Audit Documentation

General Information
- AD: record of audit procedures applied, evidence obtained, and conclusions reached by the auditor
- Example?
- AKA workpapers
- Qty, type, and content up to professional judgment

General Information
- What does AD do?
- Support for audit report
- Evidence that standards of fieldwork observed
- Aids the administration of the audit
- Division of labor
- Supervision and review
- Evaluation
- Auditor change
- Planning and Learning

Content
- AD should be sufficient to indicate:
  - the audit was adequately planned and supervised,
  - a sufficient understanding of internal control was obtained,
  - sufficient evidence was obtained to support the auditor's opinion,
  - who performed and reviewed the audit work
  - that accounting records agree/reconcile to the F/S
- Types and form of documentation
  - Electronic
  - Non-electronic
  - Examples: audit programs, analyses, trial balances, PY and CY reports, copies of documents, schedules, spreadsheets, memos, etc.

Content
- What affects the nature and extent of AD?
  - Materiality of account
  - Risk of material misstatement – IRxCR
  - Extent of judgment
  - Significance of evidence
  - Nature and extent of exceptions

Ownership and Confidentiality
- Owned and retained by the auditor
- Ethical and legal obligation to keep confidential
- Permission of client - babysitting
The PCAOB has created a standard related to AD. Two reasons why?
- AD: Basis for a review of the quality of the audit work by PCAOB
- AD must include evidence that is inconsistent with auditor conclusions

AD must contain sufficient evidence to enable an experienced auditor with no knowledge of the engagement:
- To understand the NTE and results of audit procedures
- To understand the evidence obtained
- To understand conclusions
- To ascertain all responsible auditors and reviewers

QC matters – independence, training, client acceptance/retention
- AD must be retained for at least seven years
- AD must be “complete and final” no later than 45 after release of audit report
  - No AD may be deleted after this
  - AD may be added if properly documented (i.e., date, name and purpose)