

SYNOPSIS

SA 200 — Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing — Effective since April 1, 2010

The SA establishes the independent auditor's overall responsibility when conducting an audit of financial statements in accordance with the SAs. It sets out the overall objective of the independent auditor, and to enable him to meet them, explains the nature and scope of an audit. It also explains the scope, authority and structure of the SAs, including the obligation to comply with them. However, the SAs do not impose responsibilities on auditee management or those charged with governance and also do not override laws and regulations that govern their responsibilities.

The SA explains generally the overall objective of the Auditor so as —

- (a) Obtain reasonable assurance as to whether the financial statements are not free from material misstatement due to error or fraud that enables him to express an opinion on whether such statements are prepared, in all material respects, in accordance with applicable financial reporting framework; and
- (b) Report on the financial statements, and communicate as required by the SAs, in accordance with his findings

The SA points out that where reasonable assurance - which is defined as a high, but not absolute, level of assurance - cannot be obtained and a qualified opinion in the auditor's report is insufficient for the purpose of reporting to the intended users of the financial statements, the SAs require that the auditor disclaim an opinion or withdraw from the engagement, if withdrawal is legally permitted.

I. SA 200 requires the Auditor, inter alia, to —

- (a) comply with Ethical requirements relating to an audit of financial statements, including those pertaining to independence.
- (b) plan and perform an audit with professional skepticism recognizing that there may exist circumstances which may cause the financial statements to be materially misstated
- (c) exercise professional judgment in planning and performing an audit
- (d) obtain sufficient appropriate audit evidence (reasonable assurance) to reduce audit risk and thereby draw rational conclusions on which to base his opinion

- (e) complying with one or more SA(s) relevant to/prescribed for an audit so as to achieve the objectives of and meet with the requirements stated in such SAs
- (f) evaluate, if an objective in a related SA cannot be achieved, whether it prevents him from achieving the overall objectives of the auditor and thereby he is required to modify his opinion or withdraw from the engagement, since failure to achieve an objective represents a significant matter requiring documentation.



SA 200 can be said to be a root Standards and other SAs as branches of a tree as SA 200 deals with Audit of Financial Information as a whole, the other SAs deal with individual/specific aspects/segments of Audit.

