

Simple / Student Wordings	Technical Key Words
Auditor must do this	The auditor shall...
We followed auditing standards	The audit is conducted in accordance with the Standards on Auditing (SAs)
Audit increases user trust	Enhance the degree of confidence of intended users in the financial statements
Audit is done to give an opinion	Expression of an opinion on the financial statements
Financial statements are prepared properly	Prepared, in all material respects, in accordance with the applicable financial reporting framework
Financial statements show true picture	Presented fairly, in all material respects / give a true and fair view
Audit gives high confidence, not 100%	Reasonable assurance is a high level of assurance, but not absolute assurance
Auditor can't guarantee finding every misstatement	Inherent limitations of an audit; unavoidable risk that some material misstatements may not be detected
Audit evidence is convincing but not perfect	Audit evidence is persuasive rather than conclusive
No big errors in financial statements	Free from material misstatement
Big error / big wrong amount	Material misstatement
Error can be fraud or mistake	Whether due to fraud or error
Focus on important things	In all material respects
Follow ethics rules	Comply with relevant ethical requirements
Be independent	Comply with ethical requirements, including those pertaining to independence
Independence means real + appears independent	Independence of mind and independence in appearance
Use professional thinking	Exercise professional judgment
Be alert and questioning	Maintain professional skepticism
Don't blindly trust management	Belief in management's honesty does not remove the need for professional skepticism
If something looks doubtful, check more	Investigate further when reliability of information is in doubt
Get audit proof	Obtain audit evidence
Enough proof (quantity)	Sufficient audit evidence
Good quality proof (reliable + relevant)	Appropriate audit evidence (relevance and reliability)
Higher risk needs stronger proof	As assessed risk increases, more persuasive audit evidence is required
Audit risk means wrong opinion risk	Audit risk is the risk of expressing an inappropriate audit opinion
Audit risk is reduced by evidence	Obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level
Evidence supports the opinion	Audit evidence forms the basis for the auditor's opinion and report
Most evidence comes from audit work	Evidence is primarily obtained from audit procedures performed during the audit
Evidence can also come from other sources	Evidence may also include information obtained from other sources
Accounting records are a key source	Accounting records are an important source of audit evidence

Evidence can support or contradict management	Evidence includes information that corroborates and that contradicts management's assertions
Management claims / says	Management's assertions
Auditor must understand internal control	Obtain an understanding of internal control relevant to the audit
Purpose is to plan audit, not give control opinion	...to design audit procedures appropriate in the circumstances (not to express an opinion on control effectiveness)
Plan the audit properly	Establish an overall audit strategy and develop an audit plan
Overall plan	Overall audit strategy
Detailed plan of procedures	Audit plan (nature, timing and extent of procedures)
Type of procedure	Nature of procedures
When to do procedures	Timing of procedures
How much work to do	Extent of procedures
Update plan if needed	Revise planning as necessary during the audit
Working papers / file	Audit documentation
Working papers should allow understanding	Documentation sufficient to enable an experienced auditor (no previous connection) to understand
Write what was done	Document the nature, timing and extent of procedures performed
Write what was found	Document the results and the audit evidence obtained
Write key conclusions	Document significant matters, conclusions reached, and significant professional judgments
Write which items were tested	Record identifying characteristics of specific items or matters tested
Record who did the work and date	Record who performed the work and the date completed
Record who reviewed and how	Record who reviewed, and the date and extent of review
Record important discussions	Document discussions of significant matters with management/TCWG
Decide what is important (material)	Apply materiality in planning and performing the audit
Set overall materiality	Determine materiality for the financial statements as a whole
Set special materiality for specific items	Determine materiality for particular classes of transactions, balances or disclosures (where applicable)
Set lower working threshold	Determine performance materiality
Meaning of performance materiality	Amount(s) set at less than overall materiality
Why keep performance materiality buffer	Reduce to an appropriately low level the probability aggregate misstatements exceed overall materiality
Change materiality if new facts arise	Revise materiality when the auditor becomes aware of information during the audit
Errors found during audit	Misstatements identified during the audit
Very tiny errors that don't matter at all	Clearly trivial misstatements
Clearly trivial is a very low threshold	"Clearly trivial" is not another expression for "not material"
Collect all errors except clearly trivial	Accumulate misstatements identified during the audit (other than clearly trivial)
Ask management to correct errors	Request that misstatements be corrected
Check remaining uncorrected errors	Evaluate whether uncorrected misstatements are material, individually or in aggregate
Get management written confirmation on uncorrected errors	Request written representation that effects of uncorrected misstatements are immaterial (individually and in aggregate)

Understand the business and environment	Obtain an understanding of the entity and its environment
Identify where big errors may occur	Identify and assess the risks of material misstatement
Overall risk affects many areas	Financial statement level risks
Risk about specific balances/transactions	Assertion level risks for classes of transactions, balances and disclosures
Respond to identified risks	Design and perform audit procedures responsive to assessed risks
If risk is higher, do more/stronger work	Increase the persuasiveness of evidence as assessed risk increases
Control testing	Tests of controls
Substantive checking	Substantive procedures
Detail checking of transactions/balances	Tests of details
Do substantive procedures for each material area	Perform substantive procedures for each material class of transactions, balance and disclosure
Cover closing / finalisation process	Substantive procedures related to the financial statement closing process
Match financial statements to books	Agree/reconcile the financial statements with the underlying accounting records
Check important journal entries/adjustments	Examine material journal entries and other adjustments
For major (significant) risk, do specific procedures	For significant risks, perform procedures specifically responsive to those risks
If only substantive approach, include detail tests	If audit approach is only substantive, include tests of details
If you test at interim, cover remaining period	Perform further procedures to cover remaining period up to period end

If results differ, change your plan	Evaluate whether assessed risks and planned procedures need modification
Consider whether disclosure is proper	Evaluate overall presentation, structure and content, including disclosures
Decide whether evidence is enough	Conclude whether sufficient appropriate audit evidence has been obtained
Consider all evidence, supportive or contradictory	Consider whether evidence corroborates or contradicts management's assertions
If evidence not enough, do more work	Perform additional procedures to obtain further audit evidence
If evidence still not available, impact report	Consider a modified opinion (qualified or disclaimer) when sufficient evidence cannot be obtained
Link procedures to risks in documentation	Document linkage of procedures with assessed risks (assertion level)
Communicate audit plan to board/audit committee	Communicate planned scope and timing to those charged with governance
Communicate key findings to board/audit committee	Communicate significant findings to those charged with governance
Report significant control weaknesses (in writing)	Communicate significant deficiencies in internal control in writing to those charged with governance
Board/audit committee (exam term)	Those charged with governance (TCWG)
Ask management formally	Inquire of management
Discuss with board/audit committee	Discuss with those charged with governance
Fraud is harder to detect than error	Risk of not detecting a misstatement from fraud is higher than from error
Ask management about fraud	Inquire of management regarding actual, suspected or alleged fraud
Ask others in the entity about fraud	Inquire of others within the entity (as appropriate) regarding fraud
Ask TCWG about fraud	Inquire of those charged with governance regarding fraud
Assume revenue fraud risk exists	Presume there are risks of fraud in revenue recognition
Treat fraud risks as major risks	Treat fraud risks as significant risks
Do some unpredictable procedures	Add an element of unpredictability in the nature, timing and extent of procedures
Check possible management bias	Evaluate whether judgments/estimates indicate possible bias
Understand applicable laws and rules	Obtain a general understanding of the legal and regulatory framework applicable to the entity/industry
Understand how the entity follows those laws	Obtain a general understanding of how the entity is complying with that framework
For laws affecting amounts/disclosures directly, get evidence	Obtain sufficient appropriate audit evidence regarding compliance with laws/regulations having direct effect on material amounts/disclosures
For other laws (operational/fundamental), do specified procedures	Perform specified audit procedures to help identify non-compliance that may have a material effect
Ask management/TCWG about compliance (other laws)	Inquire of management and, where appropriate, TCWG as to compliance with such laws and regulations
Check letters/notices with regulators	Inspect correspondence, if any, with relevant licensing or regulatory authorities

Stay alert for non-compliance through other audit work	Remain alert to the possibility other audit procedures bring non-compliance to the auditor's attention
Get written confirmation about non-compliance disclosures	Request written representations that all known non-compliance/suspected non-compliance has been disclosed
If non-compliance suspected, understand and evaluate	Obtain understanding of nature/circumstances and further information to evaluate possible effect on the financial statements
If management doesn't support compliance, consider legal advice	Consider the need to obtain legal advice
If you can't get enough info, impact the opinion	Evaluate effect of lack of sufficient appropriate audit evidence on the auditor's opinion
Report non-compliance to TCWG (unless trivial)	Communicate non-compliance matters to TCWG other than those clearly inconsequential
If intentional and material, tell TCWG quickly	Communicate as soon as practicable when non-compliance is believed intentional and material
If management involved, escalate to higher authority	Communicate to the next higher level of authority (if it exists) / consider legal advice where appropriate
External confirmation (simple meaning)	Audit evidence obtained as a direct written response to the auditor from a third party
Auditor controls the confirmation process	Maintain control over external confirmation requests
Choose right party to confirm	Select the appropriate confirming party
Prepare confirmation request properly	Design confirmation requests (proper addressing and return directly to auditor)
Send and follow up confirmations	Send requests, including follow-up requests when applicable
If management refuses confirmations, ask why and evaluate	Inquire reasons and evaluate implications on assessed risks (including fraud risk)
If no reply, do other audit procedures	Perform alternative procedures for each non-response to obtain relevant and reliable evidence
Recheck maths / recompute	Recalculation
Do procedure again yourself	Reperformance
Ask and get answers (as evidence)	Inquiry
Compare trends/ratios and investigate	Analytical procedures (evaluate plausible relationships and investigate fluctuations/inconsistencies)
Use analytical review at end to support conclusion	Analytical procedures may assist in forming an overall conclusion on the financial statements
Unexpected trend may signal new risk	May indicate a previously unrecognised risk of material misstatement
Sampling means checking some items	Audit sampling (apply procedures to less than 100% of items to draw conclusions about the population)
Decide sample size properly	Determine sample size sufficient to reduce sampling risk to an acceptably low level
Select sample so items have chance of selection	Select items so each sampling unit has a chance of selection
Test each selected item	Perform procedures on each item selected
If item cannot be tested, treat as error/deviation	Treat inability to apply procedures as a deviation (controls) or misstatement (details) as applicable

Investigate why deviations/misstatements happened	Investigate nature/cause and evaluate possible effect
Project sample errors to whole population	Project misstatements found in the sample to the population
Conclude whether sample supports population conclusion	Evaluate whether sampling provides a reasonable basis for conclusions about the population
Check estimates carefully	Audit accounting estimates and related disclosures
Check assumptions and data behind estimates	Evaluate the reasonableness of methods, significant assumptions, and data used by management
Check whether management's decisions show bias	Consider indicators of possible management bias
Going concern means business will continue	Evaluate appropriateness of management's use of the going concern basis of accounting
Check if there is serious doubt about continuation	Determine whether a material uncertainty exists related to events/conditions that may cast significant doubt on going concern
If material uncertainty disclosed properly, refer in report	Draw attention to the related disclosures (as required by the reporting standard) when adequately disclosed
If disclosure inadequate, modify opinion	Modify the opinion when disclosures are inadequate
Opinion wording (simple)	In our opinion, the financial statements present fairly, in all material respects...
True and fair wording (simple)	...give a true and fair view...
Basis for opinion (simple)	We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion
Highlight important point without changing opinion	Emphasis of Matter paragraph (draw attention to a matter appropriately presented/disclosed)
Say opinion unchanged	Our opinion is not modified in respect of this matter
Key matters explained in report	Key audit matters
Qualified opinion (simple meaning)	Qualified Opinion (material but not pervasive misstatement or scope limitation)
Adverse opinion (simple meaning)	Adverse Opinion (material and pervasive misstatement)
Disclaimer (simple meaning)	Disclaimer of Opinion (unable to obtain sufficient appropriate evidence; possible effects material and pervasive)
Scope limitation (simple meaning)	Unable to obtain sufficient appropriate audit evidence (limitation on scope)
Qualified wording starter	"Except for the effects of the matter(s) described..."
Scope limitation qualified wording starter	"Except for the possible effects of the matter(s) described..."
Disclaimer wording starter	"We do not express an opinion..."
Use correct modified-opinion headings	Use headings "Qualified Opinion", "Adverse Opinion" or "Disclaimer of Opinion", as appropriate