The International Standard on Auditing (ISA) 230 (Redrafted) defines audit documentation (often referred to as ‘working papers’) as: ‘The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditors reached’.
judgements made. This requirement – to the auditors) they must document the professional significant professional judgement (on the part of additionally, where such matters are related to significant matters arising from the audit. In forming such judgement, they must therefore consider and document the significant matters arising from the audit. Additionally, where such matters are related to significant professional judgement (on the part of the auditors) they must document the professional judgements made. This requirement – to

- For an observation procedure, the auditor may record the nature of the procedure, where and when it was carried out, the individuals involved, and their respective responsibilities.
- For a procedure requiring the selection of all items with specific attributes in a given population, the auditor may record the score of the procedure, and identify the population (for example, all credit notes issued over a certain monetary amount for specified month).
- For a procedure enquiring into employees of the audited entity, the auditor may record the dates of the inquiries and the job titles of the employees.

Clearly, having set out tests to meet specified audit objectives, test results should be clearly documented. Similarly, the results of investigations into exceptions or inconsistencies must be clearly recorded, so that they can be clearly understood by the reviewer.

Students should understand that audit documentation is not limited solely to records prepared by the auditors. It may include other appropriate records, such as minutes of meetings prepared by the entity’s personnel and agreed by the auditor, or perhaps copies of relevant important correspondence addressed to, or sent by employees of the entity.

**CONCLUSION**

When assessing how important it is for an audit firm to maintain adequate documentation for all audit engagements, students should focus on the extent to which an audit firm relies on working papers prepared. This reliance is not limited to the importance placed on them in allowing the audit firm to arrive at a conclusion about the truth and fairness of financial statements – it extends as well to reliance on the fact that they have been prepared in a professional manner to defend any subsequent allegations that the audit firm has acted negligibly in the event of an alleged audit failure.

By following the procedures and guidance set out in ISA 230, audit firms should be assured that audit documentation has been prepared in a professional manner.

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