



# dronacharya

FOR  
**CA INTERMEDIATE**

2024

**Audit Strategy, Audit  
Planning & Audit Programme**

**Auditing & Ethics**

**ONE SHOT**



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# Topic: Auditor's Responsibility to Plan an Audit of FS



SA 360 “ Planning an Audit of FS”

Objective of the Auditor to plan an Audit



So that it can be performed Effectively



Timely Manner

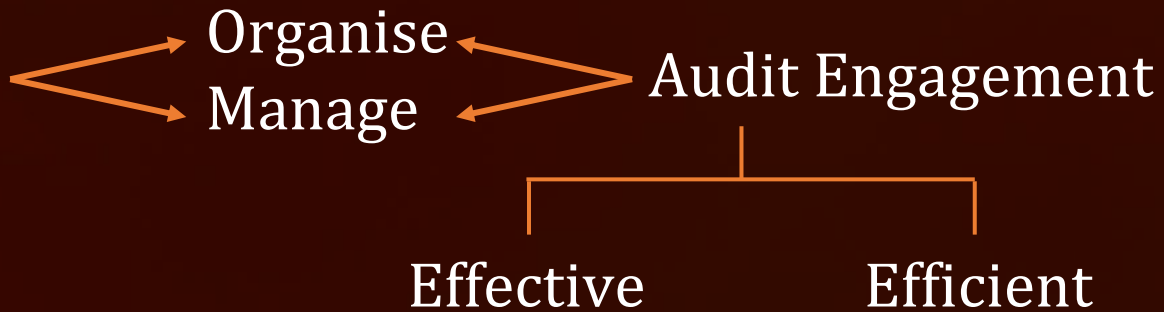


## Topic: Benefits



(1) Auditor Devotes → Appropriate Attention → Imp. Areas

(2) Auditor  Identify  
Resolve → Potential Problems → Timely Basis

(3) Auditor  Organise  
Manage → Audit Engagement  
Effective      Efficient

(4) Assisting in Selecting → Engagement Term Members

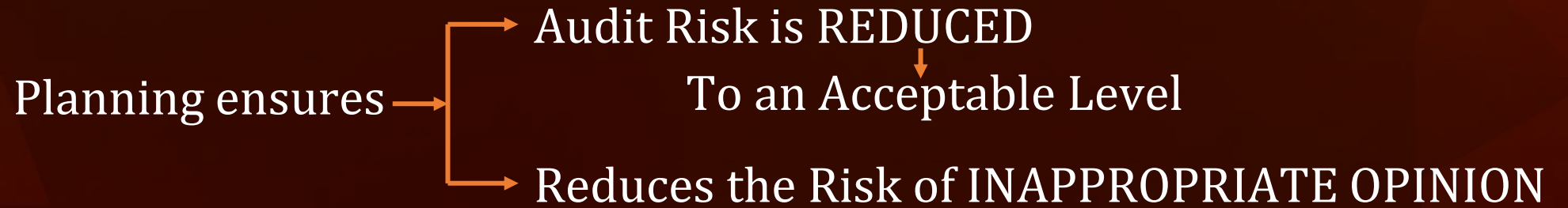
(5) Facilitating  Direction  
Supervision  
Review



## Topic: Benefits

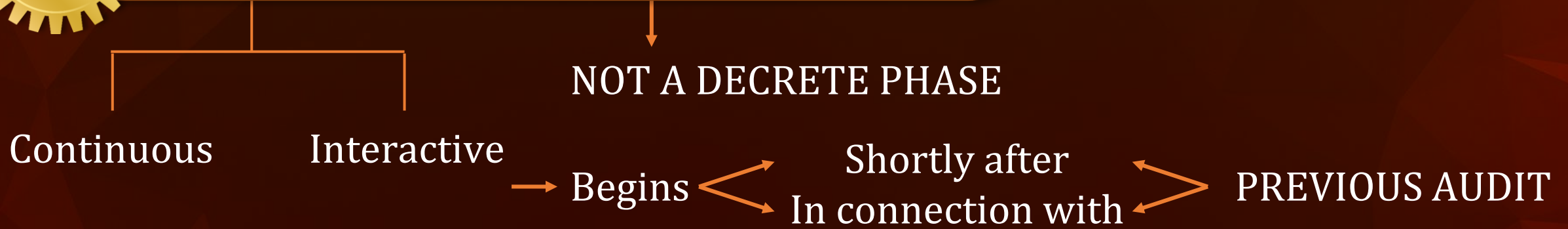


(6) Assisting → Coordination of work (Eg. Experts)





# Topic: Nature of Audit Planning





# Topic: Nature of Audit Planning

→ Continues → Until Completion → Current Audit  
→ EXTRA GYAAN → Audit Procedures

+

Stages of Audit

Risk Assessment Procedures

(R.A.P)



SA 315

“Identification & Assessment of  
RoMM through understanding the  
Entity & its Environment”

Further Audit Procedures

(F.A.P)



SA 330

“Auditor’s Response to  
Assessed Risk”

└ Things to be done before R.A.P. → Consider



# Topic: Nature of Audit Planning

- (1) Analytical Procedures → to be applied as → RAP
- (2) General Understanding  
Entity Complying } LEGAL + REGULATORY Framework
- (3) Determination of Materiality
- (4) Involvement of Experts → Taking A/c. of Complexity of Business
- (5) Performance of other RAP

Planning Involves } Engagement Partner } • Experience  
 } Other key Members } • Insight  
 } • Enhance Eff. & EFF.

DISCUSSION OF ELEMENTS OF PLANNING → with Mgf.

↓

Auditor May Discuss → To } Facilitate }  
 } Conduct } of Audit Engagement

↓

NOT TO COMPROMISE THE EFFECTIVENESS OF AUDIT



# Topic: Planning Process - Elements of Planning

## Preliminary Engagement Activities

## Planning Activities

Procedure regarding continuance of Relationship  
↓  
3<sup>rd</sup> Element of Sys. Of Q.C. + Communication with predecessor Auditor

Compliance with Ethical Requirements + Independence  
(1) Consider → Threat to Independence  
(2) Evaluate → Identified Breaches  
(3) Take → Appropriate Action OR Withdraw

Understanding Terms of Engagement  
↓  
Send Audit Engagement Letter

Establishing O.A.S  
↓  
S T D  
└─ of Audit ─┘  
+  
Guides Development of Audit Plan

Developing Audit Plan





# Topic: Planning Process -Elements of Planning

OAS → Assist Auditor → To Determine → AFTER R.A.P



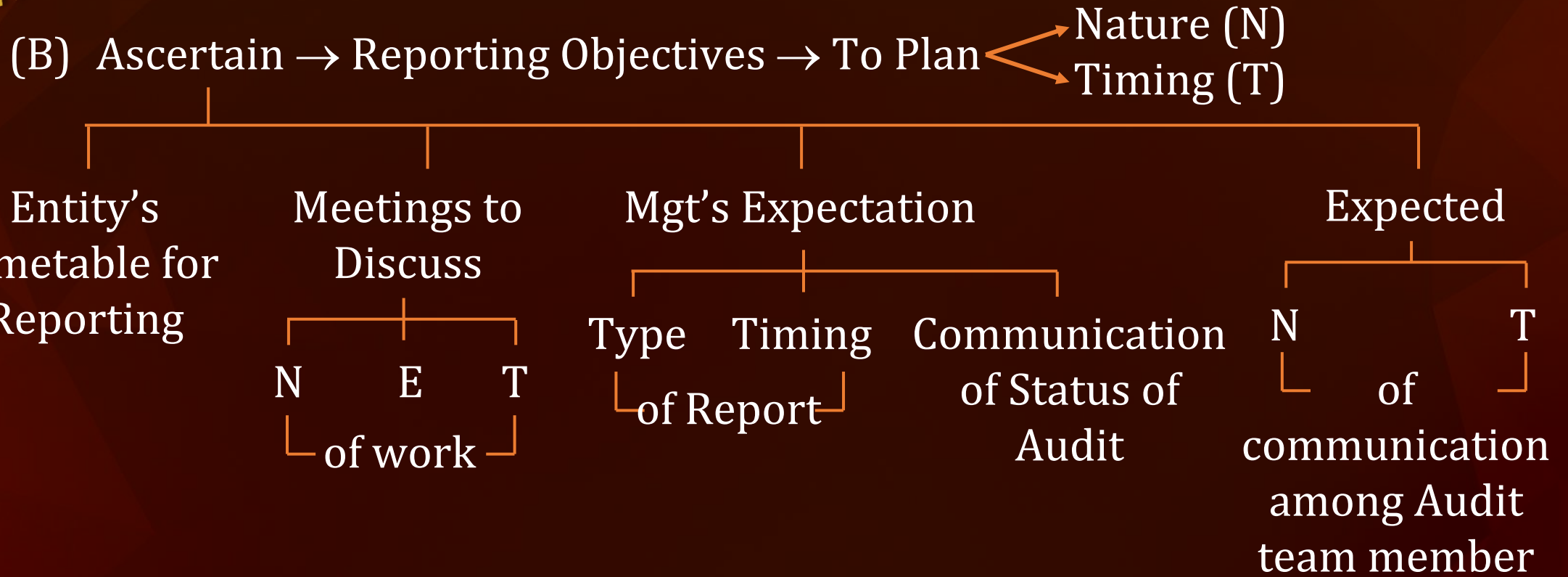
\* Factors to be considered → for establishing Audit Strategy

(A) Identify → Characteristic → of Engagement





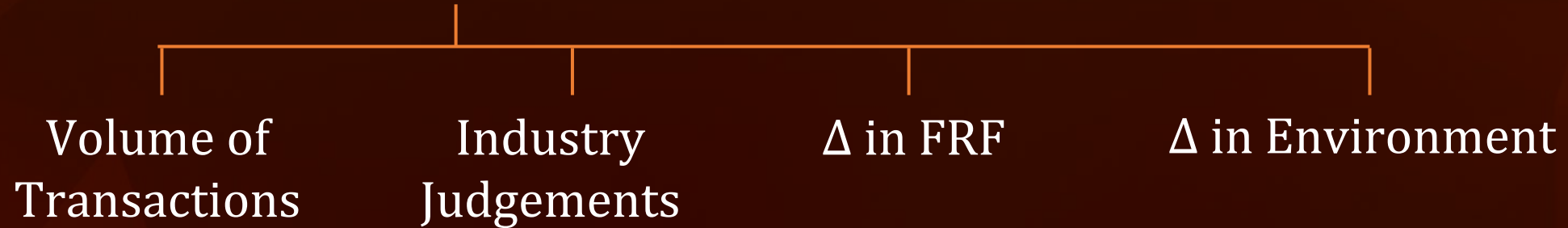
# Topic: Planning Process -Elements of Planning





## Topic: Planning Process -Elements of Planning

(C) Consider → Significant Factors → in directing → Team's Efforts



(D) Consider → Result  Preliminary Engagement Activities  
Relevant Knowledge of Engagement Partner

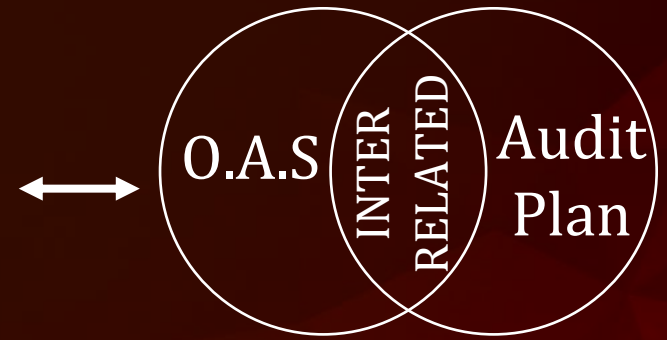
(E) Ascertain → N.E.T. → of Resources Necessary



# Topic: Relation between Audit Strategy & Audit Plan

| Audit Strategy   | Audit Plan  |
|--|---|
| Sets Brand Overall Approach  | • Addresses Various Matters Identified in OAS                   |
| Determines $\left\{ \begin{array}{l} S \\ T \\ D \end{array} \right.$ of Audit | • Describes How Strategy is going to be implemented             |
| Less Detailed than Audit plan  | • More Detailed than OA's<br>• Includes Net of Audit Procedures |
| OAS is established First   | • Audit plan can be developed After OAs                         |

\* Establishment of





# Topic: OAS & Audit Plan - Responsibility of Auditor



Responsibility → Remains with Auditor



May Discuss



Elements of Planning



Without Compromising Effectiveness of Audit





# Topic: Planning Supervision & Review of Work of Engagement Team Members

\* Auditor shall Plan  $\left[ \begin{array}{c} N \\ E \\ T \end{array} \right]$  of  $\left\{ \begin{array}{c} D \\ S \\ R \end{array} \right.$   
↓  
Factors

(1) Size  $\left\{ \begin{array}{c} \text{---} \\ \text{---} \end{array} \right.$  of Entity  
Complexity  $\left\{ \begin{array}{c} \text{---} \\ \text{---} \end{array} \right.$

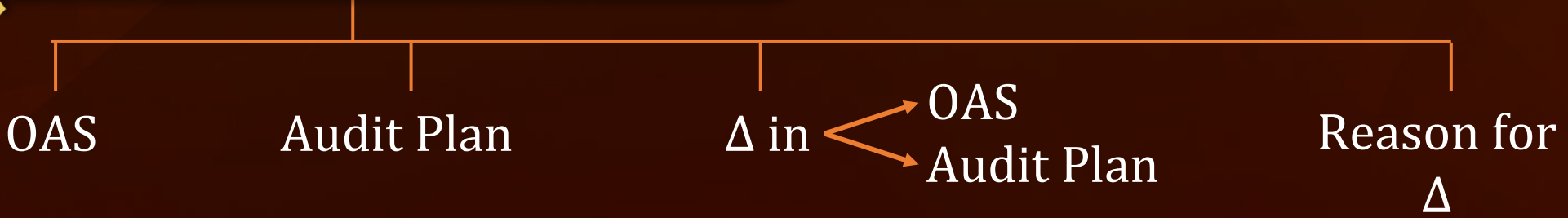
(2) Area of Audit

(3) Assessed RoMM

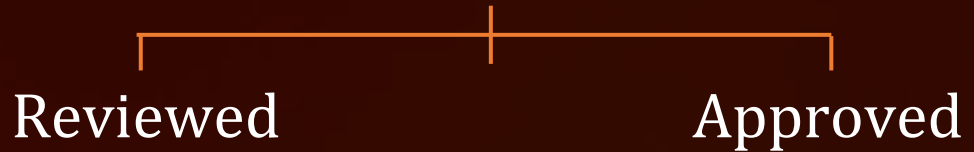
(4) Capabilities  $\left\{ \begin{array}{c} \text{---} \\ \text{---} \end{array} \right.$  of the Engagement Team Members  
Competence  $\left\{ \begin{array}{c} \text{---} \\ \text{---} \end{array} \right.$



# Topic: Documentation



- \* Documentation = Record of :-
  - (i) RAP & FAP
  - (ii) Proper Planning of Audit Procedures



- \* Auditor May Use → STANDARD
  - Audit Program
  - Audit Completion Check List

→ Tailored → as needed





# Topic: Audit Programme

Desirable → Particularly → Bigger Auditors

List of Examination Verification Steps → to be Applied Set out In Away

OR

Detailed Plan of applying → Audit procedures  
Instructions → Appropriate Techniques  
for accomplishing Audit Objectives

Interrelationship

of one step to another

Clearly Shown Designed

Keeping in view the Assertions



# Topic: Evolving ONE audit Programme

↓  
NOT PRACTICABLE → or All Businesses

↓  
Vary in

- Nature
- Size
- Composition
- I.C.
- Work





# Topic: Periodic Review of Audit Programme

To Assess → Whether → Same continues to be ADEQUATE



for obtaining Requisite



Knowledge

Evidence

\* Auditor → may have to face legal consequences



NEGLIGENTLY CONDUCTED AUDIT



On the basis of an OBSOLETE Audit Programme



## Topic: Periodic Review of Audit Programme



\* Audit Assistants → Unfailingly → Follow Instructions of Audit Programme

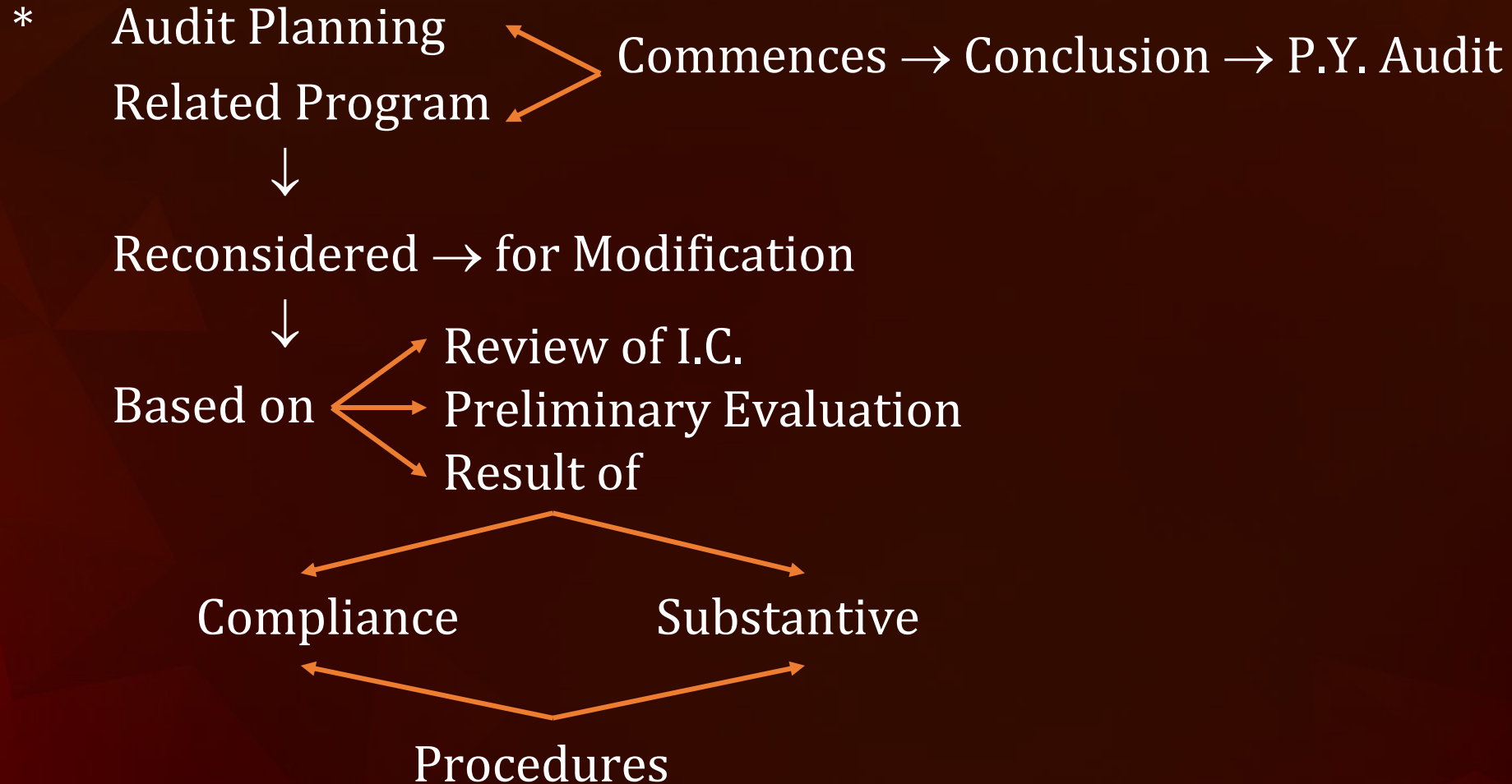


Until Changed by Principal

If periodic review is conducted → it removes RIGIDITY



# Topic: Constructing an audit programme





# Topic: Constructing an audit programme

\* While developing Audit Program →

(1)

Auditor MAY

Rely on I.C.



Eff. & Eff. Way to  
conduct on Audit

Not to Rely on I.C.



Other more efficient way to  
obtain Suff. + Appro. A.E.



## Topic: Constructing an audit programme



- (2) Consider
- Timing of Procedure
  - Coordination with client
  - Availability of Assistants
  - Involvement of other
    - Auditor
    - Expert





## Topic: Constructing an audit programme

### (3) When to Perform Audit Procedure

Generally Flexible      Some Cases → Not Flexible → Eg. Inventors Cash, etc.

#### \* Construction of Audit Programme:

(1) Stay within { Scope Limitation } of the assignment

(2) Prepare → Written Audit Programme

(3) Identify → Best Evidence



## Topic: Constructing an audit programme

- (4) Apply → Only useful steps
- (5) Include → Audit Objectives → of each area
- (6) Consider → Possibilities of Errors
- (7) Co-Ordinate → Procedures

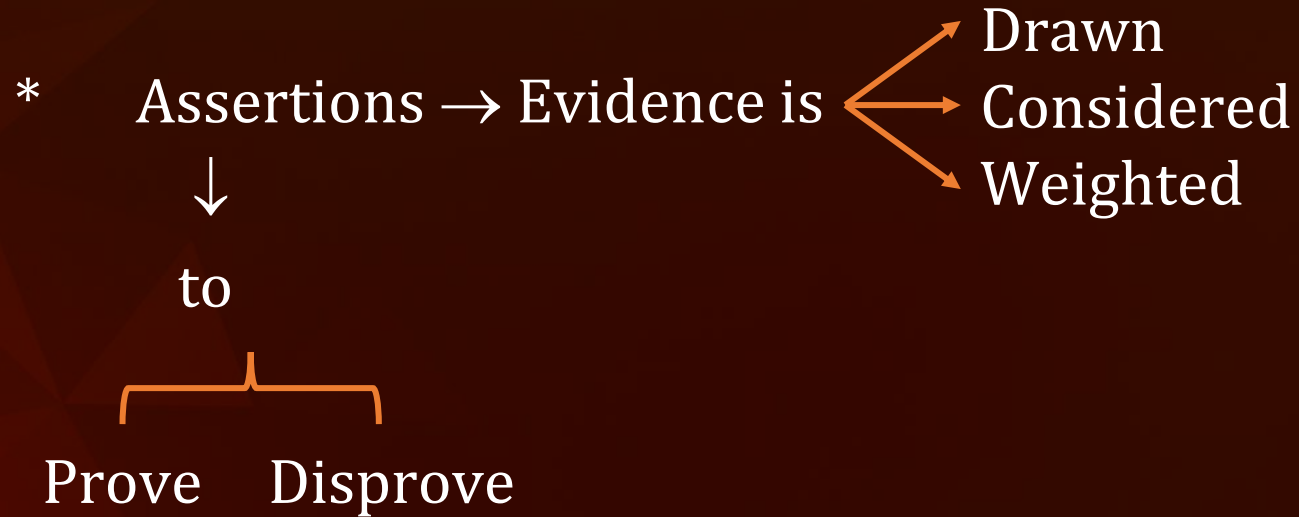


## Topic: Audit Programme -Designed to provide AE

- \* A.E. = INFO → used by Auditor → in Arriving @ Conclusion
  - ↓
  - Includes
  - ↓
  - Info. In { A/c. Records  
Other Info.
  
- \* A.E. → basis for formulation → of opinion
  - ↓
  - Audit Programme { Procedures  
Techniques



# Topic: Audit Programme -Designed to provide AE





# Topic: Advantages & Disadvantages of Audit programme



## Advantages

- (1) Total + Clear → Set of Instructions
- (2) Provide → Perspective → of work to be performed
- (3) Selection of capable assistants
- (4) Audit can proceed systematically
- (5) Work may be tracked back to the assistant
- (6) Principal can track progress
- (7) Serves as a guide for future Auditors
- (8) Serves as evidences



# Topic: Advantages & Disadvantages of Audit programme



## Disadvantages

- (1) Work → may become → mechanical
  - (2) Programme → trends to become
  - (3) Inefficient assistants → may take shelter
  - (4) Hard & Fast Audit Programme → may kill initiative
- Rigid
- Inflexible

## Disadvantages may be overcome by

Imaginative  
Supervision

Receptive  
Attitude

Observe Matters  
Objectively



thank you