

SA 299 — Responsibility of Joint Auditors — Effective since April 1, 1996

The SA 299 dealing with Responsibility of Joint Auditors, put into effect way back in 1996, was in the backdrop of increasing practice of appointing more than one auditor by large entities to conduct audit jointly and report on their financial statements. The Standards deals with the professional responsibilities such joint auditors undertake in accepting appointment as joint auditors, and provides guidance in relation to division of work, coordination, and relationship *inter se* as well as on reporting responsibilities.

It, however, does not deal with the relation between a principal auditor appointed to report on the financial statements of an entity, as a whole, and another auditor appointed to report on the financial statements of one or more divisions or branches included in the consolidated financial statements of the entity.

Division of Work —

The joint auditors should, by mutual discussion, divided the work among themselves in terms of —

- identifiable units or specified area.
- If not so possible, due to nature of business of the entity, then work may be divided with reference to —
- items of assets or liabilities or income or expenditure, or period of time
- Certain areas of work, owing to their importance or nature of the work involved, would often not be divided and would, therefore, covered by all the joint auditors.

The work so divided, including areas to be covered by all joint auditors, be adequately documented and preferably communicated to the entity.

Coordination —

Where a joint auditor, in the course of his work, comes across any matters —

which are relevant to the areas of responsibility of other joint auditors and which deserve their attention , or

which require disclosure or require discussion with or application of judgment by other joint auditors

he should communicate the same to all the other joint auditors, in writing and by way of submission of a report or note, prior to the finalization of the audit.

Relationship among Joint Auditors –

In respect of the audit work divided *inter se* by the joint auditors, each of them is responsible only for the allocated work – whether or not he has prepared a separate report on the work performed by him. However, all the joint auditors are jointly and severally responsible-

- in respect of audit work not divided among the joint auditors and thus carried out by all of them
- in respect of decisions taken by all the joint auditors concerning the nature, timing or extent of the audit procedures to be performed by any of the joint auditors, and in relation to the appropriateness of such procedures.

However, subject to the above, it is the responsibility of each joint auditor to determine the nature, timing and extent of audit procedures to be applied, as also appropriateness of using test checks or sampling, in relation to area of his allocated work.

- in respect of matters which are brought to the notice of the joint auditors by any one of them and on which there is an agreement among them

However, if any joint auditor brings any matter which is not relevant to his area of work, but to the area of responsibility, etc., of the other joint auditors to their attention or attention of the entity after submission of the audit report, the other joint auditors would not be responsible for those matters.

- for examining that the financial statements of the entity comply with the disclosure requirements of the relevant statute, and
- for ensuring that the audit report complies with the requirements of the relevant statutes

In the case of audit of entity with several branches, including those required to be audited by branch auditors, the branch audit reports/returns may be required to be scrutinised by different joint auditors as per allocation of work. In such cases, each joint auditor is responsible to review, the audit reports/returns of the allocated division/branches, and ensure their proper incorporation in the accounts of the entity.

In regard to obtaining and evaluating information and explanations from the management, the related responsibility is shared by all the joint auditors unless they agree upon a specific pattern of distribution of this responsibility. In the latter case, it is a separate and specific responsibility of each concerned joint auditor.

Each joint auditor is entitled to assume that the other joint auditors have carried out their part of the work in accordance with the generally accepted audit procedures, and therefore, it is not necessary for a joint auditor to review the work performed by another.

Reporting Responsibilities —

Joint Auditors arrive at an agreed report, normally. In case of disagreement on any matters to be covered by the report, each one of them express his own opinion through a separate report, as a joint auditor is not bound by the views of majority of the joint auditors regarding matters to be covered.
