

United states of america essay example

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International Auditing Standards

In the United States, the International Auditing and Assurance Standards Board (IAASB) works as an independent body, setting standards for auditing under the International Federation of Accountants (IFAC). The IAASB establishes the best quality auditing, quality control, assurance, and related services in order to ensure uniformity of practice by professionals all across the world. Until 2002, the IAASB was formerly known as the International Auditing Practices Committee or IAPC. With such high standards in place for auditing and assurance, public confidence is therefore improved.

As part of its mission, the Auditing Standards Board (ASB) – senior technical body of the AICPA – issues Statements on Auditing Standards (SASs). To assure compliance with standards of AICPA, Rule 202 under the Code of Professional Conduct requires that any AICPA member who performs a non-issuer audit must comply with standards set by the ASB. In 2007, a groundbreaking project was initiated by the ASB, to ensure clarification of its standards to make them understandable, easy to read, and simple to apply. As part of this important process, the ASB revised all SASs in accordance with traditions of clarity by using the corresponding International Standards on Auditing or ISAs. Nearly all clarified SASs vary from their corresponding ISAs. However, this variance only occurs where the ASB strongly believes it necessary to have such differences, resulting in those few instances of those that were not altered. For certain issues, GAAS contain additional requirements, with those specifically related to the United States of America

or retained from earlier SASs.

Any member of AICPA practicing in the U. S. may audit the financial statements of a non-user, as specified by the ISAs. In these circumstances, the auditor's report should state that the audit was conducted in line with the ISAs, and the U. S. auditor should comply with both the ISAs, the AICPA, and as required, by GAAS. An audit of this type is generally conducted in accordance both GAAS and any additional procedures that may be required by ISAs.

When conducting an audit in accordance with ISAs, the auditor must also comply with IFAC's specific Code of Ethics. However, in order to more fully appreciate how timing, nature, and extent of procedures of the ISA might affect a process in accordance with GAAS, the auditor should also be prepared to consider the ISAs altogether, with both standards and related guidance in the ISAs.

For a more detailed comparison of the ISAs including professional standards, it might be helpful to consult the 2010 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, as they primarily relate to the AICPA's. Applicable references to GAAS are made in relevant AU-C sections. Therein, the analysis describes differences in language; requirements found in the ISAs that are not in GAAS; requirements in GAAS that are not in the ISAs; as well as the numerous differences between (and placement of) certain requirements with in GAAS.

While combining the ISAs, the ASB made numerous changes in the language of the ISAs, as necessary, throughout the SASs. These changes were made to

allow the use of terms more common in the United States, to make the ISAs easier to read, and to ensure their applicability. Notably, the ASB is certain that such changes do not create problematic differences between the application of ISAs and GAAS.

The following are major heads of auditing standards in the U. S.:

200- 299General principles and overall responsibilities

300-499Risk assessment and response to assigned tasks

500- 599Evidence of audit

600- 699Utilizing the work of others

700- 799Audit reporting and conclusions

800- 899Areas of specialization

Britain (UK)

In Britain and the United Kingdom (UK), the FRC's primary responsibility is to encourage financial reporting in an extremely high quality and assure that corporate governance adheres to the fundamental objective of developing investment. " UK Corporate Governance and Stewardship Codes were set as well as UK standards for accounting, auditing and actuarial work."

Overall, the FRC represents the interests of the UK in the global community of standard-setting. The FRC also supervises and takes any action necessary to ensure quality financial reporting and auditing of various corporate organizations. This organization also operates as a disciplinary branch with full autonomy, overseeing accountants and auditors. The FRC helps to ensure that accounting and auditing are carried out with complete conformity to the standards set.

Scope of this ISA (UK and Ireland)

The International Standard on Auditing (ISA) in the UK and Ireland develops standards, as well as providing guidance in the form of an auditor's report. This report is typically issued as a result of audits that are done on financial statements and conducted by an independent auditor. These ISAs are written to provide both advice and guidance on “ compliance framework” and “ true and fair” frameworks.

A “ compliance framework” is much as its name implies, requiring nothing more than compliance with the framework, without the stipulations in (a) or (b) below.

A “ true and fair framework” in direct opposition to compliance framework requires that there be strict compliance with the framework, but also acknowledges that, in order to accurately achieve a true and fair view:

(a) It may be necessary to provide additional disclosures, beyond those required by the framework; and

(b) It might be necessary to ignore or change a requirement of the framework

Opinion on the Financial Statements

The auditor's report opinion must clearly give the auditor's opinion – as required by the financial reporting framework – that was used to prepare the financial statement. This may also include any law applicable to the audit.

Although the opinion of financial statements will be expressed as required by the “ true and fair” framework, the opening paragraph must all clearly state that there is a true and fair view presented by the financial statements.

However, it is not enough for the auditor to merely conclude that the financial statements give a true and fair view. There must be far more than just a conclusion based on the fact that financial statements were prepared according to standard accounting procedure and any other legal requirements that may apply to the audit.

Opinion in Respect to an Additional Financial Reporting Framework

At the time an auditor is hired to issue an opinion on financial statements, it is necessary that there must be full compliance with an additional financial reporting framework. For accuracy, it is imperative that the second opinion is clearly separated from the first opinion; this is usually accomplished most effectively by the use of appropriate headings.

Kuwait

In Kuwait, the International Auditing and Assurance Standards Board (IAASB) is an independent body, which frames standards that serve the public interest by the development of the highest quality of international standards. The standards framed by the IAASB include those necessary for auditing, assurance, and many other types of standards. The overall objective is achieved by facilitating a combination of both international (global) assurance and auditing standards, as well as similar national standards. The establishment of these standards by the IAASB helps to improve both the quality and the overall consistency of practice standards in the global community. This also ensures an increase in the public confidence of the international auditing and assurance profession.

Auditors who work independent of any governing body provide both

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reviewing and auditing in the interim, along with consolidated financial information. This is just one of the many assurances such services provide from auditors who work independently. Essentially, the ultimate goal of issuing assured financial statements is to provide end users with extremely transparent and guaranteed financial information.

According to Law No. 25 of 2012 (as it was amended by Law No. 97 of 2013) in Kuwait, all businesses must prepare consolidated financial statements, broad income statements, and any necessary notes by the end of every financial year. These statements are required to completely conform to IAS standards, which, according to the IASB were modified to be IFRs.

Reference of Independent auditor in the audit of financial statements.

The International Federation of Accountants (IFAC), which arose from the IASB, requires all professional auditors to follow the IAS when auditing annual financial statements or reviewing any abbreviated interim financial information. There is also a requirement that the independent auditor must form an opinion with respect to the company's compliance or non-compliance with application of the standards.

The IFRs, company law in Kuwait, and ministerial resolutions and instructions in Kuwait are all issued by relevant regulatory authorities in Kuwait.

References

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