

Example of essay on auditors report

[Experience](#), [Belief](#)



There are four American Institute of Certified Public Accountants Standards of reporting. First is that the auditor should say whether the financial statements are submitted in a manner conforming to accounting principles which are generally accepted. Second, the auditor of show in the auditor's report circumstances which the principles have not been observed consistently currently in relation to the prior period. Third, the auditor should also state in the auditor's report if they find out that informative disclosures are not very adequate (Tracy, 2009). Lastly, the auditor is expected to state an opinion in relation to financial statements or say that they cannot express an opinion in the auditor's report. If an auditor cannot express their opinion on the overall matter, they should give the reasons why in the auditor's report. In a situation where the name of an auditor is linked to financial statements, the character of the auditors work should be indicated, if any (Higson, 2003). The level of responsibility taken by the auditor in the auditor's report should also be included.

Generally accepted government auditing standards have established reporting standards in addition to the standards included in the American Institute of Certified Public Accountants for financial auditing (Maniak, 2005). Auditors are expected to follow additional standards when they cite the generally accepted government auditing standards in their reports. These additional standards include: reporting if the auditor is compliant with the generally accepted government auditing standards; reporting on provision of grants or contract agreements, internal control, regulations and the compliance with laws; reporting problems in internal control, illegal acts, fraud, abuse and violations of grants and contracts agreements; reporting

significant matters; communicating restatement of financial statements that were issued previously; reporting the officials view; Including sensitive and confidential information and distributing reports (Tracy, 2009).

Auditors should include a statement in their report if they comply with applicable requirements of the generally accepted government auditing standards saying they performed the audit in relation to it. An example is the audited entity needed financial statements which have been audited for financing purposes or for issuing bonds. GAGAS does not deny auditors to issue a separate report that agrees to mother standards (Higson, 2003).

When auditors need to provide a disclaimer or an opinion on financial statements, reports should be on internal control instead of financial reporting and also provision of grant and contract agreements, regulations and compliance with laws. If the scope of the auditors testing is issued in separate reports, they should have a reference in the separate report on the financial statements (Maniak, 1989). If reports of the auditors are separate, they should state in the additional that they will be issuing the additional reports.

When auditors provide an opinion or a disclaimer in financial statements, they should report on significant deficiencies in the internal control pointing out the ones that can be considered as material weaknesses. They should also report all cases of illegal acts or fraud unless they are inconsequential. Violations of grant agreements or contracts and their abuse that could have an effect on the financial statements should also be reported.

It is the auditor's responsibility to also report on deficiencies in internal control. A significant deficiency is a combination of deficiencies or a

deficiency in internal control that affects the ability of the entity to authorize, initiate, process, report or record financial data well in compliance with generally accepted accounting principles (Maniak, 2005). Material weakness is a combination of significant deficiencies or a significant deficiency that results to a material misstatement not being detected or prevented.

Under AICPA AND GAGAS standards, it is the responsibility of auditors to detect illegal acts and fraud that affects the financial statements. They should also determine if the people who are in charge are well informed on illegal acts and fraud. Relevant information should be included on the report on illegal acts and fraud, violations of provision of grant agreements or contracts and material abuse whether qualitatively or quantitatively.

Known or likely fraud, violations of provision of grants and contracts, illegal acts or abuse that directly affect parties outside the audited entity should be reported. When an entity does not satisfy regulatory or legal requirements to report information that is specified in a regulation or law, this information should be reported by the auditor to those in charge. If this information is still not reported to the external parties that are involved after the auditor's communication, the auditors have the authority to report that information to the specific external parties directly.

Auditors should comply with the requirements even after they have been dismissed or they have resigned from the particular audit before it is completed. Auditors need to look for sufficient evidence that is appropriate (Maniak, 2005). This could mean looking for information from outside parties to confirm assertions made by the management involving the audited entity that the findings have been reported too in accordance to regulations,

funding agreements and the law. If auditors are not able to do this, the information should be reported directly to the external parties involved. When presenting findings like illegal acts, fraud, deficiencies in internal control, abuse and violations of contracts and grants, element of findings should be developed by the auditors to the necessary extent so as to achieve the objectives of the audit. Audit findings that are clearly developed assist oversight officials or management to understand the reason they need to take corrective action. This is because auditors can provide recommendations for correcting the problem if they develop the elements of findings sufficiently.

Findings should be placed by perspective by describing the extent and the nature of the reported issues and the amount of work that was done to yield the results (Tracy, 2009). Presenting the information in this way would give the reader of the report a basis that they could use to judge consequences and prevalence of the findings. In a situation where the results cannot be presented, conclusions should be limited appropriately.

Significant matters dealing with financial statements should be reported. This is because of the interests of the public in relation to the operations of entities and government entities that administer or receive government awards. Certain information given to the public would help the reader understand the financial statement and the report of the auditor.

Uncertainties or significant concerns on the fiscal sustainability of a program or government could have a great impact on operations or financial conditions of the entity beyond a single year of the date of the financial statement. These kinds of uncertainties or concerns may come up because

of expenditure or revenue trends, current commitment by the government, dependency economically on the government or other entities, liabilities and responsibilities. Auditors do not come up with design procedures for audits to detect uncertainties and concerns, and judgment of the future is dependent on the available information when the judgment is being made.

The most frequent type of auditor's report is the unqualified opinion. The unqualified opinion indicates several things. First, it indicates whether financial statements are prepared following the Generally Accepted Accounting Principles that need to be applied consistently. The unqualified opinion indicates whether financial statements are compliant with the relevant regulations and statutory requirements (Tracy, 2009). It also indicates whether there is adequate disclosure of important material matters that are relevant to good presentation of financial information that are subject to the requirements. Changes in method and accounting principles and its application and resulting effects are indicated after being determined and explained in the financial statements.

The unqualified opinion is made up of a header and a title, the main body, signature and address of the auditor and the date the report was issued (Maniak, 1989). The United States standards in auditing specify that the title should include " independent" to show the user that the report was not biased. In the past, the unqualified report had three main paragraphs with a distinct wording with individual purpose.

The introductory paragraph shows the audit work which has been performed and points out the auditors and auditee's responsibilities when it comes to financial statements. The second paragraph talks about the scope of the

audit work and describes the nature of the work. The second paragraph also states that the audit was done with the generally accepted regulations and standards of auditing. The third paragraph is also an opinion paragraph that states the opinion of the auditor on the statements if they follow the generally accepted accounting principles.

References

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