



**INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS**

PKF
Accountants &
business advisors

ISA 230 - AUDIT DOCUMENTATION

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Key definitions

Audit documentation

- The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (**terms such as “working papers” or “workpapers” are also sometimes used**)

Audit file

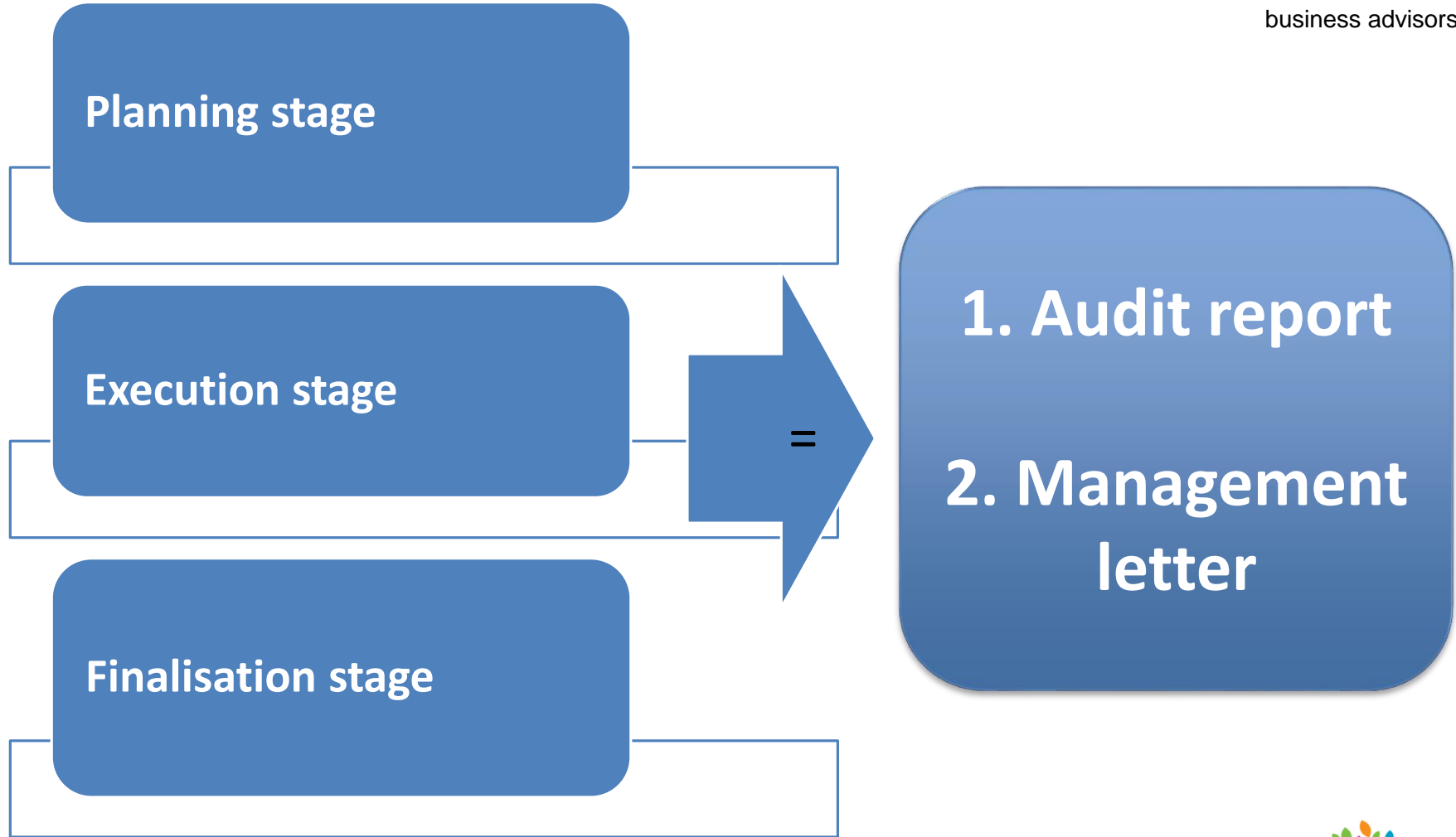
- One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement



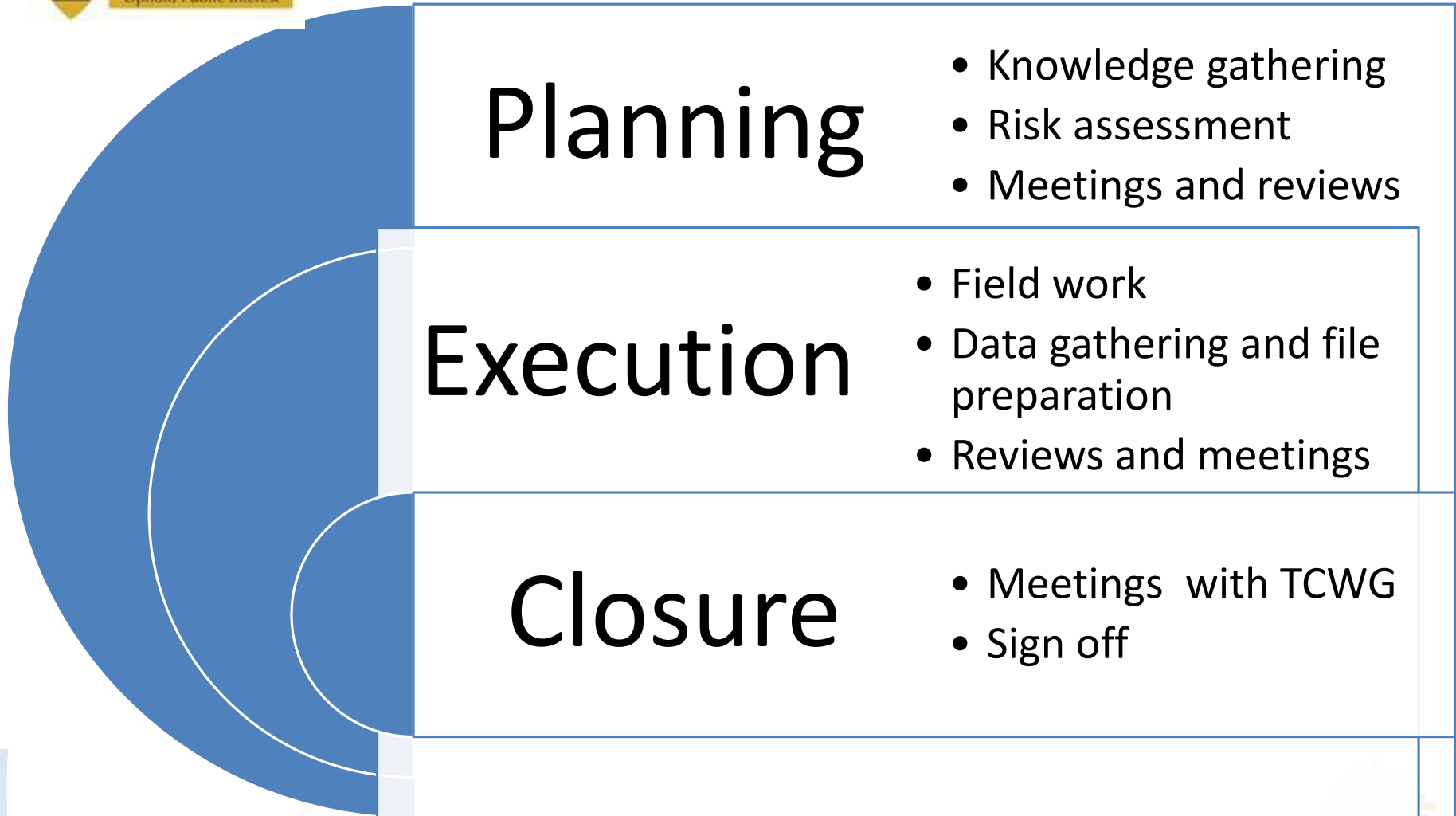
Experienced auditor

- An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of: **audit processes, ISAs and applicable legal and regulatory requirements, the business environment in which the entity operates; and auditing and financial reporting issues relevant to the entity's industry**





The audit process



Basic audit evidence **MUST**

- a) Show evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor;
- b) Show evidence that the audit was planned and performed in accordance with relevant ISAs and applicable legal and regulatory requirements.



- Assists the engagement team to plan and perform the audit
- Assists reviewers in supervision and directing the audit work
- Enables the engagement team to be accountable for its work.





Purposes of audit documentation (continued)



- Enables the conduct of quality control reviews and inspections
- Enables the conduct of external inspections in accordance with applicable legal, regulatory or other requirements
- Retains a record of matters of continuing significance to future audits



Objective of the auditor

The objective of the auditor is to prepare documentation that provides

- A sufficient and appropriate record of the basis for the auditor's report; and
- Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements





Timely preparation of audit documentation



The auditor shall prepare audit documentation on a timely basis



The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand

The following **MUST** be recorded

- ☐ The identifying characteristics of the specific items or matters tested
- ☐ Who performed the work
- ☐ Date when work performed
- ☐ Who reviewed





Sample working paper

Audit objective

Risks identified

Sampling methodology

Work done

Results/findings

Conclusion





Documentation of the Audit Procedures Performed and Audit Evidence Obtained

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The auditor shall document the following

- Significant matters discussed with management, TCWG and others
- Nature of the matters discussed
- When discussed
- Persons present at the discussion





Documentation of the Audit Procedures Performed and Audit Evidence Obtained



If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency



If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in an ISA, the auditor shall document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure





Matters Arising after the Date of the Auditor's Report



If, in exceptional circumstances, the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor's report, the auditor shall document

- a. The circumstances encountered
- b. The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and
- c. When and by whom the resulting changes to audit documentation were made and reviewed



- The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report

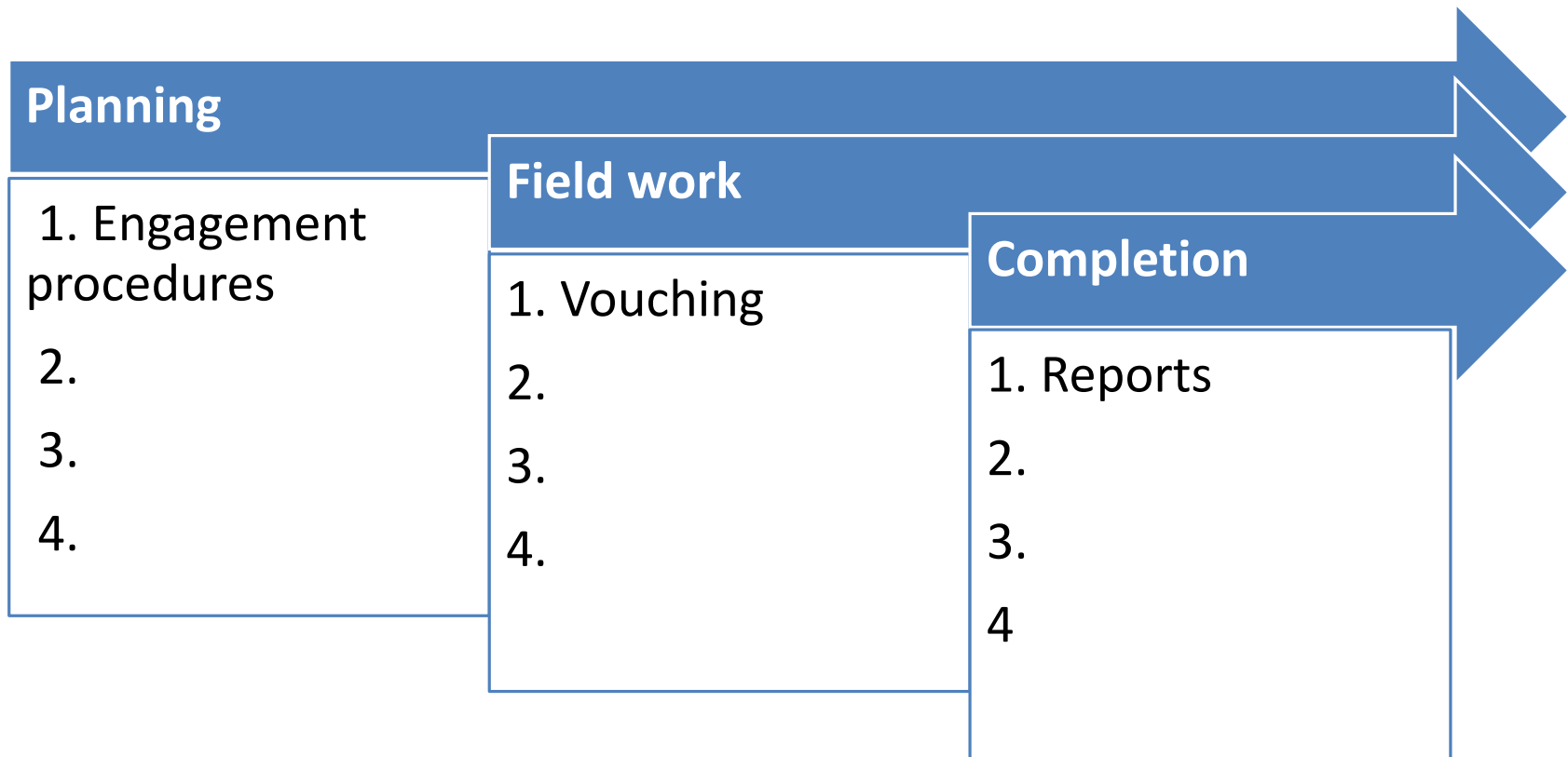


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- After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation of any nature before the end of its retention period



File preparation process





Assembly of the Final Audit File (continued)



Where the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document

- a) The specific reasons for making them; and
- b) When and by whom they were made and reviewed





Minimum requirements on an audit file



See separate schedule



ISA	
210	“Agreeing the Terms of Audit Engagements” – paragraphs 10–12
220	“Quality Control for an Audit of Financial Statements” – paragraphs 24–25
240	“The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements” – paragraphs 44–47
250	“Consideration of Laws and Regulations in an Audit of Financial Statements” – paragraph 29
260	“Communication with Those Charged with Governance” – paragraph 23
300	“Planning an Audit of Financial Statements” – paragraph 12
315	“Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment” – paragraph 32



ISA	
320	“Materiality in Planning and Performing an Audit” – paragraph 14
330	“The Auditor’s Responses to Assessed Risks” – paragraphs 28–30
450	“Evaluation of Misstatements Identified during the Audit” – paragraph 15
540	“Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures” – paragraph 23
550	“Related Parties” – paragraph 28
600	“Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)” – paragraph 50
610	“Using the Work of Internal Auditors” – paragraph 13



