SA - 299 Joint Audit of Financial Statements

Scope

→ lays principles for Effective Conduct of Joint Audit to achieve O. Objectives as per SA 200. Special Considerations for Audit.

→ SA do not deals with relationship b/w Principal Auditor & Another Auditor

OBJECTIVES of SA 299

- Broad principles for J.A. in conducting J. Audit.
- Uniform approach to process of Joint Audit
- Identify distinct areas of work & coverage by each J.A.
- Identify
  Individual Responsibility & → Joint Responsibility

Meaning :- Audit of FS. of an Entity by two / more auditors with the objective of issuing Auditor's Report

- Such Auditors are Joint Auditors

REQUIREMENTS

Audit Planning, Risk Assessment & Allocation of Work

↳ Involvement of EP & Key members of ET from EACH of J. Auditors in planning the Audit

↳ Audit Strategy

- Jointly established by J. Auditors which sets Scope, timing & direction of Audit & guides the development of A. Plan.

↳ Development of Audit Plan (Joint A. plan)

- Identify division & common Audit Areas
- Ascertain Reporting Objectives to plan timing of Audit & Nature of Communication.
- Communiate → Significant factors in directing ET's efforts.
- Results of Preliminary Eng. Activities & any Knowledge gained from other / similar Engs. by E.P. for the entity are relevant.
- Ascertain NTE of resources

Assessment of RMM

Considered & assessed by each of J. Auditors & Communicated to other J. Auditors & Documented, whether pertaining to Overall F.S. level or to area of allocation among the other J. Auditors.

Audit Procedures

- Discuss & document NTE of A. procedures for Common & specific alloted areas & Shall be Communicated to TCWG.

Engagement Letter & MRL

JA. shall obtain Common Eng. letter & Common MRL

Allocation of Work

- By Mutual Discussion, divide work
- Usually in terms of Audit of Identifiable units or Specified Areas.
- Due to business Nature of Entity ↓ Division NOT possible ↓ then Division with reference to Items of Assets & Liab. Or Income or Expenditures
- Important area of work ↓ Covered by ALL J. Auditors

Documentation

- Work allocation Document
  - Signed by ALL J. Auditors
  - Communicated to TCWG
- Helps in Avoiding Dispute / Confusion regarding Scope of work. (b/w J. Auditors)
- Communication helps in avoiding disputes / Confusion (b/w Entity & J. Auditors)

Responsibilities of J. Auditors

- Each J. Auditor for → Work Allocated to him & proper execution NTE + of A. procedures.
- All J. Auditors severally & jointly responsible for:-
  - → Undivided Work
  - → Decisions taken by ALL J. Auditors for planning Common Audit Areas.
  - → Matters brought to Notice by any one of them on which they all agree
  - → Entity's Compliance with Relevant Statutes
  - → Presentation & Disclosure → As per Applicable FRF
  - → Audit Report Complies with · laws, SAs, Any pronouncement of ICAI
- Of Each J. Auditor about I.C & Assessment of Risk

Coordination among J. Auditors

Any Matter Relevant to Other J. Auditors which deserve their attention / require disclosure / discussion with others
⇓
Communicate the matter to ALL Joint Auditors in Writing Prior to Completion of Audit.

Reporting Requirements

- Issue Common Audit Report
- Any disagreement with opinion or matters to be covered by A. Report ⟶ Shall express their Opinion in Separate Audit Report.
↓
It's reference in Main Report under heading "OM paragraph" as per SA-706.

Review of work by other J. Auditor

- Assume others have performed Audit as per SAs.
- NOT necessary to review / perform tests to ascertain whether work actually been performed in such a manner.
- Assume Other J. Auditors have brought to Notice of Said Joint Auditor
  - Any Departure from FRF
  - Significant Observation relevant to their responsibility

Discussion of Conclusion

Before finalizing A. Report, J. Auditors discuss & communicate with each other their Respective Conclusions

Considerations w.r.t. Divisions & Branches

When FS of branch/ division audited by ONE J. Auditor, Others are entitled to proceed on basis :-
↦ FS comply with legal & regulatory requirement
↦ Present True & fair view of State of Affairs & Results of Operations of Division / Branch.

Communication with TCWG

- If modifying opinion
  ↓
  → Circumstances &
  → proposed wording to ensure SA 705 complied
- If EOM / OM para included
  ↓
  → Expectation &
  → proposed wording