



## Inter Audit - List of Important Topics For Last Day Revision (May 2024 Exam)

### Chapter 1

- a) Objective of an Audit
- b) How can auditor ensure that FS would not mislead anybody. Comment
- c) Scope of Audit and What is not included in Scope of Audit?
- d) Benefits of Audit. Why is audit needed?
- e) Qualities of an Auditor.
- f) Auditing vs Investigation
- g) Elements of an Assurance Engagement
- h) Audit vs Review
- i) Reasonable vs Limited Assurance engagement
- j) Short note on SRE's, SAE's, SRS and SQC with examples.
- k) Inherent Limitations of Audit (**SA 200 Note 1 - SA Module**)

### Chapter 2 (Refer SA 300 From SA Module)

- a) Constructing an Audit Programme (Important points to be kept in mind)
- b) Benefits of planning in the Audit of a Financial Statements
- c) Preliminary Engagement Activities.
- d) Establishment of an Overall Audit Strategy and its benefits.
- e) Ascertain the reporting objectives of the engagement to plan the timing of audit and nature of communications required.
- f) Factors that are required in directing the engagements team's efforts.
- g) Relationship between OAS & Audit Plan
- h) Advantages and Disadvantages of an Audit Programme
- i) Assistants should be encouraged to keep an open mind and Periodic Review of Audit Programme.
- j) Planning is not a discrete phase of an audit, but rather a continual and iterative process.

## Chapter 3

### Unit 1

#### Risk Assessment and IC's (Refer SA 315, 320 & 330 from SA Module)

- a) Definition of Performance Materiality
- b) Materiality and Audit Risk
- c) Benchmarks in Materiality - Examples and Factors affecting the Identification of Benchmark
- d) Revision in Materiality level as audit progresses and its Documentation.
- e) Objective of SA 330.
- f) Using audit evidences obtained in previous audits.
- g) Concept of Audit Risk including IR, CR & DR
- h) What is not included in Audit Risk
- i) Components of ROMM
- j) Detection risk comprises - Sampling and Non-Sampling Risks. Explain
- k) Risk Assessment Procedure (What is included in RAP)
- l) Examples of Inquiries and Analytical Procedures while performing RAP as per SA 315 (Page No. 1B.20 & 21)
- m) Understanding of the Entity and its Environment (What points should be understood). Also focus on examples of specific points mentioned in our SA Module (Page no. 1B.21 to 1B.24)
- n) Limitations of Internal Control
- o) Components of Internal Control (COSO Framework)
- p) Elements of Control Environment.
- q) Examples of Control activities relevant for audit.
- r) Benefits of Evaluation of Internal Control to the Auditor
- s) Risks that require special audit consideration.
- t) Specific tools to review Internal Control System for auditor (ICQ and Flow chart is more Important)
- u) Testing of Controls or Compliance Procedure
- v) Nature and extent of test of controls (SA 330)

**Unit 2**  
**(Automated Environment)**

- a) Key features of an automated environment
- b) Risks which should be considered in IT, these may arise due to use of IT Systems.
- c) Understanding and documenting the automated environment.
- d) Impact of IT related risks on substantive audit, controls and reporting.
- e) Types of Controls in an Automated Environment
- f) Testing Methods in an Automated Environment.
- g) Concept of IFC's and its regulatory requirements given in a box (Special Focus on 143(3)(i))
- h) Use of Data Analytics in performing the Audit
- i) Assessing and Reporting Audit Findings.

**Chapter 4**  
**(Refer SA 500, 501, 505, 510, 520, 530, 550 & 610 from SA Module)**

**SA 500 (Audit Evidence)**

- a) Types of Audit Evidence
- b) Concept of Other Information with examples.
- c) Factors affecting auditor's judgement as to sufficiency of audit evidence
- d) Reliability of Audit Evidence increases when...
- e) Concept of Management Expert (Actuary example)
- f) Audit procedures to obtain audit evidences.
- g) Concept of Test of Controls and Substantive Procedures that is Further audit procedures.
- h) Short note on Audit trail.

**SA 501 (Audit Evidence for Selected Items)**

**For Inventory**

- a) Attendance at Physical Inventory Counting
- b) Matters relevant in planning attendance
- c) Physical inventory counting conducted other than at the date of FS
- d) Attendance at physical inventory counting is Impracticable

- e) When inventory is under the custody and control of a third party.

#### **For Claims & Litigations**

- a) Audit procedure to identify claims and litigations.  
b) If Auditor assess a ROMM regarding claims or litigations. (Communicating with Entity's legal counsel)

#### **For Segment Information**

Understanding the methods used by management.

#### **SA 505 (External Confirmation)**

- a) EC Procedure,  
b) Factors to be considered while designing EC Request,  
c) Management's refusal to allow the auditor to send a confirmation request. Detailed procedure as per SA Module Note 1.  
d) Meaning of Positive Confirmation  
e) Concept of Negative Confirmation and when it is suitable.

#### **SA 510 (Initial Audit Engagement)**

- a) Auditors' objective as per this SA.  
b) Audit procedures adopted by auditor to obtain audit evidence regarding opening balances.  
c) Audit Conclusions and Reporting regarding Opening Balances and Consistency of Accounting Policies.  
d) Modification to the opinion in the Predecessor auditors report.

#### **SA 520 Analytical Procedures**

- a) Concept of Analytical Procedure and few examples  
b) Timing of Analytical Procedure  
c) Factors to be considered for Substantive Audit Procedures  
d) Techniques available as Substantive Analytical Procedure  
e) Steps in Analytical Review Procedure (Analytical procedures used as substantive tests)  
f) The Reliability of Data  
g) Investigating results of analytical procedures.

#### **SA 530 Sampling**

- a) Characteristics of Population
- b) Statistical Sampling and its advantages
- c) Short note on Non - Statistical Sampling approach
- d) Concept of Stratification and Value-Weighted selection
- e) Sample selection Methods (Special Focus on Random Sampling and Interval based Sampling)
- f) Projecting misstatements
- g) Factors should be considered for deciding upon the extent of checking on sampling plan.
- h) Examples of Factors affecting sample size for Test of Controls and Test of details (Can be asked in Correct/Incorrect or MCQ's)
- i) Other important definitions such as Sampling Risk, Non-Sampling Risk and Anomaly

#### **SA 550 (Related Party)**

- a) Definition of Related Party
- b) Understanding the entity's related party relationships & transactions
- c) Meaning of Control and Significant influence with reference to Related Party.
- d) How can auditor verify the existence of a related party relationships & transactions.

#### **SA 610 (Using the work of Internal Auditor)**

- a) The objectives and scope of Internal Audit Function
- b) Scope of SA 610
- c) Using the work of Internal Audit Function
- d) Short note on Direct Assistance to be used as per SA 610
- e) Evaluating the Internal Audit Function.
- f) Detailed understanding of Internal Financial Controls (Section 134, 143(3)(i))
- g) Difference between IFC and Internal Controls over Financial Reporting

### **Chapter 5**

**(All Imp SQ's have been provided during regular as well as fasttrack lectures. Kindly refer the same.)**

**Following list is just for your general reference.**

- a) Assertions for Income Statement and Balance Sheet
- b) Audit of Trade Payables, Inventory, Borrowings, Tangible/Intangible Assets, Sales, Employee Benefit Expenses, Depreciation & Amortization etc.

- c) **Special Focus on Specific Disclosure Requirements** included as Important Notes in our Module such as, Benami property, Ratios etc. (SQ's have already been provided)
- d) **Specific Questions as follows:**
- Application of Securities premium account
  - Shares issued at Discount (Section 53)
  - Concept of management expert while auditing Provisions & Contingent Liabilities
  - Direct confirmation procedure for Receivables & Payables
  - Physical Verification of Inventories (Existence)
  - Valuation of RM, WIP and FGs
  - Provision and Contingent Liabilities
  - Examination of Other Income, Undisclosed Income & Other Expenses

### Chapter 6

(Refer SA 230 from SA Module)

- a) Form, Content and Extent of Audit Documentation
- b) Factors affecting Form, Content and Extent.
- c) Purpose of Documentation
- d) Assembly of Final Audit File (Examples and SQC Retention Period)
- e) Completion Memorandum or Summary.
- f) Ownership of Audit Documentation

### Chapter 7

(Refer SA 260, 265, 450, 560, 570 and 580 From SA Module)

#### SA 260 (Communication to Mgt and TCWG)

- a) Objective of the Auditor as per SA.
- b) Matters to be communicated by the Auditor.
- c) Communication of Auditor's independence to Listed Entities.

#### SA 265 (Communicating deficiencies to TCWG & Mgt.)

- a) Examples of matters that auditor may consider while determining whether a deficiency is a significant deficiency or not.
- b) Examples of indicators of significant deficiencies in Internal Controls.

- c) Communication of Significant Deficiency to TCWG

#### **SA 450 (Evaluating of Misstatements identified during the audit)**

- a) Objectives of the Auditor
- b) Evaluating the effect of Uncorrected Misstatements
- c) Communication and Correction of Misstatements.

#### **SA 560 (Subsequent Events)**

- d) Objective of the Auditor as per SA.
- e) Audit Procedure relating to events occurring Between Date of FS & Date of Auditor's Report,
- f) Auditor's responsibility regarding "Facts which become known to the auditor after the Date of Auditor's Report but before the date the FS's are issued".
- g) Auditor's responsibility regarding "Facts which become known to the auditor after the FS's have been issued."

#### **SA 570 (Going Concern)**

- d) Objective of the Auditor as per SA.
- e) Risk Assessment procedures and related activities.
- f) Responsibility of Auditor
- g) Examples of Events or Conditions that may cast significant doubt on the Entity's ability to continue as a Going Concern,
- h) Additional procedures when events and conditions are identified.
- i) Implication for the Auditor's Report. (Refer the summary box given in SA Module)

#### **SA 580 (Written Representations)**

- d) Objectives of Auditor regarding WR,
- e) Doubt as to the reliability of WR,
- f) Requested WR not provided.
- g) Written Representations about managements responsibilities for eg - Preparation of FS, To provide information to the auditor and such other responsibilities as required by specific SA's

### **Chapter 8**

#### **(Refer SA 700 Series from SA Module)**

- a) To form Opinion - Auditor to obtain reasonable assurance.

- b) Specific Evaluations by the Auditor
- c) Fair presentation framework and compliance framework
- d) Types of Audit Opinion
- e) Basic Elements of an Audit Report (Revised SA 700)
- f) Specific question on Content Inside -
  - Opinion Section
  - Basis for Opinion Section
  - Responsibilities for fs
  - Auditor's Responsibilities (Few Points)
- g) Circumstances when modification to opinion is required (SA 705)
- h) Types of Modified Opinion (SA 705) (Proper definition)
- i) Which type of Opinion is appropriate under what circumstances.
- j) Definition of Pervasive
- k) Consequence of inability to obtain SAAE due to mgt imposed limitation after auditor has accepted engagement.
- l) Short note on OM with examples
- m) Determining Key Audit Matters
- n) Definition and purpose of KAM
- o) Communicating KAM - not a substitute for disclosure in the FS.
- p) Audit procedures and Reporting regarding Comparative Information
- q) CARO 2020 Applicability question
- r) Case Study on **CARO 2020** Clause no. 1,2,3,5,7,8,9,11,13,14,16,17,18,19,20 & 21
- s) Concept of UDIN
- t) 143 (1), (3), (11) & (12)

## Chapter 9

### Unit 9A (Audit of Different types of Entities)

- a) Types of Revenue grants for a Local Body.
- b) Audit Programme for Local Bodies.
- c) Audit of a Partnership Firm & LLP (Refer specific questions given during regular and FastTrack lectures)
- d) Audit of Educational Institution
- e) Audit of Club and Hotel



- f) Difference between Operating and Financial Lease

### **Unit 9B (Govt Audit)**

- a) Meaning of Govt audit and its objectives.
- b) Steps involved in Govt. expenditure audit.
- c) Short note on Audit against Rules and Orders (Regularity Audit), Propriety and Performance audit
- d) Powers and Duties of C&AG
- e) Section 143 (5, 6 & 7)
- f) Audit of Commercial Accounts and Receipts

### **Unit 9C (Cooperative Societies)**

- a) Restriction on shareholding for a Cooperative Society
- b) Restrictions on Investment of Funds for a Cooperative Society
- c) Special features of Cooperative society audit
- d) Special Report to Registrar
- e) Qualification and Appointment of Auditor for MSCOS
- f) Power of CG to direct special audit of Cooperative Society
- g) Inspection and Inquiry by Central Registrar for MSCOS

### **Unit 9D (Audit of Trusts and Societies)**

- a) Auditor's responsibility related to FS's of trusts.
- b) Auditors' consideration for audit of trusts
- c) Auditors' consideration for audit of societies

## **Chapter 10**

- a) Important Functions of RBI
- b) Types of Bank Audit Reports to be issued (Any 5)
- c) Appointment of Auditor
- d) Engagement team discussion and its advantages
- e) Reporting to RBI in case of Banking frauds
- f) Overall Steps involved in conducting the audit of a Bank.
- g) Understanding the risk management process (Similar to Components of IC's)
- h) For advances auditor should take into account certain reports for Adverse Comments.

- i) Mode of creation of Security
- j) Meaning of "Out of Order" account.
- k) Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.
- l) Computation of drawing power.
- m) Audit of advances and evaluation of internal controls over advances.
- n) Audit approach and procedures for Provisions and Contingencies.
- o) Audit approach to examine Interest expenses.
- p) Audit of revenue items

### Chapter 11

#### (Refer SA 210, 220 & SQC 1 From SA Module)

- a) Principle based approach vs Rule Based Approach.
- b) Fundamental Principles of Professional Ethics.
- c) Threats and Safeguards to Independence with updated examples.
- d) Concept of Professional Skepticism. **(SA 200)**
- e) Independence of Mind and in appearance.
- f) Contents of Engagement Letter. **(SA 210)**
- g) Requirement of Revised Eng. Letter in case of Recurring Audit **(SA 210)**
- h) Preconditions for an Audit **(SA 210)**
- i) What happens if preconditions are not present?
- j) What should auditor consider before agreeing to change the audit engagement to engagement providing "Lower level of assurance"?
- k) Objective of Auditor as per **SA 220**.
- l) Elements of a system of Quality Control or Responsibilities of Engagement Partner regarding certain matters. **(SA 220)**
- m) Information required during Acceptance & Continuance Analysis **(SA 220)**
- n) Ethical Requirements as per **SQC 1**.
- o) What matters firm should consider with regard to the integrity of a client. **(SQC 1)**
- p) Relevant HR issues that should be considered during Quality Control **(SQC 1)**

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