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Executive Summary

The report summarizes the process used in the auditing. Among them is identifying the inherent risk, the auditor's response concerning the mentioned risks, analytical review of the financial statements, and the legal issue concerning the business and investments. First is identifying inherent risk, which is giving the wrong information concerning the financial statements driven forward by the failure of control in the firm's executive department. Secondly is the auditor's

response concerning the wrong information contained in the financial statements given by the business's managerial or the investment. It's stated that the auditor's response concerning the risks should be based on the International Standards on Auditing (ISA). The third issue is on the analytical review of the financial statements which includes the inspection, observation, external confirmation, and analytical procedures to be followed (Habib et al., 2019). The last concern is the legal issues that govern the business or a particular investment. Introduction

The report includes the financial statements of Ramsay Health Care Limited, which is a private health care provider in the United Kingdom, especially France, Australia, Indonesia, and Malaysia. This health facility specializes in three main activities: surgery, psychiatric care, and rehabilitation. In the report, there will be the checking of the facility's financial statement and its assessment to determine whether it's under the General accepted accounting principles (GAAP) (Schmitz et al., 2020). The same procedure will be followed in the assessment of Telstra Limited, which is the largest telecommunication company in Australia and deals with the building and operation of the networks, internet access, and also marketing voices. Inherent risks in Ramsay Health Care Limited. Several inherent risks affect Ramsay Health Care Limited; the first risk is the Australian government policy and regulation. This plays a significant role in creating the competition of Ramsay, among other private health care. This is triggered by the private health care licensing, which creates a competitive environment between Ramsay and other licensed private health facilities. The second is the operational risk triggered by the foreign country's government policy and regulations. This hinders the operations of the company in such a way that the policy and regulations of Australia may differ from the foreign country's policies and regulations; this prevents the company from carrying out its different tasks effectively, and this may lead to underperformance of the company (Svårdsten., 2019). Also, the foreign policies and regulations change the culture of the company and force it to perform its duties differently. The third risk is cybersecurity or information technology. All the information concerning the company is stored by cybersecurity; hence the company is at a higher risk of losing its information if the cybersecurity team does not work well. The data should also be stored in a well-organized manner to ensure ease in retrieval for future reference. The fourth risk is failure due to lack of funds, which may be triggered generally by the government sources' health insurance funds and revenue. The majority of the Ramsays revenue in the United Kingdom is from the health funds and government sources. Failure to affect the Ramsay operations may even lead to its breakdown (Habib et al., 2019). This is because the company is majorly dependent on the two sources for the continuity of its operations. The fifth risk is foreign exchange risk. The Ramsay Company's income fluctuates with the fluctuation of the currency exchange rates between the Australian dollar and other currencies. This forces Ramsay to get credit to reduce capital costs and increase the earnings and maximize profit-making. This continues until the fluctuation is over, and the norm is resumed. The sixth risk is the breakdown of the company triggered by the lack of license. Every year the company must acquire a new valid license (Schmitz et al., 2020). This enables the company to keep running for the stipulated time of the license. Otherwise, the company may lack the fund to acquire a valid license, leading to its breakdown. Inherent risks in Telstra Limited. On the other hand of Telstra Limited, it has its inherent risks, which are different from those of Ramsay Health care Limited.

The first risk is that of the future uncertainty, which is triggered by the rollout of the NBN cooperation, which reduces the ability and the capability of the company to generate income in the coming days. This is reflected by the fact that the NBN cooperation will be the wholesale provider of the broadband, which Telstra company held in the past (Durand., 2019). The second inherent risk is that of corporate restriction. This occurs when the NBN cooperation takes over the fixed broadband's whole business, and Telstra is forced to render some of its workers due to the changes in the company's working and operations. Restructuring the expenses incurred even after the rendering of some of the workers may lead to a misstatement. Hence, there may be a reason for accuracy during the restructuring to avoid this inherent risk. The last is the impairments and the depreciation costs of the assets. The estimation of the useful asset life may be underestimated or overestimated; this leads to exaggerating the financial statement, leading to this inherent risk (Schmitz et al., 2020). If not well studied, the depreciation of the assets where the wrong value may be placed leads to misstatement, which leads to this inherent risk of impairment and depreciation cost. Audit procedures. Four audit procedures would have been carried out concerning the inherent risks that arise. One is the significance of the risk that was identified. For example, all the six inherent risks mentioned concerning Ramsay Health Care Limited are triggered by a lack of adequate income to push the company forward or keep the company running. The significance of all these risks is to enlighten the managers on the incomes' rates to enhance the company's smooth running. The second company's inherent risks, the Telstra Company, are all triggered by the company's assets (Brown et al., 2019). The significance of these risks is to enhance the workers within the company, have innovations, and know how to improve their assets to cater to the competition. The second audit procedure that would have been carried out was the likelihood that a material misstatement will occur; this procedure assesses the probability of the risk occurring according to either the company's earnings or its operations. For example, in Ramsay Health Care Limited, all the risks concern funds, so if the rate of income goes down, then there is a likelihood of the risks occurring. On the other hand, the second company, Telstra limited, is governed by the assets (Brown et al., 2019). When the company's operation goes down, this means low income, which lately contributes to low asset purchasing. The third audit procedure to be carried out is the nature of specific controls used by the entity. Since both inherent risks encountered by both companies have the same severe end of breaking down the company, then they both need to be controlled in more or less the same way. The first control is the reviewing of the payment details by the financial officers to prevent the misstatement. Secondly is reviewing the invoices entered in the payable systems (Kang., 2019). The third control is the enumeration of all the pending unprocessed invoices that are to be processed later. Then absolute control is the viewing of the budget-to-actual report by the heads of departments. The fourth audit procedure to be carried out would be audit evidence to show that the controls enumerated would help curb the problems caused by the inherent risks. With the proper management as advised by the controls, the audit evidence should positively control the risks (Brown et al., 2019). This is because every control has its role to play to ensure that no misstatement is experienced in the company, enhancing the smooth running. Analytical review of the financial statements of high-risk areas. In the financial statement review, both companies have areas identified to be triggering high risks in the companies. In Ramsay Health Care Limited, there are several areas where data breach in the privacy and confidentiality, medical records and discovery, human resources, credentialing and staffing in the company, and the medical management in the company. In the first area, which is the data breach in privacy and confidentiality, some health workers tend to take advantage of this confidentiality and privacy. They treat patients and get paid on their own, which causes a misstatement on the recording of the patients treated (Durand., 2019). This also makes the patient record and the medication record not to rhyme at all, leading to a high risk in this health facility. The second is that of medical records and discovery. The company has not yet advanced fully to the electronic health records; there is a particular way of keeping the record manually; this, on the other hand, triggers the loss of the data stored in the paper. Also, in these systems, there is a hard way in the entry of the data. Due to these challenges, there may be misstatement in giving the financial statement. Also, it exposes the company to a high risk of losing its data and never to be obtained again.

The third area is that of human resources, credentialing, and staffing. This enumerates the human resource's role, where he or she is in control of most of the company's events. Since human resource personnel are accountable for the company's activities, they are responsible for providing the expenses incurred during the activities (Habib et al., 2019). This may lead to misstatement, leading to a false financial statement, which is a risk. The fourth area of concern is medical management, including the patient's financial constraints, medication costs, drug shortages, and safety risks. Since medical management enhances the relationship between the doctors and their patients, there may be more allocation of the funds to the patients outside the hospital on the medical administration and the medical prescriptions' follow-up (Kang., 2019). This may cause a risk in the misuse of the funds and, hence, lead to the financial misstatement. There are also some risk areas in the Telstra Company, including the innovation area, the customer's requirement area, and the network assets area's evaluability. In the innovation area, the company may not be able to adapt to the new ways of providing the services. This hence leads to them being outcompeted by the other companies which have high-quality services. The second area is on the customer's requirement area, where the company is entitled to date with its requirements. This enables the company to improve on the income that the company gets. If the company doesn't understand the customers' requirements very well, then there may be a reduction in income, which causes risk in the company's financial statement. The third area is the area of the

evaluability of the network assets. The company is entitled to being unique to its functionalities. The company should provide network assets better than the other companies to fit competitive markets (Habib et al., 2019). Failure to which the company loses market and low incomes enhances risk in breaking down the company. Audit procedures in response to high risk. Several audit procedures are carried out in these companies concerning the risks enumerated above. These procedures include; the nature of the further audit procedures, which enhance studying the company functionalities and develop the solution to the company's risk. The second procedure is the test of controls; this may be done, for example, in these companies' cases where the misstatement has already been identified, and there needs to be such control (Durand., 2019). Also, it's carried out where the substantive procedure alone does not provide enough audit evidence. ① The final procedure to these misstatements is on the substantive procedure where this procedure detects the material misstatement at the relevant assertion level. The tests to be carried include transaction account balances and disclosures (Schmitz et al., 2020). These tests are carried out concerning the risks or the misstatement identified earlier, and they suit to provide the solutions to these misstatements. Despite the procedures carried out, some of the ratios were evidence due to the operational skills of every company. It was evident that the financial ratios of Ramsay Health Care Limited were higher compared to that of Telstra limited, where Ramsay had 49.78:28.91 and Telstra limited with 20.45:19.6. This implied that Ramsay health care limited depended on itself mostly while Telstra depended mostly on debt. ② Ethical and legal responsibilities of an auditor. There are several ethical and legal responsibilities of auditors. ② The legal responsibilities of an auditor include; integrity, objectivity, confidentiality, and competency. The auditor's integrity is maintained when all of the auditor's procedures are carried out under its guidelines. This makes the auditor trustworthy by the company, and also this elevates his level of professionalism (Habib et al., 2019). The second ethical responsibility is objectivity. An auditor should not be a bias of any information or persons in the company but should give the company the right information. The third ethical responsibility of an auditor is confidentiality. The auditor is only entitled to sharing the information gathered with the authorized stakeholders. This prevents some of the problems, for example, masking of the information by other irrelevant companies. The last ethical responsibility is competency; the auditor is entitled to showing a high level of accountability in whatever he or she does (Durand., 2019). This makes the auditor maintain the profession's higher level and take his or her tasks in accordance. On the other hand, there are three primary legal responsibilities of an auditor. They include; understanding the organization and its operations. Where this is enhanced by the learning and the experience of the auditor on the organizations functioning. The second responsibility is the ability to evaluate internal control procedures. These enable the auditor to identify the company's misstatements and the ways to control the misstatements.

The third responsibility is the ability to analyze account balances and financial statements. The auditor should carry out various analytical reviews on its financial statements (Habib et al., 2019). Some of the safeguards include that of elimination threat, for example, removing an individual from the engagement team or otherwise there may be a reduction of the threats to an acceptable level. Effective communication, presentation quality, and peer review. Effective communication is enhanced by the perception of confidence and the trust of an audit. This enhances the auditor to the provision of factual information on the financial statement. Since there is trust in the auditor, there are free interactions between the auditor and the staff, and then there is a complete statement that includes detailed information. An auditor's presentation quality is enhanced by the quality auditing PowerPoint, where the ideas being shared are well presented and are clear to the audience. This also encourages the audience to identify different problems and tackle them (Schmitz et al., 2020). The peer review of the auditor enhances the firm's quality control system in accounting and auditing. This enhances the normal operations of the firm and also enhances the efficiency of the company's system. In conclusion, the companies must apply to the identification, the test of control, and control the firms' misstatement. Also, this should provide the appropriate solutions to the inherent risks encountered by the companies. On the peer review of the two companies, there seems to be less of misstatements, and hence the controls are less and are less risky in the financial statement.

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