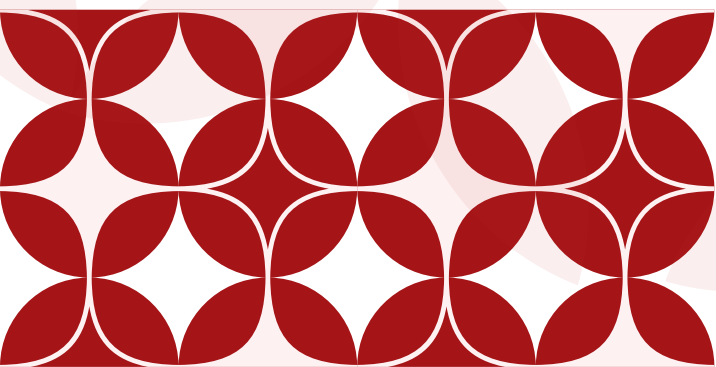


CA INTERMEDIATE

AUDIT

CH-6

**AUDIT
DOCUMENTATION**



Hi,

I am Shubham Jain, a dedicated CA student who has successfully cleared the CA Foundation with distinction and CA Intermediate Group 1. With a strong grasp of accountancy and finance, I strive to simplify complex concepts through logically structured notes and practical examples. My approach focuses on conceptual clarity, ensuring that learning becomes easy, effective, and application-oriented.

"There might be typing errors in this book. If you find any, please let me know, and I will try to correct them in the upcoming edition."

SHUBHAM JAIN

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SHUBHAM JAIN

SA 230

Audit Documentation

DEFINITION :

Audit Documentation refers to the **record** of : **AP AE C**

- **Audit Procedures** - performed
- **Audit Evidence** - obtained
- **Conclusions** - reached.

OBJECTIVE OF THE AUDITOR:

Prepare documentation that provides:

1. Auditor' **report** ke **basis** ka **record** .
2. **Evidence** that audit P/P **acc. with SAs**.

NATURE OF AUDIT DOCUMENTATION

Audit documentation provides:

1. **evidence** of the auditor's **basis** for a **conclusion** about the achievement of the overall objectives of the auditor SA 200.
2. **evidence** that the audit was **P/P** in accordance with **SAs** and applicable **legal** and **regulatory requirements**.

PURPOSE OF AUDIT DOCUMENTATION

1. Help **ETM** - to **plan & perform** the audit.
2. Help **ETM** - to **DSR** Audit work .
3. Enabling **ETM** - to be **accountable** for its work.
4. **Record of matters** of "**continuing significance**" to **future audits**.
5. help to conduct of **quality control reviews** in acc. with **SQC 1**.
6. help to conduct of **external inspections** in acc. with applicable **legal, regulatory** requirements.

EXAMPLES OF AUDIT DOCUMENTATION

Audit programmes.

Analyses (excel sheet)

Issues memoranda.

Summaries of significant matters.

Checklists.

Letters of confirmation and representation. (bank balance from Bank)

FORM, CONTENT , EXTENT

The auditor shall prepare audit documentation that enable an **experienced auditor to understand:** (no previous connection with audit)

1. The **NET** of the **audit procedures** performed. (*)
2. The **results** of the audit procedures performed .
3. The audit **evidence** obtained.
4. **Significant matters** arising during the audit and the **conclusions** reached thereon and significant **professional judgements** made in reaching those conclusions. (**)

* Auditor shall record:

1. The **identifying characteristics** of specific items / matters tested.
2. **Who performed** the audit and the **date** such work was completed.
3. **Who reviewed** the audit performed and the **date** and **extent** of such review.

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** **Imp. factor** in determining the FCE of A.D of **significant matters** is the "**Extent** of **professional judgement** exercised".

Ex- more prof. judgement used , then more audit documentation.

*** The auditor shall document :

Discussions of significant matters with mgt. , TCWG, and others. including the **nature** of the significant matters discussed.
when and **with whom** the discussions took place.

**** If the auditor identified **information** that is **inconsistent** with the auditor's **final conclusion** regarding a significant matter.

He shall document - **how** the auditor addressed the **inconsistency** .

The form, content ,extent of audit documentation depend on **factors** :

- The **size** and **complexity** of the **entity**.
- The **nature** of the **audit procedures** .
- The identified **ROMM**.
- The significance of the **audit evidence** obtained.
- The nature and extent of **exceptions** identified.
- The **need to document** - conclusions or judgments
- The audit **methodology** and **tools** used.

The auditor shall prepare audit documentation on a **timely basis**.

It helps to **enhance the quality** of - **audit**
carry out the effective **review** and **evaluation** of the - **A.E & conclusions**
before the auditor's **report** is finalised.

NOTE : Documentation prepared **after** the **audit work** is- **less accurate**
than documentation prepared at the time such work is performed.

ASSEMBLY OF THE FINAL AUDIT FILE

The auditor shall **assemble** - audit documentation in **audit file**.

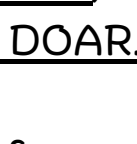
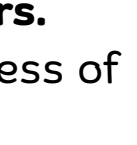
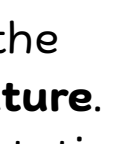
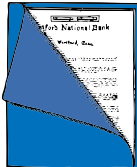
Assembling the "**final audit file**" on a **timely basis** after the
date of the auditor's report is the **administrative process**.

It does **not involve** the performance of **new audit procedures**
drawing of new conclusions.

1. **SQC 1** requires firms to establish **policies** and **procedures** for the **timely completion** of the "**assembly of audit files**".
2. **Time limit** to complete the assembly of audit file - **Max. 60 Days** after the date of the auditor's report
3. Is **changes** may be made to the audit documentation during the final assembly process : **YES** but they are **administrative in nature**.
Ex: 1. Deleting or discarding **superseded** (replaced) documentation.
2. Sorting, collating and cross-referencing **working papers**.
3. **Signing off** on "completion checklists" relating to process of the file assembly.
4. **Documenting audit evidence** that the auditor has obtained, discussed and agreed with the **relevant ETM** before the DOAR.
4. **After the completion** of " assembly of the final audit file " :
the auditor shall **not delete** or **discard** audit documentation of any nature **before** the end of its retention period.
5. **SQC 1** requires firms to establish **policies** and **procedures** for the **retention** of ***engagement documentation**. (imp.) .

Generally , The **retention period** for audit engagements - 7 year from
DOAR or the date of the **group** auditor's report (if later).

Ex - DOAR - 31/3/25 but it's DOGAR - 15/4/25 . SO, took 7 year from 15/4/25



AUDIT FILE PHYSICAL OR ELECTRONIC FORM

It means **one** or **more** - folders / other storage media , containing the records that **make** - the **audit documentation** for a **specific engagement**.

Documentation - Significant Matters and unse Related Significant Professional Judgements

For **Judging** - **significance** of a matter **requires** an **"objective analysis"** of the facts and circumstances. [JOIN TELEGRAM - HTTPS://T.ME/CAINTERBYSHU](https://t.me/cainterbyshu)

when Auditor **Document** - significant **professional judgements** they made

- It help to explain : the auditor's **conclusions**
- It help to support : the **quality** of the judgement.

Documentation of the professional judgement are especially **imp.** for :

- person who is responsible for **reviewing** audit documentation ,
- who perform **subsequent audits**
- for reviewing **"matters of continuing significance"** (past matters still relevant)

Ex. when performing a retrospective review of accounting estimates.

WHAT IS SIGNIFICANT MATTERS :

Matters that give **rise** to **significant risks**.

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- Results of **audit procedures** indicating :
 - (a) **F.S** could be **MMS**
 - (b) a need to **revise** - **ROMM** & **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 audit **opinion** or the **inclusion** of an **"Emphasis of Matter"** Paragraph in the auditor's **report**.

*(F.S me already disclosed , auditor want to attention of user on that)

MCQ - When should the auditor prepare detailed documentation about their professional judgment?

- 👉 When the matters and judgments are **significant**.

As per SQC 1 documentation is the **property** of the auditor.
(unless otherwise specified by law or regulation)

He may at their **own choice**, **share** the portions / extracts of A.D to **clients** but such disclosure does **not reduce** the **validity** of the **work** performed, the **independence** of the auditor or of his personnel.

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COMPLETION MEMORANDUM (A.D SUMMARY)

It describes-

- the **significant matters** identified during the audit
- how they were **addressed**.

Such a summary may helpful for effective and efficient **review** and **inspection** of the **audit documentation**, particularly for **large** and **complex audits**.

It may also help the auditor to know the **achievement** of **individual SA objective** & the **overall** objectives of the auditor.

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OTHER :

- Audit documentation may include copies of the **entity's records** .
(ex- contracts and agreements)
- Audit documentation is **not a substitute** for the entity's accounting records.
- Audit documentation also known **working papers** or **work papers**.

The auditor need not include in 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.

COMMON : SUFFICIENT AND APPROPRIATE AUDIT DOCUMENTATION

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Thank You