

**PREFACE TO THE NEPAL STANDARDS ON QUALITY  
CONTROL, AUDITING, REVIEW, OTHER ASSURANCE  
AND RELATED SERVICES AUDITING**

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<b>Contents</b>	<b>Paragraph</b>
Introduction	1-2
AuSB's Pronouncements	3
The Authority Attaching to Nepal Standards on Auditing Issued by AuSB	4-13
The Authority Attaching to Practice Statements Issued by AuSB	14-15
Other Papers Published by AuSB	16
Language	17

## **Introduction**

1. This preface to Nepal Standards on Auditing is issued to facilitate understanding of the scope and authority of the pronouncements the Auditing Standards Board (AuSB) issues in the statutes.
2. AuSB is committed to the goal of developing a set of Standards accepted in Nepal. AuSB members act in the common interest of the public at large and the nationwide accountancy profession. AuSB is confident that the issue of the aforementioned standards including standards on Quality Control, Review, Other Assurance and Related Services will improve the degree of uniformity of auditing practices in Nepal.

## **AuSB's Pronouncements**

3. AuSB's pronouncements govern audit, review, other assurance and related services engagements that are conducted in accordance with Nepal Standards on Auditing. They do not override the applicable laws or regulations that govern the audit of historical financial statements or assurance engagements on other information in Nepal. In the event that applicable laws or regulations differ from, or conflict with, Nepal Standards on Auditing on a particular subject, an engagement conducted in accordance with applicable laws or regulations will not automatically comply with Nepal Standards on Auditing. A professional accountant should not represent compliance with Nepal Standards on Auditing unless the professional accountant has

complied fully with all of those relevant to the engagement.

## **The Authority Attaching to Nepal Standards Issued by AuSB**

4. Nepal Standards on Auditing (NSAs) are to be applied in the audit of historical financial information.
5. Nepal Standards on Review Engagements (NSREs) are to be applied in the review of historical financial information.
6. Nepal Standards on Assurance Engagements (NSAEs) are to be applied in assurance engagements dealing with subject matters other than historical financial information.
7. Nepal Standards on Related Services (NSRSs) are to be applied to compilation engagements, engagements to apply agreed upon procedures to information and other related services engagements as specified by AuSB.
8. NSAs, NSREs, NSAEs and NSRSs are collectively referred to as Nepal Standards on Auditing.
9. Nepal Standards on Quality Control (NSQCs) are to be applied for all services falling under Nepal Standards on Auditing.
10. Nepal Standards on Auditing contain basic principles and essential procedures (identified in bold type lettering) together with related guidance in the form of explanatory and other material, including appendices. The basic principles and essential procedures are to be

understood and applied in the context of the explanatory and other material that provide guidance for their application. It is therefore necessary to consider the whole text of a Standard to understand and apply the basic principles and essential procedures.

11. The nature of Nepal Standards on Auditing requires professional accountants to exercise professional judgment in applying them. In exceptional circumstances, a professional accountant may judge it necessary to depart from a basic principle or essential procedure of Nepal Standards on Auditing to achieve the objective of the engagement. When such a situation arises, the professional accountant should be prepared to justify the departure.
12. Any limitation of the applicability of Nepal Standards on Auditing is made clear in the standard.
13. Nepal Standards are also applicable to engagements in the public sector. When additional guidance is appropriate for the public sector, such guidance is included within the body of the standard.

#### **The Authority Attaching to Practice Statements Issued by AuSB**

14. Nepal Auditing Practice Statements (NAPSs) are issued to provide interpretive guidance and practical assistance to professional accountants in implementing Nepal Standards on Auditing and to promote good practice. Nepal Review Engagement Practice Statements (NREPSs), Nepal Assurance Engagement Practice

Statements (NAEPSs) and Nepal Related Services Practice Statements (NRSPSs) are issued to serve the same purpose for implementation of NSREs, NSAEs and NSRSs respectively.

15. Professional accountants should be aware of and consider Practice Statements applicable to the engagement. A professional accountant who does not consider and apply the guidance included in a relevant Practice Statement should be prepared to explain how the basic principles and essential procedures in the NSA (s) addressed by the Practice Statement have been complied with.

#### **Other Papers Published by AuSB**

16. Other papers, for example Discussion Papers, are published to promote discussion or debate on auditing, review, other assurance and related services and quality control issues affecting the accounting profession, present findings, or describe matters of interest relating to auditing, review, other assurance, related services and quality control issues affecting the accounting profession. They do not establish any basic principles or essential procedures to be followed in audit, review, other assurance or related services engagements.

#### **Language**

17. The sole authoritative text of an exposure draft, Standard, Practice Statement or other paper is that published by AuSB in the English language.