

# Audit regulatory framework essay



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IFACs Code of Ethics desires to reinforce the professional accountancy and economics throughout the world by contribute a high level of ethical professional guidance, and desiring the Code to be adoptable globally. It is very important because it generates ninety nine percent consciousness among professional accountants and to promote an ethical culture with listing the five Fundamental Principle of Professional Ethics and lay down some threats to principles with its Conceptual Framework which leading to the independence enhancement of auditors (IFAC, 2009) [online]. The principle-based ethical code is significantly encourages that EAs to exert ethics and independence in their thinking and behaviors, and it is optional to be performed because they are close with sensitive, private and confidential documents (IFAC, 2009) [online]. It increases the credibility, accountability and stewardship of directors by requiring internal and, or external auditors (EAs) to ensure that the principles are not been violated.

Besides, it leading the EAs to contribute their independent opinion as well as providing reasonable assurance thereafter will expresses that the financial statements are immaterial misstatements (MIA, 2008). Instead, the trustworthy of financial data will be declined and might be harmful to the auditors itself if not having the auditors independence (Abu Bakar et. al. , 2005). Auditors' independence is the utmost significant element for the conglomeration of capital markets (Yusof, 2010) as the trustworthy final audit report can enhance the appeal of corporate to the investors (ACCA, 2009). However, public is fully expecting external auditors to detect and report fraud (Jones, 2010) [online].

Therefore, an audit expectation gap highly exists due to the desires by liquidators (Rovnick, 2009) [online], investors, government, etc. are different with the actual duties and responsibilities of EAs.