

SA 580 - Written Representation

WR is **written statement** by Mgt provided to auditor to **confirm certain matters** or to **support** other audit evidence. It do not include FS, assertions or supporting books

WR as audit evidence

- WR is **necessary evidence**. If auditor has **obtained WR** about a specific assertion **during audit**, it may be necessary to **request updated WR**
- Although WR provide audit evidence, they **do not provide SAAE on their own**. Fact that Mgt has provided reliable WR **does not affect nature of audit evidence** that auditor obtains

<p>WR about Mgt's responsibilities - involves -</p> <ul style="list-style-type: none">• Preparation of FS - Mgt may include qualifying language that WR is to best of its knowledge & belief. Auditor may accept, if he is satisfied that WR is made by those with appropriate responsibilities & knowledge• Info provided & completeness of transactions - Auditor shall WR that -<ul style="list-style-type: none">○ Mgt has provided auditor with all info & access as agreed in terms of engagement○ All transactions have been recorded & are reflected in FS <p>Why WR for Mgt responsibilities are necessary? Evidence obtained during audit is not sufficient without confirmation from Mgt. Because auditor is not able to judge solely on other evidence if Mgt has fulfilled its responsibility</p> <p>Auditor may ask Mgt to reconfirm acknowledgement & understanding of those responsibilities in WR in subsequent years when -</p> <ul style="list-style-type: none">• Terms were prepared in previous year• Changes in circumstances• Those who signed terms of engagement no longer have relevant responsibilities• There is any indication that Mgt misunderstands those responsibilities <p>Description of Mgt's responsibilities in WR It should be in manner same as these are described in terms of engagement</p>	<p>Date of WR</p> <ul style="list-style-type: none">• Date shall be as near as practicable to, but not after, date of report on FS• Because WR is necessary evidence, report cannot be dated, before date of WR• Because auditor is concerned with events occurring up to date of report <p>Period covered by WR</p> <ul style="list-style-type: none">• WR shall be for all FS period as Mgt needs to reaffirm that WR it made remain appropriate• When current Mgt was not present during all periods. This fact does not diminish responsibilities for FS as a whole• Accordingly, above requirement still applies <p>Form of WR</p> <ul style="list-style-type: none">• WR shall be rep letter addressed to auditor• If LGR requires Mgt to make written public statements & auditor determines that such statements provide WR required for Mgt responsibilities, then they need not be included in representation letter <p>Doubt as to reliability of WR</p> <ul style="list-style-type: none">• If WR is inconsistent with other evidence, auditor shall attempt to resolve matter• If matter remains unresolved, auditor shall reconsider assessment of competence, integrity, ethical values of Mgt & effect on reliability of WR & audit evidence in general• If auditor conclude that WR is not reliable, auditor shall take appropriate actions, including Disclaimer of opinion
<p>Requested WR not provided - Auditor shall -</p> <ul style="list-style-type: none">• Discuss matter with Mgt• Re-evaluate integrity of Mgt & effect on reliability of WR & audit evidence in general• Take appropriate actions, including requirement of disclaimer of opinion	