

AUDITING NOTES

Assurance engagement	An engagement in which an assurance practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the measurement or evaluation of an underlying subject matter against criteria.
Intended user	The people for whom the assurance provider prepares their report
Audit expectation gap	<p>The difference between the expectation of assurance providers and financial report or other users</p> <p>Unrealistic expectations:</p> <ul style="list-style-type: none"> - Provides complete assurance - Unqualified opinion means there is no fraud or material misstatement/complete accuracy - Auditor will find all frauds - Guarantees future viability of entity <p>Reduced by:</p> <ul style="list-style-type: none"> - Educating the public - Providing detailed explanation of the audit processes conducted and levels of opinion provided - Undertaking peer reviews of work performed - Auditors performing their duties appropriately
Key audit matter	Matters which, in the auditor's professional judgement, were of most significance in the audit of the financial report of the current period
Fundamental principles of ethics	<p>POPCI</p> <p>Professional behaviour – comply with rules and regs, do not harm reputation, be honest in representation, don't claim to provide what you can't and don't undermine the reputation of others</p> <p>Objectivity – no personal feelings or bias to influence professional judgement, must be independent</p> <p>Professional competence and due care – maintain knowledge and skill at a level required by prof bodies, up-to-date with changes in regs and standards, continue education and act diligently, with care, document all work and finish on a timely basis</p> <p>Confidentiality – refrain from disclosing information learnt through work to people outside the workplace unless legal requirement, can't use to advantage/disadvantage of someone</p> <p>Integrity – straight forward and honest, not knowingly be associated with false, misleading info or omissions or recklessly furnished statements</p>
Independence	<p>Ability to act with integrity, objectivity and professional scepticism</p> <ul style="list-style-type: none"> - Impacts credibility and reliability of auditor
Independence of mind	Actual independence – ability to act independently and make a decision free from bias, personal belief and client pressures
Independence in appearance	Belief by others that independence of mind has been achieved – perceived independence
Threats to independence	<p>SSAFI</p> <p>Self-interest – having shares in company, have something to gain or lose based on company's performance – financial interest</p> <p>Self-review – reviewing own work</p>