

## SYNOPSIS

### **SA 230 – Audit Documentation** – Effective since April 1, 2009

The SA deals with the auditor's responsibility to prepare audit documentation for an audit of financial statements, though, not limiting the specific documentation requirements of other SAs. Additional documentation specified by any law may also be required.

The underlined objective of the SA is that the auditor prepare documentation that provides –

- (a) a sufficient and appropriate record of the basis for the auditor's report; and
- (b) evidence that the audit was planned and performed in accordance with SAs and applicable legal and regulatory requirements.

I. SA 230 **requires** the auditor to –

- (a) prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand –
  - the nature, timing and extent of the audit procedures performed to comply with the SAs and application legal and regulatory requirements
  - the results of the audit procedures performed, and the audit evidence obtained, and
  - significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions
- (b) prepare audit documentation on a timely basis *[as it helps enhance the quality of the audit and facilitates the effective review and evaluation of audit evidence obtained and conclusions reached before the auditor's report is finalized. Besides, documentation prepared at the time such work is undertaken is usually more accurate than that prepared after the audit work has been performed]*
- (c) record, in documenting the nature, timing and extent of audit procedures performed –
  - 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
- (d) document discussions on significant matters with the management and others, including the nature of, when and with whom such matters were discussed

*where any information is identified that is inconsistent with the auditor's final conclusions in relation to a significant matter, he is required to document as to how he addressed such inconsistency*

II. Further, the SA requires the auditor, where he judged it necessary to depart from any requirement in a SA, to document how the alternative audit procedure performed achieved the aim of that requirement, and the reasons for the departure.

III. Also, where the auditor performed new or additional audit procedures or drew new/ different conclusions after the date of the his report, the auditor is required to document —

- the circumstances encountered
- the new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report, and
- when and by whom the resulting changes to audit documentation were made and reviewed

Besides, the auditor is required to —

- assemble the audit documentation in an audit file on a timely basis [*which ordinarily should not be more than 60 days after the date of auditor's report*]
- document, where he finds it necessary to modify assembled audit documentation file or add new audit documentation, after the same has been completed, irrespective of the nature of the modifications or additions —
  - \* the specific reasons for making them, and
  - \* when and by whom they were made and reviewed.

IV. While SQC 1 – *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements* provides that, unless otherwise specified by law, audit documentation is the property of the auditor, he may, however, at his discretion, make portions of, or extracts from, audit documentation available to clients, provided such disclosure does not undermine the validity of the work performed, or, in the case of assurance engagements, undermine the independence of the auditor, or his personnel.

— — — — —