SA-230 Audit Documentation

A.D refers to record of : [Also known as workpapers]

Audit Procedures performed
Audit evidences Obtained
&
Conclusions Reached

Includes

- Audit Program
- Analysis
- Confirmations & representations
- Checklist
- Correspondence on significant matters

(+) Entity (contracts / Agreements)

Exclusions :

Superseded drafts of workpapers & FS, notes reflecting incomplete / preliminary thinking

kami

Documents

Previous copies corrected for typographical or other errors

galti

Duplicate copies

Zyada

Objective Of Auditor

Humare (a) Sufficient & Appropriate

RECORD ↓ BASIS ↓ Audit Report

Audit Program ↓ Audit evidence ↓ conclusion ↳ opinion → Audit Report

(b) Dusro Evidence ↓ Audit was planned & performed as per SAs.

Nature of Audit Documentation

(a) Evidence of ↓ Basis for ↓ conclusion about achievement of overall Objective of Audit

{R A. → opinion ↓ Report & as per SAs}

(b) Same as above

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Purpose of Audit Documentation

② Plan & Perform Audit

③ Direct, Supervise work and discharge Review responsibilities

Conduct of

Quality control reviews as per SQC-1

external inspections as per legal requirements

① Retaining record of matters of continuing significance of future audit (aghe kabhi kaam aa sakte)

Eg: Rent exp → Agreement [5 yrs validity] ↓ Next Audit ↓ use ✓

{Trivia : OAS 1 (scope)}

Q) What should experienced auditor [No connection with audit] understand from A.D. ?

a) NTE of procedures performed

b) Results of a Audit procedures performed & audit evidence obtained

c) Conclusions reached & significant matters & significant professional judgements

Factors affecting form, Content & Extent of A.D.

Nature of Audit procedures performed

↓

Audit methodology and tools used.

Significance of audit evidences obtained

[Conclusion
✓
x]

Need to document
- conclusion ✓

or

- basis for conclusion

not determinable form [X]

work performed or evidence obtained

Size and complexity of

↑ ↑

Identified ROMM

↑↑

{ROMM → DRT ↓ Testing ↑}

Nature & extent of exceptions identified

Books of A/c	Confirmation
xxx	xxx

Differences

Detail SA-505

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Examples of Significant Matters → Document

1) Significant difficulty in applying audit procedures.

{ Cr. Balance XXX → Confirmation → Mandatory
↓
✓ invalid Reason
✗ Valid }

2) Results of Audit Procedures that indicate:
→ F.S. could be materially misstated
→ Revise ROMM ↑ & Auditors Response to Assessed Risk (FAP)

{ Change in Plan (3)
TODS → P.O.X → Purchase controls ↓
↓
FAP ← ROMM ↑ ← CR ↑
Testing }

3) Matters giving rise to significant Risks (complex FROUD)

4) Findings that could result in

Modification to Opinion

EOM Para

in Audit Report

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Significant Risks (ROMMA)

consider/ Examples

{Complex FROUD}

① Complexity of transactions

Acquire subsy → Purchase consideration F.V

Cash + Equity + contingent consideration

₹ F.V. after 3 years dependent on Subsidy profits

Whether Risk

- is Risk of Fraud
- involves significant transaction
  - with Related Parties {IAS 18 → R.P. → Disclosex}
  - Outside Normal Course of Business or Unusual
    - Parth
    - {10% OH 50% OH + Shradh ✗ [WCOB] Disclose}
- related to recent significant economic or accounting/other development like changes in laws etc. {OAS 3}

⑥ Degree of subjectivity in accounting estimates having wide range of measurement uncertainty

A.D. on use of Significant Professional Judgement

↓

Basis for auditor's conclusion

- When (SA) requirement provides "Auditor Shall Considers certain Factors"
- Reasonableness of Areas of Subjective Judgement
- Authenticity of documents when future investigation
  - use of expert
  - confirmation pro.

  done in response to doubtful conditions.

Completion Memorandum / A.D. Summary

- Describe → significant matters identified & → how they were addressed

Benefit
- Facilitates effective and efficient review
  Review of A.D. for large and complex audits

Auditor
- Assists auditor to consider sig. matters
- Helps auditor to know if any SA's objective not achieved
  ↓
  preventing in achieving overall objective of audit

Timely Preparation of Audit Documentation

Timely Basis

- To enhance audit quality

&

- Facilitate effective review or evaluation of audit evidence and conclusion before Audit Report is finalised

Bhool Jayenge

After ~~work~~ performed

Documentation after work performed shall be less accurate than doc. prepared at time when work performed

Audit File

- One/more folder/shortage media (Physical/electronic)
- Contains records of A.D.

Assembly of Audit File

- Auditor shall assemble A.D. in audit file and complete administrative process on timely basis, After the Audit Report.
- SQC 1 requires firms to establish policies and procedures for timely completion of assembly of audit file.

Time limit : complete assembly of audit file is not more than 60 days from the date of A/R

Not allowed : It's Admin process that does NOT involve New

Audit Procedures or Conclusions
×   ×

What's allowed ?
Changes of administrative nature can be made to Audit documentation

Examples of such changes : (SSD²)

1) Sorting, collating and cross referencing work papers

2) Signing off on completion checklist for assembly of file

3) Deleting / discarding superseded documents

4) Documenting audit evidence, auditor obtained, discussed, agreed with engagement team ~~after~~ Before date of A/R

Retention : After assembly is completed, don't delete/discard any A.D. before end of retention period.

- As per SQC 1, retention period is 7

years from date of A/R or Group of A/R, if later

Summary

Assembly of Audit File

[Administrative process: completed on timely basis after date of A/R]

↓

SQC 1 Firm P & P

↓

60 days from date of A/R

+

Admin. process

× New — Pro. / Concl.

✓ Admin change — SSD 2

Retentions

- × Delete / discard any doc. before retention period

↓

7 years from date of A/R or Group A/R, if later