

AUDIT CERTIFICATE CONSTITUTION AND STRUCTURE ACCORDING TO IAS REQUIREMENTS

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The changes taken place in the constitution and contents of the International Audit Standards make the problems of audit certificates preparation topical enough. In the offered article the principle differences of the IAS new reductions requirements from the earlier worked ones are briefly generalized.

The rules of composition of an independent audit certificate on the results of the audit of a full set of general-purpose external financial statements based on the principles and rules providing a just presentation of information are established by the following standards:

the IAS 700R "Independent audit report on general-purpose external financial statements' full set inspection" (adopted instead of the IAS 700 "Audit report (certificate) on financial records");

the IAS 701 "External auditor's report (certificate) modification".

A feature of the IAS 700R standard unlike the IAS 700 one is the fact that it is solely dedicated to the formation of an unqualified opinion. All the questions connected with the audit certificate modification have been included into a separate standard the IAS 701 "External auditor's report (certificate) modification", wherein the statements on the introduction of modifications into the certificate according to the audit results, and for the very expressing the auditor's qualified opinion or adverse opinion and for the disclaimer of opinion, are contained.

According to the point 17 of the IAS 700R the following things are referred to the audit certificate elements: the appellation, addressee, introductory paragraph, management responsibility for the financial reporting delivered, auditor's responsibility, auditor's opinion, another responsibility on reports preparation, auditor's signature, date of the audit certificate (report), auditor's address.

The *document's appellation* should clearly indicate what it is; the external auditor's report.

The *addressee* of the audit certificate should be defined in accordance with the audit assignment conditions.

The *introductory paragraph* should clearly mark the legal body, whose financial accounting was audited, and should contain the announcement that these financial records were subjected to audit. Here it is also necessary to point out:

- the list of all the reporting types, which make the financial accounting;
- the documents, wherein the material provisions of the accounting policy and other explanatory materials are developed'
- the date and the period comprehended by the financial reporting.

The *management responsibility*. The certificate should contain the announcement that the administration of the Auditee is responsible for the preparation and just financial reporting according to the applied reporting structure. Thereat, unlike the standard's previous reduction the responsibility volume should be discovered and it includes:

- the establishment and maintenance of the internal control appropriate for the preparation and just financial reporting, which doesn't contain essential distortions because of fraudulent activities or errors
- the formation and application of the corresponding accounting policy of the enterprise;
- the creation of tally sheets, which are reasonable under the given circumstances.

The *auditor's responsibility*. In the audit certificate there should be clearly shown that the auditor's responsibility consists in expressing the opinion concerning the financial reporting. In the report (certificate) the auditor should declare that the audit was carried out in accord with the International Audit Standards.

The *auditor's opinion*. The unqualified opinion can be expressed only when the financial reporting gives a true and fair presentation or is presented justly in all the material respects in accordance with the applicable accounting principles. It is also necessary to point out the principles applied.

Other information. In some jurisdictions there could be the requirements to reflect additional points in the audit certificate. These points should be discovered in a separate paragraph after the auditor's opinion.

Another responsibility on reports preparation. By another responsibility the following is meant: the auditor can be given an additional responsibility besides expressing the opinion on the financial report. So, a certificate on certain questions, which turned out to be in the attention focus of the auditor in the course of the audit, can be required, the expressing of the opinion on the adequacy of the tally sheets or the Auditee's internal control system's efficiency, in particular.

Thus, the standard requires: if within the audit certificate on the financial accounting the auditor expresses an opinion on the questions belonging to the sphere of another accounting responsibility, he should develop the diapason of this responsibility in a separate unit of the certificate, it following the paragraph containing the opinion.

The *auditor's signature*. The audit certificate should be signed in the name of the audit firm by the auditor personally or have both signatures depending on the national legislation provisions. The requirement to point out the fact that the auditor is a professional budget officer or the audit firm and/or

the auditor have a necessary license can also be foreseen by the last.

The *date of the audit certificate (report)*. The auditor should date the audit certificate not earlier than he receives sufficient competent audit evidences, on the basis of which he can express his opinion on the financial reporting. The sufficient competent audit evidences should include the proofs of the fact that a full set of the financial accounting of an organization has been prepared and authorized persons are responsible for this accounting.

In the point 65 of the IAS 700R the rules of the description of the auditor's using the structure and terminology established in a legislative or normative act or in the national standards of audit of a concrete jurisdiction have been formulated. In this case there is a notation in the certificate that the audit was carried out in the conformity with the IAS and national standards of the audit of a concrete jurisdiction or country, only if the certificate itself contains all the enumerated below elements at least in the minimal volume:

A separate chapter of the new standard develops the requirements to the audit reports (certificates), if the audit was carried out simultaneously on both the IAS and the standards of a separate jurisdiction or country. The point 62 of the Standard points out directly: the auditor can declare that the audit certificate is prepared according to the International Audit Standards only in the case, if the auditor fulfilled all the requirements of the International Standards in the course of the audit.

The audit certificate should be presented in the written form or in the form of a printed document, or in the electronic form.

As a supplement to the IAS 700 standard the Thesis on the International Auditing Practices 1 014 "Audit Report (certificate) on the audit of financial reporting prepared according to the IFRS" was published.