



*The auditor is a watchdog but not a bloodhound*  
*- Lord Justice Lopez in 1896*



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## Scope of audit (external audits)

Engagement circumstances are the broad context defining the particular engagement.

Audit scope could be one of the following:

- 1 Audit engagement;
- 2 Review engagement.



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# Audit Engagement

- ✓ 'Reasonable assurance'.
- ✓ High, but not absolute level of assurance that the information audited is free from material misstatement.



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## 2 Review engagement

- ✓ Negative assurance;
- ✓ Moderate level of assurance that the information subject to review is free of material misstatement.



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# The Audit engagement process

