

Audit & Assurance Core Terms

Q: What does Audit mean?

A: An independent examination of financial statements to ensure accuracy and compliance with standards.

Q: What is an Assurance Engagement?

A: A process where an independent professional evaluates information to provide confidence to stakeholders.

Q: What does Materiality mean?

A: The threshold above which financial information is considered significant enough to influence decisions.

Q: What is Audit Evidence?

A: Information collected by auditors to support their opinion on financial statements.

Q: What does Internal Control mean?

A: Processes and systems implemented to ensure reliable financial reporting and prevent fraud/errors.

Q: What is Audit Risk?

A: The risk that an auditor gives an incorrect opinion on financial statements.

Q: What does Control Testing mean?

A: Evaluating whether internal controls are operating effectively.

Q: What is Substantive Testing?

A: Detailed testing of transactions and balances to detect material misstatements.

Q: What does Qualified Opinion mean?

A: An audit opinion indicating that financial statements are mostly correct except for specific issues.

Q: What is Going Concern?

A: The assumption that a company will continue its operations in the foreseeable future.
