



# Financial Audit

A **financial audit** is the examination of financial records and reports of a company or organization, in order to verify that the figures in the financial reports are relevant, accurate, and complete. The general focus is to ensure the reported financial statements fairly represent a company's stated condition for the firm's **stakeholders**. These stakeholders will be interested parties, such as stockholders, employees, regulators, and the like.

Doing a financial audit is called the **attest function**. The general purpose is for an independent party (the **CPA firm** - Certified Public Accountant Firm) to provide written the audit report that financial reports are **fairly** presented in **conformity** with generally accepted accounting principles.

Because of major accounting scandals (failure by CPA firms to detect widespread **fraud**), **assessing** internal control procedures has increased in **magnitude** as a part of financial audits.

Financial audits are typically done by external auditors (accountancy firms). Many organizations, including most very large organizations, also employ or hire internal auditors, who do not **attest** to financial reports. Internal auditors often **assist** external auditors, and, in theory, since both do internal control work, their **efforts** should be coordinated.

## Vocabulary of hard-to-remember words

stakeholder	'steɪkhaʊldə	<i>maraqlı tərəflə, paydaş</i>
stockholder	'stɒkhəʊldə	<i>səhmdar</i>
fairly	'feəlɪ	<i>düzgün, doğru, ədalətli, təmənnasız</i>
conformity	kən'fɔ:mɪtɪ	<i>uyğunluq</i>
scandal	'skændl	<i>qalmaqal, rüsvayçılıq</i>
failure	'feɪljə	<i>uğursuzluq</i>
fraud	frə:d	<i>fırıldaqçılıq, dələduzluq</i>

assess	ə'ses	<i>qiymətləndirmək</i>
magnitude	'mægnɪtju:d	<i>böyüklük, həcm, miqyas</i>
employ	ɪm'plɔɪ	<i>işə götürmək</i>
hire	'haɪə	<i>işə götürmək</i>
attest	ə'test	<i>təsdiq etmək, attestasiyadan keçirmək</i>
assist	ə'sist	<i>kömək etmək</i>
effort	'efət	<i>səy</i>

## Terms & Phrases

**purchasing capacity** – *the value of a currency expressed in terms of the number of goods or services that one unit of money can buy*

**attest function** - *The attest function is the process of conducting an examination of an entity's financial statements by a third party*

## Abbreviation

**CPA** - Certified Public Accountant