Q4 What are the different types of Audit? Explain it.

Ans Audit :- The term audit usually refers to a financial statement audit. A financial statement audit, is an objective Examination and evaluation of the financial statement of an organization to make sure That the financial records are a fair And accurate representation of the transactions The claim to represent. The audit can be Conducted internally by employees of the Organization or externally by an outside Certified Public accountant (CPA) firm.

Understanding Audits :- Almost all Companies Receive a yearly audit By their financial statement, such as the Income statement, balance sheet and cash flow statement. Lenders often require the Result of an external audit annually as Part of their debt Covenants. for some Companies, audits are legal requirement Due to the Compellings incentives to Intentionally misstates financial information In an attempts to commit fraud.

Types of audits :-

(i) External audits (ii) Internal audits

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i) External audits :- Audits performed by
outside parties can be
Extremely helpful in removing any
Bias in reviewing the state of a
Company's financials. Financial audits seek
To identify if there are any material
Misstatement in the financial statements. An
Unqualified, or clean, auditor's opinion
Provides financial statement users with
Confidence that the financials are both
Accurate and complete.

ii) Internal audits :-
Internal auditors are
Employed by the company or organization
For whom they are performing
An audit and the resulting audit
Report is given directly to management
And the board of directors.
Consultant auditors, while not employed
Internally, use the standards of the
Company they are auditing as opposed
To separate set of standards.