What an Audit Is

Accounting & Finance

What an auditor gives an opinion on, and what they do not.

An audit does	An audit does not
Give an opinion on the financial statements	Guarantee the accounts are perfect
Test whether they are free from material error	Certify the business is well run
Assess going concern	Detect every fraud
Follow a defined standard of work	Value the company
Report to shareholders, not management	Provide investment advice

THE DIFFERENCE THAT MATTERS

The expectation gap is the difference between what the public believes an audit delivers and what it actually does.

Materiality is the threshold: an error matters if it could change a user's decision. Below that, it is not pursued.