

SLAuS 230 : Audit Documentation

AAT Level III Financial Control & Audit (FCA)

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8. DOCUMENTATION (SLAuS 230)

8.1 Introduction

The auditor should document matters which are important in providing audit evidence to support the auditor's opinion and evidence that the audit was carried out in accordance with SLAuSs.

“Documentation”

-the material (working papers) prepared by and for, or obtained and retained by the auditor in connection with the performance of the audit.

Working papers may be in the form of data stored on paper, film, electronic media or other media.

Benefits of Working papers

- (a) Assist in the planning and performance of the audit
- (b) Assist in the supervision and review of the audit work
- (c) Record the audit evidence resulting from the audit work performed to support the auditor's opinion

8.2 Form and Content of Working Papers

The auditor should prepare working papers which are **sufficiently complete and detailed** to provide an overall understanding of the audit. **The auditor should record in the working papers,**

- (i) information on planning the audit
- (ii) the nature, timing and extent of the audit procedures performed and the results thereof
- (iii) the conclusions drawn from the audit evidence obtained

The extent of working papers is a matter of professional judgment since it is neither necessary nor practical to document every matter the auditor considers.

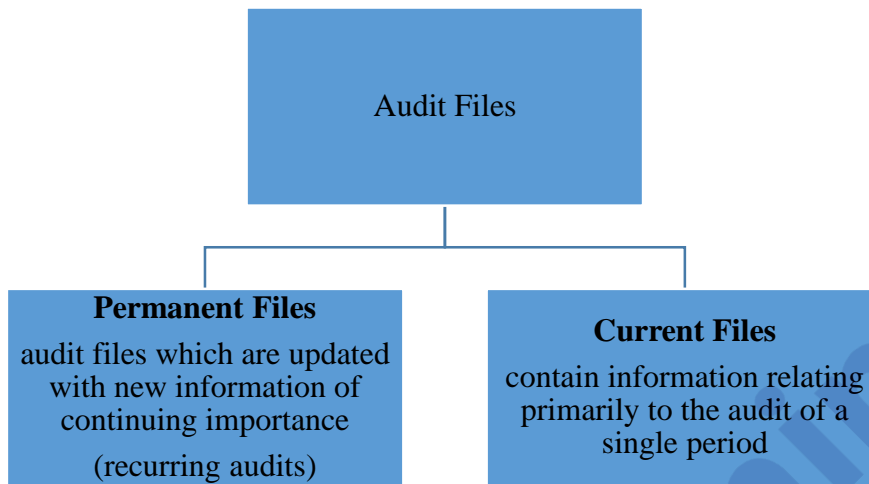
Matters that affect the form and content of working papers

- Nature of the engagement
- Form of the auditor's report
- Nature, size and complexity of the business
- Nature and complexity of the entity's internal control

- Needs in the particular circumstances for direction, supervision and review of work performed by assistants
- Specific audit methodology and technology used in the course of the audit

Working papers ordinarily include the following:

- Information obtained in understanding the entity and its environment, including its internal control
 - Information concerning the legal and organizational structure of the entity
 - Extracts or copies of important legal documents, agreements and minutes
 - Information concerning the industry, economic environment and legislative environment of the entity
 - Extracts from the entity's internal control manual
- Evidence of the planning process including audit programs and any changes thereto
- Evidence of the auditor's consideration of the work of internal auditing and conclusions reached
- Analyses of transactions and balances
- Analyses of significant ratios and trends
- Identified and assessed risks of material misstatements at the financial statement and the assertion level
- Nature, timing and extent of audit procedures performed in response to risks at the assertion level and the results of such procedures
- Evidence that the work performed by assistants was supervised and reviewed
- An indication as to who performed the audit procedures and when they were performed
- Details of audit procedures applied regarding components whose financial statements are audited by another auditor
- Copies of communications with other auditors, experts and other third parties
- Copies of letters or notes concerning audit matters communicated to or discussed with management or those charged with governance, including the terms of the engagement and material weaknesses in internal control.
- Letters of representation received from the entity.
- Conclusions reached by the auditor concerning significant aspects of the audit, including how exceptions and unusual matters, if any, disclosed by the auditor's procedures were resolved or treated.
- Copies of the financial statements and auditor's report



8.3 Confidentiality, Safe Custody, Retention and Ownership of Working Papers

The auditor should adopt appropriate procedures for maintaining the confidentiality and safe custody of the working papers and for retaining them for a period sufficient to meet the needs of the practice and in accordance with legal and professional requirements of record retention.

Working papers are the property of the auditor. Although portions of or extracts from the working papers may be made available to the entity at the discretion of the auditor, they are not a substitute for the entity's accounting records.

