

INTERNATIONAL STANDARD ON AUDITING 230 (REVISED)

AUDIT DOCUMENTATION

(Effective for audits of financial information for
periods beginning on or after ~~June 15, 2006~~[Date])

[Mark-up of Extant ISA 230 Conformed to Revised Preface as discussed in Montreal]

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International Standard on Auditing (ISA) 230 (Revised), "Audit Documentation," should be read in the context of the "Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services," which sets out the application and authority of ISAs.

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.
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.**
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.
- ~~4. Compliance with the requirements of this ISA together with the specific documentation requirements of other relevant ISAs is ordinarily sufficient to achieve the objectives in paragraph 2.~~
- ~~54.~~ In addition to ~~these objectives above~~, audit documentation serves a number of purposes, including:
 - (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.

¹ As defined in ISA 220 (Revised).

Definitions

65. In this ISA:

- (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.

Nature of Audit Documentation

76. 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.

87. 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.

Form, Content and Extent of Audit Documentation

98. 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 the significant professional judgments made in reaching conclusions reached thereon.

109. The form, content and extent of audit documentation depend on factors such as:

- The nature of the audit procedures to be performed;
- The identified risks of material misstatement;
- ~~The extent of judgment required in performing the work and evaluating the results;~~

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

- 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.

~~It is, however, neither necessary nor practicable to document every matter the auditor considers during the audit.~~

- 10~~1~~. 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.

Documentation of the Audit Procedures Performed and Audit Evidence Obtained ~~Identifying Characteristics of Specific Items or Matters Being Tested~~

Documentation of Compliance with the Requirements of ISAs

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.

Documentation of Departures from ~~a Requirement~~ Basic Principles or Essential Procedures

- 20~~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 basic principles and essential procedures~~ in ISAs are designed to assist the auditor in meeting the overall objective of the audit~~or~~. Accordingly, other than in exceptional circumstances, the auditor complies with each requirement basic principle and essential procedure that is relevant in the circumstances of the audit.

- 24~~13~~. **Where, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement~~basic principle or an essential procedure that is relevant in the circumstances of the audit~~, the auditor should document how the alternative audit procedures performed achieve the aim of that requirement~~objective of the audit~~, and, unless otherwise clear, the reasons for the departure.** This involves the auditor documenting how the alternative audit procedures ~~performed~~ were sufficient and appropriate to replace that ~~basic principle or essential procedure~~ requirement.

- 22~~14~~. The documentation requirement ~~does not apply~~ only to requirements basic principles and essential procedures that are ~~not~~ relevant in the circumstances. As explained in ISA 200, a requirement is not relevant only in the cases where, i.e., where the circumstances envisaged in the specified basic principle or essential procedure do not apply. For example, in a continuing engagement, nothing in ISA 510, "Initial Engagements—Opening Balances," is relevant. Similarly, if an ISA includes conditional requirements, they are not relevant if the

~~specified conditions do not exist (for example, the requirement to modify the auditor's report where there is a limitation of scope).~~

- ~~(a) The ISA is not relevant (e.g., in a continuing engagement, nothing in ISA 510, "Initial Engagements—Opening Balances," is relevant); or~~
- ~~(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).~~

Documentation of the Identifying Characteristics of Specific Items or Matters Being Tested

~~152.~~ **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.**

~~163.~~ 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:

- 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 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).
- 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.

Documentation of Significant Matters and Professional Judgments

~~174.~~ Judging the significance of a matter requires an objective analysis of the facts and circumstances. Significant matters include, amongst others:

- Matters that give rise to significant risks (as defined in ISA 315, "~~Understanding the Entity and its Environment—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 ~~report~~ opinion.

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 estimates).

19. Matters for which the auditor may consider it appropriate to prepare audit documentation relating to the use of professional judgment include:

- 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.

2015. 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.

1621. **The auditor should document discussions of significant matters with management and others on a timely basis.**

1722. 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 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.

~~1823.~~ 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.

~~1924.~~ 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.

~~Documentation of Departures from Basic Principles or Essential Procedures~~

~~20.—MOVED TO BECOME PARAGRAPH 12.~~

~~21.—MOVED TO BECOME PARAGRAPH 13.~~

~~22.—MOVED TO BECOME PARAGRAPH 14.~~

Identification of Preparer and Reviewer

~~253.~~ 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

~~264.~~ 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.

Assembly of the Final Audit File

~~275.~~ The auditor should complete the assembly of the final audit file on a timely basis after the date of the auditor's report.

~~286.~~ 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.

~~2927.~~ 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:

- Deleting or discarding superseded documentation.
- Sorting, collating and cross-referencing working papers.

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.

- 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.

~~2830~~. 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.

~~3129~~. 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.

~~3230~~. 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, regardless of the nature of the modifications or additions, document:

- (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.**

Changes to Audit Documentation in Exceptional Circumstances after the Date of the Auditor's Report

~~331~~. 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:

- (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.**

~~342~~. 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.

Effective Date

~~353~~. This ISA is effective for audits of financial information for periods beginning on or after ~~June 15, 2006~~[Date].⁴

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

Appendix**Specific Audit Documentation Requirements and Guidance in Other ISAs**

The following lists the main paragraphs that contain specific documentation requirements and guidance in other ISAs:

- ISA 210, “Terms of Audit Engagements”–Paragraph [\[5\]](#);
- ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information”–Paragraphs [\[11–14, 16, 25, 27, 30, 31 and 33\]](#);
- ISA 240, “The Auditor’s Responsibility ~~iesy~~ [Relating](#) to ~~Consider~~ Fraud in an Audit of Financial Statements”–Paragraphs [44-47](#) ~~60 and 107–111~~;
- ISA 250, “Consideration of Laws and Regulations”–Paragraph [\[28\]](#);
- ISA 260, “Communication of Audit Matters with Those Charged with Governance”–Paragraph [\[16\]](#);
- ISA 300, “Planning an Audit of Financial Statements”–Paragraphs [11 and A17-A20](#) ~~22–26~~;
- ISA 315, “~~Understanding the Entity and its Environment and Identifying and~~ Assessing the Risks of Material Misstatement [Through Understanding the Entity and its Environment](#)”–Paragraphs [42-29-31](#) and [A59](#) ~~423~~;
- ISA 330, “The Auditor’s ~~Procedures in~~ Responses to Assessed Risks”–Paragraphs [73-29-31](#) and [A59](#) ~~74~~;
- ISA 505, “External Confirmations”–Paragraph [\[33\]](#);
- ISA 580, “Management Representations”–Paragraph [\[10\]](#); and
- ISA 600, “Using the Work of Another Auditor”–Paragraph [\[14\]](#).

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