

AUDIT COMPLETION & DOCUMENTATION OF AUDIT EVIDENCE

PRESENTER

VANICE MUIA

AUDIT COMPLETION

- Audit completion procedures are performed at the completion of the audit.
- They may include:
 - A. Review of audit work**
 - B. Subsequent events assessment**
 - C. Going concern assessment**
 - D. Communication with those charged with governance**

A. REVIEW OF AUDIT WORK

- **Audit Review** involves appraising the quality of the work performed and conclusions reached by others.

Purpose of Review

Review provides for a consideration of whether;

1. The ***work has been performed in accordance with professional standards*** and applicable legal and regulatory requirements;

A. REVIEW OF AUDIT WORK

- **Purpose of Review – Cntd**

2. *Significant matters* have been raised for further consideration;

3. Appropriate *consultations* have taken place and the resulting conclusions have been documented and implemented;

4. The *work performed supports the conclusions reached* and is appropriately documented;

A. REVIEW OF AUDIT WORK - CNTD

- Purpose of Review -Contd

5. To ensure that the *evidence obtained is sufficient and appropriate to support the auditor's report*; and

6. The *objectives of the engagement procedures have been achieved*.

7. To establish whether there is *a need to revise the nature, timing and extent of work performed*;

A. REVIEW OF AUDIT WORK - CONTD

- **Levels of Review:**

1. Senior's review

2. Review by the engagement partner

3. Engagement Quality Control Review

A. REVIEW OF AUDIT WORK - CONTD

- **1. Senior's review**

- It is the lowest level of review

- It involves the work of less experienced team member being reviewed by a more experienced one.

A. REVIEW OF AUDIT WORK - CONTD

2. Engagement Partner's Review

It is conducted by the engagement partner

- The engagement partner should review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued
- Review by the engagement partner should be done on or before the date of the report

A. REVIEW OF AUDIT WORK - CONTD

2. Engagement Partner Review -Contd

It should include review the following;

- Critical areas of judgment, especially those relating to difficult or
- contentious matters identified during the course of the engagement;

A. REVIEW OF AUDIT WORK - CONTD

2. Engagement Partner's Review

- Significant risks; and

The work performed supports the conclusions reached and is appropriately documented;

The work performed supports the conclusions reached and is appropriately documented;

A. REVIEW OF AUDIT WORK – CONTD

3. Engagement Quality Control Review

- Applies to:
 - audit of financial statements of listed entities; or
 - when an engagement meets the criteria

In some cases, none of the firm's audit engagements may meet the criteria that would subject them to such a review

NATURE & PURPOSE OF AUDIT EVIDENCE

- **Audit evidence** is information used by the auditor in arriving at the conclusions on which the auditor's opinion is based.
- It includes both information contained in the accounting records underlying the financial statements and other information.
- comprises both information that supports and corroborates management's assertions, and any information that contradicts such assertions.

NATURE & PURPOSE OF AUDIT EVIDENCE - Contd

Nature of audit evidence

- Oral Vs Documented evidence
- Direct evidence (obtained by the auditor) Vs indirect
- Copied Vs original
- Independent confirmation Vs Other forms
- Management expert – competencies, objectivity, test assertions on his work
- Information obtained from the entity – completeness, accuracy, relevance

Procedures to obtain audit evidence

- Risk Assessment Procedures
- Test of Controls
- Compliance Test
- Substantive Tests

Purpose of Audit Evidence

- Audit evidence is necessary to support the auditor's opinion and report.
- reasonable assurance is obtained when the auditor has obtained sufficient appropriate audit evidence to reduce audit risk to an acceptable level

Communicating Findings to the Management

- Form of communication could be written or oral
- **Matters Communicated**
 1. Significant findings from the audit – can ask for more information
 2. Significant Qualitative Aspects of Accounting Practices
 - includes comment on the acceptability of significant accounting practices

Matters Communicated

3. Significant Difficulties Encountered during the Audit

- E.g.
 - i. Significant delays in management providing information.
 - ii. An unnecessarily brief time to complete the audit.
 - iii. Extensive effort required to obtain audit evidence.
 - iv. The unavailability of expected information.
 - v. Restrictions imposed on the auditor by management.
 - vi. Management's unwillingness to extend its assessment of the entity's ability to continue as a going concern when requested.

Matters Communicated

4. Significant Matters Discussed, or Subject to Correspondence with Management.

E.g. business strategies that may affect the risks of material misstatement.

5. Concerns about management's consultations with other accountants on accounting or auditing matters.

Matters Communicated

7. Deficiencies in internal control

Include:

A description of the deficiencies and an explanation of their potential

- effects;

THE END