

Exposure Draft

Standard on Internal Audit (SIA) 260

Review and Supervision of Audit Assignments

The Internal Audit Standards Board of The Institute of Chartered Accountants of India (ICAI) invites comments on the draft Standard on Internal Audit (SIA) 260, Review and Supervision of Audit Assignments.

Comments are most helpful if they indicate relevant paragraph number, a clear rationale and, where applicable, provide a suggestion for alternative wording.

Comments can be submitted at link:

<https://forms.gle/XFnu4KSKfpCnHhzPA>

Last date for sending comments is October 23, 2025.

Standard on Internal Audit (SIA) 260

Review and Supervision of Audit Assignments**

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This Standard on Internal Audit (SIA) 260, “Review and Supervision of Audit Assignments” issued by the Council of the Institute of Chartered Accountants of India should be read in conjunction with the “Preface to the Standards on Internal Audit,” issued by the Institute.

** Note: This Standard on Internal Audit (SIA) supersedes Standards on Internal Audit (SIA) 350, Review and Supervision of Audit Assignment, originally issued by the Board in January 2020 which was recommendatory in nature.

1. Introduction

- 1.1 This Standard deals with the responsibility of the Internal Auditor to conduct the review and supervision of the internal audit assignment to ensure its effective performance and completion.
- 1.2 In this Standard, the term “Review” refers to the examination of audit plan and procedures, audit evidence collected, conclusions drawn therefrom and audit workpapers.

The term “Supervision” refers to the oversight of the audit activities and guidance to the team for the achievement of audit objectives.

Review is an exercise generally undertaken post completion of the audit, whereas supervision is an on-going and concurrent exercise.

The extent of supervision varies based on the complexity and risk of the assignment and the experience level of the team.

- 1.3 Scope: This Standard applies to all internal audit assignments, conducted either by an in-house auditor and/ or an out-sourced auditor and also to any advisory assignments undertaken by the Internal Auditor.

2. Effective Date

- 2.1 This Standard is applicable for internal audits beginning on or after a date to be notified by the Council of the Institute.

3. Objectives

- 3.1 The objectives of review and supervision of audit assignments are to:
- (a) Ensure audit coverage is as per the agreed scope with management (in concurrence with SIA 120, Terms of Internal Audit Engagement).
 - (b) Assess planned audit procedures, techniques, risk assessment and resource allocated and update the same.
 - (c) Evaluate the audit procedures undertaken, sufficiency and appropriateness of the evidence collected, proper documentation of audit workpaper and conclusions drawn.
 - (d) Review the audit observations and draft the internal audit report.

- (e) Ensure that work performed is in conformance with applicable pronouncements of the Institute of Chartered Accountants of India (ICAI).
- (f) Resolve any conflicts in a timely manner with respect to scope, access to information, or audit observations through escalation protocols wherever necessary.

4. Requirements

4.1 Nature of Review and Supervision (Refer Para. A1)

The Internal Auditor (or the Engagement Partner) has the overall responsibility of review and supervision of the internal audit assignment covering all the audit procedures.

4.2 Reviewing and Supervising the Audit Procedures (Refer Para. A2)

The periodicity and extent of the review and supervision shall be planned and documented at the audit planning stage considering the overall audit objectives, scope, and budget as per the professional judgement of the Internal Auditor or Engagement Partner.

4.3 Review and Supervision of Audit Workpaper (Refer Para. A3)

A review of the audit workpapers shall be carried out to ensure that these are sufficient and appropriate to allow the reviewer/ supervisor to arrive at the same conclusions and formulate similar observations, as included in the draft internal audit report.

The audit workpapers shall record the details of the supervision and review conducted, including updated audit procedures, if any, undertaken by the team as suggested by supervisor and reviewer.

4.4 Documentation (Refer Para. A4)

The Internal Auditor shall maintain a written process explaining the manner of review and supervision to be performed to ensure conformance to the quality as per Standards on Internal Audit.

Application and Other Explanatory Material

- A1. Nature of Review and Supervision (Refer Para. 4.1):** The extent of review and supervision is based on professional judgment and varies for each assignment depending upon various factors such as the nature, objectives and scope.

The review and supervision can include assessment of all audit activities such as, audit planning, sampling, audit testing procedures, collecting evidence, sufficiency and adequacy of documentation, using the work of an expert and concluding audit observations in accordance with the Standards on Internal Audit issued by the ICAI.

Audit Work papers prepared by the internal audit team shall be reviewed at least one level up to ensure the completion of audit procedures in accordance with the audit plan and objectives.

The review and supervision duties may be delegated by the Internal Auditor (or the Engagement Partner) to a subordinate who is a person with requisite experience and proficiency in conducting internal audits or preferably a Chartered Accountant. However, as indicated in Para 4.1 above, the overall responsibility remains with the Internal Auditor (or the Engagement Partner). Engagements involving high-risk processes or key organizational risks shall have enhanced supervision and more frequent interim reviews.

- A2. Reviewing and Supervising the Audit Procedures (Refer Para. 4.2):** The reviewer and supervisor ensure that the audit work is executed in accordance with the Internal Audit Programme and Audit Procedures are completed effectively and timely to achieve overall objectives of the audit assignment.

The supervisor shall ensure risk assessments are continuously updated based on the emerging audit evidence or operational changes during the audit engagement and if additional or alternate audit procedures is required to be performed, then it may be duly documented and communicated to the appropriate authority and team.

An indicative list of review and supervision activities is set out as Annexure 1.

- A3. Review and Supervision of Audit Workpaper (Refer Para. 4.3):** The extent of the review of audit workpaper is based on the professional judgement of the reviewer/ Supervisor. It may include checking the

name of preparer, date of preparation, relevance, sufficiency and reliability of audit evidence, conclusions drawn and audit observations. The audit workpaper shall be maintained as per requirements of the Standard on Internal Audit 250, Internal Audit Documentation.

A4 Documentation (Refer Para. 4.4): To conform with requirements of this Standard, following documents required to be maintained:

- A written process explaining the manner of review and supervision to be performed to ensure conformance to the quality as per Standards on Internal Audit.
- Details of digital log or signature and date of review undertaken on the audit workpapers, follow-up points raised, and minutes of any review meetings held with the audit team.

Annexure 1

Indicative List of Review and Supervision Activities

Activity Phase	Review	Supervision
<ul style="list-style-type: none"> Planning 	<ul style="list-style-type: none"> Audit Objectives as per the Engagement Letter (SIA 120) Risk Assessment (SIA 150) Audit Plan (SIA 220) Audit Program Work allocation 	<ul style="list-style-type: none"> Audit Objectives (SIA 120) Audit Plan (SIA 220) Risk Assessment (SIA 150) Priority and Sequence of planned audit procedures
<ul style="list-style-type: none"> Fieldwork 	<ul style="list-style-type: none"> Sampling procedures and meeting of sampling objectives Documentation evidencing performance of audit procedures with the identification of the performer (SIA 250) Consideration of expert's work in the audit (SIA 270) Sufficiency of quality and extent of samples and audit procedures Audit Observations are supported by sufficient and appropriate audit evidence in reproducible form 	<ul style="list-style-type: none"> Documentation (SIA 250) Real-time concurrent guidance to the audit staff for complex and technical issues. Review of Audit observations of team Reviewer's feedback on work of the audit team

	<ul style="list-style-type: none"> • Complex and technical audit issues 	
<ul style="list-style-type: none"> • Reporting/ Follow up 	<ul style="list-style-type: none"> • Complex and technical audit issues • Drafts of audit observations with root cause analysis, management comments, action plan and timelines • Audit report drafts and final audit report (SIA 310) • Follow up plan, procedures, timeline with concurrence of the management 	<ul style="list-style-type: none"> • Complex and technical audit issues requiring supervisor's guidance • Rationale for excluding draft observations from audit reports • Final Audit report with follow-up plan (SIA 310)