

INTERNATIONAL AUDITING STANDARDS

What is the meaning of auditing?



Auditing is defined as the on-site verification activity, such as inspection or examination, of a process or quality system, to ensure compliance to requirements. An audit can apply to an entire organization or might be specific to a function, process, or production step.

What is the main purpose of auditing?

The purpose of an audit is to form a view on whether the information presented in the financial report, taken as a whole, reflects the financial position of the organisation at a given date, for example: Are details of what is owned and what the organisation owes properly recorded in the balance sheet?

What is the International Standards on Auditing?

The International Standards on Auditing (ISA) is a set of globally acknowledged professional standards that prescribe guidelines to auditors for conducting audits on financial statements. The ISA sets up principles and procedures that auditors must follow to maintain an audit's quality, consistency, and credibility.

The function of auditing

The function of auditing is to lend credibility to the financial statements.

- Is the company a going concern?
- Is it free of fraud?
- Is it managed properly?
- Is there integrity in its database?
- Do directors have proper and adequate information to make decisions?
- Are there adequate controls?
- Can an unfortunate mistake bring this company to its knees?

Advantages of International Auditing Standards

- Worldwide increases confidence in non-domestic investment consistent
- International investors comprehend financial
- High quality
- Less political influence

