

ASA 230 Audit Documentation

(Conformity with ISA 230 Audit Documentation)
(Superseded Australian auditing standard – AUS 208 Documentation)

OBJECTIVE

The objective of ASA 230 *Audit Documentation* is to prescribe mandatory requirements in relation to documenting the audit in the work papers and to provide explanatory guidance that assists in fulfilling the mandatory requirements. It covers the nature of audit documentation, the form, content and extent of audit documentation required, assembly of the final audit file, changes to audit documentation in exceptional circumstances after the date of the auditor's report, and the confidentiality, safe custody, integrity, accessibility and retrievability of audit documentation. It is important to remember that other Auditing Standards and laws or regulations may establish additional documentation requirements.

EXTENT OF CHANGE FROM AUS 208



KEY ASA 230 ASPECTS TO NOTE

- Bold-letter paragraphs: 12 compared to 4 previously
- Timely basis for assembly of documentation ordinarily considered to be within 60 days after date of auditor's report.
Corporations Act 2001 requires retention of documentation for at least 7 years
- Understandability of documentation test: experienced auditor, having no previous connection with the audit.
- After assembly complete, deletion or discard of documentation before end of retention period is prohibited.
- Nature, timing and extent of procedures, and significant matters are amongst features that need to be documented.
- Specific documentation requirements in event of modification or addition of new audit documentation after assembly.
- Discussions of significant matters with those charged with governance, management and others need to be documented.
- Specific documentation requirements when exceptional circumstances arise after the date of the auditor's report that require performance of new/additional procedures
- Specific documentation requirements in event of auditor's inability to comply with a mandatory requirement
- Procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation required

APPLICATION

Financial reporting periods commencing on or after 1 July 2006.

ASA 230 Audit Documentation

MAIN FEATURES

<i>DOCUMENTING THE NATURE, TIMING AND EXTENT OF AUDIT PROCEDURES</i>	
<p>ASA 230.5</p> <p>AUS 208.02</p>	<p>"The auditor shall prepare, on a timely basis, audit documentation that provides:</p> <p>(a) a sufficient and appropriate record of the basis for the auditor's report; and</p> <p>(b) evidence that the audit was performed in accordance with Auditing Standards and applicable legal and regulatory requirements."</p> <p><i>"The auditor should document matters which are important in providing evidence to support the audit opinion and evidence that the audit was carried out in accordance with Australian Auditing Standards."</i></p>
<p>ASA 230.11</p> <p>ASA 208.05</p>	<p>"The auditor shall prepare the audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand:</p> <p>(a) the nature, timing, and extent of the audit procedures performed to comply with Auditing Standards and applicable legal and regulatory requirements;</p> <p>(b) the results of the audit procedures and the audit evidence obtained; and</p> <p>(c) significant matters arising during the audit and the conclusions reached thereon."</p> <p><i>"The auditor should prepare working papers that are sufficiently complete and detailed to provide an understanding of the audit".</i></p>
<p>ASA 230.14</p> <p>GUIDANCE</p> <p>ASA 208.06</p>	<p>"In documenting the nature, timing and extent of audit procedures performed, the auditor shall record the identifying characteristics of the specific items or matters being tested."</p> <p>The explanatory guidance in ASA 230 explains the purposes that this requirement serves in terms of accountability of team members and facilitation of investigation of exceptions or inconsistencies discovered.</p> <p><i>"The auditor should prepare working papers that record the auditor's planning, the nature, timing and extent of the audit procedures performed, the results thereof and the conclusions drawn from the audit evidence obtained."</i></p>
<p>ASA 230.18</p> <p>GUIDANCE</p>	<p>"The auditor shall document discussions of significant matters with those charged with governance, management and others on a timely basis."</p> <p>The explanatory guidance in ASA 230 explains that 'others' includes personnel within the entity and external parties providing professional advice to the entity. Documentation in this context is not limited to records prepared by the auditor but may include other appropriate records.</p>
<p>ASA 230.20</p>	<p>"If the auditor has identified information that contradicts or is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the contradiction or inconsistency in forming the final conclusion."</p>
<i>INABILITY TO COMPLY WITH MANDATORY REQUIREMENTS</i>	
<p>ASA 230.23</p>	<p>"Where, in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant mandatory requirement, the auditor shall document:</p> <p>(a) the circumstances surrounding the inability to comply;</p> <p>(b) the reasons for the inability to comply; and</p> <p>(c) justification of how alternative audit procedures achieve the objectives of the mandatory requirement."</p>
<p>ASA 230.26</p> <p>GUIDANCE</p>	<p>"In documenting the nature, timing and extent of audit procedures performed, the auditor shall record:</p> <p>(a) who performed the audit work and the date such work was completed; and</p> <p>(b) who reviewed the audit work performed and the date and extent of such review."</p> <p>ASA 100 Preamble to AUASB Standards makes it clear that where a mandatory requirement is not relevant, the auditor does not need to document the circumstances.</p>
<i>ASSEMBLY OF THE FINAL AUDIT FILE</i>	
<p>ASA 230.28</p>	<p>"The auditor shall complete the assembly of the final audit file on a timely basis after the date of the auditor's report."</p>
<p>ASA 230.31</p>	<p>"After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation before the end of its retention period."</p>
<p>ASA 230.34</p>	<p>"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 shall, regardless of the nature of the modifications or additions, document:</p> <p>(a) when and by whom they were made, and (where applicable) reviewed;</p> <p>(b) the specific reasons for making them; and</p> <p>(c) their effect, if any, on the auditor's conclusions."</p>

ASA 230 Audit Documentation

EXCEPTIONAL CIRCUMSTANCES ARISE AFTER THE DATE OF THE AUDITOR'S REPORT	
ASA 230.35	"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 shall 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."
GUIDANCE	The explanatory guidance in ASA 230 gives examples of such exceptional circumstances as including 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.
CONTROL OF DOCUMENTATION	
ASA 230.37	"The auditor shall adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation."
AUS 208.13	<i>"The auditor should adopt appropriate procedures for: a) maintaining the confidentiality and safe custody of the working papers; and b) retaining the working papers for a period sufficient to meet the needs of the practice and in accordance with legal and professional requirements of record retention."</i>

EXPLANATORY GUIDANCE

The following explanatory guidance not contained in AUS 208 is included in ASA 230:

- Under section 307B of the *Corporations Act 2001*, the auditor or member of an audit firm is required to "retain all audit working papers prepared by or for, or considered or used by, the auditor in accordance with the requirements of the Auditing Standards until:
 - o the end of 7 years after the date of the audit report prepared in relation to the audit or review to which the audit working papers relate; or
 - o an earlier date determined by ASIC for the audit working papers" (paragraph 32).
- For audits other than those conducted under the *Corporations Act 2001*, the auditor ordinarily retains all audit documentation for not less than 7 years from the date of the audit report (paragraph 33).
- Under quality control requirements for firms issued by a professional accounting body, firms are required to establish policies and procedures to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of audit documentation. Engagement teams are ordinarily entitled to rely on the firm's systems, unless information provided by the firm or other parties suggests otherwise (see ASA 220 for further guidance) (paragraph 38).

CONFORMITY WITH INTERNATIONAL STANDARD ON AUDITING (ISA) 200

This section details differences in requirements between ASA 230 and ISA 230. It omits matters explained in the *Overview of ASAs Fact Sheet*. ISA 230 does not include the following, whereas ASA 230 does:

- reference to the quality control requirements for firms issued by a professional accounting body. ISA 230 refers to the International Standard on Quality Control (ISQC) 1 issued by the IAASB.
- a mandatory requirement that the auditor shall document discussions of significant matters with those charged with governance (paragraph 18). ISA 230 includes this as explanatory guidance.
- a mandatory requirement that, where the auditor is unable to comply with an essential procedure contained within a relevant mandatory requirement, the auditor shall document certain matters (paragraph 23). In ISA 230, the auditor is required to document certain matters where the auditor has judged it necessary to depart from a mandatory requirement.
- a mandatory requirement for the auditor to adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation (paragraph 37). ISA 230 does not contain any requirement for the auditor to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation.

Copyright © CPA Australia (ABN 64 008 392 452), 2005. All rights reserved. Save and except for third party content, all content in these materials is owned or licensed by CPA Australia. All trade marks and trade names are proprietary to CPA Australia and must not be downloaded, reproduced or otherwise used without the express consent of CPA Australia. You may access and display these pages on your computer, monitor or other video display device and make one printed copy of any whole page or pages for your personal use only.

Acknowledgements

CPA Australia wishes to acknowledge the assistance of the Monash University Centre for Research in Accounting and Finance, in the production of the original set of fact sheets.

ASA 230 Audit Documentation

Disclaimer

CPA Australia has used reasonable care and skill in compiling the content of these materials. However, CPA Australia makes no warranty as to the accuracy or completeness of any information contained therein nor does CPA Australia accept responsibility for any acts or omissions in reliance upon these materials.

This Fact Sheet is; (i) intended to be a guide only and no part of the contents are intended to be advice, whether legal or professional; (ii) is not a complete representation of the standard and consequently is no substitute for reading the latest and complete standards. All individuals are advised to seek professional advice to keep abreast of any legal or other reforms and developments.

Limitation of Liability

To the extent permitted by applicable law, CPA Australia, its employees, agents and consultants exclude all liability for any loss or damage claims and expenses including but not limited to legal costs, indirect special or consequential loss or damage (including but not limited to, negligence) arising out of the information in the materials. Where any law prohibits the exclusion of such liability, CPA Australia limits its liability to the resupply of the information.