

Title: Activities of certified auditors

Key words: auditor, liability, International Standards on Auditing

ABSTRACT

The diploma thesis focuses on the legal aspects of activities of certified auditors, particularly in the context of auditors' liability. First, it briefly summarizes the history of auditing throughout the world and in the Czech Republic. It analyses the meaning and objectives of the statutory audit and explains the triangular relationship between the auditor, management of the entity and its owners. The description of a typical course of assurance engagement is accompanied by cautionary advice for intricate aspects of acceptance of an audit engagement and the preparation of engagement letter.

Attention is paid to materiality levels used during the statutory audit and to the expression that the financial statements give a true and fair view of the financial position of the entity. Different types of auditor's report are distinguished and a variety of errors frequently made not only by users of financial statements from the common public but also by experts participating in management of audited entities is mentioned as well.

The three chapters dealing with auditor's liability discuss the civil, disciplinary and criminal issues related to assurance activities. As regards auditors' civil liability the thesis focuses separately on the obligation to pay damages to the audited entity and to external subjects. The thesis also clearly differentiates between the liability of the statutory auditor and the liability of the auditor's employees.

The chapter on auditors' disciplinary liability concentrates on regulatory bodies active in the field of auditing and most often identified shortcomings in the work of auditors. The last chapter is concerned not only with the criminal acts that might be committed by auditors themselves, but also on the auditors' role in detecting crime and related setbacks arising from the legally imposed obligation of confidentiality.

The diploma thesis critically assesses the weaknesses of the current legal treatment of assurance engagements and other activities of certified auditors and looks towards the future, mainly commenting on the planned amendments, which were proposed by the government in May 2014.