Auditing I

Assignment I

A . A financial statements audit is the examination of an entity's financial statements and accompanying disclosures by an independent auditor only. The result of this examination is a report by the auditor, attesting to the fairness of presentation of the financial statements and related disclosures. Hence she can prepared the financial statements and but cannot ndicating that the financial statements were audited by him and she cannot prepare the report as it is prepare but auditor only. Auditor responsibility: In conducting an audit of financial statements, the overall objectives of the auditor are: 1) To obtain reasonable assurance about whether the FS as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the FS are prepared, in all material respects, in accordance with an applicable FRF, and 2) To report on the F.S. and communicate as required by the SAs, in accordance with the auditor's findings. In all cases when reasonable assurance cannot be obtained and a qualified opinion in the auditor's report is insufficient, the SAs require that the auditor disclaim an opinion or withdraw from the engagement It is the violation of SA 200.

Element of quality control as per SQC 1 and SA 220 As per SQC 1 "Quality Control for Firms that perform Audits and Reviews of Historical Financial of Information, and Other Assurance and Related Services Engagements ", the firm's system of quality control should include policies and procedures addressing each of the following elements:

a) Leadership responsibilities for quality within the firm. b) Ethical requirements, c) Acceptance and continuance of client relationships and specific engagements. d) Human resources. e) Engagement performance. f) Monitoring The quality control policies and procedures should be documented and communicated to firm's personnel.

B . Yes, , it is not ethically correct to do so. According to the standards, the auditing must be done by some professional person who is acting independently. A professional is considered to have all the proficiencies needed to do the audit process and organizations rely on them. So, when the audit us being done by students, who are not professionals is a violation of the standard. Also Mira did not even review the reports made by the students and sent it to the board of directors which is also violation of conduct as one person must review the work for which he is to be responsible before making it to submit to others. So work must have to be reviewed. Yes, there is also violation of the elements of audit quality control The elements contain: Independence, Integrity and Objectivity • Personnel Management • Acceptance and continuance of clients and engagements • Engagement performance

Monitoring

Independence, Integrity and Objectivity is violated as the auditing is done by students , can manipulate statements and prepare reports which are not fair as they have no idea about procedures and policies being not a professional. Personnel Management is highly violated as the firm is dependent on the proficiencies of its auditirs or personnel. But here the one auditing is not at all proficient with auditing which could hamper the firm's reputation. Also the supervision is negligible as Mira did not even review the work done by the students. Thus is not good as the supervision was inversly proportional to the proficiencies of personnel. The more one is proficient, the less us tge requirements for supervison. Here, the students were not at all proficient and talented and neeed high supervision but Mira neglected this. Also this personnel management element is considered to be related with appointing personnel for positions but these appointed personnel should be well talented and in all means proficient in the profession of auditing. So, thus personnel management is also being violated. Same goes for the acceptance and continuano of clients and engagements. Here the firm or individual should properly select and decide to which individual should it retain and permit to continue for the Same goes for the acceptance and continuance of clients and engagements. Here the firm or individual should properly select and decide to which individual should it retain and permit to continue for the auditing purpose. This element is violted as Mira being a part of firm has not followed the conducts and rules properly by hiring unprofessional students with no expertise for doing firms auditing. The other element that is engagement performance relates to assuring the performance of personnel that it meets the standards and regulations being set. Here in this case, the personnel appointed that are the group of students, no one kept a check on their work and reviewed their performance nor Mira bothered to do this once to check if they meet the requirements and are done on set standards or not. Hence its the direct violation of this element. The last element that is monitoring is responsible to monitor the adequacy of the organization's rules and procedures and the performance of the profession and the activities done by them and the development of the professional. And in the case discussed above, it is clear that Mira did not even train those students and directly made them work on the auditing.