

AUDIT COMPLETION AND DOCUMENTATION OF AUDIT EVIDENCE

Date: 9TH MARCH 2016

Venue: Merica Hotel NAKURU

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Nature and purpose of audit evidence-ISA 500

- Audit evidence – Audit evidence is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based, and includes the information contained in the accounting records underlying the financial statements and other information.

Characteristics of a good audit evidence

- Competence – the degree to which evidence can be considered trustworthy.
- Sufficiency – amount of evidence is enough to form a reasonable opinion.
- Relevance – must pertain to the audit objective being tested.
- Independence – evidence from outside the client is a stronger form of evidence

Characteristics of a good audit evidence

- Effectiveness of client internal controls – good internal controls can mean better information.
- Auditor direct knowledge – auditor determinations are stronger than client comments.
- Qualifications – individual is a qualified source.

Characteristics of a good audit evidence

- Timeliness – balance sheet account evidence is better when it is collected around the date of the financial statement. Income statement evidence should sample entire period.

Types Audit Evidence

- Physical examination
- Confirmations
- Documentation
- Analytical Procedures
- Inquiries of the Client
- Reperformance
- Observation

Documenting audit evidence

Working papers provide the principal record that the audit has conformed to ISAs.
Also provide information for deciding on the proper report

Permanent File

Information that is relevant for multiple years on recurring engagements

Current File

Information relevant for a given audit client for a particular audit year.

Typical Working Paper Format

Headings – audit client name, year under audit, etc.

Indexing – arrange papers in some common order.

Tick marks – symbols to key a footnote to an item.

Sign-off – indicates auditors that prepare and review.

Review of audit-ISA 220



- A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report.
- Engagement quality review is mandatory for all listed entity

Review of audit-ISA 220

- The engagement partner conducts timely reviews throughout the engagement to identify and resolve significant matters.
- All audit work is reviewed by senior team members
- Engagement partner ensures there is sufficient appropriate audit evidence to support audit report

Communicating audit findings to the management-ISA 265

- Communicate to the management/or those in charge of governance through a Management Letter
- Include the significant findings , impact of the weaknesses and recommendation of how the entity can cover the weakness

DOCUMENTATION

- Oral communication must be documented
- Written communication must be retained

Remember

If it is not documented it was not done



END

Questions