

This document contains some important references for CA Final Audit Students of May 21.

Document compiled by CA Pragnesh Kanabar. (insta id→ @pragneshsiraudit)

Take a printout and paste it on your Wall or study table.

#letusclearthisattempt

SA titles- You must remember these titles.

Sr. No	SA number	Title
1	SA 200	Overall Objectives of Independent Auditor and conduct of audit in accordance with Standards on Auditing
2	SA 210	Agreeing to the terms of audit engagement
3	SA 220	Quality Control for an Audit of Financial Statements
4	SA 230	Audit Documentation
5	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements
6	SA 250	Consideration of Laws and Regulations in an Audit of Financial Statements
7	SA 260	Communication with Those Charged with Governance
8	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
9	SA 299	Joint Audit of Financial Statements
10	SA 300	Planning an Audit of Financial Statements
11	SA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment
12	SA 320	Materiality in Planning and Performing an Audit
13	SA 330	The Auditor's Responses to Assessed Risks
14	SA 402	Audit Considerations Relating to an Entity Using a Service Organization
15	SA 450	Evaluation of Misstatements Identified during the Audits
16	SA 500	Audit Evidence
17	SA 501	Audit Evidence - Specific Considerations for Selected Items
18	SA 505	External Confirmations
19	SA 510	Initial Audit Engagements- Opening Balances
20	SA 520	Analytical Procedures
21	SA 530	Audit Sampling
22	SA 540	Auditing Accounting Estimates , Including Fair Value Accounting Estimates, and Related Disclosures
23	SA 550	Related Party
24	SA 560	Subsequent Events
25	SA 570	Going Concern
26	SA 580	Written Representations
27	SA 600	Using the Work of Another Auditor
28	SA 610	Using the Work of Internal Auditors
29	SA 620	Using the Work of an Auditor's Expert
30	SA 700	Forming an Opinion and Reporting on Financial Statements (AUDIT REPORT)
31	SA 701	Communicating Key Audit Matters in the Independent Auditor's Report (AUDIT REPORT)
32	SA 705	Modifications to the Opinion in the Independent Auditor's Report (AUDIT REPORT)
33	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report (AUDIT REPORT)
34	SA 710	Comparative Information – Corresponding Figures and Comparative Financial Statements
35	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements
36	SQC-1	Quality control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

Company Audit Sections of Companies Act, 2013

Section number	Deals with	Rule Reference from Company Audit and Auditor's Rules, 2014
139	Appointment of Auditor etc.	
139(1)	Appointment of auditor (subsequent) in Non-Government Company	Rule 3 and Rule 4
139(2)	Rotation of Auditor	Rule 5 & 6
139(3)	Internal Rotation of partners/appointment of joint auditors as decided by the members	
139(4)	Power of CG to prescribe rules for rotation of auditor	
139(5)	Appointment of auditor (subsequent) in Government company	
139(6)	Appointment of First Auditor in Non-Government Company	
139(7)	Appointment of First Auditor in Government Company	
139(8)	Casual Vacancy	
139(9)	Retiring auditor can be re-appointed if..... (explain the conditions)	
139(10)	Deemed Re-appointment of Existing auditor (when no auditor is appointed at AGM)	
139(11)	Recommendations of Audit Committee	Rule 3
140	Removal, Resignation of Auditor etc.	
140(1)	Removal before Expiry of his term	Rule 7
140(2)	Filing Form ADT-3 in case of resignation	Rule 8
140(3)	Penalty for violating Section 140(2)	
140(4)	Appointment of an auditor other than retiring auditor at the AGM via special notice by members	
140(5)	Power of Tribunal to direct change of auditor	
141	Eligibility Qualification and Disqualification of Auditor	
141(1)	Eligibility criteria for being an auditor of company	
141(2)	In case of firm/LLP→ only qualified partners to act and sign	
141(3)	Disqualifications from being an auditor of a company	Rule 10
141(3)(a)	A Body corporate other than LLP	
141(3)(b)	Officer or employee of the company	
141(3)(c)	Employee or partner of an officer or employee of the company	
141(3)(d)	A person, who or his relative, or partner	
141(3)(d)(i)	Holding security/interest in the group companies	
141(3)(d)(ii)	Indebted to group companies	
141(3)(d)(iii)	Provided guarantee to group companies for indebtedness of a third party	
141(3)(e)	Business Relationship	
141(3)(f)	Relative being a director or KMP of the company	
141(3)(g)	Ceiling limit on number of audits	
141(3)(h)	Convicted by Court for offence involving fraud	
141(3)(i)	Providing services restricted u/s 144 to the company, holding company, subsidiary company.	
142	Remuneration of Auditor	
142(1)	Who will Fix the remuneration	
142(2)	What is included/excluded from remuneration	
143	Powers and Duties of Auditor	
143(1)	Right of access to the books and record of the company. Duty to inquire upon certain matters (6 clauses a-f)	Sec 143(3)(j) read with Rule 11
143(2)	Report to the members on accounts examined by him	
143(3)	Duty to report upon certain matters (10 clauses a-j)	
143(4)	Reasons for negative remarks in audit report	

143(5)	Power of C&AG to appoint and direct the auditor	
143(6)	Power of C&AG to order supplementary audit or comment upon the audit report	
143(7)	Power of C&AG to order Test Audit	
143(8)	Branch audit	Rule 12
143(9)	Every auditor to comply with 'auditing standards'	
143(10)	'Auditing Standards' shall mean standards recommended by the ICIA notified by CG in consultation with NFRA	
143(11)	Duty to report upon any other matter as prescribed by CG in consultation with NFRA (E.g CARO)	
143(12)	Duty to report fraud to the Central Government	Rule 13
143(13)	Protection to the auditor if reporting done u/s 143(12)	
143(14)	Sec 143(12) also applies to cost auditor and secretarial auditor	
143(15)	Penalty for violating Section 143(12)	
144	Auditor not to provide certain services	
145	Auditor to sign audit reports, etc.	
146	Auditor to attend General Meeting	
147	Punishment for Contravention	
147(1)	Punishment prescribed for company and officer in default	
147(2)	Punishment prescribed for auditor	
147(3)	Auditor to refund remuneration and pay for damages	
147(4)	CG to appoint a recovery officer/authority	
147(5)	Liability of the partners of the audit firm.	
148	Cost Audit	
148(1)	Maintenance of Cost Records	
148(2)	Applicability of Cost Audit	
148(3)	Eligibility and appointment of Cost Auditor	
148(4)	Clarification that Cost audit is in addition to audit of FS	
148(5)	Qualifications, disqualifications, rights, duties and obligations applicable to auditors of the company also applicable to cost auditor (as far as practicable)	
148(6)	Submission of cost audit report by the Company to CG	
148(7)	Power of CG to call for additional information/ explanation	
148(8)	Punishment for contravention	
		Rule 14- Remuneration of cost auditor

Code-Word to remember the Main Section Titles:

ARE R2 S2 GPC

Sec 139→A- Appointment

Sec 140→ R- Removal

Sec 141→ E-Eligibility, Qualification and Disqualification

Sec 142→ R- Remuneration

Sec 143→ R-Rights and Duties

Sec 144→ S- Services not to be provided by auditor

Sec 145→ S- Signing of audit report

Sec 146→ G- General Meeting to be attended by auditor

Sec 147→ P- Punishment for contravention

Sec 148→ C- Cost Audit

CARO→ Companies Auditor's Report Order 2016(applicable for May 21 Exams)

16 clauses under Para 3 of Statement on CARO 2016

Modi says "**FILL PUBLIC CSR FUNDS**" but **FM Nirmala** **Parties Privately** in Club **192** with **RBI**

Clause	Deals with
(i)	Fixed Assets
(ii)	Inventory
(iii)	Loans and advances to Related Parties
(iv)	Law→Compliance with Sec 185 and 186
(v)	Public Deposits Accepted
(vi)	Cost records
(vii)	Statutory dues Payment
(viii)	Repayment of Dues- Default
(ix)	Utilisation of funds raised by IPO, Bank Loans
(x)	Fraud reporting
(xi)	Managerial Remuneration
(xii)	Nidhi Company
(xiii)	Related Party Transactions
(xiv)	Utilisation of Funds raised by private placement and preferential allotment
(xv)	Non-cash transactions- Section 192
(xvi)	Registration with RBI- NBFC.

Professional Ethics

References to be given from

- 1) Chartered Accountants Act, 1949
- 2) Schedules to CA Act, 1949
- 3) Council General Guidelines, 2008
- 4) Council Guidelines for Advertisement, 2008
- 5) CA Regulations, 1988

It is important to remember the references. However, in an unfortunate event if student forgets the reference to be given then you can use the term 'As per the revised Code of Ethics issued by the ICAI' (Use this technique only in case of emergency!!!! Don't be Lazy!!!!)

Part I- First Schedule- to CA Act, 1949- CA in Practice committing Professional Misconduct.

Clause	Deals with	Cross Reference?
1	Allowing others to practice in his name	
2	Sharing fees/profits with others	Regulation 53A of CA Regulations, 1988
3	Accepting a share in Fees/profits of others	
4	Entering into partnership with others	
5	Securing work through wrongful means	
6	Soliciting clients through various forms of advertisement	Council Guidelines for Advertisement, 2008 for Website, Write-up, Online third party platforms, Application based service provider aggregators, telephone directories, Exemptions etc.
7	Advertising Professional attainments and services (read with Section 7 of CA Act, 1949→ Use of Degree/Designation)	
8	Communicating with Predecessor auditor	Chapter VII of CGG, 2008
9	Check Compliance with Sec 139 and Sec 140 of Companies Act, 2013	Chapter XI of CGG, 2008
10	Charging/Accepting fees on % or Performance basis	Regulation 192 of CA Regulations, 1988
11	Engaging into any other BOP→ Business, Occupation or Profession (Other than CA Profession) without Council's permission	Regulation 190A and 191 of CA Regulations 1988
12	Allowing others to sign on his behalf	Section 26 of CA Act, 1949

Part II- First Schedule- to CA Act, 1949- CA in Service committing Professional Misconduct.

Clause	Deals with
1	Sharing Emoluments with others (as a consideration for Job Procurement)
2	Accepting Referral Commission/Gratification from a professional referred to Employer.

Part III- First Schedule- to CA Act, 1949- Members of the institute committing Professional Misconduct.

Clause	Deals with
1	Not being FCA acts as a FCA (read with Section 5 of CA Act, 1949)
2	Does not provide information to the ICAI and all other bodies constituted under CA Act, 1949
3	Knowingly provides incorrect information in any of the items discussed in Clause 6 and 7 Part I First Schedule

Part IV- First Schedule- to CA Act, 1949- Members of the institute committing Other Misconduct.

Clause	Deals with
1	Held Guilty for offence punishable with imprisonment upto 6 months
2	An Act that brings disrepute to the profession, in the opinion of the Council, whether or not related to professional work

Part I- Second Schedule- to CA Act, 1949- CA in Practice committing Professional Misconduct.

Clause	Deals with
1	Client Confidentiality
2	Signing without examination/review
3	Vouching for the accuracy of Forecasts
4	Expressing opinion on FS where substantial interest is involved
5	Failure to report (knowingly) material fact omitted in the FS
6	Failure to report (knowingly) material misstatement appearing in the FS
7	Gross negligence
8	Failure to obtain sufficient information Expressing Qualified opinion where disclaimer is required
9	Failure to invite attention to any material departure from standard auditing practice.
10	Misappropriating money received from client.

Part II- Second Schedule- to CA Act, 1949- Members of the institute committing Professional Misconduct.

Clause	Deals with
1	Violating the sections of the Act, council guidelines and regulations
2	Employer's confidentiality
3	Knowingly provides wrong information to the ICAI and other bodies under CA Act, 1949
4	Defalcation of cash in professional capacity

Part III- Second Schedule- to CA Act, 1949- Members of the institute committing Other Misconduct.

Clause	Deals with
1	Held guilty for an offence punishable with imprisonment exceeding 6 months.

Council General Guidelines, 2008

Chapter	Deals with
I	Preliminary (Short title, commencement, etc.)
II	Gross negligence by CA in Service
III	Appointment of a Member as Cost auditor → OMITTED
IV	Opinion on financial statements when there is substantial interest → OMITTED
V	Maintenance of books of account
VI	Tax Audit assignments under Section 44 AB of the Income-tax Act, 1961
VII	Appointment of an Auditor in case of non-payment of undisputed fees
VIII	Specified number of audit assignments (in case of a company)
IX	Appointment as Statutory auditor (Ceiling limit on remuneration to be charged for other services provided by auditor along with its associates)
X	Appointment of an auditor when he is indebted to a concern
XI	Directions in case of unjustified removal of auditors
XII	Minimum audit Fees → Chapter Repealed/Omitted
XIII	Guidelines on Tenders (responding to tenders discussed in Clause 6 Part I First Schedule)
XIV	Unique Document Identification Number (UDIN) Guidelines
XV	Guidelines for Networking
XVI	Logo Guidelines
XVII	Guidelines for Corporate Form of Practice

Other Sections from CA Act, 1949 to be studied:

Section 2(2) → Members deemed to be in Practice

Section 2(2)(iv) → Management Consultancy Services (Full List of 28 services)

Section 5 → Associate and Fellow Chartered Accountant.

Section 6 → Certificate of Practice

Section 7 → Use of Degree/Designation

Section 8 → Disabilities for the Purpose of Membership

Section 19 → Particulars of the Register

Section 20 → Removal of Name from the Register (read with Regulation 19 → Restoration of Membership)

Section 21 → Disciplinary mechanism

Section 22 → Professional and other misconduct

Section 24 → Penalty for Falsely Claiming to be a Member etc

Section 25 → CA in practice not to practice as a Company (except for Consultancy services as discussed in Chapter XVII of CGG, 2008)

Section 26 → Unqualified persons not to sign (read with Clause 12 Part I of First Schedule)

Section 27 → Maintenance of Branch office (under a separate incharge who is a member of the institute)

For Tax Audit Clauses→ Separate notes uploaded on Google Drive link:

<https://drive.google.com/drive/u/1/folders/1FZnNoG-k-FmbWAG0atSyevOTkKaCUaT>

CA Pragnesh Kanabbar