

## GENERALLY ACCEPTED AUDITING STANDARDS

**Standards and procedures**

Auditing standards are different from auditing procedures. Auditing standards relate to the quality of the work to be performed, to the objectives to be attained by the use of the procedures undertaken, and to the suitability of the auditor's report. Auditing procedures, on the other hand, are the specific acts or steps performed by the auditor to attain his objectives in the particular audit engagement. .01

**Generally accepted auditing standards**

- Generally Accepted Auditing Standards are as follows: .02

*General standard*

*The examination should be performed and the report prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind.*

*Field work standards*

- (i) *The work should be adequately planned and properly executed. If assistants are employed they should be properly supervised.*
- (ii) *There should be an organized study and evaluation of internal control commensurate with the degree of reliance placed, or to be placed, thereon in determining the nature, extent and timing of audit procedures.*
- (iii) *Sufficient appropriate evidence should be obtained by such means as inspection, observation, enquiry, confirmation, computation and analysis to afford a reasonable basis to support the content of the report.*

*Reporting standards*

- (i) *The scope of the auditor's examination should be referred to in the report.*
- (ii) *The report should contain either an expression of opinion on the financial statements or an assertion to the effect that an opinion cannot be expressed. In the latter case, the reasons therefor should be stated.*
- (iii) *Where an opinion is expressed, it should indicate whether the financial statements present fairly the financial position, results of operations and changes in financial position in accordance with a disclosed basis of accounting, which except in special circum-*

*stances should be generally accepted accounting principles. The report should provide adequate explanation with respect to any reservation contained in such opinion.*

- (iv) *Where an opinion is expressed, the report should also indicate whether the application of such disclosed basis of accounting is consistent with that of the preceding period. Where the basis or the application thereof is not consistent, the report should provide adequate explanation of the nature and effect of the inconsistency.*

#### **Applicability of the standards**

The auditing standards in paragraph 5100.02 apply to all engagements in which the objective is the expression of an opinion on financial statements. The general and field work standards are also applicable to other types of attest engagements. .03

The general standard in paragraph 5100.02 is intended to express the spirit of the related rule(s) of professional conduct of each provincial Institute or Order, to which rule(s) the auditor is referred. .04

#### **Disclosed basis of accounting**

Reporting standard (iii) in paragraph 5100.02 contains a reference to „a disclosed basis of accounting”, which except in special circumstances should be generally accepted accounting principles. THE AUDITORS’ REPORT, Section 5500, describes circumstances where the auditor should express his opinion as to the conformity of the financial statements with generally accepted accounting principles. There are special circumstances where a different basis of accounting may be appropriate, for example in financial statements prepared in accordance with regulatory legislation or with contractual requirements such as may be set out in trust indentures or buy/sell agreements. In these special circumstances the auditor would express his opinion as to the conformity of the financial statements with such disclosed basis of accounting.

Decision tree

