

BHUBANESWAR BRANCH OF  
EASTERN INDIA REGIONAL COUNCIL OF

THE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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**JAN 25**  
**ICAI**  
**E-NEWSLETTER**





**Editorial**



Dear Members;

During the month of January 2025 we had organized various special events and all the programs were great success with good participation of our members and students.

The forthcoming events and programs for the month of February 2025 are given in this newsletter, please make note of the same and plan your schedule accordingly.

Also visit our branch's website [www.bhubaneswar-icai.org](http://www.bhubaneswar-icai.org) for details of various programs.

Your valuable participation is the only motivating factor for us to organize more programs for the betterment of the CA fraternity.

We will not rest until our targets are achieved and will serve a sculpt for others to ensure that together we all can make a significant impact.

To this end we thank all the members whose dedicated efforts and continuous support is generating a powerful synergy to reach a new horizon.

Wishing you all a wonderful month ahead.

**CA. Janhabhi Deo**

Chairperson

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## Members area of Interest

## Observations related to SQC 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

**Observation 1:**

Not documenting the policies and procedures for communicating to relevant engagement partner and other appropriate personnel, deficiencies noted as a result of the monitoring process and recommendations for appropriate remedial action.

What is the Issue?	AASB Suggested Guidance	Technical Literature
Why it is necessary for firm to communicate the Results of the monitoring of its quality control system to engagement partners and other appropriate individuals within the firm?	<p><b>Implementation Guide to SQC 1</b></p> <p><b><u>Element 6: Monitoring</u></b></p> <p>The firm communicates</p> <ul style="list-style-type: none"> <li>a) deficiencies noted as a result of the monitoring process and recommendations for appropriate remedial action to relevant engagement partners and other appropriate personnel and</li> <li>b) the results of the monitoring of its Quality Control system process to relevant Firm personnel at Least annually.</li> </ul> <p><b>Para 6.4</b></p> <p>The firm implements this policy through the following procedures:</p> <ul style="list-style-type: none"> <li>• Discussing the engagement related observation of the inspection with the engagement partner and seeking his concurrence therewith.</li> <li>• Preparing a summary report that evaluates the overall results of the monitoring and sets forth any recommended changes that should be made to the Firm's policies and procedures.</li> </ul>	<p><b>Para 96 of SQC 1:</b></p> <p>Where the results of the monitoring procedures indicate that a report may be inappropriate or that procedures were omitted during the performance of the engagement, the firm should determine what further action is appropriate to comply with relevant professional standards and regulatory and legal requirements. It should also consider obtaining legal advice</p> <p><b>Para 97 of SQC 1:</b></p> <p>At least annually, the firm should communicate the results of the monitoring of its quality control system to engagement partners and other appropriate individuals within the firm, including the firm's chief executive officer or, if appropriate, its managing partner(s). Such communication should enable the firm and these individuals to take prompt and appropriate action where necessary in accordance with their defined roles and responsibilities.</p> <p>Information communicated should include the following:</p> <ul style="list-style-type: none"> <li>(a) A description of the monitoring procedures performed</li> <li>(b) The conclusions drawn from the Monitoring procedures.</li> <li>(c) Where relevant, a description of systemic, repetitive or other significant deficiencies and of the actions taken to resolve or amend those deficiencies.</li> </ul> <p><b>Para 98 of SQC 1:</b></p> <p>The reporting of identified deficiencies to individuals other than the relevant engagement partners ordinarily does not include an identification of the specific engagements concerned, unless such</p>



	<ul style="list-style-type: none"><li>• Reviewing the recommended corrective actions and reaching final conclusions as to the Actions to be taken.</li><li>• Communicating to all professional personnel the deficiencies noted and the related changes in Quality Control procedures.</li><li>• Following up on planned corrective actions to determine whether those actions were taken and whether they achieved the Intended objective(s).</li></ul>	<p>identification is necessary for the proper discharge of the responsibilities of the individuals other than the engagement partners.</p> <p><b>Para 99 of SQC 1:</b> Some firms operate as part of a network and, for consistency, may implement some or all of their monitoring procedures On a network basis. Where firms within a network operate under common monitoring policies and procedures designed to comply with this SQC, and these firms place reliance on such a monitoring system:</p> <p>(a) At least annually, the network communicates the overall scope, extent and results of the monitoring process to appropriate individuals within the network firms;</p> <p>(b) The network communicates promptly any identified deficiencies in the quality control system to appropriate individuals within the relevant network firm or firms so that the necessary action can be taken; and</p> <p>(c) Engagement partners in the network Firms are entitled to rely on the results of the monitoring process implemented within the network, unless the firms or the network advises otherwise.</p> <p><b>Para 100 of SQC 1:</b> Appropriate documentation relating to monitoring:</p> <p>(a) Sets out monitoring procedures, including the procedure for selecting completed engagements to be inspected;</p> <p>(b) Records the evaluation of:</p> <ol style="list-style-type: none"><li>i. Adherence to professional standards and regulatory and legal requirements;</li><li>ii. Whether the quality control system has been appropriately designed and effectively implemented; and</li><li>iii. Whether the firm's quality control policies and procedures have been appropriately applied, so that reports that are issued by the firm or engagement partners are appropriate in the circumstances; and</li></ol> <p>(c) Identifies the deficiencies noted, evaluates their effect, and sets out the basis for determining whether and what further action is necessary.</p>
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## Observations related to SA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit In Accordance with Standards on Auditing

**Observation 1:**

It was observed that there have been deficiencies in the compliance and documentation of the Standards on Auditing.

What is the Issue?	AASB Suggested Guidance	Technical Literature
What are the requirements of SA 200 regarding conduct of an audit in accordance with SAs?	<p>As per SA 200, the SAs, taken together, provide the standards for the auditor's work in fulfilling the overall objectives of the auditor. The SAs deal with the general responsibilities of the auditor, as well as the auditor's further considerations relevant to the application of those responsibilities to specific topics. In using the objectives, the auditor is required to have regard to the interrelationships among the SAs. This is because, as indicated in SA 200, the SAs deal in some cases with general responsibilities and in others with the application of those responsibilities to specific topics.</p> <p>For example, this SA requires the auditor to adopt an attitude of professional skepticism; this is necessary in all aspects of planning and performing an audit but is not repeated as a requirement of each SA. At a more detailed level, SA 315 and SA 330 contain, among other things, objectives and requirements that deal with the auditor's responsibilities to identify and assess the risks of material misstatement and to design and perform further audit procedures to respond to those assessed risks, respectively; these objectives and requirements apply throughout the audit. An SA dealing with specific aspects of the audit (for</p>	<p><b>Para 18 of SA 200:</b> The auditor shall comply with all SAs relevant to the audit. An SA is relevant to the audit when the SA is in effect and the circumstances addressed by the SA exist. (Ref: Para. A54-A57)</p> <p><b>Para 19 of SA 200:</b> The auditor shall have an understanding of the entire text of an SA, including its application and other explanatory material, to understand its objectives and to apply its requirements properly. (Ref: Para. A58-A66)</p> <p><b>Para 20 of SA 200:</b> The auditor shall not represent compliance with SAs in the auditor's report unless the auditor has complied with the requirements of this SA and all other SAs relevant to the audit.</p> <p><b>Para 21 of SA 200:</b> To achieve the overall objectives of the auditor, the auditor shall use the objectives stated in relevant SAs in planning and performing the audit, having regard to the interrelationships among the SAs, to: (Ref: Para. A67-A69)</p> <p>(a) Determine whether any audit procedures in addition to those required by the SAs are necessary in pursuance of the</p>



example, SA 540) may expand on how the objectives and requirements of such SAs as SA 315 and SA 330 are to be applied in relation to the subject of the SA but does not repeat them. Thus, in achieving the objective stated in SA 540, the auditor has regard to the objectives and requirements of other relevant SAs.

SA 230 establishes documentation requirements in those exceptional circumstances where the auditor departs from a relevant requirement. The SAs do not call for compliance with a requirement that is not relevant in the circumstances of the audit.

Audit documentation that meets the requirements of SA 230 and the specific documentation requirements of other relevant SAs provides evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor.

While it is unnecessary for the auditor to document separately (as in a checklist, for example) that individual objectives have been achieved, the documentation of a failure to achieve an objective assists the auditor's evaluation of whether such a failure has prevented the auditor from achieving the overall objectives of the auditor.

objectives stated in the SAs; and (Ref: Para. A70)

(b) Evaluate whether sufficient appropriate audit evidence has been obtained. (Ref: Para. A71)

**Para 22 of SA 200:**

Subject to paragraph 23, the auditor shall comply with each requirement of an SA unless, in the circumstances of the audit:

(a) The entire SA is not relevant; or

(b) The requirement is not relevant because it is conditional and the condition does not exist. (Ref: Para. A72-A73)

**Para 23 of SA 200:**

In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an SA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement. (Ref: Para. A74)

**Para 24 of SA 200:**

If an objective in a relevant SA cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the SAs, to modify the auditor's opinion or withdraw from the engagement. Failure to achieve an objective represents a significant matter requiring documentation in accordance with SA 230. (Ref: Para. A75-A76)



**FORTHCOMING EVENTS FOR THE MONTH OF FEBRUARY 2025**

Date	Programme	Speaker/ Resource Person	Venue	Duration	CPE Hours	Fees Rs.
February 13,2025	Union Budget	CA Dr Girish Ahuja CA Tarun Sagarwal	ICAI Auditorium	6 Hours	6 Hours	600/-

**ON THE LIGHTER SIDE OF LIFE**

**Now have a laugh at our expense...**

The latest income-tax form has been greatly simplified. It consists of only three parts:

1. How much did you make last year?
2. How much do you have left?
3. Send amount listed in part 2.

*Source : Anonymous*



**Glimpses of Events**

Republic Day Celebration

