SA600

encroachment
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PANKAJ
Page No.:
Date: / /

## Using the work of Another Auditor

**Principal Auditor** :→ means the auditor with responsibility for reporting on the FI of an entity when that FI includes the FI of one or more components audited by another auditor.

**Other Auditor** :→ means the auditor, other than the Principal Auditor, with responsibility for reporting on the FI of a component which is included in the FI audited by the Principal Auditor.

**Component** :→ mean a division, branch, subsidiary, associated enterprises or other entity — whose FI is included in the FI audited by the principal auditor.

(note 1): when the accounts of the branch & component are audited by a person other than the companies auditor then, there is a need for clear understanding of the roles of companies Auditor & Branch Auditor, therefore SA600 has been introduced.

(note 2): As per The Companies Act 2013, Sec 143(8) Principal Auditor has a right to visit the component & examine the books of accounts or other related document.

(note 3): when another auditor has been appointed for a component then the principal auditor would normally be entitled to rely upon the work of such another auditor unless there are special circumstances.

Ask about limitation of his work.

Branch → foreign Branch → Other than CA Audit → Qualification check.

(note 4): When using the work of Another Auditor, Principal Auditor should perform the following procedures:-

May 24

(1) Principal Auditor should advise the other auditor about the use of other auditor's work & Report that has to be made by principal auditor.

(2) Principal Auditor should also make sufficient arrangement for coordination of their efforts at the planning stage itself.

(3) Principal auditor should also inform the other auditor about these matters which may requires special consideration (fraud) (significant Area), RMM↑ materiality↑

Timetable of completion of audit & procedure to identify RPT's ← inter-component txn & disclosure → Branch & HO txn

(4) Principal auditor should advise the other auditor about significant accounting, auditing & reporting requirements that should be complied with, along with written representation requirement.

(note 5): Principal auditor may discuss with the other auditor about the AP applied or review a written summary of AP & findings by another auditor either in the form of Questionnaire or check-list. working paper ✗ Supplementary Test

(note 6): The NTE of procedure to be performed by principal auditor depends upon the circumstances of the engagement, Principal auditor knowledge about professional competence of other auditor & any other relevant factor such as previous experience.

* Principal Auditor → Perform AP → To obtain SAAE → that other Auditor's work is adequate for him.

Page No.:
Date: / /

## Audit of Branch Office.

① Sec 128(1) → Every Co shall keep Books of a/cs at the registered office & FS that give true & fair view ⊕ as per accrual Basis ⊕ double entry system of a/cing.

② If kept at any other Place inform ROC within 7 days.

③ If Co. has branch offices, it can keep books of Branch at that office & prepare summarised returns sent to registered office periodically.

④ Sec 143(8) → Power & duties of Co. Auditor in relation to branch audit & branch auditor.

In India ⑤ Branch a/c can be audited by $\boxed{\text{Co. auditor}}$ or any other qualified person. as per sec 139.

Outside India ⑥ If Branch is situated outside India then Audit shall be done by $\boxed{\text{Co. Auditor}}$ Or by a person duly qualified to be appointed as auditor as per the laws of that country.

⑦ Branch Auditor (if diffⁿ) shall share his report (fraud) with $\boxed{\text{Co. Auditor}}$

$\boxed{\text{Co Auditor}}$ → मांग सकता है? Force? Nhi → $\boxed{\text{Branch auditor}}$

पे Khud देखें अपनी marzi से? yes. ← Working Papers

- Independence affect nahi.
- It doesn't undermine the validity of work perform.

Page No.: Date: / /

## Sec 143(8) — Branch Audit

1. Who is eligible to be appointed as a branch auditor :→
Where a co. has a branch office, the account of that office shall be audited :-
(i) Companies Auditor or Principal Auditor.
(ii) Any other Person who is qualified to be appointed as a Statutory Auditor under the act (Or)
(iii) Where branch is situated outside India then it can be audited either by Companies Auditor or by an accountant or by any other person who is qualified to act as an auditor in accordance with the laws of the country [for eg — Certified Public Accountants (CPA's) in US].

2. In case of branch audit, Branch auditor shall prepare a report on the accounts of branch examined by him & send it to the auditor of the company ie principal auditor, who shall deal with this report as he may consider necessary.

3. The Branch auditor also has the duty to report any fraud ie concerned with his branch as required U/S 143(12)

Note: Ownership of Audit Documentation prepared by Branch Auditor. (SA 230 — for details)

Note: Read Sec 128 — regarding maintenance of Books of A/cs during CA later Law revision.