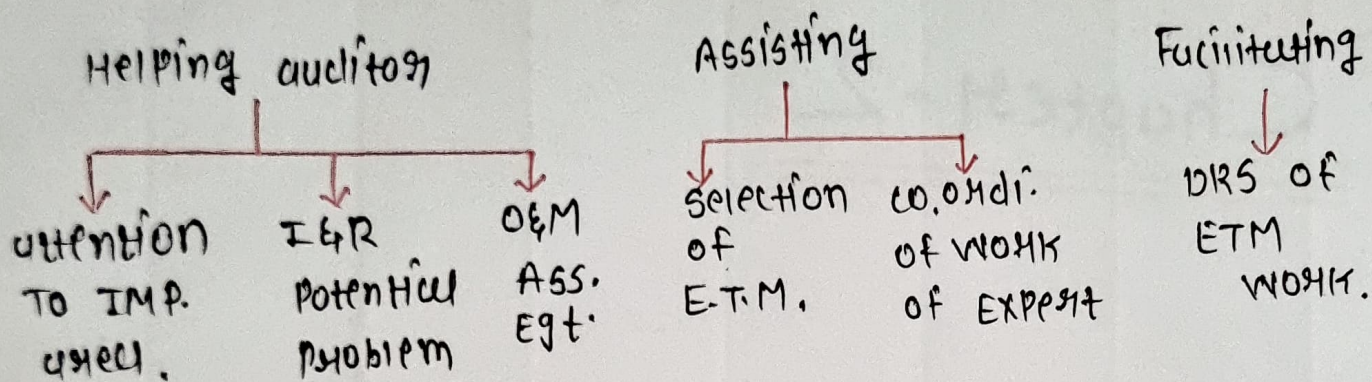


Chapter - 2

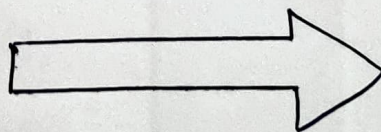
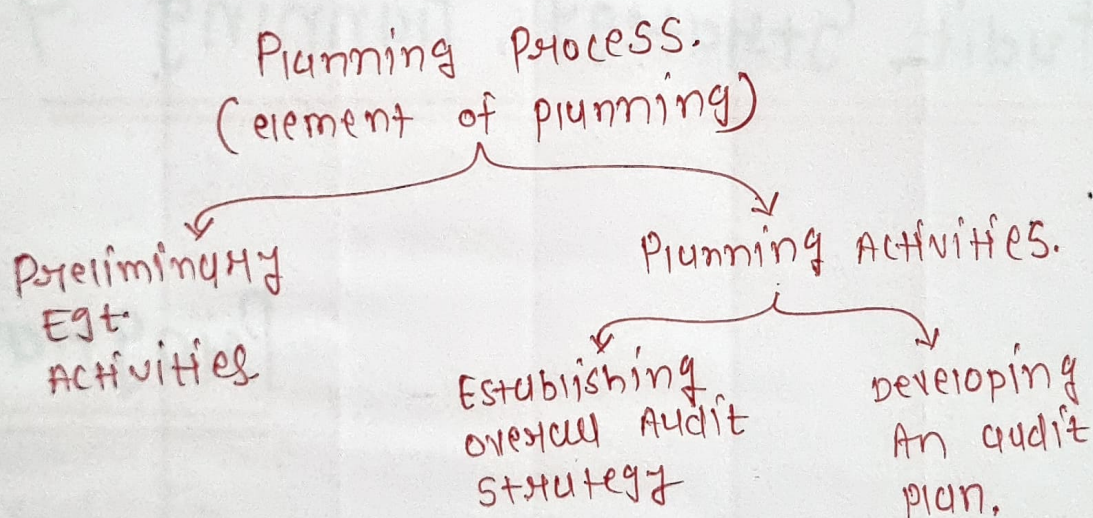
Audit Strategy, Planning &

Programme

• Why Planning an audit is necessary? its benefits:-



Therefore, Planning An Audit Ensure that Audit Risk is reduced to an Acceptably low level.



Primary Egt. Activities.

performing procedure
regarding C.C.R. &
Audit Egt.

Firm should obtain info. on
matter such as,

- Integrity
- Competence.
- Impairment of matter.

evaluate compliance with
ethical req. incl. independence

It is require to form conclusion
for that auditor shall,

use criteria of
relationship that
create T.T.O.I

determine whether
mgt create any
T.T.O.I for audit
egt.

Establishing an
understanding of
terms of Egt.

Take app. action

eliminate withdrawal
threat from audit

apply S.C.
if permit
by law.

NOTE:- For detailed elaboration
refer Module-2. (A.B.3)

Running Activities.

Establishing overall audit strategy.

Function

Identify the characteristic of Egt. that define its scope.

* (F)

AFRF

Ind-specific reporting Req.

Number of BNS segment

(E)

AE of PAF. Audit

Ascertain the Repo. objective of Egt. To plan timing of audit & nature of communication required.

For Eg.

- Entity T.T. for reporting

- Orgn. of meeting To discuss NTE with mgt.

- Discuss with mgt. Expected type & timing of report

- NTE of,

comm. among team member

signi. functions in A.P.J.

eg.

- V.O.T. (is region) IC?

- A in Indus. BNP.

- D in AFRF other D in regul ENVRN.

consider the result of perform. activities. (C.O.)

Ascertain the NTE of resources. (R.O.)

Developing An audit plan.

It shall inc. description of

- NTE of RAP

- NTE of FAP

- other PAP that require To comply with SAs.

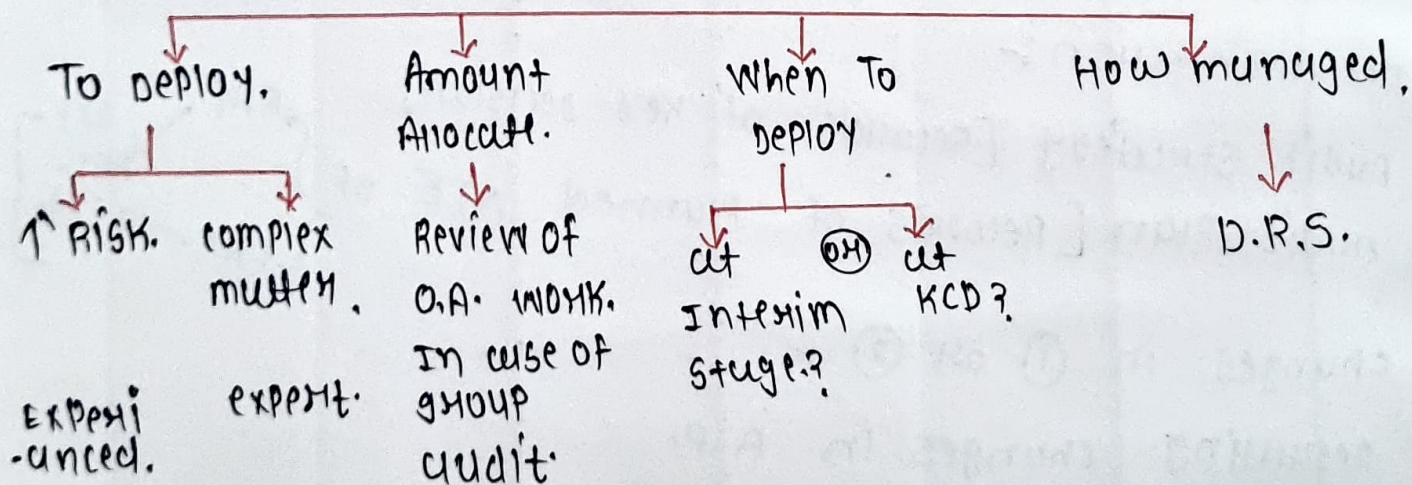
* the auditor shall Req. To develop an audit strategy that S.T.D. sets of the audit. and that guides the development of audit plan.

• Relationship B/w Audit Strategy & Audit Plan:-

Audit Strategy	Audit Plan
• set broad level approach to audit. • determine S.T.D. of audit.	• address the matter identified during the audit strategy • How strategy is implemented • more detailed than A.S.
• Both are not sequential process. • closely inter related • A in one results in A in other. • Auditor's Responsibility.	

• Benefit of overall audit strategy:-

Assist Auditor To determine, RESOURCES



• Nature of audit Planning - A continuous process:-

→ Audit Planning begins shortly after the completion of the previous audit and continue until the completion of current A.E.

→ matter considered for planning:-

R O M E O

A.P. Applied
AS R.A.P.

performance
of ORAP

materiality

Involve
Expert?

understand
of L & R
F.W.

• Planning, Review & Supervision (PRS) of ETM:-

The Auditor shall plan NTE of DRS of ETM Based on

C = capabilities & competencies.

A = Area of audit

R = AROMM

S = size & complexity of entity

• Documentation:-

1] Audit Strategy [Records of key decision]

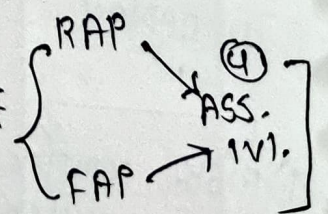
2] Audit Plan [Records of planned NTE of

3] changes in ① or ②

4] Resulting changes in A.P.

5] Why changes?

6] final Adoption ① & ②



Audit Programme

Definition :-

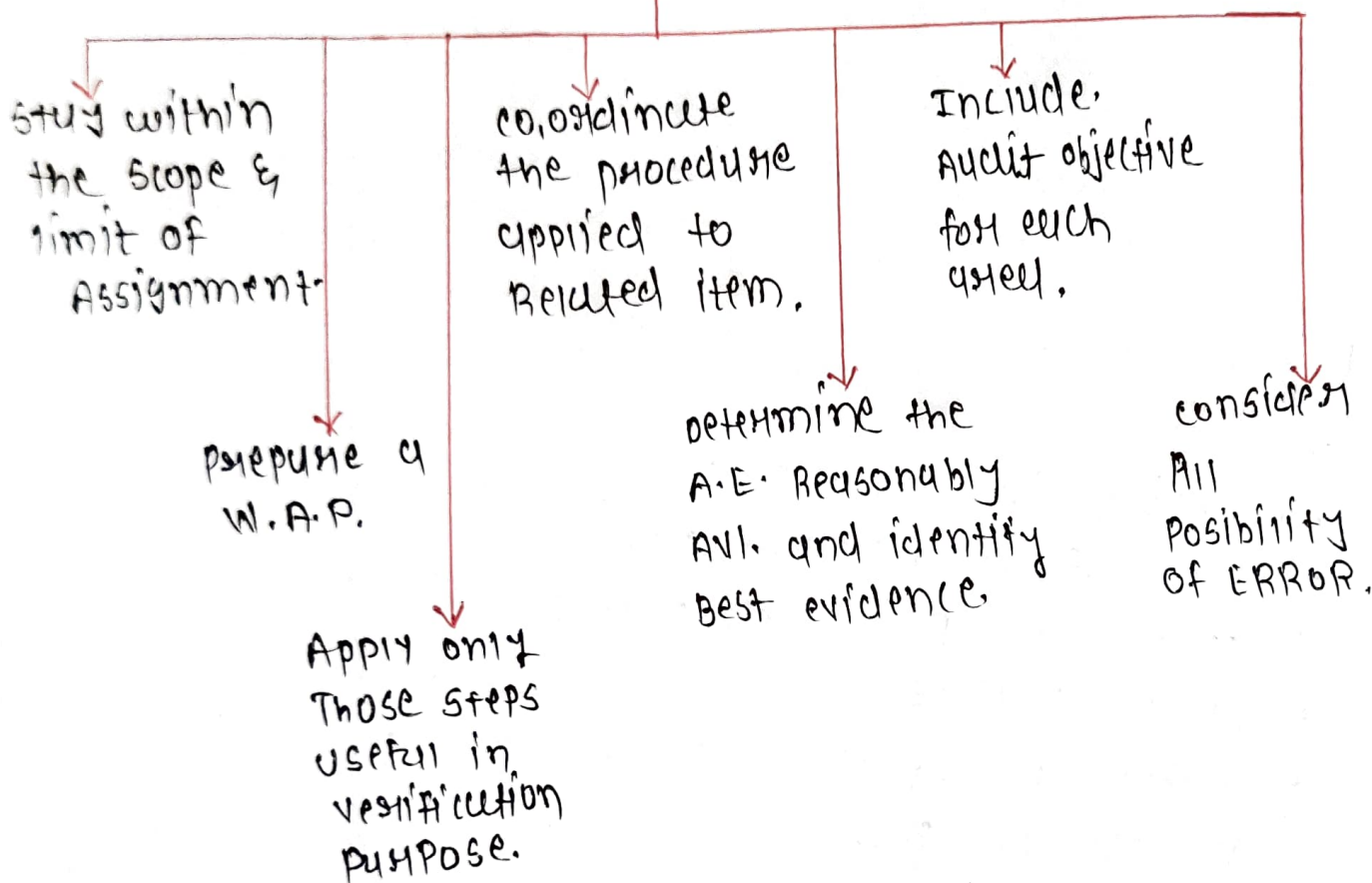
An Audit Programme consist of,

- series of verification process
- Applied at F.S. & ALL Balances of given entity.
- For the purpose of obtaining SANE
- enable the auditor to Express an informed opinion on F.S.

Features :-

- Work which is suitable for one PSNS may NOT for other
- one A.P. cannot applicable to all.
- Assistant has to keep an open minded.

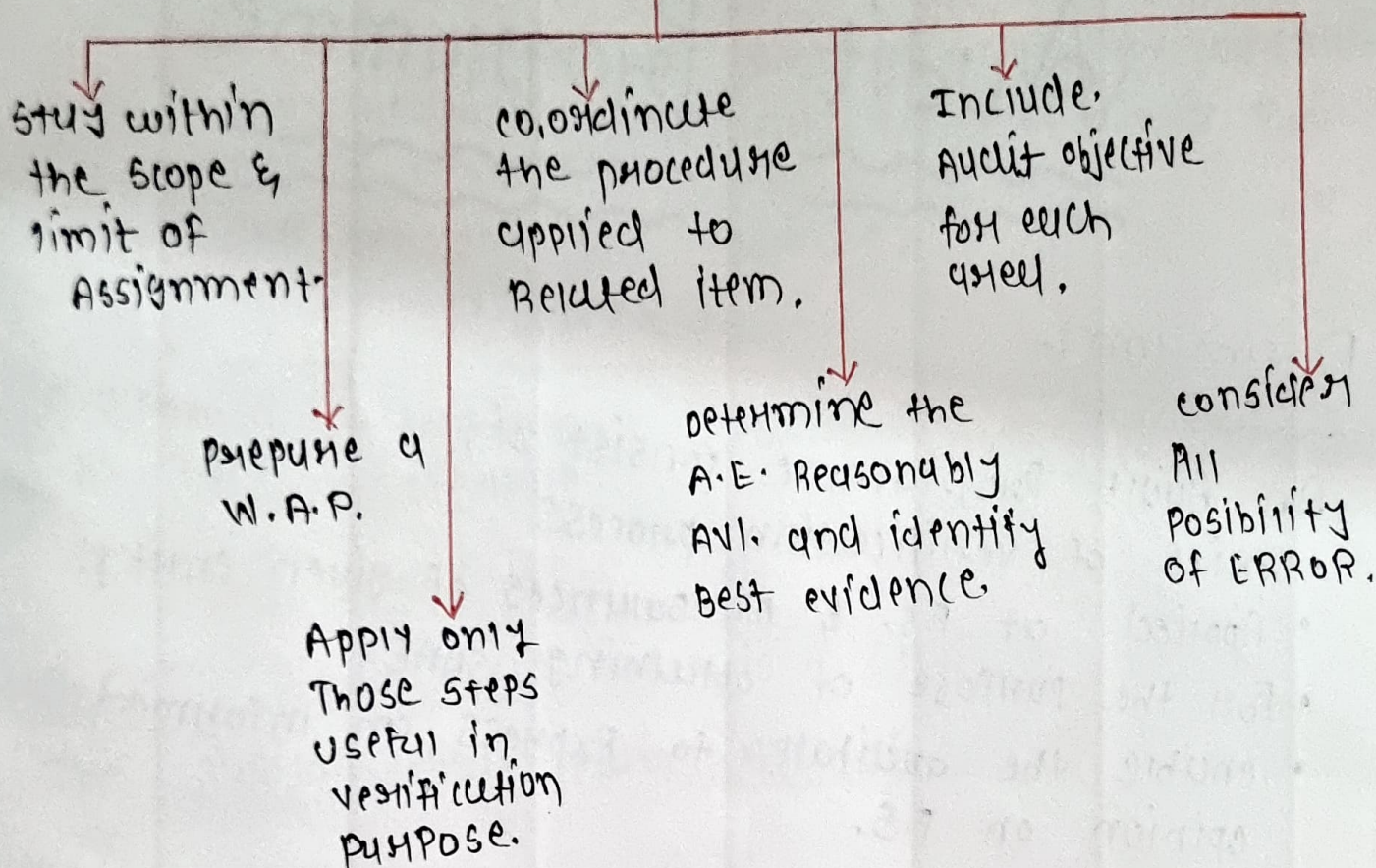
• Points kept in mind while programme constⁿ:



• Advantages and Disadvantages of Audit prog^{re}:

Advantages.	Disadvantages.
• provide assistant, instruction • provide total perspective of work. • Risk of overlooking B & Rec is less. audit can proceed significantly. • By sign on A.P. assistant takes the Responsibility • Examination principle can control the progress. • guide for succeeding audit • settle up evidence	• work may become mechanistic. • rigid and inflexible. <u>NOTE:-</u> It may be eliminated by. - Imaginative supervision - Receptive attitude - Assistant should be encouraged to observe matters objectively. - Notice signi. matters. (SQ.)

• Points kept in mind while programme constⁿ:



• Advantages and Disadvantages of Audit progⁿ:

Advantages.	Disadvantages.
• provide assistant, instruction • provide total perspective of work. • Risk of overlooking B & Rec is less. audit can proceed significantly. • By sign on A.P. assistant takes the Responsibility • Examination principle can control the progress. • guide for succeeding audit. • settle up evidence	• work may become mechanistic. • rigid and inflexible. • Hard & fast audit with efficiency. • Inefficient assistant.

matter objectively.
- Notice signi. matter.
(6Q.)

Other Point Read from Books (M2) :-

1.] Other IMP. NOTES.

2.] Assistant has to keep open mind.

3.] Periodic review of audit programme.