

高级审计实务

Advanced Auditing Practice

中国注册会计师协会

The Chinese Institute of Certified Public Accountants

香港会计师公会

Hong Kong Society of Accountants



经济科学出版社
Economic Science Press

审计报告及其附
XYZ公司——1992年12月31日合并资产负债表

| (货币单位:千元) | 19-2 | 19-2 | 19-1 | 19-1 |
|-----------------|------|------|------|------|
| 资产 | | | | |
| 流动资产 | | | | |
| 存货 | X | | | X |
| 应收账款和其他应收款 | X | | | X |
| 预付款 | X | | | X |
| 现金和现金等价物 | X | | | X |
| 其他资产 | X | | | X |
| 非流动资产 | | | | |
| 有形资产 | X | | | X |
| 无形资产 | X | | | X |
| 商誉 | X | | | X |
| 对关联公司的投资 | | X | | X |
| 其他资产 | | X | | X |
| 总资产 | X | X | | X |
| 负债和所有者权益 | | | | |
| 少数股权 | | | | X |
| 非流动负债 | | | | X |
| 计息负债 | | | | X |
| 其他负债 | | | | X |
| 偿债准备金 | | | | X |
| 流动资产 | | | | |
| 应付账款和其他应付款 | | X | | X |
| 所有者权益 | | | X | X |
| 资本和准备金 | | | X | X |
| 产股权本(注释3.b) | | | X | X |
| 准备金(注释3.c+a) | | | X | X |
| 累计利润(亏损)(注释3.c) | | | X | X |
| 总负债 | | X | | X |
| 所有者权益 | | | X | X |
| 总资产 | X | X | | X |

(按收入和支出用途)

| (货币单位:千元) | 19-2 | 19-2 | 19-1 | 19-1 |
|-----------|------|------|------|------|
| 销售成本 | | | | |
| 销售费用 | | | | |
| 管理费用 | | | | |
| 财务费用 | | | | |
| 其他费用 | | | | |
| 营业利润 | | | | |
| 营业外收入 | | | | |
| 营业外支出 | | | | |
| 利润总额 | | | | |
| 所得税 | | | | |
| 净利润 | | | | |

高级审计实务

Advanced Auditing Practice

中国注册会计师协会

The Chinese Institute of Certified Public Accountants

香港会计师公会

Hong Kong Society of Accountants

经济科学出版社

一九九八·北京

170568

责任编辑:张惠敏
责任校对:董蔚挺
版式设计:代小卫
技术编辑:潘泽新

高级审计实务
Advanced Auditing Practice

中国注册会计师协会
The Chinese Institute of Certified Public Accountants

香港会计师公会
Hong Kong Society of Accountants

*

经济科学出版社出版、发行 新华书店经销
中国铁道出版社印刷厂印刷
出版社电话:62541886 发行部电话:62568479
经济科学出版社暨发行部地址:北京海淀区万泉河路 66 号
邮编:100086

*

787×1092 毫米 16 开 19.5 印张 400000 字
1998 年 9 月第一版 1998 年 9 月第一次印刷
印数:00001—20000 册
ISBN 7-5058-1534-2/F·1078 定价:35.00 元

9.4

图书在版编目(CIP)数据

高级审计实务：中英文对照 / 中国注册会计师协会, 香港会计师公会编. —北京：经济科学出版社, 1998.9

ISBN 7-5058-1534-2

I . 高… II . ①中… ②香… III . 审计-教材-汉、英 IV . F239

中国版本图书馆 CIP 数据核字(98)第 24308 号

前 言

《中华人民共和国注册会计师法》的颁布以及《中国注册会计师独立审计准则》的逐步完善,使我国注册会计师事业走向法制化、规范化,也为注册会计师执行审计业务提出了更高的要求。这几年,在如何借鉴国际上先进的审计经验和做法方面,中国注册会计师协会做了不少有益的探索。《高级审计实务》这本书就是在中国注册会计师协会与香港会计师公会联合举办了高级审计实务培训班课程之后,在原培训班讲义的基础上,做了进一步调整、充实、完善后形成的。

本书的英文部分由香港会计师公会提供,其中,得到香港会计师公会秘书处中国事务部同人、黄林梁郭会计师事务所合伙人郭志成先生、德勤会计师事务所、安永会计师事务所的鼎力支持,在此一并致谢。本书的中文部分由中国注册会计师协会王丽然、许岩、齐振梅、孙林、张勤、金军、陈明海、邹辉、赵丽佳、常志安、韩伟炜翻译,陈明海、韩伟炜编辑,外联部章海贤副主任、专业标准部陈建明副主任校译,王丽然副秘书长总纂,丁平准秘书长终审。

本书采用中英文对照的形式出版,一是由于对外交流业务的增多,为注册会计师提供更多的专业英语学习资料;二是由于译者水平有限,可能存在错误或疏漏之处,采用中英文对照的形式,便于读者更好地理解教材原意。

本书编辑、修订时间仓促,错误和疏漏之处在所难免,恳请广大读者批评指正。

编者

1998年8月

目 录

Contents

| | |
|--|-----|
| 第 1 讲 独立性..... | 2 |
| Session 1 Independence | 3 |
| 第 2 讲 业务计划及准备工作..... | 12 |
| Session 2 Engagement Planning and Preparatory Work | 13 |
| 第 3 讲 风险评估及重要性..... | 38 |
| Session 3 Risk Assessment and Materiality | 39 |
| 第 4 讲 内部控制评价..... | 64 |
| Session 4 Evaluation of Internal Control | 65 |
| 第 5 讲 实质性测试——分析性复核 | 112 |
| Session 5 Substantive Tests——Analytical Review | 113 |
| 第 6 讲 主办审计师 | 152 |
| Session 6 The Auditor-in-charge | 153 |
| 第 7 讲 时间管理原则及工作分派 | 184 |
| Session 7 Time Management Principles and Work Delegation | 185 |
| 第 8 讲 审计档案复核 | 202 |
| Session 8 Audit File Review | 203 |
| 第 9 讲 资产负债表日后事项 | 212 |
| Session 9 Post Balance Sheet Events..... | 213 |
| 第 10 讲 对持续经营的评价..... | 224 |
| Session 10 Evaluation of Going Concern..... | 225 |
| 第 11 讲 管理层声明..... | 228 |
| Session 11 Management Representation | 229 |
| 第 12 讲 审计报告..... | 234 |
| Session 12 Reporting | 235 |
| 第 13 讲 现金流量表的编制..... | 268 |
| Session 13 Preparation of Cash Flow Statement | 269 |
| 附录 | 283 |
| Appendix | 283 |

目 录

Contents

| | |
|---|-----|
| 第 1 讲 独立性 | 2 |
| <i>Session 1 Independence</i> | 3 |
| 第 2 讲 业务计划及准备工作 | 12 |
| <i>Session 2 Engagement Planning and Preparatory Work</i> | 13 |
| 第 3 讲 风险评估及重要性 | 38 |
| <i>Session 3 Risk Assessment and Materiality</i> | 39 |
| 第 4 讲 内部控制评价 | 64 |
| <i>Session 4 Evaluation of Internal Control</i> | 65 |
| 第 5 讲 实质性测试——分析性复核 | 112 |
| <i>Session 5 Substantive Tests—Analytical Review</i> | 113 |
| 第 6 讲 主办审计师 | 152 |
| <i>Session 6 The Auditor-in-charge</i> | 153 |
| 第 7 讲 时间管理原则及工作分派 | 184 |
| <i>Session 7 Time Management Principles and Work Delegation</i> | 185 |
| 第 8 讲 审计档案复核 | 202 |
| <i>Session 8 Audit File Review</i> | 203 |
| 第 9 讲 资产负债表日后事项 | 212 |
| <i>Session 9 Post Balance Sheet Events</i> | 213 |
| 第 10 讲 对持续经营的评价 | 224 |
| <i>Session 10 Evaluation of Going Concern</i> | 225 |
| 第 11 讲 管理层声明 | 228 |
| <i>Session 11 Management Representation</i> | 229 |
| 第 12 讲 审计报告 | 234 |
| <i>Session 12 Reporting</i> | 235 |
| 第 13 讲 现金流量表的编制 | 268 |
| <i>Session 13 Preparation of Cash Flow Statement</i> | 269 |
| 附录 | 283 |
| <i>Appendix</i> | 283 |

第1讲 独立性

本讲目标： 使学员掌握职业会计师在向委托人提供服务时保持独立性的重要性，以及存在特定利害关系时的限制

独立性

简介

“审计人员承接或继续审计业务或工作时，应当注意对其执行该业务或对本行业的公正性和客观性可能产生不利影响的各种因素。”

这是香港会计师公会据以订立职业道德规范的一项基本原则。

因此，注册会计师应当保持公正、客观，从事注册会计师业务时应独立于委托人之外。

独立性是一项重要品性，它使我们客观地思考既成事实，形成不偏不倚的意见。

社会公众期望注册会计师具有很多品行，但最基本的是独立性，一种公正、客观执业的能力。

独立性一直是会计职业的基本概念，是其哲学结构的基石。无论注册会计师多么能干，对于那些依赖他的人或机构，不管他们是委托人还是他从未见面的贷款人、投资人、政府机构等，如果会计师不保持独立性，那么出具的财务报表审计意见就没有什么价值。

会计师事务所制订了政策和规程，为在各层次保持独立性提供合理保证，避免消极影响独立性或独立形象的情形。

这些政策、规程、规则适用于委托事务所就财务报表发表审计意见出具报告的所有委托人。

影响独立性的利害关系

1. 经济利益

委托人与事务所所有人员之间禁止存在一切直接和重大间接经济利益，包括持有委托人的证券，例如以信托、不动产和投资俱乐部方式持有证券。另外，除正常业务过程中为委托单

Session 1 Independence

SESSION OBJECTIVE: To enable participants to understand the importance of independence of a professional accountant in serving his clients and the limitations when certain relationships exist

INDEPENDENCE

Introduction

“In accepting or continuing a professional assignment or occupation, a member should always have regard to any factors which might reflect adversely upon his integrity and objectivity in relation to that assignment or occupation”.

This is one of the fundamental principles on which the ethical guidance of the Hong Kong Society of Accountants is based.

A certified public accountant should therefore maintain his integrity and objectivity and, when engaged in the practice of public accounting, be independent of those he serves.

Independence is an essential quality, which permits us to consider established facts objectively in arriving at an unbiased opinion.

The public expects a number of character traits in a certified public accountant, but primarily, it expects independence, the ability to act with integrity and objectivity.

Independence has always been a concept fundamental to the accounting profession, the cornerstone of its philosophical structure. No matter how competent any CPA may be, his opinion on financial statements will be of little value to those who rely on him—whether they be clients or any of his unseen audience of credit grantors, investors, governmental agencies, and the like—unless he maintains his independence.

The firm has established policies and procedures which provide reasonable assurance that independence is maintained at all organisational levels. The firm’s policy is to avoid situations which might adversely affect our independence or appearance of independence.

These policies, procedures and rules apply to all clients where the firm is engaged to express an opinion or otherwise report on the financial statements.

Relationships affecting our independence

1. Financial interests

All direct and material indirect financial interests between a client and all firm personnel are prohibited. This includes ownership of client’s securities, including ownership

独立性

位(如系存款银行)办理特定的业务外,委托人与事务所任何人员之间不能存在任何重要的债务关系。

2. 未结审计费会损害独立性

同样,当前几年服务的大额费用没有支付时,就可能减少独立性。在一些情况下,我们收到未结费用的票据,可能或尚未到银行或其他金融机构办理兑付手续。只要这些票据没有兑付,就应同样视为未结审计费。

3. 担任委托人的决策人或雇员

会计师不能担任委托人的决策人、董事、行政官员、雇员、推销员、承销人和有投票权的托管人。

4. 其他关系

(1) 业务关系

除正常业务过程中作为委托人的消费者外,其他业务关系如作为合营企业合伙人、持股人或主要工作人员等,会对会计师处理该单位业务时的独立性产生不利影响。与委托人的主要持股人或其他主要工作人员有重要的直接或重大间接业务关系,也会有损独立性。

(2) 社会关系和私人关系

这类事件应当避免:会计师与持股人、董事、高级管理人员、雇员一起度假;占大量时间的社交活动,互相交换礼物或其他私人利益。

(3) 独立性遭受损害的假定情形是:合伙人或职员的近亲属(即成年子女、兄弟姐妹、祖父母、外祖父母、父母及对应配偶)在委托单位有重要经济利益,或身处重要的、对审计敏感的职位(如董事、首席执行官、总会计师),或有其他的重要业务关系。

(4) 会计师兼职产生的与委托人的关系,会损害会计师的客观性,继而损害独立性。这包括担任法律顾问、证券经纪人或从事与委托单位直接竞争的商务。

但是,我们可以提供簿记服务(除公开招股公司之外),并为委托人设计、安装 EDP(电子数据处理)程序和系统,只要我们不行使行政职能或作决定,就不会损害独立性。

through trusts, estates and investment clubs. In addition, except for certain transactions which are in the ordinary course of business for the client (such as a banking client), there cannot be any material indebtedness between the client and any personnel of the firm.

2. Unpaid fees may impair independence

Accordingly, when a material amount of fees have remained unpaid for prior years' services, we may lack independence. In some instances, we may have accepted notes for unpaid fees, which may or may not have been placed with banks or other financiers. So long as these notes remain unpaid, such notes should be considered the same as unpaid fees.

3. Serving client in a decision-making capacity or as an employee

The accountant must not have served in a decision making capacity with the client, or as a director, officer, employee, promoter, underwriter or voting trustee.

4. Other relations

(1) Business relationships

Business relationships other than as a consumer in the normal course of business with a client e. g. as a joint venture partner, its shareholders or key personnel could adversely affect the accountants' independence with respect to that client. A direct or a material indirect business relationship with a client would impair independence, as would a material direct or indirect business relationship with a client's key shareholders or other key personnel.

(2) Social and personal relationships

Matters such as the accountant and a shareholder, director, officer or employee taking vacations together, or spending considerable time together on a social basis, or exchanging gifts and other personal benefits should be avoided.

(3) There is a presumption that independence is impaired in situations where a partner or an employee has a close kin (i. e. , non-dependent children, brothers and sisters, grandparents, parents and their respective spouses) who has a significant financial interest in or a significant of audit sensitive employment position (e. g. , director, chief executive, controller) or other significant business relationship with any client.

(4) Certain concurrent occupations of an accountant involve relationships with clients which may jeopardize the accountant's objectivity and, therefore, his independence. This would include acting as legal counsel or broker-dealer in securities and engaging in a commercial business that is directly competitive with a client.

We may, however, furnish book-keeping services (except for a public company) and design and install EDP programmes and systems for clients without impairing our independence so long as no executive functions or decisions are performed by us.

职业道德问答(一)

有兴趣者参照下列有关道德问题的常见例子,检测自身对职业道德的认识。

问:会计师事务所的合伙人与被审计公司的持股人结婚,怎么办?

答:事务所合伙人的配偶持有审计委托单位的股份,会影响或被视为影响客观性。即使配偶是在婚前就已获得股份,情形依旧如此。在本例中,配偶应当尽可能早地处理股份,即在交易发展为内部交易之前处理。如果在计划规定时间内未能处理,该事务所不应继续担任审计师。

问:合伙人拥有授权信托单位的权益,该信托单位持有审计委托公司的股份,是否影响审计的客观性?

答:通常不影响,但信托单位本身是审计委托人的情形除外。但是,如果审计委托公司的运转本身对信托单位的价值决定息息相关,就会影响客观性。因此,需要注意,会员应认真审查每一个案情事实。

问:事务所承接合伙人的兄弟在其中拥有经济利益的公司审计业务,是否有不妥之处?

答:这种情形下将该公司纳为审计对象,会对独立性和客观性造成无法接受的影响。

1.203 公告第 15 节规定:“事务所合伙人或与合伙人有密切关系的任何人在某公司享有直接或间接经济利益,则事务所应保证不将该公司纳为其审计对象……”

问:一次性的审计报告业务之后,审计委托人为表示感谢,向负责该审计业务的事务所合伙人赠送金表,合伙人接受该礼品是否不妥?

答:有关礼品的首要原则制定在 1.203 公告第 34 节和第 35 节。其中规定:“接受物品,服务或款待……,客观性可能会受影响或表面上会受影响”以及“除非利益价值不大,否则不应接受物品、服务……。”至于礼品价值是否影响客观性是判断上的问题,但常用的经验法则是从业人员自问:如日后质疑其客观性,评价接受礼品是否处之泰然?许多事务所也订立内部规程处理合伙人、职员接受礼品、款待,旨在保证客观性不受损害,或表面上不受损害。

上述问答仅供教育培训之用,不构成有关职业道德的正式意见,也不代表道德委员会和公会的正式立场。

Questions & Answers (I)

Members may be interested in testing their own knowledge of professional ethics by reference to some commonly-encountered examples of ethical questions shown below.

Q. A partner of a CPA firm gets married to a person who is a shareholder of a company audited by his CPA firm. What should he do?

A. The ownership of shares in an audit client by the spouse of a partner of the audit firm may affect or be perceived as affecting objectivity. This is still the case even if the spouse had acquired the shares prior to marriage. In this example, the spouse should dispose of the shares at the earliest practicable date, being a date at which the transaction would not amount to insider dealing. Where the disposal cannot be achieved within the timescale envisaged, the practice should not continue as auditor .

Q. Is the objectivity of an auditor threatened by a partner having a beneficial holding in an authorised unit trust which holds shares in a client company?

A. Normally, the answer to this question is no, except in a case where the unit trust is itself a client on which the practice reports. Some care needs to be exercised, however, and the member should look carefully at the facts of each case, as objectivity may be threatened if the performance of the client company could itself be significant in determining the value of the unit trust.

Q. Would there be anything improper in an audit practice accepting appointment as auditor of a company which is beneficially owned by the brother of one of the partners?

A. Having the company as an audit client in these circumstances would represent an unacceptable threat to independence and objectivity. Paragraph 15 of Statement 1.203 states that:

“A practice should ensure that it does not have as an audit client a company in which a partner in the practice, or anyone closely connected with a partner, has a direct or indirect beneficial interest……”

Q. Following a one-off reporting assignment, the client of an audit practice offers, as a gesture of appreciation, a gold watch to the partner of the practice who was responsible for the assignment. Is it improper for the partner to accept the gift?

A. The overriding principles with regard to gifts are set out in paragraphs 34 and 35 of Statement 1.203. These statements “objectivity may be threatened or appear to be threatened by acceptance of goods services or hospitality……” and the “ goods or services should not be accepted……unless the value of any benefit is modest……”

It is a matter of judgement as to whether the value of a gift is such as to represent a threat to objectivity, but one common used rule of thumb is for the professional to ask himself whether, if his objectivity were to be questioned later, he would feel comfortable in justifying acceptance the gift. Many firms also have internal procedures dealing with acceptance gifts and hospitality by partners and staff which are designed to ensure the objectivity, or the appearance thereof, not threatened.

These questions and answers are presented for educational purposes. They do not constitute official pronouncements on professional ethics nor do they purport to set out an official position of the Ethics Committee or the Society.

职业道德问答(二)

有兴趣者参读下列有关道德问题的常见例子,检测自身对职业道德的认识。

问: 会员的配偶受聘担任审计委托人的会计,这种情况下,该审计人员的独立性是否被视为会受到损害?

答: 如果配偶的责任范围或活动涉及管理决策,该会员的独立性就会视为受到损害。但是,会员向私人企业审计客户提供系列会计服务则是正常的,如参与编制会计记录。因此,会员的配偶如同会员行使上述相同职能不会损害会员的独立性。

问: 会员对被审计单位实行评估或保险精算业务,是否损害该会员的独立性?

答: 香港会计师公会 1.203 公告第 43 节规定,如果委托人的财务报表包括本事务所或国内外联系所或组织出具的专家评估结果,那么该事务所不应审计该委托人的财务报表。第 44 节定义“专家评估”包括保险精算评估,知识产权和品牌及其他无形资产评估、财产评估、未开价投资评估。

问: 在什么情况下事务所能为委托人提供招聘服务?

答: 香港会计师公会 1.203 公告第 41 节规定,会员可以作广告招聘或面试未来职员,并出具“候选人员名单”和推荐函。只要委托人的管理层负责招聘决定的最后拍板,这种咨询性帮助就不会损害独立性。

问: 会员拥有的房产部分租赁给委托人,会员的独立性是否会受影响?

答: 租赁财产给被审计单位,会产生间接的经济利益关系。因此,如果在被审计单位的间接经济关系对审计人员很重要,审计人员的独立性就会受影响。

问: 委托人要求某会员的事务所评估并推荐服务机构以处理其会计记录,该所合伙人在其中一家服务机构享有重要的经济利益,是否存在利益冲突?

答: 存在。但是,香港会计师公会 1.203 公告第 57 节规定,如果合伙人将在该服务机构的经济利益公布给委托人,并且获得委托人的同意从事该项业务,1.203 公告就不禁止履行该项业务。

上述问答仅供教育培训之用,不构成有关职业道德的正式意见,也不代表道德委员会和公会的正式立场。

Questions & Answers(II)

Members may be interested in testing their knowledge of professional ethics by reading some commonly-encountered examples of ethical questions shown below.

Q. The spouse of a member is employed as an accountant by a client. Would the independence of the member be considered to be impaired under these circumstances?

A. Independence of the member would be considered to be impaired if the spouse's scope of responsibilities, or activities, require management decisions. Nevertheless, it is common for a member to provide a range of accountancy services to private company audit clients, which may include taking part in the preparation of accounting records. Therefore, the spouse of a member could perform the same function as the member without impairing the independence of the member.

Q. Would the performance by a member of appraisal, valuation, or actuarial services for a client impair the independence of that member?

A. HKSA Statement 1.203 paragraph 43 prohibits a firm from auditing a client's financial statements which include the product of a specialist valuation carried out by it, or an associated practice, or organisation, in the same country or overseas. Paragraph 44 defines "specialist valuations" which include actuarial valuations, valuations of intellectual property and brands, other intangible assets, property and brands, other intangible assets property and unquoted investments.

Q. Under what circumstances can recruitment services be provided to a client by a member firm?

A. Under HKSA Statement 1.203 paragraph 41, a member may advertise for, and interview, prospective staff and produce a "short list" and recommendations. Such consulting assistance would not impair independence provided client management is responsible for any ultimate hiring decision.

Q. A member owns a building and leases a portion of the space to a client. Would the independence of the member be impaired with respect to the client lessee?

A. Leasing property to a client results in an indirect financial interest in that client. Therefore, a member's independence may be impaired if the indirect financial interest in a client is material to the member.

Q. A client has asked a member's firm to evaluate and recommend service bureaux for processing a client's accounting records. Partners in the member's firm hold material financial interests in one of these service bureaux. Does a conflict of interest exist?

A. Yes. However under HKSA Statement 1.203 paragraph 57, if the partners' financial interests in the service bureaux are disclosed to the client and the client's consent is obtained for the performance of the engagement, the Statement would not operate to prohibit the performance of the engagement.

These questions and answers are presented for educational purposes only. They do not constitute official pronouncements or professional ethics, nor do they purport to set out an official position of the Ethics Committee, or the Society.

职业道德问答(三)

公会秘书处收到很多有关职业道德指南解释的问题,认为会员可参照收到的一些问题检测自身的认识。

问:会计师事务所被要求为被审计单位设计并实施新的内部控制系统,该所指派一名曾经审计该项目的工作人员。如果完成内部控制项目的工作人员又被指派进入审计小组从事次年审计,事务所的客观性是否会受影响?

答:虽然原则上不反对事务所向被审计单位提供非审计的其他服务,但必须注意保证客观性不会在事实上或形式上受到威胁。在本例中,设计控制系统事务所工作人员担任主要审计人员,如果又要评估自己开发和实施的系统,就可能不适宜。在承办上述业务后,应向委托单位指派具有独立性的审计小组。

问:会计师事务所想租赁审计委托人的办公宅基地作为己用,该项租赁业务给予三个月免除租金期。事务所的独立性是否受影响?

答:如果租赁是在正常商业条件下公平协商达成的构成 SSAP14“租赁会计和分期付款”中“经营性租赁”,事务所的独立性就不会受到影响。

问:审计委托人尚未支付上年审计费用,本年度税务申报的最后期限临近。该委托人存在资金周转问题,急于开始本年度审计。如果逾期未付的费用在审计开始前没有结算,审计师的客观性是否受影响?

答:存在委托人重大过期费用未付时,会或表面上会影响客观性,这一点与存在借贷关系类似。如果在上述费用结算之前就开始审计,独立性尤其会受损害。

上述问答仅供教育培训之用,不构成有关职业道德的官方意见,也不代表道德委员会和公会的官方立场。

Questions & Answers (III)

The secretariat receives a variety of questions on interpretations of guidance on professional ethics. It is considered that members may be interested in testing their own knowledge by reference to some of the questions received.

Q. A CPA firm is requested to design and implement a new system of internal controls for an audit client. The firm assigns a member of staff who has previously worked on that audit to the project. Would the firm's objectivity be compromised if that same member of staff, having completed the internal control project, is assigned to the audit team for the next year's audit?

A. Although there is in principle no objection to a practice providing other, nonaudit services to an audit client, care must be taken to ensure that objectivity is not threatened in fact or in appearance. In this example, it may be inappropriate for the staff member who designed the control system to perform a major role in the audit if this were to involve him in having to evaluate a system which he himself developed and implemented. An independent audit team should be assigned to the client following the performance of such work.

Q. A CPA firm wishes to lease office premises for its own use from an audit client. The lease gives a three month rent-free period. Is the independence of the audit firm compromised?

A. The independence of the audit firm would not be compromised provided that the lease was negotiated on an arms-length basis on normal commercial terms and that it constitutes an "operating lease" as defined in SSAP 14, "Accounting for leases and hire purchase contracts".

Q. An audit client has not yet paid the fees for last year's audit. The tax filing deadline for this year is approaching, and the client, which has cash flow problems, is anxious for this year's audit to commence. Is the auditors' objectivity threatened if the overdue fees are not settled before the commencement of the audit?

A. The existence of significant overdue fees from an audit client can be, or appear to be, a threat to objectivity akin to that of a loan. In particular, if a recurring audit is started before the prior year's fees have been settled, independence may be impaired.

These questions and answers are presented for educational purposes. They do not constitute official pronouncements on professional ethics nor do they purport to set out an official position of the Ethics Committee or the Society.