

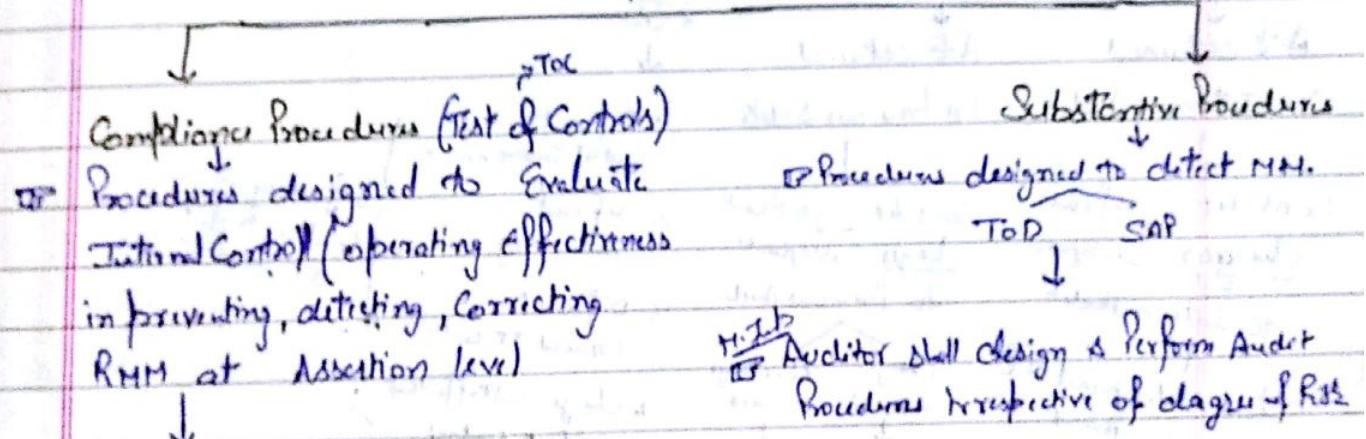
SA 330: Auditor's Responses to assessed risks

- If SA 'SA 315' का काम के लिए Apply करेंगे
- If Identified & Assessed Risk in SA 315 is High then perform more procedures → to obtain more Persuasive Evidences in SA 330  
 (Convincing)

Note: Evidences are not Conclusive they are only persuasive only Convincing  
 [ प्रामाण्य नहीं है ]  
 [ Not 100% Accurate ]

Objective of Auditor in SA 330 :- To obtain Sufficient & Appropriate A.E. about assessed Risk of material misstatement in SA3 by designing & implementing appropriate Responses

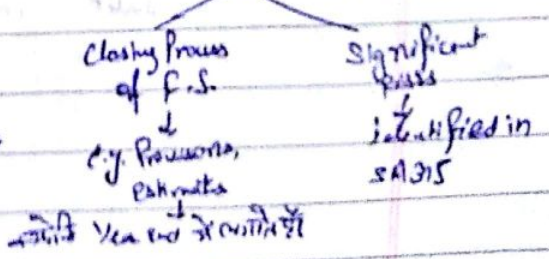
Audit Procedures - Responses to Assessed Risks at 'Assertion level'



IF Auditor shall design & perform TOC when:  
 He expects that controls are operating effectively  
 (315 में कहा कि IC अच्छे हैं But रोक में अच्छे हैं या नहीं तो TOC करने के लिए फल चाहिए)

→ Moreover He shall perform substantive Procedures with in detail

IF Substantive Procedures alone do not provide SAAE  
 (अगर S.P. से काम नहीं चल रहा होगा)



- Check controls over Significant Risks
- material weakness identified? Yes  
 ↓  
 Communicate to TCWG

Case :-

At Assertion level

TOC      SP

Perform if → IC are operating effectively  
 ② S.P. do not provide same

always perform → Int for case study  
 Specially for

Closing Process of P.S.  
 Significant risks identified in SA 315

Evaluate operating effectiveness

Material weakness identified

Report to TCWG

Reconcile P&BS with Trial Balance

Adjustment entries → Material Journal Entries

Special Considerations

Factor warranting Re-test of Controls

(Evaluating operating effectiveness)

A.E obtained in Interim Audit

A.E obtained in previous Audits

Consider Significant Changes Subsequent to Interim Audit

Consider Significant Changes Subsequent to previous Audit

Obtain Additional A.E. for Remaining Period

Change occurs

No change occurs

Test the controls in current Audit

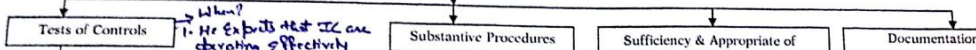
Test the controls once in 3 Audits

1. Deficient Control Environment
2. Deficient monitoring
3. Deficient General IT controls
4. Change in staff that affect control
5. Changing circumstances that indicate need for changes in control.

Deficiency in Components of IC → SA 315

SA - 330 "RESPONSES TO ASSESSED RISKS"

Objective: To obtain Sufficient and Appropriate Audit Evidence about Assessed Risk of Material Misstatement through design and implementing Appropriate Responses



Procedures designed to evaluate the operating effectiveness of controls in preventing, detecting or correcting material misstatements at assertion level.

**Nature & Extent of TC**  
 Obtain audit evidences w.r.t.  
 ♦ Application of controls → How they are applied?  
 ♦ Consistency of application  
 ♦ By whom & by what means they applied?

Evaluate the audit evidences & operating effectiveness of controls

Material weaknesses identified  
 Communicate to Mngt. & TCWG - on timely basis SA 265

**Special Considerations**  
**Using Audit Evidence obtained in Interim Period:**  
 ♦ Obtain audit Evidence for significant changes subsequent to Interim Period.  
 ♦ Determine the additional Evidence to be obtained for remaining period.  
**Using Audit Evidence obtained during previous audits:**  
 Establish Continuing relevance of that evidence by determining significant changes subsequent to previous audit  
 ↗ Changes occurs: Test the controls in current audit  
 ↘ No Change Occurs: Test the controls once in three audits

Procedures designed to detect material misstatements at assertion level.  
 It comprises of:

- (a) Test of details (of classes of transactions, Account Balances and Disclosures); and
- (b) Substantive Analytical Procedures

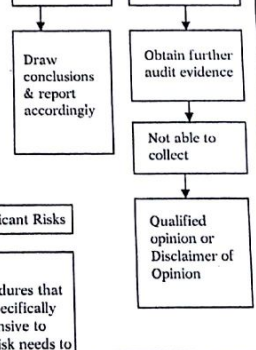
Substantive Procedures.

Closing Process of F.S.

- ♦ Reconciling F.S. with underlying Accounting Records, Trial Balances
- ♦ Examine Material Journal Entries & other adjustments made during the course of preparing the F.S.  
 eg Provisions, Estimates

Timing: When Substantive procedures are applied for interim period, the auditor shall cover remaining period by appropriate procedures

Sufficiency & Appropriate of Audit Evidence



Documentation

- ♦ Overall responses to address the assessed risk at F.S. Level.
- ♦ Linkage of those procedures with the assessed risks at the assertion level.
- ♦ Result of audit procedures.
- ♦ Conclusion reached about relying on controls that were tested in previous audits.
- ♦ Reconciliation of F.S. with underlying records.

**External Confirmation (EC) procedures as substantive procedures**  
 Auditor shall consider whether EC procedures are to be performed as substantive audit procedures.  
 Factors that may assist the auditor are:  
 1. Confirming party knowledge of Subject Matter.  
 2. Ability or Willingness of intended confirming part to respond.  
 3. Objectivity of Intending Party.

- D<sup>3</sup> PCC
- Factors warranting re-test of controls**
1. Deficient control environment.
  2. Deficient monitoring of controls.
  3. Significant manual element to relevant controls.
  4. Personnel changes that significantly affect the application of control.
  5. Changing circumstances that indicate the need for changes in the control.
  6. Deficient general IT-controls.