

KUMASI TECHNICAL UNIVERSITY

FACULTY OF BUSINESS STUDIES

A REPORT ON AUDIT

AT

VALLEYVIEW DEVELOPMENT COMPANY LIMITED

BY

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CHAPTER ONE

INTRODUCTION

Auditing is a conduct of financial inspection and independence examination of Companies activities and their financial statements thoroughly by a suitably qualified and expertized person or body of persons in a way that would enable the auditor to form an opinion as to the true and fair view of the audit assignment of the Company's financial statements.

Audit engagement is an agreement made between the auditor entity or the client that specifies the terms and conditions of the audit services, which defines the scope of the audit assignment, objectivity, the auditor and client responsibilities on the financial statements and the auditor fee with terms of payment if any, before audit activities are performed.

AIM OF THE AUDIT ENGAGEMENT WITH VALLEYVIEW DEVELOPMENT LIMITED.

The main goal of this engagement is to detect out errors and fraud to genuinely prepare financial statements with all necessary materials, in accordance with the Financial Reporting framework and the basic principles and necessary procedures with regard to the International Standards Auditing, to render true and fair view of final accounts and professional services for the company to benefit its members and stakeholders as well.

CHAPTER TWO

1.1 ETHICAL IMPLICATION:

The most ethical implication with this audit engagement or assignment with Valleyview Development Limited is to exercise professional competence and to be prudent to maintain knowledgeable skills needed to ensure that, the company or the client receives high quality services based on laws and regulations, practices and acceptable auditing techniques and act excellently in compliance with the applicable technical and professional standards, to an extent that, the financial statements depict true and fair view report.

1.2 OBJECTIVITY.

Moreover, it is also expected from me, as an auditor to be objective. That is not to be bias and refute or reject unnecessary influences from the directors or staffs, to use their authority to exercise professional knowledge and to judge the activities and processes of the company's at their will.

CHAPTER THREE

2.1 SELF- INTEREST THREATS.

Some of the self- interest threats that affect the principles of fundamental code of ethics conduct are;

- Existing audit team having extreme close business relationship with staffs or directors of the company.
- Perhaps losing a professional audit team staff of valleyview Development limited which also contribute to this threat.
- A member of the existing audit team of the company, having a direct financial interest to fully disclose all necessary matters relating to the financial statements, which eventually lead to misstatement of events in the quarterly financial statements.

2.2 SELF- REVIEW THREATS.

The self- review threats with this audit engagement may also include;

- The audit team charged or authorized to give effective quality assurance report about the company's final accounts and after which the audit team designs the internal control systems for the company.
- A staff of the audit team being employed by the company's directors in a position to be a great influence on the subject matter of the engagement.

CHAPTER FOUR

3. Safeguards and security measures to minimize the various threats to an acceptable level;

Since every auditor is faced with some threats when exercising his or her audit assignment on companies activities and their financial statements, these security and safeguard measures have been put in place to minimize those threats to a satisfied level;

- The company's existing audit team must be trained, educated and must have enough experience about the task of examining the company's processes and its final accounts, to render professional services for the company and its stakeholders as well.
- The firm's auditors or the audit team must adopt and comply with the laws or regulations regarding to auditing (Professional Standards) when performing their activities on the company's financial statements, and also to assist the directors to manage and control the company very well.
- There must be a clearly defined policies and procedures systems in place to enhance compliance with standards.

4. Suppositions that are significant for this engagement;

- Identification of areas with higher risks of material misstatement within the financial statement, examining evidence to effective internal control systems.
- Need to incept that, there is no problem with management integrity that may affect the auditor's willingness to proceed with the engagement.
- There should not be any misunderstanding with the company, as to the term of the engagement.

5. CONFIDENTIALITY ISSUE;

One of the confidentiality issue in this case is that, the company's accountant usually discloses vital information within the final accounts to the directors or management and as to their benefits, may embezzle some funds.