SA 600: Using the Work of Another Auditor

P.A.	O.A.
Principal Auditor	Other Auditor
Eg Auditor of Consol. F.S.	Eg Auditor of Subsy
• Who uses work of other auditor	• Reports on financial info. of component included in financial info. audited by P.A. Consol. F.S.
• Reports on financial info. of entity that includes financial info. of one/more components.	

• Division • Subsy • J.V.
• Branch • Associate • Others

NOTE: SA600 → N.A to Joint Audit / Relation with Predecessor auditor (SA299)

① Acceptance as P.A. → consider?

(Apna Area)

a) Materiality of portion of financial info. which P.A audits.

(Dusre)

b) Degree of knowledge regarding business of components.

c) Risk in financial info. of components.

d) Performance of addn audit pro. for components audited by O.A. to have sig. participation in such audit.

Imp

Consol. F.S. — Auditor & P.A.
• Parent Co.
• Subsy 1 ← & O.A.
• Subsy 2.
• Associate
• J.V

TATA MOTORS
& P.A C.F.S.
→ JAGUAR LAND ROVER Subsy F.S. (JLR) & OA

② P.A's Audit Procedures?

P.A → O.A

1) Right to visit & examine the books if necessary in spl. circumstances.

O.A. unqualified / biased, component, ROMM

2) If planning to use O.A's work, evaluate competence if O.A is not C.A.

3) Perform "Procedures" → to obtain "SAAE" → that OA's work is **Adequate** for P.A.

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Advise O.A. of use of his work & Coordinate at planning stage

I PAA

- Procedures for identifying RPTs inter-component transn that may require disclosure
- Areas requiring spl. audit consideration {eg sig. Risk → complex FRAUD}
- Advise about sig. A/c, audit & reporting requirements.

Time Table for completion + obtain representation for compliance.

II Work check?

- Discuss audit procedures applied

  or

  obtain written summary of O.A's pro. in form of:

  Questionnaire or checklist

- May also wish to visit O.A.

Kitni checking? N.T.E of A. Pro. depends on circumstances of engg. (ROMM Test) & knowledge about competence of O.A.

? Can be obtained from Review of previous audit work.

3) Role of P.A & O.A.

P.A.

i) Necessary to issue written communication to O.A.

ii) Advise O.A. if any matter that has imp. bearing on O.A's work.

RPT (subsy involved → contract (ALP?))

iii) May require O.A to answer detailed questionnaire

O.A.

i) Should coordinate with P.A.

eg. • Bringing sig. findings to P.A's attention.

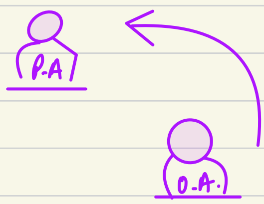
• Adhering to time table.

ii) Ensure compliance with statutory requirements.

F.S. → Cos. Act 2013
Audit → Cos Act 2013

iii) Should respond to questionnaire.

4) P.A. → consider sig. findings of O.A.



Subsy Co. → long term contracts with customers → Premature Revenue Recognition.

SA? • Discuss with
- O.A.
- &
- mgt of subsy Co.

• Decide supplementary procedures [• Read contracts. • confirmation from customer]

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Depends on circumstances, performed by
- P.A or
- O.A.

5) Documentation

Component whose F.S. audited by O.A.

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Procedures performed & concl^n reached

eg • Results of discussions with O.A.
• written summary of O.A's pro.

Q what if limited A.pro. performed? (kamchori)

Reasons not to be documented.

OA's Report is modified (MAQ)

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How P.A dealt with / ignore to qualification / Adverse Remarks.

⑥ Reporting

- P.A. conclude
  - → O.A work use sufficient ✗
  - \+
  - → Add^n Pro. ✗

⇓

(SAAEx)

D / A / Q opinion.

- O.A issue modified Report ↓

consider nature & significance of matter.

↓

in relation to financial info. of entity

{ consol. f.s. → matter material ? }

Division of Responsibility

Work of O.A

↓

P.A Responsible ✗

unless suspicious circumstances about reliability of OA's work.

Report should clearly state Division of Resp.

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Indicating extent to which financial info. audited by O.A. (eg No. of branches, divisions etc.)

⊕

If A.A notices material discrepancies

⇓

Inform OA [+] include in AR.