

PREFACE TO NEPAL STANDARDS ON AUDITING

Introduction

01. This preface to Nepal Standards on Auditing (NSA) is issued to facilitate understanding of the scope and functions of the Auditing Standards Board (AuSB) and the procedures and authority of the documents issued by the Board.
02. Auditing Standards Board (AuSB) believes that the issue of such standards will improve the degree of uniformity of auditing practices in Nepal.

Formation of the Auditing Standards Board (AuSB)

03. Auditing Standards Board (AuSB) has been constituted by His Majesty's Government on 26 Falgun 2059 corresponding to 10 March, 2003 under Nepal Chartered Accountants Act, 1997 (first amendment 2002).

Scope and Functions of Auditing Standards Board (AuSB)

04. The main functions of AuSB is to review existing practices in Nepal and to develop Nepal Standards on Auditing (NSAs) so that these may be issued and regulated by the Council of the ICAN.
05. While formulating NSA(s), the AuSB will take into consideration the applicable laws, customs, usage and business environments in Nepal.
06. The NSA(s) will be issued under the authority of the Council of the ICAN. The AuSB will issue Guidance Notes on the issues arising from the NSA(s) wherever necessary. AuSB will review the NSA(s) at periodical intervals.

Scope of the Nepal Standards on Auditing

07. The NSA(s) are to be applied in the audit of financial statements carried out with a view to expressing an opinion thereon. The NSA may also have application as, appropriate, to other related functions of the auditors.
08. Any limitation of the applicability of a specific NSA(s) will be made clear in the introductory paragraph of the relevant NSA.

Working Procedures

09. The AuSB will determine the broad areas in which the NSA(s) need to be formulated and the priority in regard to the selection thereof.
10. The quorum for a meeting is 51% of the total members. Standards and statements require approval of three quarter of members present at the meeting.
11. The preparation of NSA(s) shall be in accordance with the working procedure formulated by the AuSB.

12. The NSA(s) will be submitted by the AuSB to the Council to issue and regulate under the authority of the ICAN.

Compliance with the Nepal Standards on Auditing

13. While discharging their attest function, the members of the ICAN are under obligation to ensure that the NSA(s) are followed in the audit of financial statements covered by their audit reports. If for any reason a member has not been able to perform an audit in accordance with the NSA, his report should draw attention to the material departures therefrom.
14. Members are expected to follow NSA in the audits commencing on or after the date specified in the relevant NSA.

NEPAL STANDARDS ON AUDITING

Effective from

Shrawan 01, 2060

PREFACE

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