

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

Chapter 1 : Operational Auditing – Essential Tools for Internal Auditors

*Independent Auditor's Guide to Operational Auditing (Modern accounting perspectives & practice) [Dale L. Flesher, Stewart Siewert] on blog.quintoapp.com *FREE* shipping on qualifying offers.*

IIA Guidance - Independence and Objectivity The internal audit activity must be independent, and internal auditors must be objective in performing their work. Interpretation Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity. Interpretation Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board: A1 - The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. Interpretation Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. Individual Objectivity January - Impairment to Independence or Objectivity Standard If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment. Interpretation Impairment of organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding. A1 - Internal auditors must refrain from assessing specific operations for which they were previously responsible. A2 - Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity. C1 - Internal auditors may provide consulting services relating to operations for which they had previous responsibilities. C2 - If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

Chapter 2 : An Operational Audit of the Effectiveness of Operations | Your Business

Note: Citations are based on reference standards. However, formatting rules can vary widely between applications and fields of interest or study. The specific requirements or preferences of your reviewing publisher, classroom teacher, institution or organization should be applied.

These services are regulated, with many jurisdictions requiring compliance with international standards or national requirements that have been based on international ones. The type of service delivered depends both on the statutory requirements and what will provide the most value to the client and users of the financial information. It is widely acknowledged that high-quality audits directly benefit businesses and indirectly benefit the economy and society in general. Company audits can have a significant influence on investment decisions, are integral to investor confidence, and are considered to be vital to the effective functioning of capital markets. As part of an effort to reduce compliance costs with regulation, there is evidence of a global trend toward exempting entities operating within certain thresholds from the requirement to have a statutory audit. It is likely that this changing global landscape will result in a rise in the demand and provision of practitioners offering a wider range of other assurance and related services, particularly among small- and medium-sized practices SMPs , whose clients are predominately small- and medium-sized entities SMEs and often fall within the limits for exemption. Why Are International Standards Important? High-quality international standards increase the comparability, consistency, clarity, credibility, and transparency of financial information. And, high-quality financial information, in turn, increases the stability of the global financial infrastructure. It contributes to economic growth and helps maintain fair, orderly, and efficient capital markets. It also fosters confidence in the markets of emerging nations, which encourages international investment. The International Auditing and Assurance Standards Board IAASB is responsible for setting international standards for audit, quality control, review, other assurance, and related services. It also facilitates the convergence of international and national standards. All standards developed by the IAASB are subject to a rigorous due process, which includes thorough research, stakeholder consultation, and consideration of the views of those affected. Adoption and Implementation The application of the ISAs and ISQC 1 is designed to be proportionate to the size and complexity of the entity, as well as that of the accounting practice. The requirements of the ISAs are not prescriptive; they recognize that every audit is not planned and performed in exactly the same way. There is strong emphasis on applying a risk-based approach to every engagement and that professional judgment is needed to determine the relevant procedures, which are tailored to each particular assignment. The international standards are designed to be applied in conjunction with the core principles of the International Ethics Standards Board for Accountants IESBA Code of Ethics for Professional Accountants – integrity, objectivity, professional competence and due care, confidentiality, and ethical behavior. All professional accountants must comply with these principles. For more details, please see the Ethics section of the Gateway. Consistent implementation of the standards is a critical part of enhancing the quality and uniformity of practice throughout the world, thereby strengthening public confidence in the global auditing and assurance profession. Resources are available to help professional accountants understand and apply international standards and perform engagements efficiently and effectively. To access a broad range of reports, guidance, and articles that offer implementation support, explore the Resources tab below.

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

Chapter 3 : What is an independent audit? | National Council of Nonprofits

Find helpful customer reviews and review ratings for Independent Auditor's Guide to Operational Auditing (Modern accounting perspectives & practice) at blog.quintoapp.com Read honest and unbiased product reviews from our users.

September Revision to Pages and Maintain Adequate Internal Controls Recipients, under the direction of their boards of directors, are required to establish and maintain adequate accounting records and internal control procedures. Pursuant to Section c of Stat. A written agreement between the recipient and the IPA must be executed and, at a minimum, should specifically include all matters described below in Section II-1, Audit Requirements Subsections A through I. Contracts or engagement letters should also contain an escape clause that would allow, without significant penalty, modification or cancellation made necessary by changes in law. Appendix B is a sample audit agreement that includes the required matters described in Section II-1, Audit Requirements, and additional provisions which can be used to document the understanding between the recipient and the IPA. Recipients should consider incorporating these additional provisions in their audit agreements. The auditor shall not be liable in a private action for any finding, conclusion, or statement expressed in a report made pursuant to this section. The recipient must report to the OIG within five 5 business days after receiving the report of noncompliance from the IPA. Reports submitted pursuant to the requirements of this section must be sent to the OIG by facsimile, Email or registered mail. The recipient is also required to simultaneously provide a copy of its report to the OIG to the auditor using the same manner of communication facsimile, Email or registered mail. Recipients are required to develop and submit to the Corporation corrective action plans within 30 days of submission of the audit report to the OIG. The corrective action plan must describe the corrective action taken or planned in response to the audit findings and recommendations identified by the IPA. The corrective action plan must identify: If the recipient disagrees with the finding or believes corrective action is not required, it shall provide an explanation and specific reasons. However, selection of this option shall not preclude submission of the audit reports within the required time frame, nor serve as a basis for an extension request. Pursuant to the requirements of Section k 1 of Stat. Objectives The primary audit objectives are to determine whether: Audit Working Papers The audit working papers are to be prepared in accordance with GAS, and are to be retained by the IPA for at least three years from the date of the final audit report. To the extent not protected by the attorney-client privilege, the Corporation, including the OIG, is provided with access by Section h of Stat. IPAs should be aware that the recipient, by grant assurance, has a responsibility to report to the OIG within specified time periods on matters involving misappropriation, theft, embezzlement of any funds LSC, non-LSC and client escrow funds and property, regardless of recovery. The reporting requirements under this section are separate and distinct from the special reporting requirements discussed at Section II. The IPA is responsible for providing sufficient information to the recipient on the findings of noncompliance to facilitate the recipient meeting its interim reporting responsibilities under Section I The laws and regulations requiring special reporting are defined in the Compliance Supplement Appendix A. When a determination has been made, based on sufficient competent evidential matter, that an instance of noncompliance has occurred, IPAs are to report immediately to the recipient. The IPA shall notify the OIG within five 5 business days of its termination or cessation of services to the recipient. See Appendix G for the notification form. The primary objectives of this evaluation are to ensure that resources are safeguarded against waste, loss and misuse, and that resources are used consistent with LSC regulations and grant conditions. Accordingly, examination of these compliance requirements is part of the audit. As stated in Section I-1, "Purpose", Congress increased the restrictions and prohibitions on the types of activities in which recipients may engage. The suggested procedures can be used to test for compliance with laws and regulations, as well as to evaluate the related controls. Auditors should use professional judgement in deciding which procedures to apply, and the extent to which reviews and tests should be performed. Auditors are required to select and test a representative number of transactions. If the

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

reviews and evaluations are performed as part of the internal control structure review, audit procedures should be modified to avoid duplication. Auditors should also refer to the grant agreements for additional requirements. In certain cases, noncompliance may result in questioned costs. Auditors are to ensure that sufficient information is obtained to support the amounts questioned. Working papers should adequately document the basis for any questioned costs and the amounts reported. The objective is to determine whether timely and appropriate corrective action has been taken. Auditors are required to report the status of uncorrected material findings and recommendations from prior audits. These requirements are also applicable to findings and recommendations issued in a management letter. Requests for extensions must be submitted in writing not later than two weeks prior to the report due date, and directed to the Office of Inspector General. Requests not submitted in the required time frame will be granted only for unforeseen, extraordinary and compelling reasons.

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

Chapter 4 : Independent auditor's guide to operational auditing (edition) | Open Library

Independent auditor's guide to operational auditing by Dale L. Flesher, , Wiley edition, in English.

Share on Facebook Operational auditing follows many of the same standards and procedures used for financial examinations. However, the subject matter is materially different and must be evaluated using pre-determined criteria. The Institute of Internal Auditors offers guidance on operational audits, as does the American Society for Quality and the International Organization for Standardization. Auditor Ethics Objectivity, integrity and honesty are among the ethical standards that certified quality auditors and certified internal auditors must follow. Otherwise, audit reports have the potential to be biased and unreliable. Ethics is one of the first lessons that auditors are exposed to in training, which makes attaining the proper instruction and credentials important milestones to achieve prior to engaging in an audit. Without ethical standards, audit program integrity and effectiveness suffer. Audit Standards The purpose, scope and depth of an audit is dependent on a number of factors ranging from organizational needs and risk assessments to the criteria used to perform an audit. IIA engagements tend to focus on financial data along with internal control, while ASQ engagements focus on products, processes and systems. Although quality auditing is most normally seen in manufacturing environments, it also is ideal for gauging operational effectiveness in service organizations. Product Audits Product audits are a form of internal audit and are designed to identify defects and waste in finished goods. Gathering audit evidence typically involves the analysis of samples and testing of product features looking for weakness. Customer requirements are a key portion of this process, so audits must ascertain whether production methods are effective at meeting specifications. If products are defective, auditors are able to provide management with insight into the specific failures surrounding production. Process Audits Process audits are larger in scope than product audits and require the evaluation of work stations, sets of operating standards and multiple personnel. A process is usually designed to create one or more products using teamwork and defined procedures. However, processes do not always produce the desired outputs nor do they operate efficiently and effectively. Auditors are able to ask interview questions, gather evidence and identify deficiencies for management to improve upon. System Audits System audits examine groups of processes to determine the overall effectiveness of sub-systems or large portions of operations. These incorporate elements of product and process audits but are focused on the big picture. If the outputs of systems are not meeting customer requirements, system audits help identify the processes or products that are impacting the system. Although these types of audits require groups of auditors, they are effective at gauging positive practices or deficiencies. As with all types of audits, findings are put into an audit report for management to evaluate.

Chapter 5 : Audit Guide for Recipients and Auditors

The terms "audit" or "audited financial statements" in this Nonprofit Audit Guide© refer to the work product resulting from the independent examination of a nonprofit's financial records by a licensed certified public accountant (also referred to in this Guide as the "auditor," or the "auditing firm").

Chapter 6 : Pages - Independence and Objectivity

The objective of the ordinary audit of financial statements by the independent auditor is the expression of an opinion on the fairness with which they present, in all material respects, financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles.

Chapter 7 : DALE L. FLESHER

DOWNLOAD PDF INDEPENDENT AUDITORS GUIDE TO OPERATIONAL AUDITING

Please forward this guide to your independent auditor if your company is a Fidelity Institutional client and your company's plan is required to have an audit as part of the Form reporting process.

Chapter 8 : Auditing Careers | blog.quintoapp.com

dependent auditor must exercise his judgment in determining which auditing procedures are necessary in the circumstances to afford a reasonable basis for his opinion.

Chapter 9 : AU Responsibilities and Functions of the Independent Auditor

Why Operational Auditing is an important part of the internal audit value proposition. The soft skills, like active listening, interviewing, facilitation and change management, which are necessary to perform Operational Audits effectively.