SA 230

Audit Documentation

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" If it's <u>not documented</u>, it's <u>not done</u>"

(i.e. audit work which is not documented is not done)

INDEPENDENT AUDITOR'S REPORT

To the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements o ... he Company"), which comprise the Balance Sheet as at March 31, 2023 and the Statement of Profit and Loss notes to the financial statements, including a sum ... policies and other explanatory information.

In our opinion and ... o the explanations given ... financial statement ... e manner so required a ... view in conformity w ... accepted in India, of the s ... Company as at March 31, 20 ... on that date.

1. Evidence for Basis of Opinion

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independen... Company in accordance with the Code of Ethics issued by the Institute of Chartered Account... together with the ethical requirements that are relevant to our audit of the financial statem... provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled ou... responsibilities in accordance with these requirements and the Code of Ethics. We believe t... evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the Board's Report including the Annexure to the Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibility of Management for Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application ...iate accounting policies; making judgements and estimates that are reasonable and prudent; and ...ntation and maintenance of adequate internal financial controls, that were operating effectively ... accuracy and completeness of the accounting records, relevant to the preparation and ...e financial statement that give a true and fair view and are free from material misstatement, ...raud or error.

2. Evidence – Audit was planned and performed in accordance with ISA

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going ...is of accounting unless management either intends to liquidate the Company or to cease operations, ...ernative but to do so.

... also responsible for overseeing the Company's financial reporting process.

3. Sufficient and Appropriate record of the basis of auditor's report

...es for the Audit of the Financial Statements

... to obtain reasonable assurance about whether the financial statements as a whole are free ...terial misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of integral control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on whether the company has adequate internal financial controls with reference to financial statements in place and operating effectiveness of such controls.

Audit Documentation

The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).

Test Your Understanding
Poll 1

Question 1:

You are the Auditor doing substantive testing of revenue transactions. The sampling requires you to vouch 230 samples of revenue. You have requested the client to provide you copies of the sales invoices and lorry receipts/ bills of lading.

The audit procedures are designed as follows: Vouch the samples of sales invoices to underlying documents and proof of delivery to verify “existence” and “accuracy” of sales. What are the documentation requirements of SA 230:

A: Maintain documentation of tick marks clearing documenting work done, who has performed the work and who has reviewed the work
B: Document the basis of sampling, audit procedures, work done (i.e. testing done) and conclusions derived from the sales invoices test work. Also document whether you found any deviations/ differences
C: A and B above
D: Vouch the invoices and lorry receipts/ BLs and prepare a workpaper to document the work done
E: Along with (B) above, also retain copies of all sales invoices and LRs/ BLs on the audit file

Form, Content and Extent of Audit Documentation

Sufficient to enable an experienced auditor, having no previous connection with the audit to understand

Nature, timing and extent of audit procedures performed

Results of the audit procedures performed, and the audit evidence obtained;

Significant matters arising during the audit

Significant professional judgements made during the audit

AND

CONCLUSION REACHED THEREON

Test Your Understanding
Poll 2

Question 2:

You are the Audit Assistant Manager working on the impairment testing for a cash generating unit (CGU). The client has provided you a valuation report prepared by the management's expert which confirms that there is no impairment provision required. What are the documentation requirements of SA 230:

A: Maintain documentation for evaluation of Management's expert as required by SA 620
B: Independently verify the assumptions used by the Management experts (e.g. revenue growth rate, EBIDTA %) and document such verification along with basis.
C: Use an auditors' expert (e.g. internal valuation team) to assess the reasonableness of Management's assumptions including the WACC. Document involvement of internal valuation team and their conclusions
D: Challenge Managements' assumptions and create multiple scenarios around VIU – best case, middle case and worst case to determine sensitivity of assumptions. Document results from our sensitivity testing
E: Obtain Management representation letter for Management assumptions used in the cash flow workings
F: All options A-E above
G: F + get Partner / Quality Partner to review this workpaper and sign off since this is Significant Risk. Document conclusions based on Partner/ QP reviews.

Nature, Timing and Extent of Audit Procedures

Who	When	What	How	How much

Notes

1. The auditor shall document **who performed the work** and **who reviewed the work**
2. The auditor shall **document discussions of significant matters with management**, those **charged with governance**, and others, including the **nature of the significant matters discussed and when and with whom** the discussions took place.
3. If the auditor **identified information that is inconsistent with the auditor's final conclusion** regarding a significant matter, the auditor shall **document how the auditor addressed the inconsistency.**

Test Your Understanding
Poll 3

Question 3:

You are the Manager reviewing workpapers for Tax litigations and tax provision. The audit client is facing a Tax litigation and the Management's expert (M/s Tax Eagles) has provided a conclusion that the outflow of economic resources is 'probable'/ more likely than not due to the tax litigation. The Management doesn't want to make a provision since they believe that they have a strong case and you have a client in the same industry who has won a similar case. Hence you agree with Management. What are the documentation requirements of ISA 230:

A: Maintain a file note of the tax litigation.
B: Document evaluation of Management's expert as required by ISA 620.
C: Since we don't agree with the view of Tax Eagles opinion, this is not appropriate audit evidence and we should not retain it on the audit file.
D: Retain the Tax Eagles opinion and prepare a file note summarizing why we disagree and our conclusion on why provision is not required. Also document our discussions with Management/ Tax Director.
E: Obtain Management representation for the tax litigation confirming no provision required.
F: A + B + D + E
G: F + get a Legal Counsel opinion which confirms that no provision is required and document how we concluded on the 'inconsistent information' (Tax Eagles opinion) received.

Some Additional Considerations

Departure from relevant requirements in an SA (Exceptional Circumstances)

The auditor judges it necessary to depart from a relevant requirement in an SA, the auditor shall document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure.

New or additional audit procedures or new conclusion after date of auditor's report

(a) The circumstances encountered;
(b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and
(c) When and by whom the resulting changes to audit documentation were made and reviewed.
(d) ISA 705

Test Your Understanding
Poll 4

Question 4:

You are the Assistant Manager sending bank confirmations. There is one bank / bank account which has been dormant and we haven't received bank confirmations from this bank in the past. Management requests us to perform alternate procedures (i.e. test with Bank statement).

What are the documentation requirements of ISA 230:

A: Disagree with Management and still send a bank confirmation to the bank.
B: Go ahead and vouch the balance to the bank statement which is available with Management.
C: A + if we don't receive a response, then document the fact that we are using alternative procedures of testing with bank statement since the amount involved is immaterial. Also consider testing with on-line banking and maintain screenshot of the bank balance. Document the fact that the on-line banking test was done in our presence (when, in whose presence).
D: B + Document why we are using option B since its an immaterial bank balance and we wont get bank response to our letter and hence we are performing alternative procedures.

Test Your Understanding
Poll 5

Question 5:

You are the Audit Partner on Engagement M/s Excellent Automotive. There was a whistle-blower complaint during the year which led to identification of a fraud amounting to Rs 1.5 crores. This amount is material. Since the fraud investigation was not complete at the time of the Board meeting (22 May 20X3), our audit report had a qualified opinion due to limitation of scope. The annual general meeting was held on 29 August 202X3. The fraud investigation team completed its report on 22 June 20X3 and confirmed the fraud. Management was able to recover Rs 1.2 crores of the fraudulent amount. The balance amount which could not be recovered is not considered material.

What are the documentation requirements of ISA 230:

A: As per Auditing Standard SA 560, the completion of the fraud investigation and recovery of money is an adjusting post balance sheet event. Hence we might have to open up our audit file and do more work.
B: Prepare revised financial statements giving effect to the PBSE + Reissue a Revised auditors report on the Revised financial statements. Document why our audit report is now clean. Get the resultant new workpapers reviewed.
C: A + Perform additional procedures to cover the post balance sheet events, obtain evidence and conclude. Adjustments would be done in the 20X4 financial statements
D: The audit report for 20X3 is already signed. Any updates will be reflected in the 20X4 financial statements.

Assembly of Final Audit File

The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report. (45 days for PCAOB and 60 days for all others)

After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation of any nature before the end of its retention period

In circumstances other than those envisaged in paragraph 13 where the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document:

(a) The specific reasons for making them; and
(b) When and by whom they were made and reviewed.

Some examples of Audit documentation

Documenting Management estimates

KEY MANAGEMENT ESTIMATES – RISK ASSESSMENT

Estimate	Planned Procedures	Use of Company's expert	Use of Audit firm specialists	Significant estimate or not?
Revenue from operations	✓ Verify the accuracy of revenue recording estimations. ✓ Evaluate the operational effectiveness of controls related to sales in transit. ✓ Perform a retrospective examination of estimations made for reversal of domestic sales which do not meet the transfer of control criteria (CIF).	No	No	Significant
Tax expenses and litigations and claims	✓ Review the current tax and deferred tax. ✓ Obtain clearance from Direct and Indirect tax specialists ✓ Obtain and audit the position of ongoing legal cases ✓ Discussion with management as to any potential liability arises out of such litigation (if any)	Yes	Yes	Significant
Expected credit losses provision	✓ Test the accuracy of the default rate and credit loss rate based on the retrospective review and past trend of debtors. ✓ Test the method of ECL calculation as per Ind AS 109. ✓ Compare with industry benchmarks.	No	Yes	Significant
Depreciation	✓ Verify the useful life considered by the Company. ✓ Verify the compliance with Schedule II of the Companies Act, 2013	Yes	No	Significant

Documenting Communications with TCWG

THER COMMUNICATIONS WITH THE AUDIT COMMITTEE (1/3)

Type	Response
Significant and critical accounting policies and practices	Management of the Company is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both (1) most important to the portrayal of the Company's financial condition and results and (2) require management's most difficult, subjective, or complex judgments, often because of the need to make estimates about the effects of matters that are inherently uncertain. **The Company's significant accounting policies and critical accounting policies are disclosed in the notes to the standalone and consolidated financial statements as required by generally accepted accounting principles.**
Critical accounting estimates	Accounting estimates are an integral part of the standalone financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Critical accounting estimates are estimates for which (1) the nature of the estimate is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and (2) the impact of the estimate on financial condition or operating performance is material. We have performed certain tests to satisfy ourselves as to the reasonableness of the estimates and the conclusions reached for the accounts affected in relation to the financial statements taken as a whole. **We agree with the results obtained by management for the accounting and disclosures of these matters.**

OTHER COMMUNICATIONS WITH THE AUDIT COMMITTEE (2/3)

Type	Response
Quality of the company's financial reporting	Management is responsible not only for the appropriateness of the accounting policies and practices, but also for the quality of such policies and practices. Our responsibility under professional standards is to evaluate the qualitative aspects of the Company's accounting practices, including potential bias in management's judgments about the amounts and disclosures in the carve-out consolidated financial statements, and to communicate the results of our evaluation and our conclusions to you. **We have no reportable matters in connection with the evaluation of the qualitative aspects of the Company's financial reporting, except for the matters reported in this report**
Management's consultation with other experts	Management has not obtained any consultations from other experts during the year ended March 31, 2024, except for following: Valuation of Employee Stock Appreciation Rights Actuarial valuation Physical verification of loose materials Direct tax consultant Indirect consultant
Disagreements with management, difficulties encountered and consultations	For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a disagreement on a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no disagreements with management arose during our audit for the year ended March 31, 2024. **We encountered no significant difficulties in dealing with management in performing and completing our audit**
Significant unusual transactions	For purposes of this letter, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Company or that otherwise appear to be unusual due to their timing, size, or nature. **We noted no significant unusual transactions during our audit.**

OTHER COMMUNICATIONS WITH THE AUDIT COMMITTEE (3/3)

Type	Response
Significant matters discussed or subject to correspondence with management	The significant matters arising from the audit were discussed, or subject to the correspondence, with management of the Company's financial reporting, except for the matters reported in this report
Other information	Our responsibility for the other information contained in the annual report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the annual report. These reports are expected to be made available to us after the date of our auditor's report. When we read the other information, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance and make other appropriate reporting as prescribed.
Our draft management representation letter	We have provided to management a draft copy of our standard management representation letter for the year ended March 31, 2024.

Specific Audit Documentation Requirements in Other SAs

☐ SA 220 (Revised), Quality Management for an Audit of Financial Statements – paragraph 24,25 & A35
☐ SA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements – paragraphs 44–47
☐ SA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements – paragraph 29, A21
☐ SA 260 (Revised), Communication with Those Charged with Governance – paragraph 19, A49
☐ SA 300, Planning an Audit of Financial Statements – paragraph 11 , A17-20
☐ SA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement – paragraph 33
☐ SA 320, Materiality in Planning and Performing an Audit – paragraph 14
☐ SA 330, The Auditor's Responses to Assessed Risks – paragraphs 29-31
☐ SA 450, Evaluation of Misstatements Identified during the Audit – paragraph 15 and A25
☐ SA 540 (Revised), Auditing Accounting Estimates and Related Disclosures – paragraph 23
☐ SA 550, Related Parties – paragraph 28
☐ SA 600, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors) – paragraph 18
☐ SA 610 (Revised 2013), Using the Work of Internal Auditors – paragraph 13

Some extracts from relevant standards

SA 220 - Quality Control for an Audit of Financial Statements

Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.

Confirmation of independence and documenting the same.

The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement.

SA240R: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

Communications about fraud made to management, those charged with governance, regulators and others.

Reasons for concluding the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement,
Or checks performed and found satisfactory with reference to the procedures

SA 260- Communication with Those Charged with Governance

Matters required by SA 260R to be communicated are communicated orally, document:
The matter;
When communication was made; and
To whom communication was made.

Matters required by SA 260R to be communicated are communicated in writing, retain a copy.

Oral communication May include a copy of minutes prepared by client retained as part of audit documentation

Some extracts from relevant standards

SA 300R: Planning an Audit of Financial Statements

The overall audit strategy;

The audit plan; and

Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes

- Documentation of the audit plan is record of planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks.

- May summarize the overall audit strategy in the form of a memorandum.

SA 330: The Auditor's Responses to Assessed Risks

Overall responses to address the assessed risks of material misstatement at the financial statement level, and the nature, timing and extent of the further audit procedures performed.

Linkage of those procedures with the assessed risks at the assertion level.

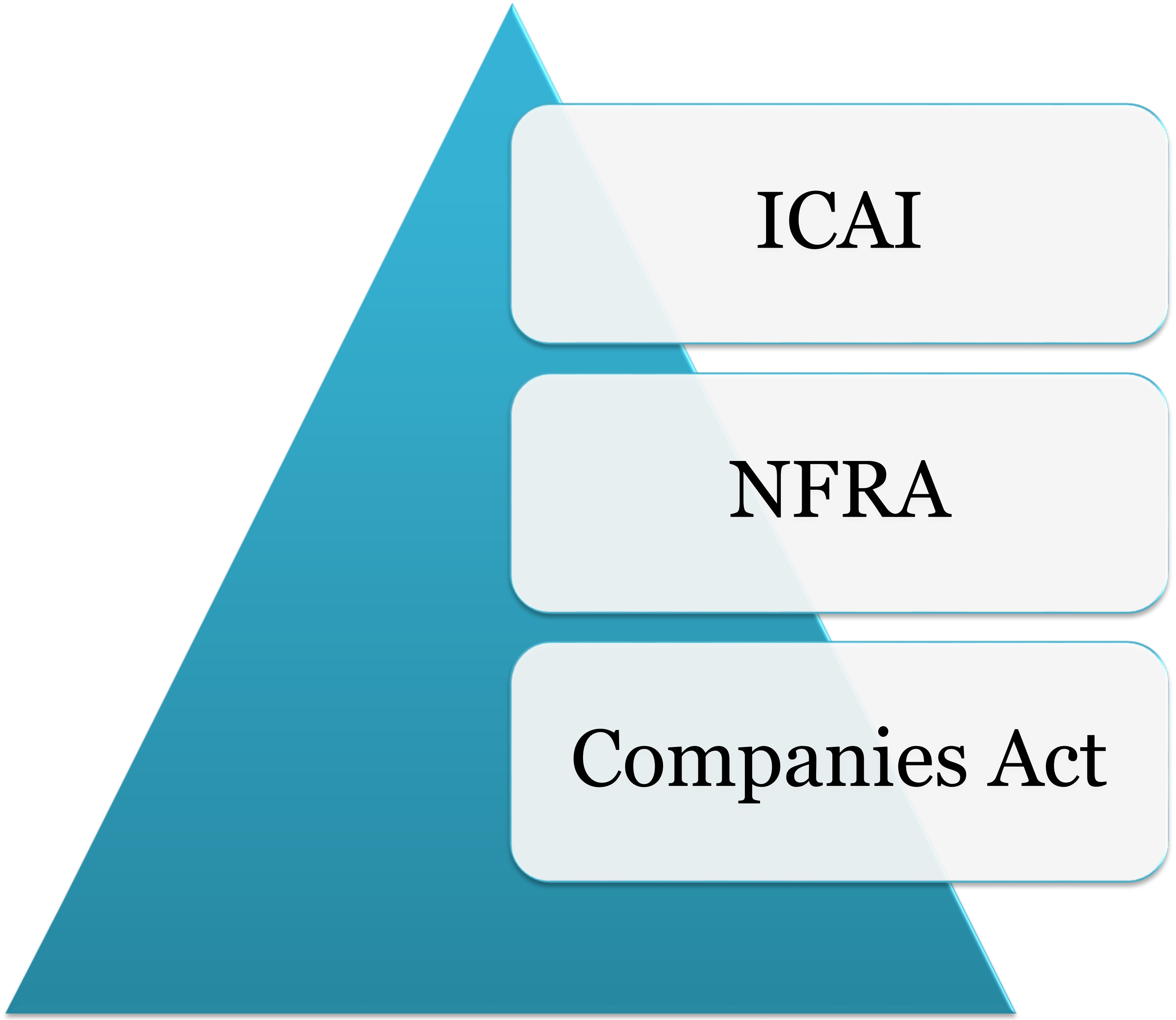
The auditors' documentation shall demonstrate that the financial statements agree or reconcile with the underlying accounting records.

SA 450 Evaluation of Misstatements Identified during the Audit

All misstatements accumulated during the audit and whether they have been corrected

The auditor's conclusion as to whether uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion.

Why is Audit Documentation not a Choice



ICAI

Standards on Auditing

ICAI mandates that auditors follow Standards on Auditing (SAs), which prescribe detailed requirements for audit documentation:

Standards on Quality Control (SQC)

Requires firms to maintain proper audit documentation as part of quality control.

Firms must have a documentation retention policy for future inspections.

ICAI Peer Review & Disciplinary Action

ICAI can inspect audit documentation during peer reviews.

•Deficiencies may lead to advisory actions or restrictions.

CA firms failing to maintain proper documentation can face penalties, suspension, or cancellation of membership.

NFRA and The Companies Act

Constituted under Section 132 of Companies Act, 2015

Section 132, 1(b) gives powers to NFRA to monitor and enforce the compliance with accounting standards and auditing standards in such manner as prescribed by NFRA Rules, 2018

(a) review working papers (including audit plan and other audit documents) and communications related to the audit;

(b) evaluate the sufficiency of the quality control system of the auditor and the manner of documentation of the system by the auditor; and

(c) perform such other testing of the audit, supervisory, and quality control procedures of the auditor as may be considered necessary or appropriate.

Extracts from NFRA Inspection Reports

13. SRBC prepares audit documentation in an electronic form, namely CANVAS. During the inspection, it was observed that SRBC's policies and procedures for ensuring the integrity of audit documentation are not fully in accordance with the requirements of Paras 77, 79 and 80 of SQC 1.

a) It was observed that the audit evidence, which is reviewed and signed as final, can be edited, altered or modified subsequently without affecting the previously provided signoff. In some cases, work papers forming part of an audit process or procedures are grouped under a folder in the CANVAS and this folder is signed off as prepared/reviewed. Any member of the Engagement Team (ET) can then add documents to such a folder or delete documents from such folders without affecting the original signoffs. The control built in the CANVAS in this regard is a report that provides the list of documents edited during the audit period. Another report gives the list of documents edited after the report signing but before archival. The Firm stated that these reports are reviewed and signed off by the Engagement Partners at relevant times.

times.

b) We are of the view that while the control report submitted may provide the list of edited documents, the documented audit evidence still carries the signature of the EP with the original date stamp before the editing by someone else. Also, the control report generated after the date of signing of the Audit Report does not identify the exact changes made in the document. Unless the EP has again reviewed the individual documents and affixed fresh sign-off, these documents cannot be considered as reviewed and agreed upon by the EP.

c) This control deficiency may lead to a situation similar to signing a blank document (such as a folder) with a timestamp and allowing the ET to add any document they wish at any time before the archival of the Audit File. This is a potential risk area and a control weakness in the electronic Audit Documentation process which needs to be addressed by the Audit Firm.

PART C

Review of Individual Audit Engagement Files Focusing on Selected Areas of Audit

Rebuttal of presumptive fraud risk

32. SA 240 mandates that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. If the auditor concludes that the presumption is not applicable in the circumstances of the engagement, then the basis for such a conclusion has to be documented. In one of the audit engagements, it was observed that the Engagement Team did not document its judgement for not recognizing applicable types of revenue, revenue transactions and assertions as a fraud risk

C. Deviations from Independence norms

24. Section 141(3) of CA 2013 lays down the disqualifications for appointment of the auditors of a company, the underlying intention of which is to ensure that a practitioner who is appointed as an auditor can maintain independence vis a vis the auditee company. Similarly, section 144 of the Act lists the prohibited non-audit services by the statutory auditors of Companies. Para 18 of SQC 1 requires the Audit Firm to establish policies and procedures designed to provide it with reasonable assurance that the firm, its personnel and, where applicable, others subject to independence requirements (including experts contracted by the firm and network firm personnel), maintain independence.

25. SRBC is a member of the international network of EY Global Ltd. (EY). The network relationship between SRBC and EYG results in a common business strategy, the use of a common brand name, or a significant part of professional resources. As part of the EYG Network, the Audit Firm and the larger EY Network are aimed at cooperation, profit or cost sharing and have common quality control policies and procedures which, as per SQC-1, are included in the definition of a Network. More importantly, considering the substance over form, the SRBA entities and EY Entities are related in the manner provided in Section 144 of the Act. However, SRBC's independence policies do not recognise this relationship. The Inspection Team observed that SRBC was providing audit services to a client while some other EY network entity was providing non-audit services to the auditee group in violation of section 144 and section 141 of the Companies Act, 2013. In one sample, the Inspection Team observed a note in the Audit File implying that a partner of the Firm was providing non-audit service to an audit client. However, there was no proper documentation of evaluation of the nature of the non-audit service to rule out any violation of the law.

26. Due to the relationship between the SRBA network firms and the EY Network we also observed in two sample potential cases where the disqualification of an auditor may trigger under the Companies Act due to non-compliance with Section 141(3)(e) of the Act.

27. Therefore, we recommend that the Audit Firm should make necessary changes to its India Policy to recognise the direct/indirect relationship between the member firms of their international network. It should also review all its ongoing engagements considering EY Network entities as directly or indirectly related to SRBA Entities.

F. Revision to Materiality and Evaluating Misstatements identified during audit

56. As part of the Planning phase of the Audit, ET had determined materiality levels based on the average Profit before Tax (PBT) from continuing operations of the past 3-5 years. Actual PBT for the year under audit was significantly lower (₹ 1,800 Mn) than the estimated chosen benchmark (₹ 3,991 Mn), but ET did not revise overall materiality and performance materiality based on actual PBT, resulting in inadequate audit work and non-compliance with para 10 read with para A11-12 of SA 450[11], to support the opinion expressed on the financial statements.

60. While evaluating the impact of misstatements identified during the audit, the ET had, while computing the uncorrected misstatements as a percentage of PBT, considered the amount of uncorrected misstatements net of tax instead of gross of tax, leading to erroneous computation of the impact of uncorrected misstatements and the extent of audit procedures.

Questions?

THANK YOU

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