

Using the work of Internal Auditors

~~Client - Reliance~~
~~Statutory Auditor~~ → ~~KPMG~~

Client - Reliance
Statutory auditor → KPMG

Client - Reliance
Internal Auditor → GY
In house internal auditor → EY

Remark	Determining whether, in which areas, and to what extent the work of the Internal Audit functions can be used	Determining whether in which areas and to what extent internal auditors can be used to provide direct assistance
1) Evaluating the Internal Audit function [Kya Internal Auditor Ka Kaam use Kare / Kya internal auditor ko use Kare]	The External Auditor shall determine, 1) Organizational status and relevant policies & procedures support the objectivity of the internal auditors. 2) Level of competence of internal audit function. 3) whether the internal audit function applies a systematic & disciplined approach, including quality control	All the points are same <u>NOTE:</u> If they are not competent then external auditor should not use Internal Auditors for his direct assistance.
2) Determining the nature and extent of work of the internal Audit function that can be used [Konsa Kaam use kar sakte hai / Kis Kaam me use le sakte hai]	1) The external auditor shall consider, a) Nature & scope of the work of internal Auditor function b) work relevant to external auditor 2) The external auditor shall make all significant judgements, a) To prevent undue use of the work of internal auditor b) Shall plan to use less of the work of the function and perform more of the work directly	1) The external auditor shall consider, a) The amount of judgement involved b) Evaluate the evidence gathered c) ROMM d) Independence 2) The external auditor shall make all significant judgements, a) To prevent undue use of the internal auditor b) shall plan to use less internal auditors & perform more of the work directly

3) Communicate with internal auditors how the external auditor has planned to use the work of the internal audit functions

3) Communicate with internal auditors how the external auditor has planned to use the direct assistance of the internal audit function 57

3) Using the work of the internal audit function

Kitna Kaam use Kare / Kitna Internal auditor ko use Kare for direct assistance

1) Discuss the planned use of its work with the function as a basis for coordinating their respective activities.

2) Read the reports of Internal audit function to obtain an understanding of the nature and extent of audit procedures performed & the related findings.

3) Perform sufficient audit procedures on the body of work of the internal audit function,

a) Internal audit properly planned, performed, supervised, reviewed & documented

b) Sufficient & appropriate evidence had been obtained to enable the function to draw reasonable conclusions.

c) Conclusions reached are appropriate in the circumstances & the reports prepared by the function are consistent with the results of the work performed.

The external auditor shall,

1) Obtain written agreement from an authorized representative of the entity that the internal auditors will be allowed to follow the external auditor's instructions

2) Obtain written agreement from the internal auditors that they will keep confidential specific matters as instructed by the external auditor.

~~3) Direct, supervise & review~~

3) Direct, supervise & review the work performed by internal auditors on the engagement in accordance with ISA 220

4) Obtained sufficient and appropriate audit evidence to support the ~~conclusion~~ conclusions based on that work.