

Objective and Scope of Statutory Audit Engagement

Objective

The primary objective of a statutory audit engagement is to enable the auditor to express an independent opinion on whether the financial statements of the entity give a true and fair view of its financial position and performance, in accordance with the applicable financial reporting framework and statutory requirements.

Scope

The scope of a statutory audit engagement covers the examination of books of accounts, financial records, and related documents to ensure that the financial statements are free from material misstatement, whether due to fraud or error. The scope is determined by the applicable laws, regulations, and professional standards, and may include:

- Verification of transactions, assets, and liabilities recorded in the books of accounts.
- Assessment of the entity's compliance with statutory requirements and applicable accounting standards.
- Evaluation of internal control systems relevant to the preparation and presentation of the financial statements.
- Obtaining sufficient and appropriate audit evidence to form an audit opinion.
- Reporting any identified non-compliance, fraud, or other irregularities to those charged with governance and, if required, to the regulatory authorities.

Important Notes

- A statutory audit is a legal requirement for certain entities as specified under relevant laws.
- This document should be clearly communicated and agreed upon with the client before the commencement of the audit.
- The audit does not provide absolute assurance but reasonable assurance regarding the reliability of the financial statements.
- Auditors are not responsible for the preparation of financial statements; their responsibility is limited to expressing an opinion on them.
- The scope of the audit may be expanded if required by regulatory authorities or at the request of the client.