

Agenda Item 2-D

MAPPING DOCUMENT

This mapping document demonstrates how the material in the extant ISA 230 (*incorporating amendments to conform to the revised Preface as discussed at the Montreal meeting*) has been reflected in the proposed redrafted ISA. Highlighted material identifies material that is proposed to be deleted.

Extant ISA 230	New Para	Comments
Introduction		
1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance on audit documentation. The Appendix lists other ISAs containing subject matter-specific documentation requirements and guidance. The specific documentation requirements of other ISAs do not limit the application of this ISA. Laws or regulations may establish additional documentation requirements.	1	
2. The auditor should prepare, on a timely basis, audit documentation that provides: (a) A sufficient and appropriate record of the basis for the auditor's report; and (b) Evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.	4, 6	
3. Audit documentation that meets the requirements of this ISA together with the specific documentation requirements of other relevant ISAs provides evidence of the auditor's basis for a conclusion about the achievement of the overall objective of the auditor. Preparing sufficient and appropriate audit documentation on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before the auditor's report is finalized. Documentation prepared at the time the work is performed is likely to be more accurate than documentation prepared subsequently.	2 A1	

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<p>4. In addition to the above, audit documentation serves a number of purposes, including:</p> <ul style="list-style-type: none"> (a) Assisting the audit team to plan and perform the audit; (b) Assisting members of the audit team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities in accordance with ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information;” (c) Enabling the audit team to be accountable for its work; (d) Retaining a record of matters of continuing significance to future audits; (e) Enabling an experienced auditor to conduct quality control reviews and inspections¹ in accordance with ISQC 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements;” and (f) Enabling an experienced auditor to conduct external inspections in accordance with applicable legal, regulatory or other requirements. 	2	<p>The reference to “experienced <i>auditor</i>” has been changed to “experienced <i>reviewer</i>” to acknowledge that there may be a broader range of reviewers, including regulators. The definition remains unchanged.</p>
<p>Definitions</p> <p>5. In this ISA:</p> <ul style="list-style-type: none"> (a) “Audit documentation” means the record of audit procedures performed,² relevant audit evidence obtained, and conclusions the auditor reached (terms such as “working papers” or “workpapers” are also sometimes used); and (b) “Experienced auditor” means an individual (whether internal or external to the firm) who has a reasonable understanding of (i) audit processes, (ii) ISAs and applicable legal and regulatory requirements, (iii) the business environment in which the entity operates, and (iv) auditing and financial reporting issues relevant to the entity’s industry. 	5	<p>Footnote 2 deleted as explanation unnecessary.</p> <p>See explanation above for the change from “experienced auditor” to “experienced reviewer”.</p>

¹ As defined in ISA 220 (Revised).

² Audit procedures performed include audit planning, as addressed in ISA 300, “Planning an Audit of Financial Statements.”

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Nature of Audit Documentation 6. Audit documentation may be recorded on paper or on electronic or other media. It includes, for example, audit programs, analyses, issues memoranda, summaries of significant matters, letters of confirmation and representation, checklists, and correspondence (including e-mail) concerning significant matters. Abstracts or copies of the entity's records, for example, significant and specific contracts and agreements, may be included as part of audit documentation if considered appropriate. Audit documentation, however, is not a substitute for the entity's accounting records. The audit documentation for a specific audit engagement is assembled in an audit file.	A3	
7. The auditor ordinarily excludes from audit documentation superseded drafts of working papers and financial statements, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.	A4	
Form, Content and Extent of Audit Documentation 8. The auditor should prepare the audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand: (a) The nature, timing, and extent of the audit procedures performed to comply with ISAs and applicable legal and regulatory requirements; (b) The results of the audit procedures and the audit evidence obtained; and (c) Significant matters arising during the audit, and significant professional judgments made in reaching conclusions thereon.	7	
9. The form, content and extent of audit documentation depend on factors such as: <ul style="list-style-type: none"> • The nature of the audit procedures to be performed; • The identified risks of material misstatement; 	A2	

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<ul style="list-style-type: none"> • The significance of the audit evidence obtained; • The nature and extent of exceptions identified; • The need to document a conclusion or the basis for a conclusion not readily determinable from the documentation of the work performed or audit evidence obtained; and • The audit methodology and tools used. 		
<p>10. Oral explanations by the auditor, on their own, do not represent adequate support for the work the auditor performed or conclusions the auditor reached, but may be used to explain or clarify information contained in the audit documentation.</p>	A5	
<p>Documentation of the Audit Procedures Performed and Audit Evidence Obtained</p> <p><i>Documentation of Compliance with the Requirements of ISAs</i></p> <p>11. It is important that audit documentation provides evidence that the audit complies with the requirements of the ISAs. However, it is neither necessary nor practicable for the auditor to document every matter considered in an audit. Further, it is unnecessary for the auditor to document separately compliance with matters for which compliance is self-evident within the audit file, or to maintain a checklist to record compliance with every requirement. For example, in most cases, the existence of an adequately documented audit plan demonstrates that the auditor has planned the audit.</p>	A7	
<p><i>Documentation of Departure from a Requirement</i></p> <p>12. [As explained in [Proposed] ISA 200, “Overall Objective of the Independent Auditor, and Fundamental Concepts Relevant to an Audit of Financial Statements,”] the objectives and requirements in ISAs are designed to assist in meeting the overall objective of the auditor. Accordingly, other than in exceptional circumstances, the auditor complies with each requirement that is relevant in the circumstances of the audit.</p>	A16	
<p>13. Where, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement, the auditor should document how the alternative audit procedures performed achieve</p>	10	

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<p>the aim of that requirement, and, unless otherwise clear, the reasons for the departure.</p> <p>This involves the auditor documenting how the alternative audit procedures were sufficient and appropriate to replace that requirement.</p>	A16	
<p>14. The documentation requirement applies only to requirements that are relevant in the circumstances. As explained in ISA 200, a requirement is not relevant only in the cases where:</p> <p>(a) The ISA is not relevant (e.g., in a continuing engagement, nothing in ISA 510, “Initial Engagements—Opening Balances,” is relevant); or</p> <p>(b) The circumstances envisioned do not apply because the requirement is conditional and the condition does not exist (e.g., the requirement to modify the auditor’s opinion where there is a limitation of scope, and there is no such limitation).</p>	A17	
<p><i>Documentation of the Identifying Characteristics of Specific Items or Matters Being Tested</i></p> <p>15. In documenting the nature, timing and extent of audit procedures performed, the auditor should record the identifying characteristics of the specific items or matters being tested.</p>	11(a)	
<p>16. Recording the identifying characteristics serves a number of purposes. For example, it enables the audit team to be accountable for its work and facilitates the investigation of exceptions or inconsistencies. Identifying characteristics will vary with the nature of the audit procedure and the item or matter being tested. For example:</p> <ul style="list-style-type: none"> • For a detailed test of entity-generated purchase orders, the auditor may identify the documents selected for testing by their dates and unique purchase order numbers. • For a procedure requiring selection or review of all items over a specific amount from a given population, the auditor may record the scope of the procedure and identify the population (for example, all journal entries over a specified amount from the journal register). • For a procedure requiring systematic sampling from a population of documents, the auditor may 	A18	

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<p>identify the documents selected by recording their source, the starting point and the sampling interval (for example, a systematic sample of shipping reports selected from the shipping log for the period from April 1 to September 30, starting with report number 12345 and selecting every 125th report).</p> <ul style="list-style-type: none"> For a procedure requiring inquiries of specific entity personnel, the auditor may record the dates of the inquiries and the names and job designations of the entity personnel. For an observation procedure, the auditor may record the process or subject matter being observed, the relevant individuals, their respective responsibilities, and where and when the observation was carried out. 		
<p>Documentation of Significant Matters and Professional Judgment</p> <p>17. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Significant matters include, amongst others:</p> <ul style="list-style-type: none"> Matters that give rise to significant risks (as defined in ISA 315, “Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment”). Results of audit procedures indicating (a) that the financial information could be materially misstated, or (b) a need to revise the auditor’s previous assessment of the risks of material misstatement and the auditor’s responses to those risks. Circumstances that cause the auditor significant difficulty in applying necessary audit procedures. Findings that could result in a modification to the auditor’s opinion. 	A10	
<p>18. An important factor in determining the form, content and extent of audit documentation is the extent of professional judgment required in performing the work and evaluating the results. Documentation that provides an understanding of the professional judgments made, where significant, serves to explain the auditor’s conclusions and to reinforce the quality of the judgment. Such matters are of particular interest to those responsible for reviewing audit documentation, including those carrying out subsequent audits when reviewing matters of continuing significance (e.g., when performing a retrospective review of accounting</p>	A8	

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estimates).		
<p>19. Matters for which the auditor may consider it appropriate to prepare audit documentation relating to the use of professional judgment include:</p> <ul style="list-style-type: none"> • Those matters considered by the auditor that were important in forming the relevant professional judgment when a requirement provides that the auditor 'should consider' certain information or factors. • The basis for the auditor's conclusions where the auditor considered it necessary to obtain further audit evidence by performing significant further audit procedures in addition to those necessary to meet the requirements of an ISA. • The basis for the auditor's conclusion on the reasonableness of areas of subjective judgments (e.g., the reasonableness of significant accounting estimates). • The basis for the auditor's conclusions about the authenticity of a document when further investigation is undertaken in response to conditions identified during the audit that caused the auditor to believe that the document may not be authentic. 	A9	
<p>20. The auditor may consider it helpful to prepare and retain as part of the audit documentation a summary (sometimes known as a completion memorandum) that describes the significant matters identified during the audit and how they were addressed, or that includes cross-references to other relevant supporting audit documentation that provides such information. Such a summary may facilitate effective and efficient reviews and inspections of the audit documentation, particularly for large and complex audits. Further, the preparation of such a summary may assist the auditor's consideration of the significant matters, as well as the auditor's consideration of the achievement of the objectives specified in relevant ISAs.</p>	A11	
<p>21. The auditor should document discussions of significant matters with management and others on a timely basis.</p>	8	
<p>22. The audit documentation includes records of the significant matters discussed, and when and with whom the discussions took place. It is not limited to records prepared by the auditor but may include other</p>	8, A12	

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appropriate records such as agreed minutes of meetings prepared by the entity's personnel. Others with whom the auditor may discuss significant matters include those charged with governance, other personnel within the entity, and external parties, such as persons providing professional advice to the entity.		
23. If the auditor has identified information that contradicts or is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor should document how the auditor addressed the contradiction or inconsistency in forming the final conclusion.	9	
24. The documentation of how the auditor addressed the contradiction or inconsistency, however, does not imply that the auditor needs to retain documentation that is incorrect or superseded.	A13	
Identification of Preparer and Reviewer 25. In documenting the nature, timing and extent of audit procedures performed, the auditor should record: (a) Who performed the audit work and the date such work was completed; and (b) Who reviewed the audit work performed and the date and extent of such review.³	11(b)-(c)	
26. The requirement to document who reviewed the audit work performed does not imply a need for each specific working paper to include evidence of review. The audit documentation, however, evidences who reviewed specified elements of the audit work performed and when.	A19	

³ Paragraph 26 of ISA 220 (Revised) establishes the requirement for the auditor to review the audit work performed through review of the audit documentation, which involves the auditor documenting the extent and timing of the reviews. Paragraph 25 of ISA 220 (Revised) describes the nature of a review of work performed.

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Assembly of the Final Audit File 27. The auditor should complete the assembly of the final audit file on a timely basis after the date of the auditor's report.	12	
28. ISQC 1 requires firms to establish policies and procedures for the timely completion of the assembly of audit files. As ISQC 1 indicates, 60 days after the date of the auditor's report is ordinarily an appropriate time limit within which to complete the assembly of the final audit file.	A20	
29. The completion of the assembly of the final audit file after the date of the auditor's report is an administrative process that does not involve the performance of new audit procedures or the drawing of new conclusions. Changes may, however, be made to the audit documentation during the final assembly process if they are administrative in nature. Examples of such changes include: <ul style="list-style-type: none"> • Deleting or discarding superseded documentation. • Sorting, collating and cross-referencing working papers. • Signing off on completion checklists relating to the file assembly process. • Documenting audit evidence that the auditor has obtained, discussed and agreed with the relevant members of the audit team before the date of the auditor's report. 	A21	
30. After the assembly of the final audit file has been completed, the auditor should not delete or discard audit documentation before the end of its retention period.	13	
31. ISQC 1 requires firms to establish policies and procedures for the retention of engagement documentation. As ISQC 1 indicates, the retention period for audit engagements ordinarily is no shorter than five years from the date of the auditor's report, or, if later, the date of the group auditor's report.	A22	
32. When the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor should,	14	

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<p>regardless of the nature of the modifications or additions, document:</p> <ul style="list-style-type: none"> (a) When and by whom they were made, and (where applicable) reviewed; (b) The specific reasons for making them; and (c) Their effect, if any, on the auditor's conclusions. 		
<p>Changes to Audit Documentation in Exceptional Circumstances after the Date of the Auditor's Report</p> <p>33. When exceptional circumstances arise after the date of the auditor's report that require the auditor to perform new or additional audit procedures or that lead the auditor to reach new conclusions, the auditor should document:</p> <ul style="list-style-type: none"> (a) The circumstances encountered; (b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached; and (c) When and by whom the resulting changes to audit documentation were made, and (where applicable) reviewed. 	15	
<p>34. Such exceptional circumstances include the discovery of facts regarding the audited financial information that existed at the date of the auditor's report that might have affected the auditor's report had the auditor then been aware of them.</p>	A23	
<p>Effective Date</p> <p>35. This ISA is effective for audits of financial information for periods beginning on or after [Date].⁴</p>	3	

⁴ This effective date will not be earlier than December 15, 2008.