

Administrative Auditing

“Audit Scope and Audit Program”

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Audit Objectives”

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| **Group: F53A** | **Prof. Rosa María López Larios** |
| **Week: Dec 11th to 15th** | **Classes: 67 to 70** |
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**OBJECTIVE**

Identify the importance of determining the scope of audit to achieve the audit objectives previously established. Recognize the importance of preparing an adequate audit program according to the preliminary investigation determined by the auditor.

**DEVELOPMENT**

**AUDIT SCOPE**

The auditor must plan and execute the work to reduce audit risk to an acceptable level, this includes the possibility of issuing an inadequate opinion. Considering risks the auditor should determine the audit scope.

Because of the inherent limitations of any audit, there is a risk that undetected errors and irregularities that significantly affect the information. The risk of not detecting irregularities is greater than not discover errors, since normally the irregularity is accompanied by actions designed to conceal it, such as collusion, deliberate omissions or inadequate justification. The nature of the evidence consists of all those facts and aspects which can be verified by the auditor and those concerned with the accounts under review. The auditor may not always be absolutely certain about the validity of information, therefore the auditor determines the procedures and tests applied necessary to obtain sufficient appropriate evidence regarding the purpose of their work.

The components of audit risk  
1. They are not controllable by the auditor  
2. Controllable by the auditor: detection risk.  
3. Audit tests to control audit risk.

4. Preliminary review of the internal control system.

5. Tests to obtain evidence on the system of internal control

When using statistical sampling results in the following advantages:  
-Tend to develop better documentation of working papers,  
-The work is more objective and defensible  
-Have more confidence in their audit opinion,  
-Save time and customer fees, to reduce or optimize the scope of the tests interrelated  
compliance and substantive tests.  
-The methods for selecting the elements of the sample are appropriate

**AUDIT PROGRAM**

The audit program is a statement, logically ordered and classified of audit procedures to be employed, extending to them the what they have to apply. Since the audit programs are prepared in advance in the planning stage, they can be modified to the extent that the job runs, taking into account the facts that will be watching.  
    
1. The auditor should develop and document an audit program setting out the nature, timing and extent of planned audit procedures required to implement the overall audit plan. 2. The audit program serves as a set of instructions to assistants involved in the audit

3. Means to control and record the proper execution of the work.

4. Contains the audit objectives for each area and a budget of time in which hours are budgeted for the various audit areas or procedures.

5. Serves to provide adequate supervision, allowing also determine the actual running time of each method compared with the estimate

6.  The audit program includes a section for each area of ​​the financial statements under review or administrative area. Each section of the audit program should include:

An introduction describing the nature of the accounts examined and summarize the accounting procedures of the company.  
 A description of the audit objectives pursued in the review section.  
 A list of audit steps considered necessary to achieve the objectives outlined above.

This section should have columns to indicate the person performing the work, the time and cross-references to the forms or ballots where work is performed

**ACTIVITY 1**

Read the information above, underline the most important issues and answer the following:

Describe the importance of determining the audit risk and scope

Mention five advantages of statistical sampling

What is an audit program?

When should the audit program be prepared?

Mention five aspects that the audit program should include

Prepare your report according to the specifications given in class