

STUDY REGARDING DIFFERENT TYPES OF AUDITOR'S MISSIONS

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Abstract

After the involvement of the audit profession in several financial scandals, the international body of the profession, International Federation of Accountants – IFAC, has developed and published a conceptual framework and reviewed most of the reference standards in auditing to provide references regarding the responsibility of the professionals and the extent of their missions. Thus was established the use of a general term for professionals, the “practitioner”, in the context of specific missions using the “auditor”, “practitioner” or “accountant”. On the other hand, have been revised professional standards establish insurance missions and non-insurance operations, with their specific missions that do not provide insurance, including the recoding. The use of these references by audit professionals constitutes one of the “keys” to their success.

Keywords

financial auditor; International Standards on Auditing-ISAs; practitioner; accountant

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Introduction

One of the key of success in today’s economy is the use of common language, with a vocabulary recognized by all participants at the show which represent business. An essential part of this language refers to financial information, the area in which domination over a language had the accounting. There are even views on accounting that is world language of business, as meaning language which lays down principles, concept and current co-ordinates of the process of financial reporting, is English.

Important for our initiative shows the way in which services provided within the scope too wide a financial audit, they are perceived as such by those who apply for them and the extent to which the two parties (supplier and user) use same words.

Types of missions

We use in the current language the term “financial audit”. It can be identified, in most cases, with the services provided by external auditors financial entities, members of essential accounting profession. Unfortunately, these professionals were referenced during talks on financial scandals affecting economic environment for several years. In addition to the managements companies, audit professionals were responsible for many bankruptcies products. The famous international company Arthur Andersen, which has disappeared shortly before the age of 90 years of existence, is representative.

These problems and the need for uniform conceptual approach by the building of International Federation of Accountants-IFAC, which has drawn up conceptual framework missions of the Audit Board and insurance, intend to eliminate confusion,

together with initiating a process of clarification of existing standards. These actions have led to standardization listed below.

In conformity with the conceptual framework, the assignment of insurance means a mission in which a practitioner expresses a conclusion designed to increase the confidence of users concerned, other than the party responsible for, with respect to the result of the assessment or measurement of certain problems in the light of the criteria.

In the first place, because of the needs of mission to demarcate strictly financial audit of other professional missions, in terms professional does not discuss financial audit but also of missions to insurance. They, in addition to its mission of financial audit itself, may include the review mission, other missions of insurance and related services.

Secondly, in general terms, was not brought up for discussion about auditor but about medical practitioner, a term that has a wider connotation than the first and who shall designate a professional accountant in public practice. We are an indication that the term "auditor" can also be used when describing the nature of the services work related or other missions of insurance than auditing financial statements.

Thirdly, for the identification of the shape finish tasks for the insurance shall be uses the term "conclusion", the indication that the term of opinion shall be limited to the findings of the insurance missions that have the subject financial statements or when specific standards shall provide for this. As a result, current standards for missions of financial auditor (of practitioner) refer to tasks listed below.

The mission of financial audit (we should be able to call mission of the financial audit itself) is a mission of insurance to that purpose of the extent to which financial statements of an entity presents a true and fair view of financial position and financial performance and are drawn up, in significant matters, in accordance with the financial reporting framework applicable. Such mission have some characteristic of a few items that a distinguished clearly from other missions of insurance. First of all, the mission of financial audit provides the highest level of insurance formalized in the expression "reasonable assurance". This level of insurance involves reducing the risk of audit to an acceptable level of low so that it allow auditor to express a conclusion in the form of positive assurance. This form of insurance is another special feature of the mission of financial audit. It is called as positive manner of expression of opinion begins with the statement YES and shall be geared in expression: "Yes, Financial statements show a true and fair view of financial position, financial performance and cash flow and shall be drawn up in accordance with ... (the financial reporting framework applicable)". This mission shall be reported directly to International Standards on Audit- ISAs.

The mission of review, it is a mission of insurance which has as its objective to allow the auditor to determine whether a referral to any aspect that you are determined to believe that financial statements are not prepared in their significant aspects in accordance with the financial reporting framework applicable. From the point of view of insurance provided is traded at a lower level than the mission of financial audit, this level is attached to a limited insurance. The auditor also aims to reduce the risk of audit to a level that can be regarded as acceptable low so that it can provide a conclusion in the form of insurance negative. This form of insurance is called negative because it emphasizes the use of negation does not used in the formulation: "I don't have found items that should not be questioned that financial statements show a true and fair view of financial position, financial performance and cash flow ... ". The review mission is to be reported to International Standard on Review Engagements - ISRE 2400 "Engagements to review the financial statements". Tasks of the group are part of the review and the standard ISRE 2410 "Review interim financial statements".

Similarly these two missions (audit and review), the auditor may have intervention in cases relating to the financial statements. It is a case of special missions which relate to: Auditing financial statements drawn up in accordance with a frame of reference for a special purpose (generally other financial reporting framework than usual and officially in the jurisdiction in which the entity audited); carry out audits of individual components of financial statements, specific elements, or aspects of financial statements; and mission of reporting on financial statements made simple. In the case of the contract shall be kept in a professional, use of the term by auditor. Also, the assignment is specific and that for the purposes of formulating conclusion is uses the term “opinion”.

In addition to these missions that relate directly to the financial statements, audit practitioners can provide customers degrees of insurance (reasonable, or limited) in respect of the information other than financial statements, as well as other financial information and non-financial performance, Systems and processes or behavior entity (we notice that in this case it uses the term “practitioner”) . There is a wide array of practitioner action within the framework of these missions, Provided that the issue in question to be identifiable and capable of a proper evaluation and to start getting evidence sufficient and appropriate to support a conclusion of insurance (in the case of these missions will be used in the ratio of insurance the term “conclusion”). These tasks shall be normalized, under general appearance, a specific standard: International Standard on Assurance Engagements - ISAE 3000 “Assurance Engagements Other than Audit or Reviews of Historical Financial Statements”.

During these missions, other than audits and revisions, however, and we find the specific missions, the normalized specific standards and whose peculiarity is that it uses the terms “professional auditor” and “opinion”. It’s about International Standard on Assurance Engagement 3400 “The Examination of Prospective Financial Information” and International Standards on Assurance Engagement 3402 “Assurance Reports on Control at a Service Organization”. In addition to these two standards, in the category of those that actually applies, there are International Standard on Assurance Engagement 3410 “Assurance Engagement on Greenhouse Gas Statements”, which entered into force on September 30, 2013 and a waiting time of entry into force: International Standard on Assurance Engagement 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Include in a Prospectus”, will enter into force March 31, 2013 and (except that in their case the terms of use and auditor opinion is different).

To ensure an appropriate response from the profession to the various requests of professional services, it must include audit practitioners missions and missions that do not offer insurance but highlight their competence. These missions are called related services because the practitioner uses the same procedures as in the investigation of assurance engagements but does not provide any degree of assurance. Reference standards for these missions are the International Standard on Related Services - ISRS 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” and ISRS 4410 “Engagements to compile financial statements”.

In terms of professional vocabulary used in ISRS 4400 uses the term “auditor” and the procedure for reporting auditor presents its findings as a result of applying agreed upon procedures and the ISRS 4410 uses the term “accountant” and the reporting procedure identifies financial information. These missions do not offer insurance since ISRS 4400 investigative procedures are established exclusively by the practitioner but agreed with the client (there are situations in which only sets the recipient) and in the case of ISRS 4410 practitioner showcase his skills invoice accounting (such as financial statements based on information provided by the entity).

Table 1 Auditor's Engagements

Mission	Professions	Conclusion
Assurance Engagements		
ISAs 200 – 810 Audit	Auditor	Opinion
ISRE 2400 Review	Practitioner	Expression of negative assurance
ISRE 2410 Review interim financial statements	Auditor	Conclusion
ISAE 3000 Assurance Engagements Other than Audit or Reviews of Historical Financial Statements	Practitioner	Conclusion: Positive Assurance; Negative Assurance
ISAE 3400 The Examination of Prospective Financial Information	Auditor	Opinion
ISAE 3402 Assurance Reports on Control at a Service Organization	Service Auditor	Opinion (Positive Assurance)
ISAE 3410 Assurance Engagement on Greenhouse Gas Statements	Practitioner	Conclusion: Positive Assurance; Negative Assurance
ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Include in a Prospectus (31/03/2013)	Practitioner	Opinion: Unqualified; Qualified
Non-Assurance Engagements		
ISRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information	Auditor	Statement of Factual Findings
ISRS 4410 Engagements to compile financial statements	Accountant From 01/07/2013 Practitioner	Identification of Compiled Financial Information

Conclusions

Mastering specific professional vocabulary is a requirement and a necessity for every professional in the field of auditing. Its use and accurately identify appropriate professional mission requested service are references to establish the extent of its responsibility and mission.

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