SRI LANKA AUDITING STANDARDS &
SRI LANKA STANDARD ON QUALITY CONTROL 1

2011
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PRESIDENT’S MESSAGE

It gives me great pleasure to incorporate this message to this publication of Sri Lanka Auditing Standards (SLAuSs) and Sri Lanka Standard on Quality Control 1 (SLSQC 1).

I am pleased to note that the Institute of Chartered Accountants of Sri Lanka (ICASL) has achieved a remarkable milestone of its journey towards the timely convergence of the International Standards on Auditing and Quality Control issued by the International Auditing and Assurance Standards Board (IAASB).

The statutory auditing standards committee completed the due review process of the auditing standards and the standard on quality control as per the 2009 Edition of the International Standards on Auditing & Quality Control that have been redrafted by the IAASB under the Clarity Project. The committee recommended for the adoption of those standards by the council of the institute. Accordingly, the council has adopted these standards as Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control 1.

These new auditing standards will replace the existing auditing standards. As required by the Sri Lanka Accounting & Auditing Standards Act, No 15 of 1995, the financial statements of every specified business enterprise shall be audited in accordance with these Auditing Standards.

On behalf of the Council of the Institute, I wish to express my sincere appreciation and acknowledge the valuable contribution made by the chairman and members of the Statutory Auditing Standards Committee. I also take this opportunity to thank all technical and administrative staff at the technical division for the task well accomplished.

Sujeewa Mudalige
President
Institute of Chartered Accountants of Sri Lanka
FOREWORD

The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 elevated the standards on auditing to the status of legal enactments. The Act also provided for the setting up of the Statutory Auditing Standards Committee with responsibility to recommend and otherwise assist the Institute of Chartered Accountants of Sri Lanka (ICASL) in the adoption of Auditing Standards.

It is with great pleasure that I send this foreword to the current publication of the Sri Lanka Auditing Standards (SLAuSs) and Sri Lanka Standard on Quality Control 1. This publication contains the complete set of Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control 1 that have been adopted under the Clarity Project in line with the International Auditing and Assurance Standards Board’s (IAASB) pronouncements on auditing and quality control.

The IAASB’s objective of the Clarity Project was to improve the clarity of International Standards on Auditing (ISAs). Under the Clarity Project, IAASB recognized that standards need to be understandable, clear, and capable of consistent application, thereby serving to enhance the quality and uniformity of practice worldwide. The project involved the application of new drafting conventions to all ISAs, either as part of a substantive revision or through a limited redrafting, to reflect the new conventions and matters of clarity. The final set of clarified standards comprises 36 International Standards on Auditing (ISAs) and International Standard on Quality Control 1 including:

- One new International Standard on Auditing (ISA), addressing communication of deficiencies in internal control;
- 16 ISAs containing new and revised requirements (these have been referred to as "revised and redrafted ISAs");
- 19 ISAs that have been redrafted to apply the new conventions and reflect matters of general clarity (these have been referred to as "redrafted ISAs"); and;
- International Standard on Quality Control 1, which has been redrafted.

These Standards have a new structure, in which information is presented in separate sections: Introduction, Objective, Definitions, Requirements, and Application and Other Explanatory Material.
This bound volume of the Sri Lanka Auditing Standards (SLAuS) and Sri Lanka Standard on Quality Control 1 consists of the following standards.

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I take this opportunity to thank the Council and the Members of the Auditing Standards Committee, and specially the staff of the Technical Division for having carefully edited the publication and producing this document.

Yohan Perera  
Chairman  
Statutory Auditing Standards Committee