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B.Com Honours | Semester VI | Calicut University

AUDITING AND ASSURANCE

Course Code: COM6CJ304 • Module 1 Notes

Module I: Introduction to Audit & Auditing Standards

Covers foundational concepts of auditing, objectives (detection of errors & frauds), auditor qualities, classification of audits, inherent limitations, and standard-setting bodies (IAASB & AASB).

Unit 1: Auditing Concepts, Origin, & Objectives

Auditing Definition: Independent examination of financial information of any entity, whether profit-oriented or not, conducted to express an opinion thereon. Primary Objective: Expressing an independent opinion on true & fair view of financial statements. Secondary Objective: Detection & prevention of errors (technical, omission, commission, compensating) & fraud.

Unit 2: Scope of Audit & Qualities of an Auditor

Scope: Covers all financial aspects relevant to entity. Qualities: Integrity, objectivity, independence, professional skepticism, technical competence, confidentiality, & sound judgment.

Unit 3: Classification of Audits

Audit Typologies: Statutory Audit vs Voluntary Audit; Continuous Audit vs Periodic/Final Audit vs Interim Audit; Internal Audit vs Management Audit vs Cost Audit.

Unit 4: Inherent Limitations of Auditing

Limitations: Nature of financial reporting (judgmental accounting estimates), nature of audit procedures (sampling risk, persuasive rather than conclusive evidence), & cost-time balance.

Unit 5: Standard-Setting Process (IAASB & AASB of ICAI)

IAASB: International Auditing and Assurance Standards Board (global ISAs).
AASB of ICAI: Auditing and Assurance Standards Board of ICAI formulates Standards on Auditing (SAs) in India aligned with ISAs.

Practical Case Framework 1 (Classification of Audits Structural Comparison Matrix): Compare audit type, statutory mandate, frequency, primary user, and core reporting objective.

Types of Audit Comparison Table:

Audit Classification	Statutory Mandate	Frequency & Timing	Primary Reporting Objective
Statutory Audit	Compulsory by law (Companies Act)	Annual (Post fiscal year-end)	Independent opinion to shareholders
Continuous Audit	Optional (High-volume firms)	Continuous throughout the year	
Internal Audit	Mandatory for specified firms (Sec 138)	Ongoing / Periodical	Operational efficiency to Management

Practical Case Framework 2 (IAASB vs AASB Standards Setting Architecture Matrix): Compare international vs Indian audit standard boards, framework code, and adoption process.

Audit Standard Boards Framework Table:

Standard Setting Body	Jurisdictional Authority	Promulgated Standard Code
IAASB (IFAC)	Global International Standards	ISAs (International Standards on Auditing)
AASB (ICAI)	National India Authority	SAs (Standards on Auditing 100-899 series)