



# **FOCAS Manual**

## **CA Intermediate**

### **Paper 5: Auditing & Ethics**

For Jan 2026 Exams & Onwards

## Last Day Revision- Essentials

Less Preferred Phrasing ❌	Preferred/Professional Phrasing ✓
A bit too high	Slightly elevated
A lot of mistakes	Numerous irregularities
Almost accurate	Substantially correct
Also	In addition to this...
Auditor checks everything	Auditor conducts a full-scope review
Auditor must check	Auditor is required to verify
Auditor needs to change report	Auditor should amend the report
Auditor needs to redo	Auditor should re-examine
Auditor should look at this	Auditor should examine this
Auditor should think about	Auditor should consider
Big loss	Substantial financial loss
Big mistake	Significant discrepancy
Bigger issue	Material discrepancy
Broke the rule	Non-compliance with the regulation
Broke the rules	Breached the regulations
Can't confirm	Unable to verify
Check this out	Please review
Checked a bit	Performed a preliminary review
Checked a few things	Reviewed specific items
Checked all	Conducted a comprehensive review
Checked everything	Conducted a thorough verification
Checked the numbers	Reviewed the financial data
Checking stuff	Conducting a review
Close enough	Within acceptable limits
Conclusion; as per the companies act 2013, it is not permitted	In view of the provision of act 2013, it is not permitted
Confused between duty/liability of Auditor	Write-it is the responsibility of the Auditor.
Confusing data	Ambiguous information
Did a quick look	Conducted a preliminary review
Didn't pay	Failed to disburse
Doesn't look right	Appears to be inaccurate
Doubtful	Questionable

Filling of tender	Responding to tender
Fix the problem	Implement corrective action
Fixed the numbers	Adjusted the financial statements
Fixing the books	Adjusting the financial records
Followed some rules	Adhered to certain guidelines
Getting it done	Completing the task/Executing the task
Going through records	Reviewing the records
Guessing it's correct	Based on preliminary analysis
Hence	Therefore, Hence, Thus
Hiding something	Concealing information
Hoped it was right	Sought to confirm accuracy
Ignored the error	Overlooked the discrepancy
Illegal actions	Unlawful activities
In present case	In the instant case...
Kind of accurate	Approximately precise
Kind of completed	Substantially completed
Kind of compliant	Appears to be compliant
Kind of illegal	Potentially non-compliant
Kind of right	Approximately accurate
Look into	Examine
Looked at the reports	Examined the financial statements
Looks fine	Verified accuracy
Looks kind of wrong	Appears to be incorrect
Looks okay	Appears to be in order
Lots of errors	Numerous discrepancies
Making it right	Correcting the discrepancy
Making sure	Ensuring
Management thinks	The contention of management is that...
Maybe a problem	Potential issue identified
Maybe over	Potentially exceeding
Messed up records	Inaccurate record-keeping
Mistakes found	Identified discrepancies
Money issues	Noted financial irregularities
Money problem	Financial irregularity
Non-correct	Not tenable
Not my job	Beyond the scope of our engagement
Not really sure	Requires further verification

Probably a fraud	Potential fraudulent activity
Quick review	Preliminary examination
Really confusing	Highly complex
Risky	Contains inherent risks
Running through it	Conducting a thorough review
Saw some issues	Identified certain issues
Something's off	Identified a discrepancy
Somewhat aligned	Partially reconciled
Sort of checked	Partially verified
Sort of done	Near completion
Sort of illegal	Potentially non-compliant
Super risky	Highly speculative
Terms for vouching/ Verification/General answer	To Audit / To verify / To Inspect / To examine / Check / Obtain / Determine / Evaluate / Study / Make / Scrutinize / Ascertaining.
The auditor should modify his report.	The auditor should qualify his report accordingly.
The following companies require an internal Audit.	Following classes of companies require internal Audit.
This rule	The specific standard or regulation
Tried to fix	Attempted to rectify
Trying to adjust	Aiming to rectify
Trying to figure out	Engaged in ascertaining
Trying to fix	Attempting to resolve
Verified it	Conducted verification
Was okay	Was deemed acceptable
Went through all	Performed a comprehensive evaluation
Wrong numbers	Computed discrepancies

<b>Important Audit Keywords needed in answers:</b>	
Independence of mind and appearance	
Professional skepticism	
Nature, timing and extent	
Professional Judgement: (Materiality, Audit Risk, Nature Timing & Extent, sufficient and appropriate Conclusions based on audit evidence)	
Code of Ethics	
Sufficient and Appropriate	
↓	↓
Quantum	Quantity
<b>Audit Risk: Auditor expresses an inappropriate opinion.</b>	
Auditor's opinion does not assure the future Viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity.	
Design, Implementation and Maintenance: IC (Internal controls)	
Inherent limitations for an audit	
Intentionally / unintentionally	
Engagement	
Recurring Audits	
Lower level of Assurance	
Professional standards	
Audit procedures performed	
Regulatory and Legal Requirements (SA 220)	
Misrepresentation	
Sophisticated	
Regulatory Authorities.	
If the Audit has been carried out in accordance with std. on Auditing with proper planning, none of the joint auditors can be held responsible for the transactions that have been Concealed by the company from the Auditor.	
The auditor should not express his opinion before obtaining the required data & Information.	
Documentary Proof	
Adverse consequences	
Public Interest benefits	
Comptroller and Auditor general of India	
The substance of the transaction has to be looked into.	
To obtain reasonable assurance about whether FS as a whole is free from material	

misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the FS are prepared, in all material respects, in accordance with applicable FRF. (SA200)
The Auditor's opinion does not assure the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs.
Lower level of Assurance (SA-210) → Reduces the comfort level
Because of the inherent limitation of an audit, together with the inherent limitation of internal control, there is an unavoidable risk that some material misstatement may not be detected, even though the Audit is properly planned and performed in accordance with SA.
Deficiencies
Governance
Gross negligent
SA 299 is Joint Audit of Financial Statement (Not Auditors)
Whenever you write Audit report, write → Independent Auditor's Report.
Reasonable Justification.
Audit of FS does not relieve management or TCWG of their responsibilities.
Embezzling
Form an opinion on FS based on evaluation of conclusion drawn from Audit evidence (and) Express opinion through a written report that also describes the basis for an opinion. (SA 700)
While making any agreement, there should be Nature, Scope and objective.
The auditor should use his prof. Judgment to assess Audit risk and design audit procedures to ensure that it is reduced to an acceptably low level; if it cannot be reduced to an acceptable low level, the Auditor should express a qualified opinion or a disclaimer of opinion.
Nomenclature to a transaction is material, but it is the substance of the transaction which has to be looked into.
Serious Breach.
Public conscience is expected to be ahead of draw and to ensure and reflect Independence; members should not place themselves in a position which may affect their Independence.
Scrutiny
Strengthen the overall governance mechanism (Internal Audit)
Reviews effectiveness of management
Schedule III of companies Act, 2013 requires Specific disclosure relating to
As long as the Auditor took care in performing the audit work, he cannot be held liable.
<b>ADT 1: Intimation to ROC within 15 days of Appointment of Auditor.</b>
<b>ADT 2: Removal of Auditor from the office before the expiry of the term of office.</b>
<b>ADT 3: Notice of Resignation by the Auditor.</b>
<b>ADT 4: Report to Central Government by the Auditors in case the auditor has the reason</b>

<b>to believe that an offence involving fraud is being or has been committed against the company by the officers or employee.</b>
Standard dealing with Audit reports 700, 70, 705, 706, 710, 800, 805, 810.
The auditor cannot be professionally Negligent in his work.
Schedule set out the minimum requirement for disclosure on face of BIs and P&C AIs. Whenever the question of Schedule III gives reference to AS and Ind AS.
Answer Writing:
<b>As per SA (Name of SA)</b>
Provision
Facts
Conclusion

# Standards on Auditing : Titles

SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
SA 210	Agreeing the Terms of Audit Engagements
SA 220	Quality Control for an Audit of Financial Statements
SA 230	Audit Documentation
SA 240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
SA 250	Consideration of Laws and Regulations in an Audit of Financial Statements
SA 260	Communication with Those Charged with Governance
SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
SA 299	Responsibility of Joint Auditors
SA 300	Planning an Audit of Financial Statements
SA 315	Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment
SA 320	Materiality in Planning and Performing an Audit
SA 330	The Auditor's Responses to Assessed Risks
SA 402	Audit Considerations Relating to an Entity Using a Service Organisation
SA 450	Evaluation of Misstatements Identified During the Audit
SA 500	Audit Evidence
SA 501	Audit Evidence-Specific Considerations for Selected Items
SA 505	External Confirmations
SA 510	Initial Audit Engagements – Opening Balances
SA 520	Analytical Procedures
SA 530	Audit Sampling
SA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
SA 550	Related Parties
SA 560	Subsequent Events
SA 570	Going Concern
SA 580	Written Representations
SA 600	Using the Work of Another Auditor
SA 610	Using the Work of Internal Auditors
SA 620	Using the Work of an Auditor's Expert
SA 700	Forming an Opinion and Reporting on Financial Statements



SA 701	Communicating Key Audit Matters in the Independent Auditor's Report
SA 705	Modifications to the Opinion in the Independent Auditor's Report
SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
SA 710	Comparative Information—Corresponding Figures and Comparative Financial Statements

