

Audit Documentation

This publication has been developed by the Complexity, Understandability, Scalability and Proportionality Working Group of the International Auditing and Assurance Standards Board (IAASB) to address some of the common questions in relation to audit documentation.

This publication does not amend or override the International Standards on Auditing (ISAs), the texts of which alone are authoritative. The frequently asked questions are not meant to be exhaustive¹ and reading this publication is not a substitute for reading the ISAs.

Question 1: Why is audit documentation important in an audit of financial statements?

As noted in the Objective of ISA 230, *Audit Documentation*,² audit documentation provides evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements. It also provides a sufficient and appropriate record of the basis for the auditor's report, such as the audit procedures performed, the audit evidence obtained and the conclusions reached by the auditor.

Question 2: What purposes does audit documentation serve?

Audit documentation serves a number of purposes, including:

- Evidencing the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor.³
- Assisting the engagement team to plan and perform the audit (e.g., incoming team members may review prior year audit documentation to aid in planning and performing the current year audit).
- Enabling the engagement team to be accountable for its work.⁴
- Assisting the engagement partner and other members of the engagement team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities.⁵



Audit documentation is defined in the ISAs as the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used). (ISA 230, paragraph 6(a)).

¹ While certain ISA requirements and application and other explanatory material are highlighted, this publication does not cover all of the ISA provisions that are relevant to the auditor's responsibility to prepare audit documentation in an audit of financial statements.

² ISA 230, paragraph 5

³ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, paragraph 11

⁴ ISA 230, paragraph 3

⁵ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*, paragraphs 30 and A81

- Retaining a record of matters that are of a continuing significance to future audits (e.g., records of long-term contracts and other carry-forward information that is significant to future audits).
- Enabling the conduct of engagement quality reviews⁶, and monitoring activities.⁷
- Enabling the conduct of external inspections.⁸

Question 3: What is the relationship between ISA 230 and the documentation requirements in individual ISAs?

ISA 230 is the overarching documentation standard and it applies to all audits of financial statements. It contains general audit documentation requirements and, among other matters, covers the form, content and extent of audit documentation and the assembly of the final audit file.

In principle, compliance with the requirements of ISA 230 results in the audit documentation being sufficient and appropriate in the circumstances.⁹

Some individual ISAs contain specific audit documentation requirements that are presented under the heading “Documentation.” The purpose of the inclusion of documentation requirements in individual ISAs is often because the IAASB:

- Intends to clarify how the ISA 230 documentation requirements apply in the particular circumstances of those individual ISAs; or
- Considers it is necessary for consistency of audit documentation in specific contexts covered by those ISAs.

The specific audit documentation requirements of the individual ISAs do not limit the application of ISA 230. In other words, when an individual ISA includes specific audit documentation requirements, the auditor needs to comply with the requirements in the individual ISA and the general documentation requirements of ISA 230.



Certain ISAs do not have specific audit documentation requirements but include requirements for specific written documents that are included within the audit file (e.g., the engagement letter, written representations, and the auditor’s report).

Furthermore, the absence of a documentation requirement in any particular ISA is not intended to suggest that there is no documentation that will be prepared as a result of complying with that ISA.¹⁰ In this case, the auditor still needs to comply with the documentation requirements of ISA 230.

The appendix to ISA 230, *Specific Audit Documentation Requirements in Other ISAs*, identifies paragraphs in other individual ISAs that contain specific documentation requirements.

⁶ ISQM 2, *Engagement Quality Reviews*, paragraphs 24-27

⁷ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, paragraphs 36-39

⁸ ISA 230, paragraph 3

⁹ ISA 230, paragraph A6

¹⁰ ISA 230, paragraph A6

Question 4: How does the auditor determine that sufficient and appropriate documentation was prepared?

ISA 230 explains that the audit documentation is to be prepared to meet an “experienced auditor” test. Specifically, paragraph 8 of ISA 230 requires the auditor to prepare audit documentation that is sufficient 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 the ISAs and applicable legal and regulatory requirements;
- b) The results of the audit procedures performed, and the audit evidence obtained; and
- c) Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

In addition to the above, ISA 230 also contains requirements on more detailed aspects of documentation, which are relevant to determining whether sufficient and appropriate documentation was prepared:

- In documenting the nature, timing and extent of audit procedures performed, the auditor is required to record the identifying characteristics of the specific items or matters tested, who performed the audit work and the date such work was completed, and who reviewed the audit work performed and the date and extent of such review.¹¹
- ISA 230 also requires for the auditor to document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place.¹²
- If the auditor identifies information that is inconsistent with the auditor’s final conclusion regarding a significant matter, the auditor is required to document how the auditor addressed the inconsistency.¹³
- If, in exceptional circumstances, the auditor judges that it is necessary to depart from a relevant requirement in an ISA,¹⁴ the auditor is required to document how the alternative audit procedures performed achieves the aim of that requirement, and the reasons for the departure.¹⁵

Further, ISA 300 requires that the audit plan include a description of:¹⁶

- The nature, timing and extent of the planned direction and supervision of engagement team members and the review of their work.



What about audit documentation when using automated tools and techniques?

See the non-authoritative support material on this topic [here](#).

¹¹ ISA 230, paragraph 9

¹² ISA 230, paragraph 10

¹³ ISA 230, paragraph 11

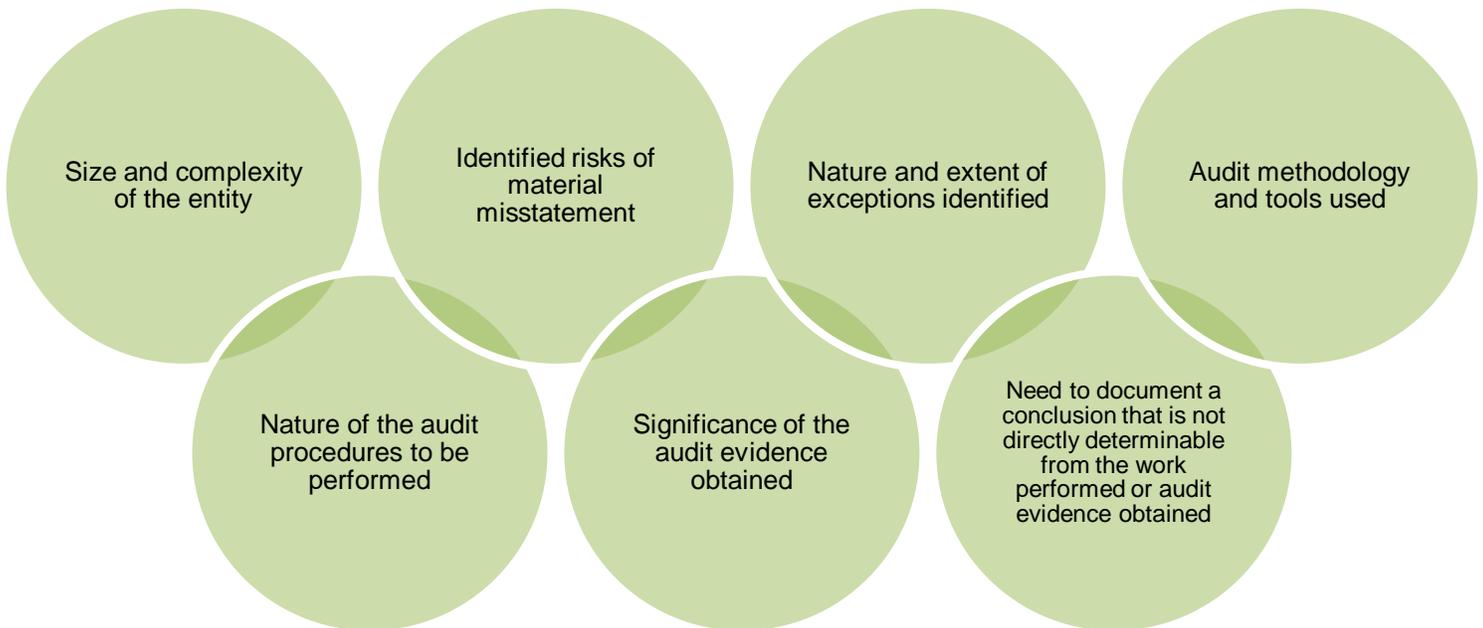
¹⁴ ISA 200, paragraph 23

¹⁵ ISA 230, paragraph 12

¹⁶ ISA 300, *Planning and Audit of Financial Statements*, paragraph 9. Please note, the reference to direction, supervision and review was added to ISA 300 as part of the conforming amendments from the Quality Management projects, and is effective for audits of financial statements for periods beginning on or after December 15th, 2022.

- The nature, timing and extent of the planned risk assessment procedures, as determined under ISA 315 (Revised 2019).¹⁷
- The nature, timing and extent of the planned further audit procedures at the assertion level, as determined under ISA 330.¹⁸
- Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs.

The diagram below outlines factors on which the form, content and extent of audit documentation may depend.^{19, 20}



Audit documentation provides evidence that the audit complies with the ISAs (ISA 230, paragraph A7).

ISA 230 provides general guidance on documentation that helps to guide the auditor in determining whether sufficient and appropriate documentation has been prepared. However, the auditor need not:

- Document every matter considered, or professional judgment made, in an audit. This is neither necessary nor practicable for the auditor to do when preparing audit documentation.²¹

¹⁷ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹⁸ ISA 330, *The Auditor's Responses to Assessed Risks*

¹⁹ ISA 230, paragraph A2

²⁰ Refer to IAASB Non-authoritative support material on [Audit Documentation When Using Automated Tools and Techniques](#).

²¹ ISA 230, paragraph A7

- Document separately compliance with matters for which compliance is demonstrated by documents included within the audit file. For example, the existence of an adequately documented audit plan demonstrates that the auditor has planned the audit.²²
- Include in audit documentation superseded drafts of working papers and financial statements, notes that reflect incomplete or preliminary thinking, previous copies of documents that have been corrected for typographical or other errors, and duplicates of documents.²³
- Prepare audit documentation for requirements that are not relevant in the circumstances (i.e., when the entire ISA is not relevant or the requirement is conditional and the condition does not exist).²⁴

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.²⁵ In other words, oral explanations may provide useful context to audit documentation for the auditor but are not a substitute for audit documentation and will not result in compliance with ISA 230.

Question 5: What scalability considerations for audits of entities of different types and sizes are contained in ISA 230?

When appropriate, scalability considerations specific to audits of smaller or less complex entities and considerations specific to public sector entities are included in the application and other explanatory material of ISA 230 and for the documentation requirements of other ISAs. These considerations do not limit or reduce the responsibility of the auditor to apply and comply with the requirements of the ISAs. Rather, they aim to assist in the application of the requirements to the audit of such entities.



The considerations specific to audits of smaller entities in paragraphs A16-A17 of ISA 230 explain that the audit documentation for the audit of a smaller entity is generally less extensive than that for the audit of a larger entity and that it may be more efficient to record various aspects of the audit together in a single document, with cross-references to supporting working papers as appropriate. Also in the case of an audit where the engagement partner performs all the audit work, the documentation will not include matters that might have to be documented solely to inform or instruct members of an engagement team, or to provide evidence of review by other members of the team (for example, there will be no matters to document relating to team discussions or supervision). Nevertheless, the engagement partner complies with the overriding requirement in paragraph 8 to prepare audit documentation that can be understood by an experienced auditor.

²² ISA 230, paragraph A7

²³ ISA 230, paragraph A4

²⁴ ISA 230, paragraph A19

²⁵ ISA 230, paragraph A5

Question 6: What documentation is needed to address the performance requirements in ISAs?

The nature, timing and extent of work that the auditor needs to undertake to comply with a requirement is indicated through how the requirement is described, in particular the words that are used to describe the auditor’s effort in performing the audit procedure.

The table below includes examples of possible documentation implications related to the effort in performing audit procedures. The ISAs use a variety of terms in the performance requirements and these examples are not a complete analysis of all types of work effort in performing audit procedures in complying with ISA requirements nor all the possible documentation implications arising therefrom.

Examples of performance requirements in the ISAs	Examples of what may be documented
<p><i>When the auditor becomes aware of a matter or it comes to the auditor’s attention</i></p>	<ul style="list-style-type: none"> ▶ How the auditor became aware of the matter. ▶ The nature of the matter and related implications (e.g., relevant considerations in the applicable financial reporting framework). ▶ The nature, timing and extent of the procedures to address the matter.
<p><i>When the auditor needs to consider certain factors</i></p>	<ul style="list-style-type: none"> ▶ The relevant factors that were considered. ▶ How those factors affected the nature, timing and extent of the audit procedures to address the matter. ▶ What conclusion was reached, if any, and the rationale for the auditor’s conclusion when the consideration is significant in the context of the particular engagement.
<p><i>Where there is evaluation, determination or conclusion required</i></p>	<ul style="list-style-type: none"> ▶ What information the auditor obtained that is relevant about the matter. ▶ The nature, timing and extent of the audit procedures to address the matter. ▶ Reasonable alternatives considered and the rationale / basis for the auditor’s evaluation, determination or conclusion. ▶ The evaluation, determination or conclusion made.

Question 7: How can the application of professional skepticism be evidenced? ²⁶

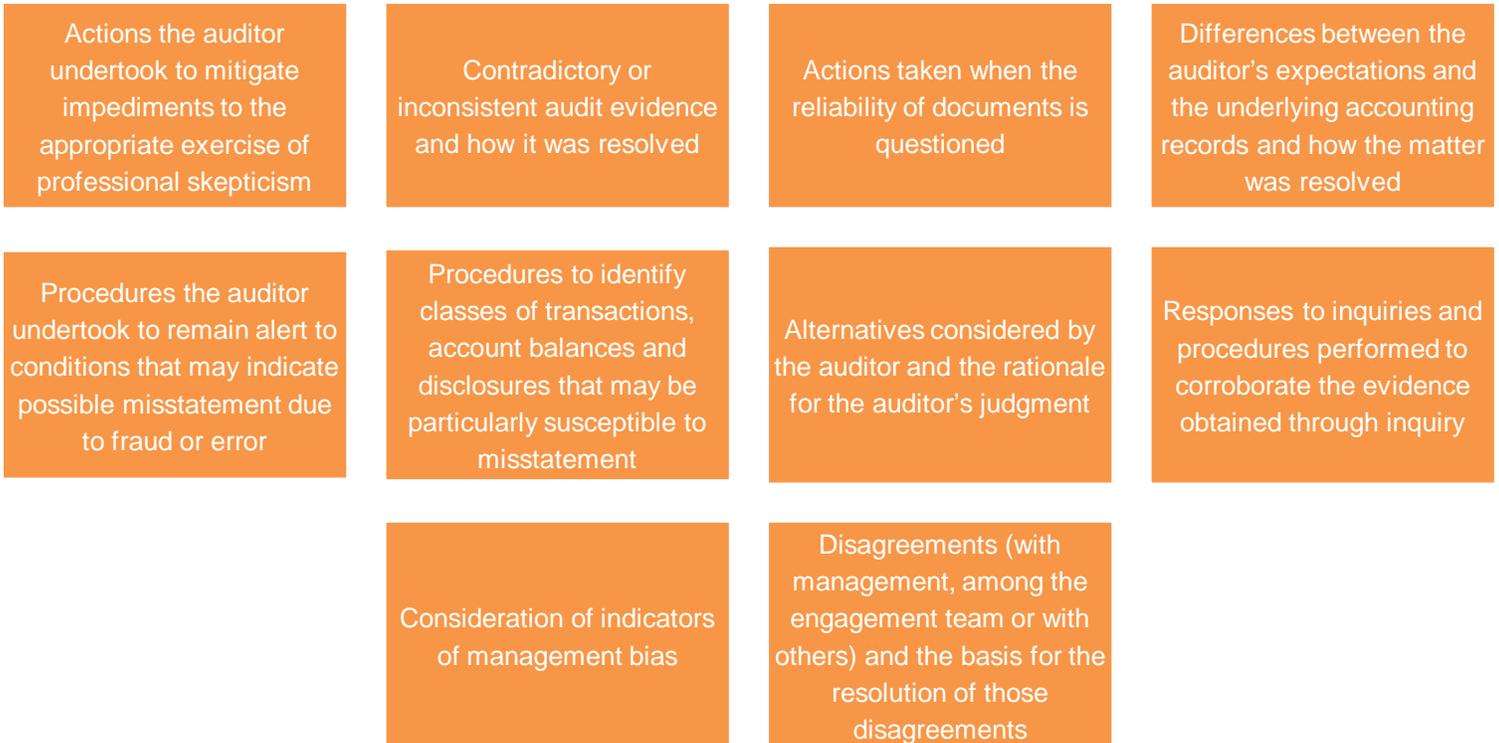
There are a number of ways in which professional skepticism can be evidenced. Audit documentation remains critical in evidencing professional skepticism because it shows when and how the auditor exercised professional skepticism when planning and performing the audit



Professional skepticism – An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence. (ISA 200, paragraph 13(l)).

For example, ISA 230 requires auditors to document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place.²⁷ Such documentation helps the auditor demonstrate how significant judgments and key audit issues were addressed, and how the auditor evaluated whether sufficient appropriate audit evidence has been obtained. These matters, amongst others, aid in demonstrating how the auditor has exercised professional skepticism.

Some other examples of where documentation may provide evidence of the auditor’s exercise of professional skepticism include:



²⁶ See also IAASB's Staff Questions and Answers on [Professional Skepticism in an Audit of Financial Statements](#)

²⁷ ISA 230, paragraph 10

Some ISAs, such as ISA 315 (Revised 2019)²⁸ and ISA 540 (Revised)²⁹ contain application material that points to specific requirements where documentation may provide evidence of the exercise of professional skepticism.

²⁸ ISA 315 (Revised 2019), paragraph A238

²⁹ ISA 540 (Revised), paragraph A152

The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants® or IFAC®.

The IAASB and IFAC do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

International Standards on Auditing, International Standards on Assurance Engagements, International Standards on Review Engagements, International Standards on Related Services, International Standards on Quality Control, International Auditing Practice Notes, Exposure Drafts, Consultation Papers, and other IAASB publications are published by, and copyright of, IFAC.

Copyright © xx 2022 by IFAC. All rights reserved. This publication may be downloaded for personal and non-commercial use (i.e., professional reference or research) from www.iaasb.org. Written permission is required to translate, reproduce, store or transmit, or to make other similar uses of, this document.

The 'International Auditing and Assurance Standards Board', 'International Standards on Auditing', 'International Standards on Assurance Engagements', 'International Standards on Review Engagements', 'International Standards on Related Services', 'International Standards on Quality Control', 'International Auditing Practice Notes', 'IAASB', 'ISA', 'ISAE', 'ISRE', 'ISRS', 'ISQC', 'IAPN', and IAASB logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

For copyright, trademark, and permissions information, please go to [permissions](#) or contact permissions@ifac.org.

IAASB

**International Auditing
and Assurance
Standards Board**

529 Fifth Avenue, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.iaasb.org