

WRITTEN REPRESENTATION – (S.L.Au.S – 580)

A) Introduction

Auditor needs to devote the full effort to obtain the audit evidences from the external sources. This is because the evidences obtained from the external sources are more reliable than the audit evidence obtained from the internal sources.

However, there are situations where the Auditor is unable to obtain sufficient and appropriate audit evidences from the external sources with regard to material information of the Financial Statements. In that context, Auditor needs to obtain audit evidences from the internal sources. All these evidences need to be obtained in the written format.

B) What are Written Representations?

"A written statement by the Management provided to the auditor to confirm certain matters or to support other audit evidences"

Management will provide Written Representation in two occasions

- A) As a response for the questions raised by the Auditor
- B) As a part of the audit requirement

C) Procedures to follow obtaining the Written Representations

- 1) Whether the party, who provides the Management Representation to the Auditor is a party who has an in-depth understanding of the subject matter referred in the Representation.
- 2) Whether the information contained in the Written Representation is in line with the other audit evidences obtained while performing the audit.

In the case of identified inconsistencies between one or more written representations and audit evidence obtained from another source, the auditor needs to consider whether the Risk Assessment is appropriate and to determine the impact to the planned audit procedures

D) Requested Written Representations Not Provided

If management does not provide one or more of the requested written representations, the auditor shall:

- (a) Discuss the matter with management.
- (b) Re-evaluate the integrity of management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general; and
- (c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report