

Chapter - 8 " Audit Reports "

(1) Jo (9) : Basics and Types of Audit Reports; SA 700, 701, 705, 706, 710

(10) Branch Audit:

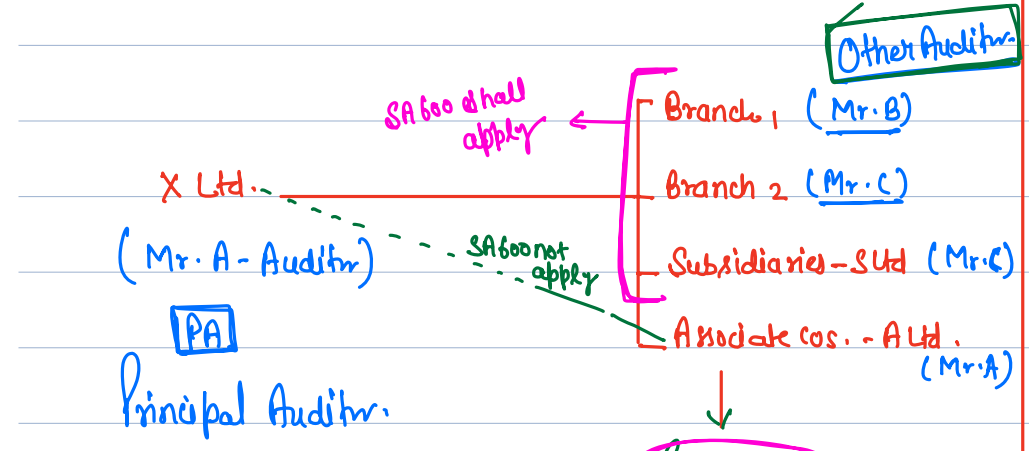
(A) Who can be appointed as branch auditor - Sec. 143(8):

where a company has branch office, accounts of that office shall be audited by either of following:

- ~~(a)~~ Company auditor; or
- ~~(b)~~ any other Qualified person; or
- ~~(c)~~ In relation to foreign branch, Company auditor; or any other Qualified person under Company law; or any person duly qualified under the laws of the country in which branch is situated.

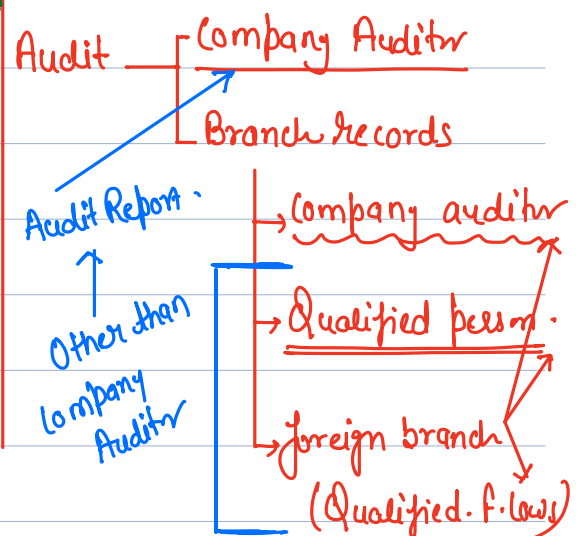
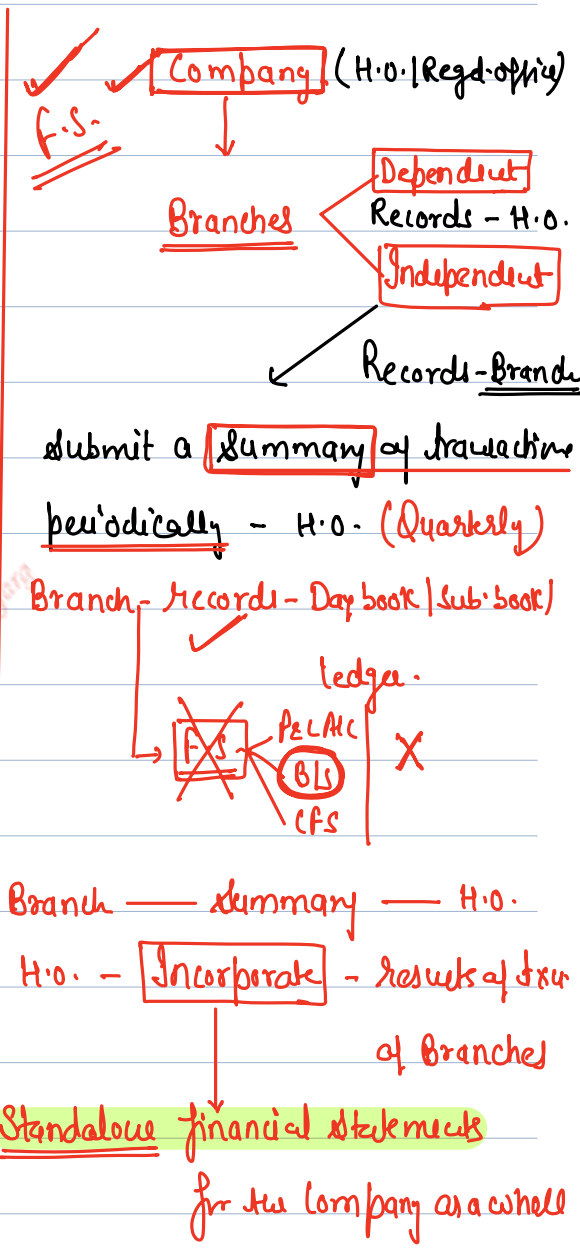
Note: Branch auditor shall submit his report to Company Auditor.

(B) SA-600 "Using the Work of Another auditor":



$$\text{Standalone F.S.} = X \text{ Ltd.} + B_1 + B_2$$

$$\text{Consolidated F.S.} = X \text{ Ltd. (Standalone)} + \text{Sub.} + \text{Ass.} + J.V.$$



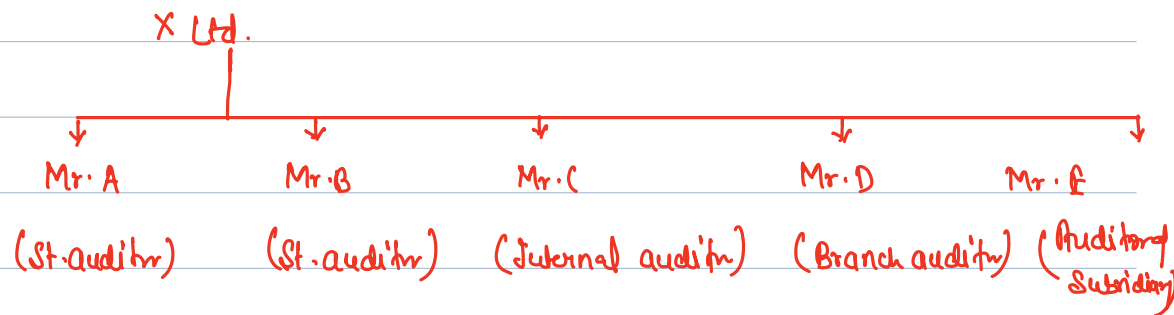
- (i) Rights of Principal Auditor: (a) where another auditor is appointed for the component, PA is entitled to rely upon the work of such auditor, unless a doubt arises.
- (b) In special circumstances, PA is entitled to
- ✓ visit the component; and
 - ✓ examine the books of account and other records of the component.

✓ (ii) Procedures of PA:

- (a) Inform the other auditor the following —
- Matters requiring special consideration
 - Procedures for identification of inter-component transactions.
 - Time table for completion of audit
- (b) Advise the OA as to significant accounting, auditing and reporting requirements and obtain representation as to compliance.
- (c) Discuss audit procedures applied or review of written summary of OA procedures and findings.
- (d) Visit the other auditor.

Note: NTE of procedures depends upon circumstances of the engagement and PA knowledge of professional competence of OA.

(11) Joint Audit:



- Joint Auditor: Mr. A and Mr. B [SA 299 shall apply]
(Statutory Auditors)

- St. auditors and Internal auditor [SA 610 shall apply]
using work of

- St. auditors and Branch auditor [SA 600 shall apply]
using work of

- St. auditor and Auditor of subsidiaries [SA 600 shall apply]
using work of - auditor ^{CAS}

- St. auditor and Auditor's Expert [SA 620 shall apply]
using work of

- St. auditor and Mngt. Expert [SA 500 shall apply]
using work of

(i) Meaning, [Advantages] and Disadvantages of joint audit: - from book -

Noting - H.W.

Sec. 139(3): Members may resolve that audit shall be carried out by >1 auditor.

SA-299 "Joint Audit of financial statements":

(A) Audit Planning, Risk Assessment and Allocation of work:

- EP and key members of ET of each of the joint auditors shall be involved in planning the audit.
- Audit strategy shall be established jointly.

- Joint auditors shall discuss and develop a joint audit plan. While developing audit plan, joint auditors shall -
 - Identify division of audit areas;
 - Identify common audit areas;
 - Ascertain reporting objectives;
 - Consider factors that are significant in directing ET efforts;
 - Consider results of preliminary engagement activities
 - Ascertain NTE of resources necessary to perform the audit.
- ROMM to be considered by each of the joint auditor and shall be communicated to other joint auditor.
- Joint auditors shall obtain Common WR(s).
- " " " " Common Engagement letter.
- Joint auditors shall divide the work among themselves on mutual understanding; based on identifiable units or other similar consideration (e.g. nature of financial item, time period etc.)
- Work allocation document is to be prepared and signed by all joint auditors and communicated to TCWG.

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(B) Responsibilities of Joint Auditors:

- (i) In respect of audit work divided among joint auditors; each joint auditor shall be responsible only for the work allocated to such joint auditor including proper execution of audit procedures.
- (ii) All joint auditors shall be jointly and severally responsible for:
 - (a) for work not divided among joint auditors and carried by all.
 - (b) for decisions as to NTE of audit procedures for subject matter of common interest.

- (c) Examining whether f.s. comply with requirements of relevant statutes.
- (d) Examining presentation and disclosure of financial items in f.s.
- (e) Ensuring that audit report comply with requirements of relevant statutes, standards on auditing and other relevant pronouncements.

(C) Reporting Consideration:

- Joint Auditors shall arrive at a common opinion and issue a single report signed by all joint auditors.
- However, if difference of opinion exist among the joint auditors, separate reports shall be issued.
- In case of separate reports issued by joint auditors, such reports shall include a reference of separate report issued by other joint auditor.
- Such reference shall be made under the heading "Other Matter Para" as per requirements of SA 706.
- A joint auditor is not bound by the views of majority of joint auditors. In such case, separate reports are to be issued.