

STATEMENT 3.101**STATEMENT OF AUDITING STANDARD
AUDIT APPROACH****Introduction**

1. This Statement of Auditing Standard should be read in conjunction with the Explanatory Foreword to Auditing Standards and Guidelines. General guidance on procedures by which this Auditing Standard may be complied with are given in the Auditing Guidelines.

Application of standard

2. This Auditing Standard applies whenever an audit is carried out.

Independence

3. The auditor should be independent of any entity on whose financial statements he is expressing an opinion.

Planning, controlling and recording

4. The auditor should adequately plan, control and record his work.

Accounting systems

5. The auditor should ascertain the entity's system of recording and processing transactions and assess its adequacy as a basis for the preparation of financial statements.

Internal controls

6. If the auditor wishes to place reliance on any internal controls, he should ascertain and evaluate those controls and perform compliance tests on their operation.

Audit evidence

7. The auditor should obtain relevant and reliable audit evidence sufficient to enable him to draw reasonable conclusions therefrom.

Review of financial statements

8. The auditor should carry out such a review of the financial statements as is sufficient, in conjunction with the conclusions drawn from the other audit evidence obtained, to give him a reasonable basis for his opinion on the financial statements.

Effective date

9. This Auditing Standard is effective for the audit of financial statements relating to accounting periods starting on or after 1st January 1984.