India

2.16 Communications to Regulatory and Enforcement Authorities 2.19
2.17 Documentation 2.19
3. SA 250, Consideration of Laws and Regulations in an Audit of Financial Statements 2.21
3.1 Effect of Laws and Regulations of Financial Statements of an Entity 2.21
3.2 Objectives of Auditor in accordance with SA 250 ..... 2.22
3.3 Responsibility of Management for Compliance with Laws and Regulations 2.22
3.4 Responsibility of the Auditor 2.23
3.5 Audit Procedures when Non-Compliance is Identified or Suspected 2.26
3.6 Reporting of Identified or Suspected Non-Compliance 2.27
3.7 Documentation 2.28
4. SA 260 Communication with Those Charged with Governance 2.28
4.1 Objectives of Auditor in Accordance with SA 260 ..... 2.30
4.2 Matters to be Communicated by the Auditor 2.30
4.3 Communication of Auditor's Independence in case of Listed Entities 2.34
4.4 Documentation 2.35
5. SA 299 Joint Audit of Financial Statements 2.35
5.1 Objectives in accordance with SA 299 ..... 2.36
5.2 Audit planning, Risk Assessment and Allocation of Work 2.36
5.3 Responsibility and Co-ordination among Joint Auditors 2.37
5.4 Audit Conclusion and Reporting 2.39
5.5 Communication with Those Charged with Governance 2.40
6. SA 402 Audit Considerations Relating to an Entity Using a Service Organisation 2.40
6.1 Objectives of User Auditor in accordance with SA 402 ..... 2.42
6.2 Type 1 report and Type 2 report 2.42
6.3 Obtaining an Understanding of the Services 2.43
6.4 Using Type 1 or Type 2 Report 2.45

© The Institute of Chartered Accountants of India

6.5 Responding to the Assessed Risks of Material Misstatement 2.45
6.6 Tests of Controls 2.46
6.7 Fraud, Non-compliance with Laws and Regulations and Uncorrected Misstatements in relation to Activities at the Service Organisation 2.47
6.8 Reporting by the User Auditor 2.47
KEY TAKEAWAYS 2.47
TEST YOUR KNOWLEDGE 2.49

CHAPTER 3: AUDIT PLANNING, STRATEGY & EXECUTION

LEARNING OUTCOMES 3.1
CHAPTER OVERVIEW 3.2

Contents:

1. Commencing An Audit 3.3
1.1 Nature and Extent of Planning 3.4
1.2 Planning - A Continuous Process 3.4
1.3 Overall Audit Strategy and Audit Plan - Responsibility of the Auditor 3.4
1.4 Acceptance and Continuance of Client Relationships and Audit Engagements 3.5
1.5 Contents of an Audit Plan 3.6
1.6 Changes to Planning Decisions 3.6
2. Overall Audit Strategy 3.7
2.1 Factors while establishing Overall Audit Strategy 3.8
2.2 Benefits of Overall Audit Strategy 3.8
2.3 Documenting the Audit Plan 3.9
2.4 Relationship between the Overall Audit Strategy and the Audit Plan 3.10
3. Audit Programme 3.10
3.1 Formulating an Audit Programme 3.11

© The Institute of Chartered Accountants of India

3.2 Drawing up the Audit Programme 3.12

4. Audit Execution 3.14

4.1 Execution Planning 3.14

4.2 Risk and Control Evaluation 3.15

4.3 Testing 3.15

4.4 Reporting 3.15

4.5 Other Important Considerations 3.16

KEY TAKEAWAYS 3.55

TEST YOUR KNOWLEDGE 3.57

CHAPTER 4: MATERIALITY, RISK ASSESSMENT AND INTERNAL CONTROL

LEARNING OUTCOMES 4.1

CHAPTER OVERVIEW 4.2

Contents:

1. Materiality & Risk Assessment 4.3

1.1 Identification of Risks 4.4

1.2 Audit Risk Components 4.5

2. Risk-Based Audit Approach 4.11

2.1 Audit Risk Analysis 4.11

2.2 General Steps in the Conduct of Risk Based Audit 4.12

3. Internal Control System - Nature, Scope, Objectives and Structure 4.17

3.1 Nature of Internal Control 4.19

3.2 Scope of Internal Controls 4.19

3.3 Objectives of Internal Control System 4.20

3.4 Structure of Internal Control 4.21

© The Institute of Chartered Accountants of India

4. Components of Internal Controls 4.23
4.1 Control Environment 4.24
4.2 Entity's Risk Assessment Process 4.25
4.3 Control Activities 4.26
4.4 Information System, Including the Related Business Processes, Relevant to Financial Reporting, and Communication 4.28
4.5 Monitoring of Controls 4.28
5. Review of the System of Internal Controls 4.32
6. Internal Control Assessment & Evaluation 4.35
6.1 Techniques of Evaluation of Internal Control 4.36
7. Reporting To Clients on Internal Control Weaknesses 4.40
8. Frameworks of Internal Control 4.44
8.1 International Internal Control Frameworks 4.45
KEY TAKEAWAYS 4.50
TEST YOUR KNOWLEDGE 4.51

CHAPTER 5: AUDIT EVIDENCE

LEARNING OUTCOMES 5.1
CHAPTER OVERVIEW 5.2

Contents:

1. SA 500 Audit Evidence 5.3
2. SA 501 Audit Evidence- Specific Considerations for Selected Items 5.4
3. SA 505 External Confirmations 5.6
4. SA 510 Initial Audit Engagements-Opening Balances 5.8
5. SA 530 Audit Sampling 5.9
6. SA 550 Related Parties 5.11
KEY TAKEAWAYS 5.26
TEST YOUR KNOWLEDGE 5.28

© The Institute of Chartered Accountants of India

CHAPTER 6: COMPLETION & REVIEW

LEARNING OUTCOMES 6.1

CHAPTER OVERVIEW 6.2

Contents:

1. SA 560 Subsequent Events 6.4
2. SA 570 Going Concern 6.6
3. SA 580 Written Representations 6.8

KEY TAKEAWAYS 6.22

TEST YOUR KNOWLEDGE 6.23

CHAPTER 7: REPORTING

LEARNING OUTCOMES 7.1

CHAPTER OVERVIEW 7.2

Contents:

1. Introduction 7.3
2. The Auditor's Report on Financial Statements 7.4
3. SA 700 Forming an Opinion and Reporting on the Financial Statements 7.4
   - 3.1 Purpose 7.5
   - 3.2 Basic Elements of the Auditor's Report 7.6
   - 3.3 Auditor's Report Prescribed by Law or Regulation 7.18
   - 3.4 Auditor's Report for Audits Conducted in Accordance with Both Standards on Auditing Issued by ICAI and International Standards on Auditing or Auditing Standards of Any Other Jurisdiction 7.20
   - 3.5 Supplementary Information Presented with the Financial Statements 7.20
4. SA 701 Communicating Key Audit Matters in the Independent Auditor's Report 7.21
   - 4.1 Purpose 7.22

© The Institute of Chartered Accountants of India

4.2 Scope 7.22
4.3 Determining Key Audit Matters 7.23
4.4 Communicating Key Audit Matters 7.24
5. SA 705 Modifications to the Opinion in the Independent Auditor's Report 7.25
5.1 Types of Modified Opinions 7.25
5.2 Objective 7.26
5.3 Circumstances When a Modification to the Auditor's Opinion is Required 7.26
5.4 Determining the Type of Modification to the Auditor's Opinion 7.26
5.5 Consequence of an Inability to Obtain Sufficient Appropriate Audit Evidence Due to a Management-Imposed Limitation after the Auditor Has Accepted the Engagement 7.33
5.6 If the Auditor Decides to Withdraw 7.34
5.7 Other Considerations Relating to an Adverse Opinion or Disclaimer of Opinion 7.34
5.8 Form and Content of the Auditor's Report When the Opinion is Modified 7.35
5.9 Communication with Those Charged with Governance 7.41
6. SA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report 7.42
6.1 Objective 7.42
6.2 When to give Emphasis of Matter Paragraphs in the Auditor's Report? 7.42
6.3 Inclusion of an Emphasis of Matter Paragraph in the Auditor's Report 7.43
7. Distinction Between Notes on Accounts and Qualifications 7.48
8. Distinction Between Audit Report and Certificate 7.50
9. Communication to Management and those Charged with Governance 7.50
9.1 When All of Those Charged with Governance Are Involved in Managing the Entity 7.50
9.2 Matters to be Communicated 7.51
9.3 Planned Scope and Timing of the Audit 7.51

© The Institute of Chartered Accountants of India

9.4 Significant Findings from the Audit 7.51

10. Reporting Requirements in Case of Comparative Information 7.52

10.1 Audit Procedures for Comparative Information 7.52

10.2 Audit Reporting 7.53

11. SA 720 The Auditor's Responsibilities Relating to Other Information 7.55

11.1 Objective 7.55

11.2 Obtaining the Other Information 7.56

11.3 Responding When a Material Inconsistency Appears to Exist or Other Information Appears to be Materially Misstated 7.57

11.4 Responding When the Auditor Concludes that a Material Misstatement of the other Information Exists 7.57

11.5 Responding When a Material Misstatement in the Financial Statements Exists or the Auditor's Understanding of the Entity and its Environment Needs to be updated 7.58

11.6 Reporting 7.58

11.7 Reporting Prescribed by Law or Regulation 7.59

12. Duties of Auditors 7.60

12.1 Reporting under CARO, 2020 ..... 7.68

13. Illustrative Audit Reports 7.79

KEY TAKEAWAYS 7.95

TEST YOUR KNOWLEDGE 7.97

© The Institute of Chartered Accountants of India