

SA-230

Audit Documentation

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

Audit Procedures performed & Audit evidence 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Superseded drafts of workpapers & FS, notes reflecting incomplete / preliminary thinking

Documents

Previous copies corrected for typographical or other errors

Duplicate copies

Zyada

Objective Of Auditor

Human

(a)

Sufficient & appropriate

(b)

Other

Evidence



Audit was planned & performed as per SA's

Audit Program

↓
Audit evidence

↓
conclusion

→ Opinion

RECORD



BASIS



Audit Report

Nature of Audit Documentation

(a)

Evidence of



Basis for



conclusion about

achievement of overall Objective of Audit

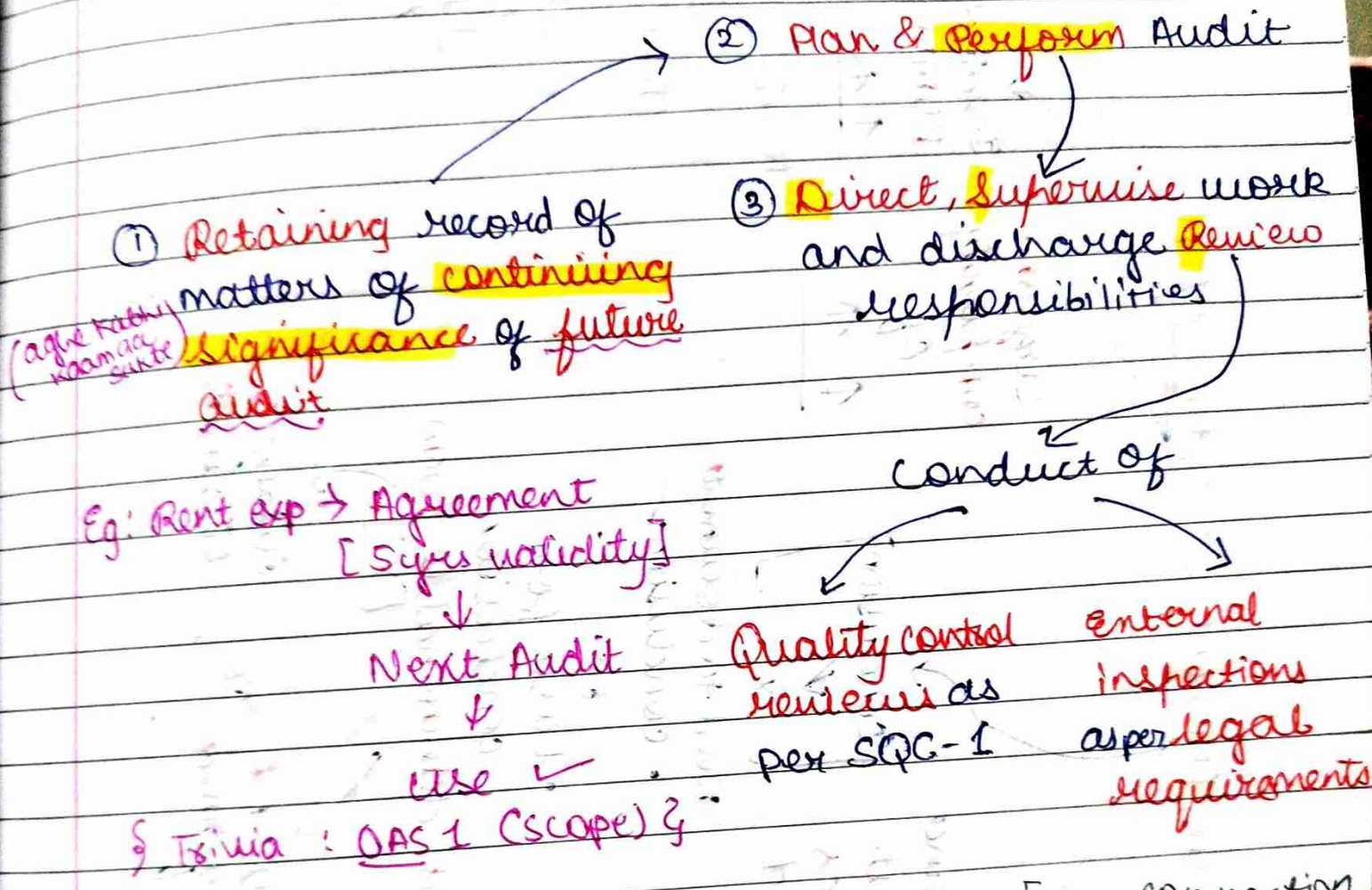
(b)

Same as above

{ R.A. → Opinion }

{ Report & as per SA's }

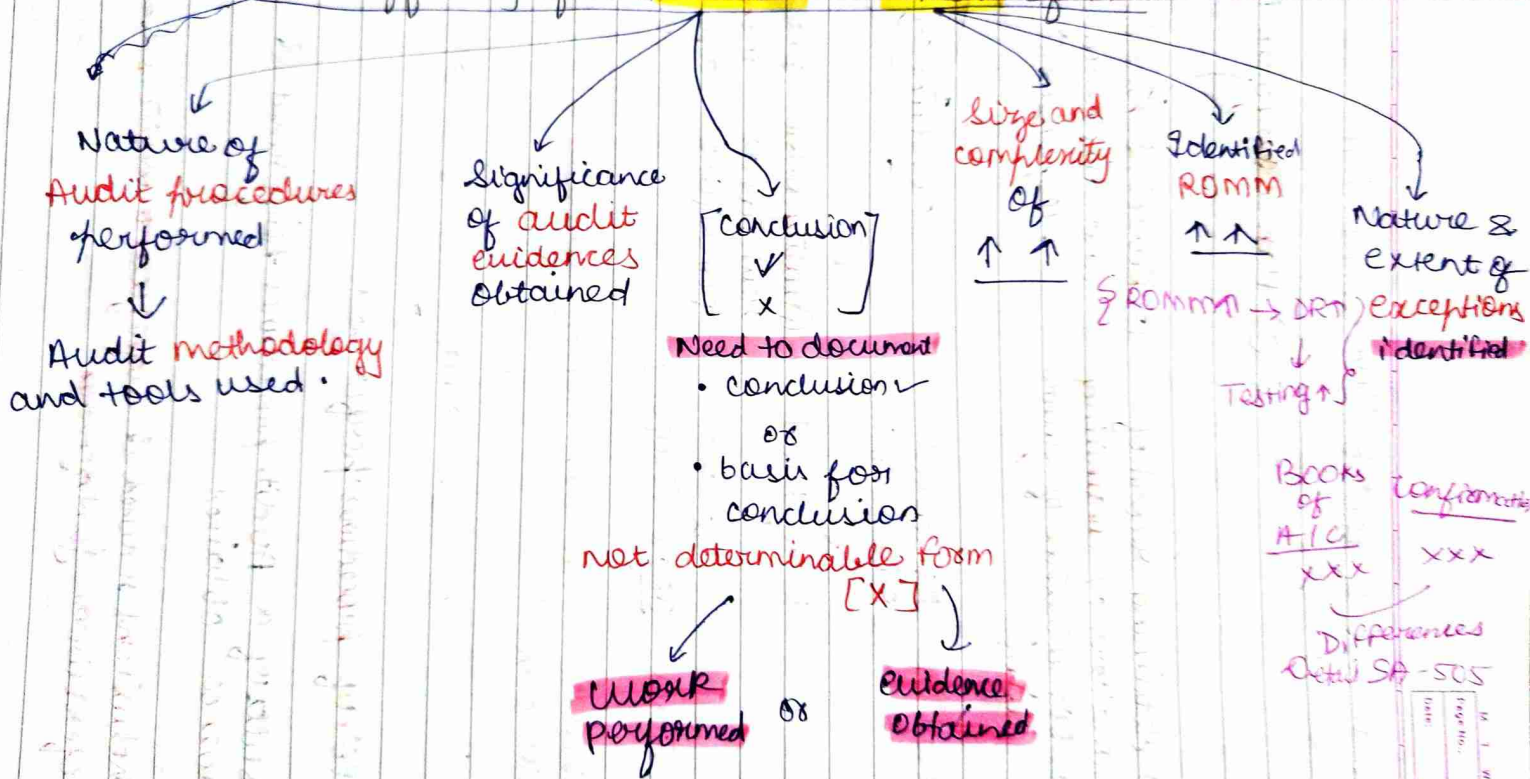
Purpose of Audit Documentation



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

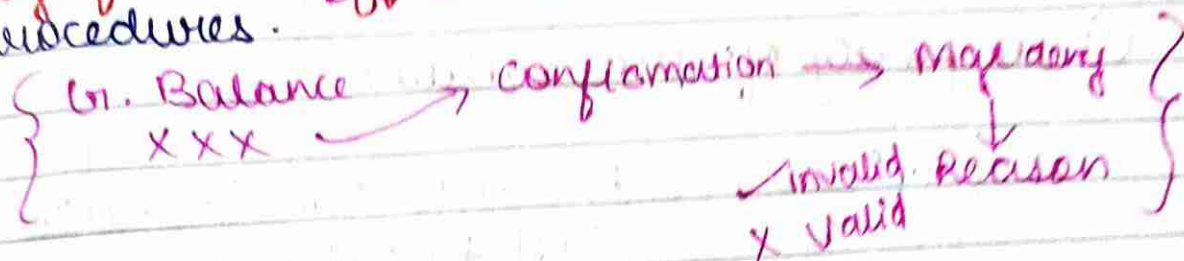
- NTE of procedures performed
- Results of a Audit procedures performed & audit evidence obtained
- Conclusions reached & significant matters & significant professional judgements

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



Examples of Significant matters → Concern

1) Significant difficulty in applying audit procedures.



2) Results of Audit Procedures that indicate:

→ F.S. could be materially misstated (not)
→ Revise ROMM ↑ & Auditor's Response to Assessed Risk

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

EDM Para

in Audit Report

Significant Risks (ROMM)

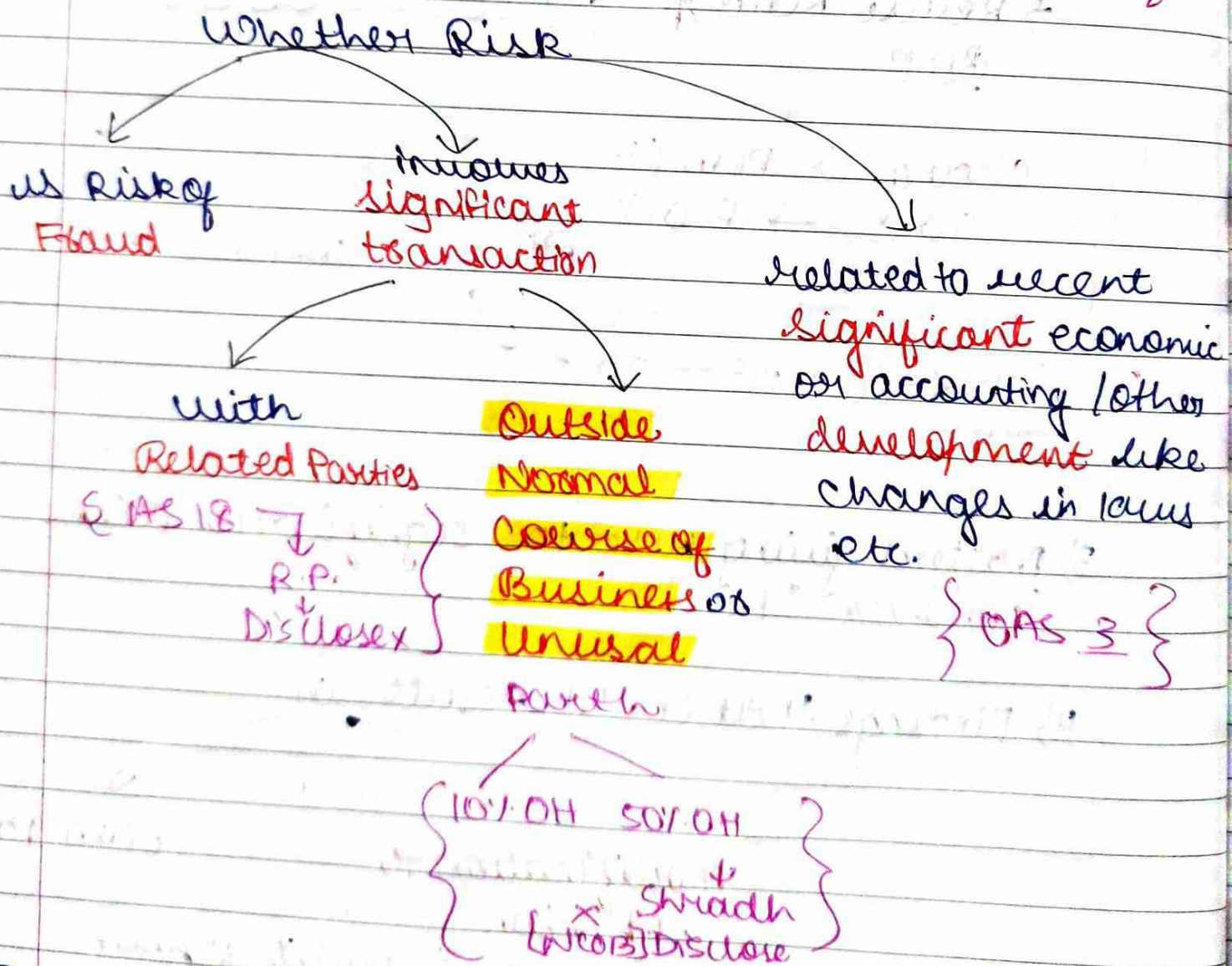
consider/ Examples

{Complex TROUD}

① Complexity of transactions

Acquire suby → Purchase Consideration

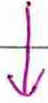
Cost + Equity + Contingent consideration F.V.
 £ F.V. after 3 years dependent on
 - Subsidy profits



② Degree of subjectivity in accounting estimates having wide range of measurement uncertainty

AUTO Fare

A.D. on use of Significant Professional Judgement



Basis for auditor's conclusion

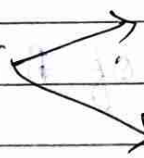
When (SA) requirement provides "Auditor shall consider certain Factors."

Reasonableness of Areas of Subjective Judgement

Authenticity of documents when future investigation is required. { 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

 Auditors

- 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

Audit File

- One / more folder / storage 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.

Bhool
 Jayenge
~~After work performed~~

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

Time limit: Complete assembly of audit file in 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
X X

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 date of A/R
Before

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

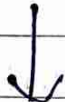
• As per SQC 1, retention period is 7

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 From P. & P



60 days from date of A/R

(+)

Admin. process

Proo. concl.
New
Admin changes
SSD 2

Retentions

- X Delete / discard any doc. before retention period.



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