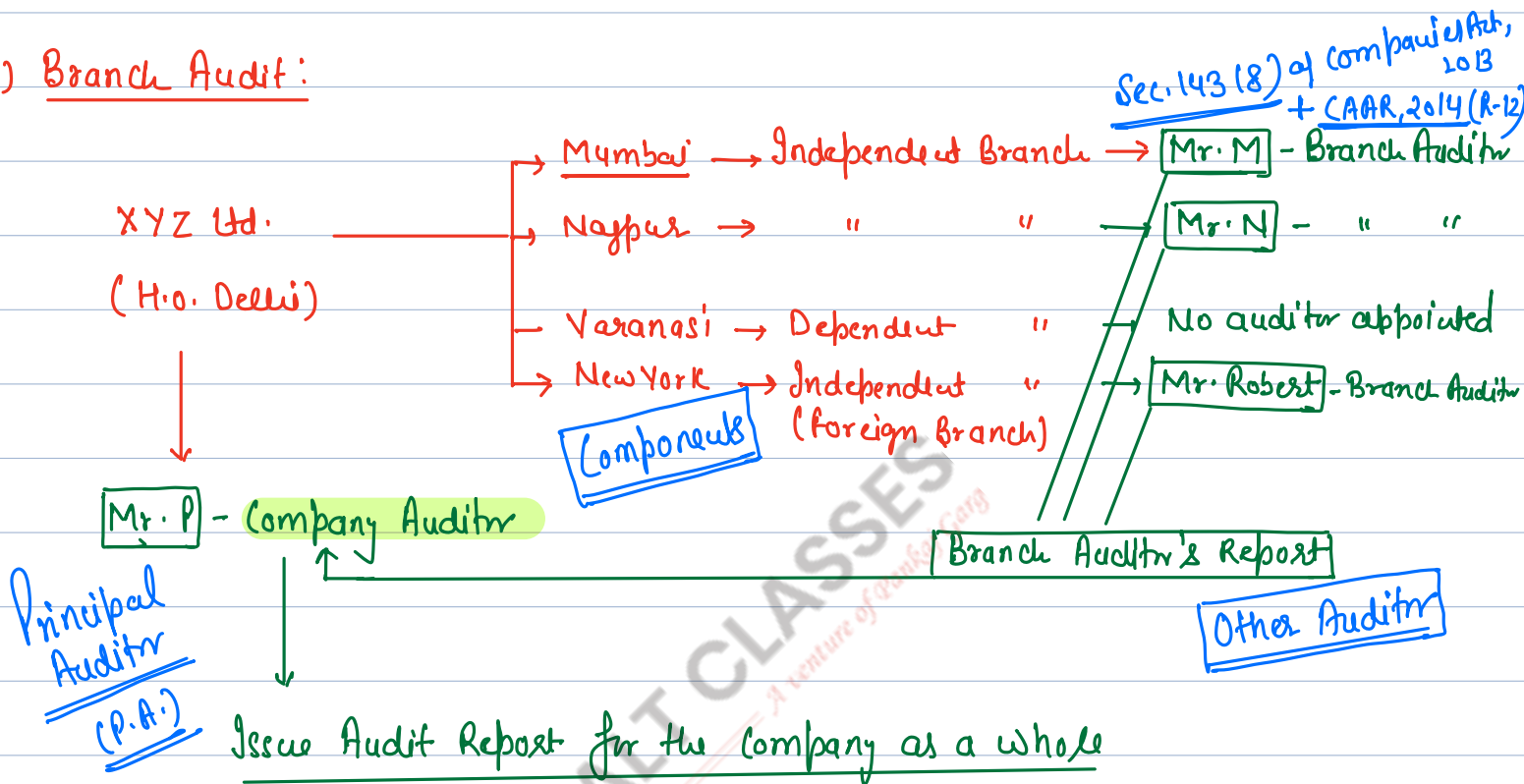


Chapter - 8 "Audit Reports"

PART II : Branch Audit and Joint Audit (SA-600) (SA-299)

(10) Branch Audit:



✓ SA-600 → Requirements — P.A. — Procedures → f.i. — Components → O.A. —
f.s. → opinion

(A) Who can be appointed as Branch Auditor: [Sec. 143(8) of Companies Act, 2013]

Where a company has branch office, accounts of that branch shall be audited

by either of following: (a) Company Auditor;

(b) Any other Accountant eligible to be appointed as Auditor; or

(c) In relation to a foreign branch, — Company Auditor; or any other accountant 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.

Note: Provisions regarding reporting of fraud vs 143(12) of Companies Act, 2013 also extends to branch auditor.

(B) SA-600 "Using the work of Another Auditor:

(i) Meaning of Principal Auditor, Other Auditor and Component: - Reading from book -

(ii) Rights of Principal Auditor: (PA)

(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:

(I) Visit the Component; and/or

(II) Examine the books of account and other records of the Component.

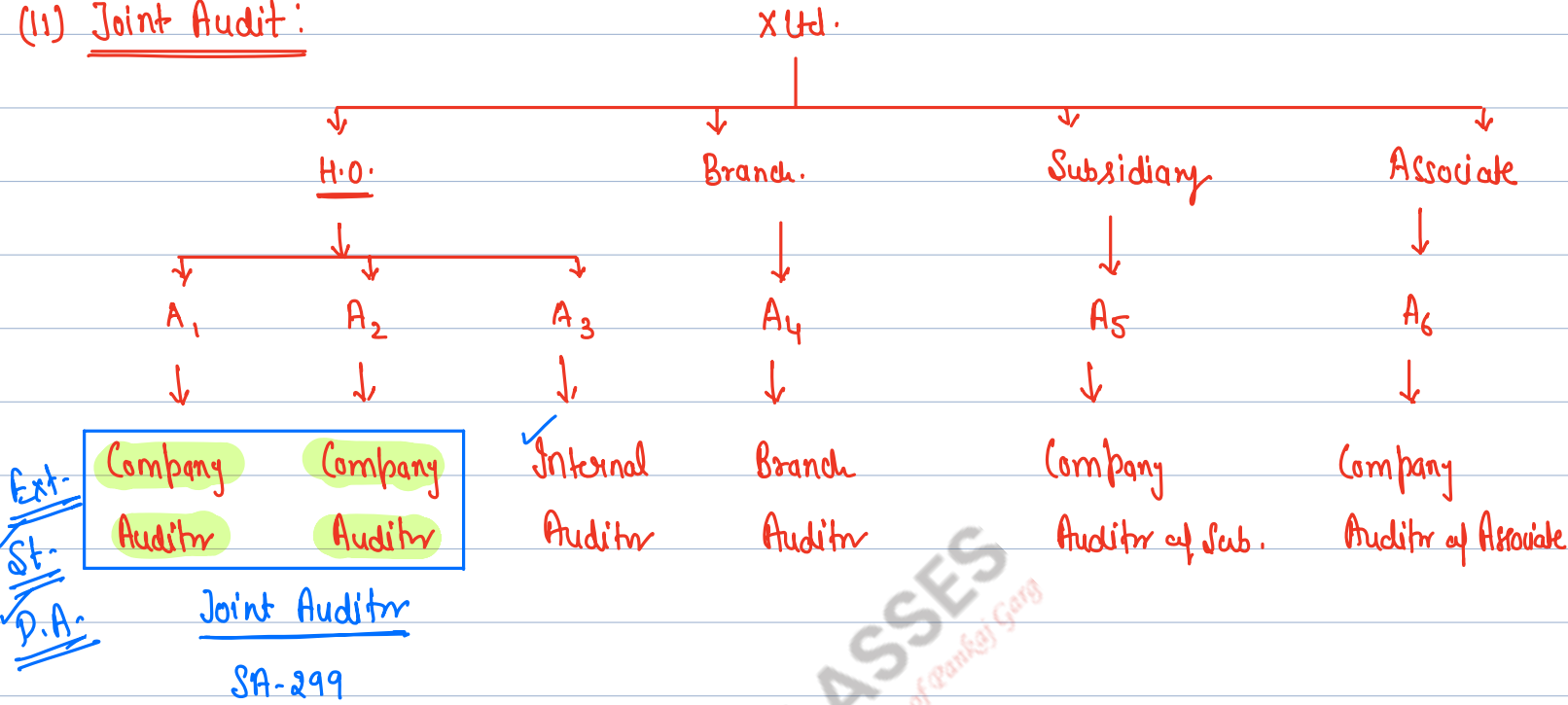
Imp:
(ii) Procedures of PA: PA should perform procedures to obtain SAAE that the work of OA is adequate for the PA's purposes.

When using the work of OA, PA should ordinarily perform following procedures:

- ✓ (a) Inform the OA. — (i) Matters requiring special consideration;
(ii) Procedures for identification of Inter-Component transactions that may require disclosure; and
(iii) Time-table for completion of audit.
- ✓ (b) Advise the OA as to significant accounting, auditing and reporting requirements and obtain a representation as to compliance with them.
- ✓ (c) Discuss the audit procedures applied by OA 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.

(1) Joint Audit:



(i) Relationship among A₁ and A₂ → Joint Auditor → Requirements of SA-299 shall apply.

(ii) Relationship among A₁, A₂ and A₃ → Ext. and Int. Auditor → Requirements of SA-610 shall apply

(iii) Relationship among A₁, A₂ and A₄ → PA and OA → Requirement of SA-600 shall apply

(iv) " " A₁, A₂ and A₅ → PA and OA → Requirement of SA 600 shall apply

(v) " " A₁, A₂ and A₆ → PA and OA → "

(vi) " " A₃ and A₄

(vii) " " A₃ and A₅ or A₆ | No Relationship | → No SA apply

(viii) " " A₄ and A₅ or A₆

(i) Meaning, Advantages and Disadvantages of Joint Audit: Learning + Noting - H.w.

(ii) SA-299 "Joint Audit of financial statements:

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

✓ Engagement Partner and key members of engagement team 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:

Imp.
details covered
in ch-2

(a) Identify division of audit areas;

(b) " Common audit areas;

(c) Ascertain Reporting objectives;

(d) Consider factors that are significant in directly ET efforts.

(e) Consider results of Preliminary Engagement Activities.

(f) Ascertain NTE of resources necessary to perform the audit.

- ROMM to be considered by each of joint auditor and shall be communicated to other joint auditor.

- Joint auditors shall obtain common WR(S).

- " " " " " Engagement letter.

- " " " divide the work among themselves on mutual understanding, based on identifiable units or other similar consideration (for ex: Nature of financial items like Asset, liabilities, income, Expenses etc. or time period, etc.)

- Work Allocation Document is to be prepared and signed by all joint auditors and communicated to TCWG.

Allocation
of
work

Imp. (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) work not divided among joint auditors and carried by all.
 - (b) Decisions as to NTE of Audit procedures for subject matters of Common interest.
 - (c) Examining whether f.s. comply with requirements of relevant Statutes.
 - (d) Examining presentation and disclosure of financial items in financial statements
 - (e) Ensuring that audit report comply with requirement of
 - (i) Relevant Statutes;
 - (ii) Standards on Auditing; and
 - (iii) 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 separate reports are issued, such reports shall include a reference of separate reports issued by other joint auditors.
- 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.