AUDIT AND INTERNAL REVIEW

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Answer for question one

Ethical Implications and Reporting Requirements:

There are various ethical issues that arise when preparing unaudited quarterly financial accounts for Valley view Development Ltd. The auditor's independence, which is a core value of the Code of Ethical Conduct, is the first area of concern. For the audit process to be objective and honest, the auditor must be separate from the client. Accepting remuneration from Valley View Development Ltd in the form of shares, nevertheless, could put the auditor's independence in jeopardy because the auditor might start to have a financial stake in the company's performance. The auditor can be reluctant to submit unfavorable facts or uncover serious flaws in the financial statements as a result.

The obligation of the auditor to give stakeholders accurate and trustworthy financial information is another ethical issue. To create unaudited financial accounts, the auditor must adhere to Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) as a professional. The financial accounts must be devoid of material omissions and adequately reveal all pertinent information, according to the auditor. The necessary reporting standards set forth in the International Standards on Auditing (ISAs) and International Standard on Review Engagements must be followed by the auditor if they accept the engagement (ISREs). For instance, the auditor must mention in the unaudited financial statements that they did not undertake an audit or review of the financial statements in their disclaimer of opinion. The disclaimer of opinion notifies the interested parties that the financial statements are the management's responsibility and have not been checked independently.

Answer for question two

Self-Interest and Self-Review Threats:

1. A member of the assurance team having a direct financial interest in the assurance – This is where it is directly owned by and under the control of the entity.
2. Entering into employment negotiations with the client
3. Advocacy: The auditor may have to seek for help or support to promote the interests of valley view development Ltd

Answer for question three

Eminent Safeguards and Security Measures:

1. The auditor might be expected to maintain strict confidentiality of the engagement by restricting access to the financial statements and audit files. By doing this, financial information will no longer be shared with stakeholders without their consent.
2. Independence: The auditor may declare their ownership holdings to Valley view Development Ltd. and other stakeholders in order to maintain transparency and avoid any potential conflicts of interest.
3. Quality Control: To guarantee that the financial statements are prepared in accordance with GAAP and IFRS, the auditor may create and apply quality control processes. As a result, the possibility of substantial misstatements will be reduced, and the correctness and dependability of the financial data will be guaranteed.

Answer for question four

Planning Suppositions:

The auditor should take into account the following three crucial planning suppositions when creating Valley view Development Ltd.'s unaudited quarterly financial statements:

1. Adequacy of Disclosure: The auditor should rely on Valley View Development Ltd. to adequately disclose all pertinent financial data in the unaudited financial statements.
2. GAAP and IFRS compliance: The auditor should expect that Valley View Development Ltd. would prepare the unaudited financial statements in accordance with GAAP and IFRS.
3. Management Integrity: The auditor should presume that Valley View Development Ltd's management has integrity and is dedicated to giving stakeholders accurate and trustworthy financial information.

Answer for question five

Confidentiality Issues:

Since the auditor would have access to confidential financial information of Valley View Development Ltd., confidentiality is a crucial concern in this engagement. In order to prevent illegal disclosure of the financial information to stakeholders, the auditor must maintain strict secrecy. The auditor may limit who has access to the financial information in order to protect confidentiality by limiting who has access to the audit files and financial statements. The auditor should also set up safeguards for financial data, like password-protected files and electronic file encryption. As far as confidentiality is concerned, the auditor must also make sure that they abide by all applicable legal and ethical obligations. Before starting the audit engagement, this entails securing a confidentiality agreement in writing from Valley view Development Ltd.

In conclusion, accepting the contract to compile Valley view Development Ltd's unaudited quarterly financial statements has ethical ramifications and may jeopardize the essential values of the Code of Ethical Conduct.

However, these risks can be reduced by taking significant security precautions, like upholding the values of independence, integrity, and objectivity, exposing potential conflicts of interest, and adhering to GAAP and IFRS.

The auditor must also follow confidentiality guidelines and set up safeguarding measures for financial data.