Toward a Philosophy of Auditing

R. K. Mautz
Ernst & Ernst (formerly of University of Illinois)

Some may be wondering what more anyone can possibly have to say who has already used two hundred and forty-eight pages of fairly fine print to discuss the philosophy of auditing. This troubles me a little also. The assigned topic may imply that all those pages didn't take us in the right direction. But there are also some advantages in the wording of my assignment. “Toward” is a vague kind of direction, so with such a guide one might be excused if he appears to wander somewhat, and “philosophy” is a word subject to varying interpretation as well.

To refresh myself, I referred to my dictionary and found the following definition of “philosophy”:

1) The inquiry into the most comprehensive principles of reality in general, or of some limited sector of it, such as human knowledge or human values.
2) The love of wisdom, and the search for it.
3) A philosophical system; also, treatise on such a system.
4) The general laws that furnish the rational explanation of anything: the philosophy of banking.
5) Practical wisdom; fortitude, as in enduring reverses and suffering.

And then two definitions noted as “archaic”:

6) Reasoned science; a scientific system: natural philosophy.
7) The sciences as formerly studied in the universities.

This provides quite a range doesn't it? An attempt to establish a fairly specific or limited topic with no more boundaries than those provides so little restriction that almost anything qualifies.

I have tried to reduce it to reasonable dimensions by using my earlier work with Hussein Sharaf as a base, and by trying to tie to what appear to be some current problems. The result combines two quite different kinds of efforts; first an attempt to develop a concept of responsibility that meshes with, or at least is not in conflict with, the concepts of evidence, due audit care, fair presentation, independence, and ethical conduct, which we explored in our Philosophy; second, an emphasis, using a “practical wisdom” approach, on something of a personal philosophy for auditors, that is, a way of viewing what our essential responsibilities as auditors are. Thus, the paper centers on two major questions:

1) To whom are we responsible?
2) For what are we responsible?