# Chapter - 4

# Audit Documentation

## [SA 230]

# Audit Documentation.

**Meaning**

Records of,
- A.P. Performed.
- A.E. obtained.
- conclusion on which auditor has reached.

**Nature**

Evidence
- of Basis for conclusion in Audit Report.
- Audit was planned and performed in Accordance with SAs and L&R Requirement.

**Purpose.**

[N-1]

NOTE-1 :- Purpose of A.D. :-

Purpose of A.D.
- It is guide for future Audit.
- E.T.M.
  - Assist To plan & perform Audit
  - Assist in direction & supervision of Audit work.
  - enabling Accountability for the work performed.
- enabling the conduct of inspection.
  - External inspection as per L&R
  - QCR and Inspection.

• Nature / Extent of A.D :-

A.D. to the Extent that experienced auditor shall Able to Determine.

→ NTE of A.P. Performed.

→ Results of A.P. Performe and A.E. Obtained.

→ signi. matter During audit, conclusion on which auditor Reached, APJ used to form conclusion, for Eg. ⊛

For E.g.

• issue arose Related to Treatment of interest ... company on it's

While Documenting NTE of A.P., auditor shall

- Identify the characteristic of item Tested.
- Who performed the work and Date of completion
- Who Reviewed the work and Date & extent of Review.

Factors → To Determine Nature & Extent of Documentation

B E S T P O E M

- E → Nature of Exception identified
- S → Size and complexity of audit
- T → Audit methodology & Tools used.
- P → Nature of A.P. Performed
- E → significance of AE obtained.
- M → identified ROMMS.

Need To Document → conclusion / Basis for conclusion → if Not Readily Determine from the A.D. & A.E. obtained.

• Nature / Extent of A.D :-

A.D. to the Extent that experienced auditor should Able to Determine.

→ NTE of A.P. Performed.

→ Results of A.P. Performed and A.E. obtained.

→ signi. matter During audit, conclusion on which auditor Reached, APJ used to form conclusion, for Eg. ⊛

For E.g.
• issue arose Related to Treatment of interest cost of company on it's Restructured loan Taken from Bank.
• issue Discussed with CFO and Resolved
• it should Document!

NTE of A.P., auditor shall

- Identify the characteristic of item Tested.
- Who performed the work and Date of completion
- Who Reviewed the work and Date & extent of Review.

Factors → To Determine Nature & Extent of Documentation

B E S T P O E M

- E → Nature of Exception identified
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Example of A.D.

- Audit programme
- checklist
- Analysis
- Issue memorandum
- letter of confirmation & Representation

## Audit File :-

one or more storage media, or folder in

physical (or) E form

comprising AD of particular Audit Egt.

Assembly of final Audit file → within 60 days from date of issue of audit Report. [As per SQC-1]

Retention period. → 7 years from the date of auditor's Report [As per SQC-1]

{Preparation of Audit file is An Administrative process.}

Changes, however be made in A.D. if they are in administrative in nature.

- Delete / Discard superceded Docs.
- Sorting / Collating / Cross Reference in working paper.
- Signing off completion checklist during final assembly process.

## Example of significant matter

- Audit procedure.
  - Circumstances causing difficulties in Applying A.P.
  - Results of A.P that indicates
    - MMS in FS
    - Need to Revise the previouse AROMM and Response to RISK.
- Matter of signi. RISK.
- Finding that Results in modificatio of opinion of auditor.

# Completion Memorandum

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Summary of A.D.

Summary of signi. matter arise during audit

&

How they were addressed.

**Benefits**

- Helps in Effective and efficient ~~Audit and~~ Review and inspection of AD
- Assist Auditor in Determining signi. matter,
- Helps auditor in consider whether any Individual SA's objective cannot achieve.

*Ownership of A.D. → Auditor*

Example of circumstances where Auditor need to docs his P.J. → Basis for conclusion. About

- that mgt. Judgement are Reasonable.
- Authenticity of docs. and further investigation is necessary as auditor believe that docs. are not authentic.

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Rational for conclusion that consideration of certain fact and info. is significant.

- The Documentation of Audit plan is Record of Planned NTE, of in Response To the Assesed RISK.

  RAP — FAP

  (a) Assertion level

Following things form Part of A.D. at planning phase

- Summary of Discussion with entity's KDM
- A.D. Access letter
- Reports
  - Auditor's Report
  - other Report as specified in E.L.
- other communi. or Agreement with mgt./TCWG regarding scope & Δ in scope of our sr.