

Frequently asked questions

CSAS-2: Auditing Standards on Audit Process and Documentation ('the standard')

|| Scope ||

1. What is the scope of CSAS-2 and what does it deal with?

CSAS-2 is applicable to the auditor who is undertaking audit under any statute and deals with responsibilities and duties of auditor with respect to Audit Process in conducting audit and maintaining proper audit documents.

2. Is CSAS-2 mandatory?

CSAS-2 is mandatory for audit engagements accepted by an auditor on or after April 01, 2021.

3. What are audit documents?

The Standards define audit documents as the working papers prepared or records obtained by the Auditor in connection with the audit.

4. What is Audit Evidence?

Audit Evidence refers to relevant information and documents gathered in the course of the audit for arriving at the conclusion on which the Auditor's opinion is based.

|| Audit Planning process and documentation ||

5. Whether preparation of Audit Plan is mandatory?

As per the Para 1.1, the Auditor shall make audit plan to conduct audit as per the terms of Audit Engagement.

6. Is risk assessment required to be done for audits?

Yes. Risk assessment of auditee with respect to the audit shall be done considering industrial and business environment, organisational structure and compliance requirements as provided under Para 2.1 of CSAS-2.

7. How the high-risk areas or activities should be evaluated by the Auditor?

As per Para 2.2 of CSAS-2, the auditor shall evaluate high-risk areas or activities relating to the auditee by review of the following aspects:

- i. Internal control systems and processes of the Auditee for adherence to the constitutional documents, applicable laws, acts, rules, regulations and Standards;
- ii. Transparency, prudence and probity; and
- iii. Changes or Attrition in the compliance team and frequency of such changes and attrition.

8. What is the importance of Audit checklist?

The Auditor shall use systematic and comprehensive Audit checklist for carrying out audit and verifying compliance requirements. It is a useful tool to ensure that no compliance requirement is omitted while conducting audit. Audit Checklists provides a systematic and comprehensive framework for verification and creation of audit trails for future reference.

9. Is audit evidence necessary to support in formation of opinions?

Yes. As per Para 5.2 of CSAS-2, the auditor shall obtain complete, relevant and necessary evidence to support the opinions. Further, Para 5.3 provides that the Auditor shall keep gathering and evaluating evidence until he is satisfied that sufficient and appropriate evidence exists to provide a basis for formation of the Audit Opinion.

10. Is third party confirmation relevant during the course of audit?

The Auditor shall obtain confirmations from third party(ies), wherever required, with respect to information which is related to such party(ies). During the course of audit, if circumstances warrant, the Auditor shall obtain the information from the third parties. In such cases, a written request should be made to obtain the information.

11. What shall the auditor do in case the evidence is found to be conflicting?

While evaluating evidence, if the Auditor finds that Audit Evidence is conflicting, the Auditor shall assess the extent and credibility of conflicting evidence in order to reach a Conclusion or collect more evidence to resolve the conflict.

12. What is the importance of audit documentation?

The Auditor shall adequately document the Audit Evidence in working papers, including the basis and extent of planning, work performed and the findings of audit.

Documentation of audit evidence supports audit conclusions and confirms that the audit was carried out in accordance with scope of audit.

13. When shall the audit documentation take place?

The Audit documentation, as per Para 8.3 of CSAS-2, shall take place throughout the audit process. Working papers shall be complete and appropriately detailed to provide a clear trail of the audit. Audit Documentation shall be properly indexed, referenced with and supplemented by the set of working papers.

14. Whether discussion with management should also be documented?

Yes. As per Para 8.4 of CSAS-2, the Auditor shall also document discussion with the management with respect to significant matters in respect of which written record is not available.

15. Within how many days shall the audit documents be collated for records?

As per Para 9.2 of CSAS-2, the audit documents shall be collated for records within a period of 45 days from the date of signing of Auditor’s Report.

16. For how long are the Audit documents are required to be maintained?

As per Para 9.3 of CSAS-2, the Audit Documents should be maintained in physical or electronic form and retained for a period of 8 years from the date of signing of Auditor’s Report.
