

Agenda Item 2-C

Analysis of Comments Received on the Exposure Draft of the Proposed Revised ISA 230, “Audit Documentation”

Comments by Paragraph

This agenda paper is provided for the IAASB’s reference and to support the task force’s presentation of the proposed revised ISA at the June 2005 IAASB meeting.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
<u>Paragraph 1</u>				
1	Basel	To ensure a coherent approach in the ISAs, there should be a clearer link between the requirements of the documentation ISA and the specific documentation requirements in the individual ISAs.	No	The task force believes that introductory paragraph 1 sufficiently indicates that the ISA establishes general requirements and more specific requirements can be found in other ISAs.
2	CEBS	<p>Paragraph 1 lays out the relationship between the ED and the documentation requirements in other ISAs. The ED contains some specific references to the documentation requirements of some ISAs (e.g. the reference in paragraph 10 to the documentation requirements of ISA 260), but not to other ISAs (e.g. the need to document compliance with independence requirements as laid out in ISA 220). It is not clear on what basis some ISAs are included in the body of the ED and others are not.</p> <p>The use of an Appendix is a useful tool but it should not replace the identification of other key ISAs in the body of the standard. In addition, the completeness of the appendix should be checked e.g. ISA 530 is not included.</p>	No	<p>Paragraph 10 (now renumbered 15) has been amended to remove the reference to ISA 260.</p> <p>ISA 530 does not contain any specific documentation requirement.</p>
3	CICA	We appreciate that the concept of applying professional judgment to the audit of financial information is pervasive. However, we believe that this concept should be emphasized in this ISA to recognize that there will often be no definitive right or wrong answer in determining what constitutes sufficient appropriate audit documentation. We suggest the	No	The concept of professional judgment is pervasive to all aspects of the audit, not just in relation to audit documentation.

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		following paragraph be inserted after paragraph 1: The exercise of professional judgment is integral in applying the provisions of this ISA. For example, professional judgment is used in determining the quantity, type, and content of audit documentation consistent with this ISA.		The IAASB has consciously refrained from over-emphasizing the point.
4	DNR	In paragraph 1 the expression “procedures for audit documentation” is used, while in paragraphs 12 and 13 “documenting” is used to describe the activity, and “documentation” as defined in paragraph 4 is the term which describes the result of the process. According to this use of terms the expression in paragraph 1 might be changed to read “procedures for documenting the audit”.	No	Paragraph 1 has been amended to refer to “standards” as opposed to “essential procedures.”
5	EC	<p data-bbox="411 686 726 708">Group audit documentation</p> <p data-bbox="411 737 1383 1019">The introduction to the proposed revised ISA 230 clarifies that the standard has been designed to establish basic principles and essential procedures for, and provide general guidance on, audit documentation for audits of historical financial information, including audits of financial statements. The Exposure Draft refers however neither to the treatment of documentation related to the audit of consolidated historical financial information, including consolidated financial statements, nor specifically to the documentation from the review performed by group auditor of another auditor’s or audit firm’s work (referred hereafter as documentation from review).</p> <p data-bbox="411 1049 1383 1370">The issue of the group auditor’s approach to group audit working papers as well as documentation from review falls inevitably under the scope of the draft ISA 600 “The audit of group financial statement” as proposed in December 2003. Nevertheless it imposes no specific requirements on a group auditor but indicates in general terms that proposed ISA 230 (Revised), “Audit Documentation” and other ISAs contain standards and guidance on audit documentation should apply. Such general reference does not necessarily constitute the sufficient basis to ensure for instance the required retention period as regards working papers related to the audit of consolidated financial statements or the documentation from the review.</p> <p data-bbox="411 1399 1383 1425">We invite the Board to clarify the respective applicability of proposed revised ISA 230 to</p>	No	This issue should be more appropriately dealt with in the Group Audits project. The comment has been passed on to the Group Audits TF.

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		the working papers related to group audit as well as to the documentation from the review performed by the group auditor of another auditor’s or audit firm’s work.		
6	IDW	The use of the term “subject matter-specific documentation” in the second sentence is awkward. We suggest amending the sentence to read: “The Appendix lists other ISAs that contain documentation requirements and guidance specific to each ISA.”	No	The task force considers the improvement from the suggested wording to be marginal, so no change is proposed.
7	NYSSCPA	The revised documentation standard should state clearly whether it applies only to audits of “historical financial information” or also to audit reports on financial statements prepared in accordance with a comprehensive basis of accounting other than International Accounting Standards or another financial reporting framework; to specified accounts, elements of accounts, or items in a financial statement; to compliance with contractual agreements; and to summarized financial statements. If there are other documentation standards for these engagements, this statement should so indicate.	No	“Historical financial information” includes these other types of financial information as addressed by ISA 800.
8	PAAB	The scope of the proposed standard excludes any assurance provided in terms of ISAE 3000, <i>Assurance Engagements other than audits or reviews of historical financial information</i> . We believe that documentation is equally relevant to these engagements and therefore recommend that a documentation standard be issued in the ISAE suite specific to these engagements.	No	The IAASB may address documentation standards for subject-specific ISAEs at a later date.
9	PAAB	We further recommend that an annexure be added to the standard that is updated periodically to keep track of documentation requirements scattered throughout the ISAs.	No	This is already addressed via the Appendix.
10	PwC	The first sentence in paragraph 1 setting out the purpose of this ISA does not use the same wording as is used in other ISAs. We believe that ISAs should be consistent in format and style with other ISAs as far as possible. Whilst the reference to “general” guidance is no doubt intended to convey that this ISA sets the underlying principles related to documentation rather than specific subject-matter documentation requirements, we are not sure that meaning is adequately conveyed and the addition of the term appears to confuse	Yes	Agreed to standardize the introductory sentence. The suggested addition, however, is redundant as the auditor is required to comply with all relevant ISAs when

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		rather than clarify. The next sentence explains that other ISAs include subject matter-specific documentation standards and accordingly explains the context adequately. We suggest the following amendment: <i>“The purpose of this International Standard on Auditing (ISA) is to establish basic principles and essential procedures for, and provide general guidance on, audit documentation for audits of historical financial information, including audits of financial statements. The Appendix lists other ISAs containing subject matter specific documentation requirements and guidance <u>that the auditor also takes into account when preparing audit documentation in an audit...</u>”</i>		performing an ISA audit.
11	PwC	In addition, we believe the sentence that begins “Laws or regulations...” should be extended so as to clarify why the guidance has been included, otherwise, the guidance may be overlooked. Simply suggesting that the laws or regulations may establish the additional documentation requirement does not necessarily <i>confirm</i> that the auditor needs to comply with those laws or regulations. We suggest the following amendment: <i>“...Laws or regulations may establish additional documentation requirements <u>with which the auditor is expected to comply.</u>”</i>	No	From the plain English perspective, a “requirement,” by definition, mandates compliance by the auditor. The suggested addition would thus lead to a pleonasm.
12	RM	Third or last sentence- For the words "laws or regulations " the words "laws, regulations or other requirement" be added. Reason: Para 5 f of the exposure draft takes into account the proposed change. Para 8 second sentence also corroborates the change suggested.	No	Paragraphs 1 and 5 address different contexts.
<u>Paragraph 2</u>				
13	ACCA	Possible misinterpretation of intent The exposure draft’s explanatory memorandum draws attention to a significant change whereby: <i>‘Audit documentation that the auditor prepares should be sufficient and appropriate to serve two key objectives, viz:</i> <ul style="list-style-type: none"> <li data-bbox="506 1403 1192 1424">• <i>To provide a record of the basis for the auditor’s report; and</i> 	No	The task force did not agree that the second objective would lead to checklist completion. The suggestion to reverse the emphasis for “record” and “demonstrate” would alter the

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		<ul style="list-style-type: none"> <i>To demonstrate that the audit was performed in accordance with ISAs and applicable regulatory and legal requirements.'</i> <p data-bbox="411 313 1383 488">Although we agree that these are the two key objectives of audit documentation, they are linked. We are concerned that some auditors may misinterpret the text as requiring, for example, checklist completion simply to prove compliance with ISA. The text uses the words 'record' in relation to the basis for the auditor's opinion, and 'demonstrate' in relation to compliance with ISA. We suggest that this emphasis be reversed.</p>		meaning of the paragraph.
14	ACCA	<p data-bbox="411 529 663 553">Clarity of paragraph 2</p> <p data-bbox="411 581 1020 605">Paragraph 2 of proposed ISA 230 (Revised) is as follows:</p> <p data-bbox="485 638 1383 773"><i>'The auditor should prepare audit documentation that is sufficient and appropriate to provide a record of the basis for the auditor's report and to demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.'</i></p> <p data-bbox="411 800 1383 1013">We consider that paragraph 2 does not clearly convey the message set out in the explanatory memorandum and should be redrafted. It is possible to read it in two different ways. The first, links the words 'sufficient and appropriate' to the whole of the sentence (the interpretation set out in the explanatory memorandum), whereas the second reading extends those words only to the part of the sentence dealing with a record of the basis for the auditor's report.</p>	Yes	The paragraph is restructured into bullets for clarity.
15	ACCA	<p data-bbox="411 1057 1383 1341">Paragraph 2 refers to the need to demonstrate that the audit was performed in accordance with applicable regulatory and legal requirements. We suggest that further guidance is needed to assist auditors in deciding which regulatory and legal requirements are within the scope of this requirement. As a general principle, IAASB should not seek to bring within ISA a requirement to document compliance with regulatory or legal requirements. If there are documentation requirements in the regulatory or legal provisions, they need not be duplicated. If there are no such requirements, it would be against public policy to introduce them (as the regulator or legislator has chosen not to do so).</p>	No	The auditor's opinion can only be issued if the audit has been performed in compliance with applicable law or regulation. A necessary objective for the documentation is to show that such compliance has been achieved. There is no presumption that this ISA is establishing legal or regulatory

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16	CEBS	<p>It is important for the reliability and accountability of audit work done, that it is documented as it is carried out, in a timely manner i.e. at the time the audit work is performed, as far as this is possible. This is currently not emphasised in the ED. An addition to paragraph 2 would serve to emphasise that timely documentation is important. The wording of paragraph 2 could therefore be,</p> <p>‘The auditor should prepare audit documentation in an expeditious manner that is sufficient.....’</p>	Yes	<p>Agreed but the wording “timely basis” is used.</p>
17	EY	<p>Paragraph 2 of the proposed pronouncement introduces a requirement for the audit documentation to be sufficient and appropriate to demonstrate that the audit was performed in accordance with ISAs. Paragraph 16 requires that where, in exceptional circumstances, the auditor judges it necessary to depart from a basic principle or essential procedure in an ISA to achieve more effectively the objective of the audit, the auditor should document the reasons for the departure.</p> <p>When both requirements are considered together, the implication is that there must be audit documentation to support compliance with all basic principles or essential procedures of all ISAs. This requirement appears unduly onerous. We are concerned, therefore, that the requirement, as worded, may drive the auditor to allow documentation considerations to drive the selection of audit procedures. This could result in the development of and over reliance on standardized checklists and extremely detailed forms for all aspects of the audit to ensure compliance with the documentation requirements. Using a checklist approach could result in an audit that is too mechanical and would foster a form-over-substance audit approach which would be detrimental to the achievement of high quality audits.</p>	Yes	<p>An explanatory paragraph has been added after paragraph 2 to indicate that the requirement relates only to relevant ISAs.</p> <p>Paragraph 16 (now renumbered 19) has been amended to specify that the requirement relates to relevant basic principles or essential procedures.</p>
18	EY	<p>Paragraph 2 requires that the auditor prepare audit documentation to demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements. In addition, various ISAs contain specific documentation requirements. The</p>	Yes	<p>Agreed – see explanatory paragraph after paragraph 2.</p>

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19	FEE	<p data-bbox="411 233 1386 331">proposed pronouncement should clarify whether adherence to those specific documentation requirements will satisfy the audit documentation requirement in paragraph 2 in respect of those ISAs.</p> <p data-bbox="411 375 873 396">Primary purpose of audit documentation</p> <p data-bbox="411 431 1386 748">We recognise that the guidance included in the Proposed Pronouncements is similar to that issued by the Public Company Accounting Oversight Board (PCAOB) in their Auditing Standard no. 3 on Audit Documentation. In January 2004 we responded to the PCAOB on their Exposure Draft that the primary and most important purpose of audit documentation is to record the auditing work performed and to support the conclusions reached in an audit, as expressed in the opinion of the auditor’s report. We are pleased that IAASB has maintained this principle in Paragraph 4 of the Exposure Draft that states that “audit documentation is the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached”.</p> <p data-bbox="411 781 1386 1211">However, in our view, the requirements for audit documentation included in the second part of paragraph 2 of the proposed standard do not support the principle in paragraph 4. They require audit documentation “to demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements”. We believe this is overly prescriptive as it implies that there must be evidence to support compliance with <u>all</u> aspects of <u>all</u> ISAs. We note in contrast that the documentation requirements of ISAs are set out in the individual ISAs and are properly specific to the subject matter of those ISAs. The existing paragraph 2 wording appears to override the requirements of the individual ISAs and set a new and unnecessary standard. We believe this will result in preparation of unnecessary audit documentation for the purposes of compliance only, resulting in an unnecessary burden on auditors that risks deterioration, and not an improvement, of audit quality.</p> <p data-bbox="411 1243 1209 1265">Our recommendations for rewording the standards are therefore as follows:</p> <ol data-bbox="411 1297 1386 1393" style="list-style-type: none"> <li data-bbox="411 1297 1386 1393">1. Paragraph 2 should read as follows: “The auditor should prepare audit documentation that is sufficient and appropriate to provide a record of <u>audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached.</u>” 	Yes	<p data-bbox="1556 375 1911 618">The aim of paragraph 2 is to set the primary objectives of audit documentation. Paragraph 2(a) is not inconsistent with the primary purpose stated in the comment, i.e. audit documentation supports the conclusions reached.</p> <p data-bbox="1556 651 1911 862">The new definition for “audit documentation” that is included in the revised draft is also consistent with the respondent’s comment regarding the primary purpose of audit documentation.</p> <p data-bbox="1556 894 1911 1024">An explanatory paragraph has been added after paragraph 2 to explain the second objective of audit documentation.</p>

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		<p>2. If it is felt that more needs to be said, paragraph 2 could have added “<u>In addition, the auditor should comply with the documentation requirements of individual ISAs</u>”. Because some older ISAs might not include all the necessary detailed documentation requirements, some updating may be required by the IAASB.</p>		
20	FEE	<p>In addition to our comments above, we consider that the word “demonstrate” in paragraph 2 further implies that the purpose of audit documentation is to show how an audit has been done in accordance with ISAs and regulatory requirements, rather than its primary purpose being to show how the audit opinion is supported. We believe that focusing on matters other than the primary purpose will result in a box-ticking attitude that holds compliance with procedures as more important than a thoughtful approach to what is right.</p>	No	<p>The explanatory paragraph added after paragraph 2 addresses this concern.</p>
21	ICAS	<p>We support the overarching principle, on page 3 of the Explanatory Memorandum, that audit documentation should be sufficient and appropriate and agree that this principle serves the objective of providing a record of the basis for the auditor’s report. However, we believe that the second objective of demonstrating that the audit was performed in accordance with ISAs and applicable regulatory and legal requirements is overly prescriptive and could increase the risk of compliance mentality taking hold, with a consequential increase in audit documentation but no demonstrably comparable improvements in audit quality.</p> <p>Therefore, we recommend that the second part of paragraph 2 of the proposed ISA ‘to demonstrate that the audit was performed in accordance with ISAs and applicable legal framework’ is deleted. Although, we believe that it would be appropriate to highlight in paragraph 2 of the proposed ISA that the auditor is expected to comply with the documentation requirements contained within individual ISAs.</p>	No	<p>The explanatory paragraph added after paragraph 2 addresses this concern.</p>
22	IDW	<p>For a variety of reasons, including legal liability, external inspections and internal quality control, among others, we believe it to be essential that an auditor be able to defend his or her contention that an audit has been performed in accordance with applicable auditing standards and legal and regulatory requirements. Furthermore, we would agree that audit documentation provides the auditor’s primary support for that contention. However, we are concerned that the basic requirement is being confused with the consequence of that</p>	Yes	<p>This paragraph sets objectives for audit documentation. It is implicit in the second objective that the documentation should be capable of substantiating, as and when necessary, the auditor’s</p>

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		<p>requirement. Along these lines, we are concerned with the tenor of the standard set by the second half of the sentence in paragraph 2 that audit documentation “demonstrate” compliance with ISAs and applicable legal and regulatory requirements. This begs the question “demonstrate to whom”. Given the variety of reasons for audit documentation, some of which we have noted above, the needs of users of audit documentation may be different, but this does not mean that audit documentation would need to meet the needs of all potential users with equal facility. Furthermore, audit documentation need not be in a position to “demonstrate” compliance without further clarification (see paragraph 8 of the exposure draft) or drawing upon the records of the entity whose financial statements had been audited.</p> <p>We believe that the basic requirement in paragraph 2 should be delineated from its corollary: that is, the requirement for adequate documentation of the basis for the auditor’s opinion is distinct from the consequence that the documentation forms the basis for substantiating that the audit was performed in accordance with ISAs and other applicable legal and regulatory requirements.</p>		<p>assertion that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements. It is not necessary to identify the specific circumstances under which such substantiation might become necessary.</p> <p>The paragraph has been reworded to clarify that the requirement is for the documentation to provide a sufficient and appropriate record of the basis for the auditor’s report.</p>
23	IDW	<p>The terms “sufficiency” and appropriateness” do not appear to be appropriately placed: the placement in the current draft leads to the conclusion that the documentation needs to be sufficient and appropriate to provide a record, rather than that the record needs to be sufficient and appropriate.</p> <p>For this reason, and the reasons mentioned in the previous section on compliance with ISAs and applicable legal and regulatory requirements, we believe that the sentences (the first, “black-lettered”, and the second, “grey-lettered”) in paragraph 2 ought to read as follows:</p> <p>“The auditor should prepare audit documentation that renders a sufficient and appropriate record of the basis for the auditor’s report communicating the results of the audit performed in accordance with ISAs and applicable legal and regulatory requirements. This record furnishes the auditor with the primary basis for substantiating that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.”</p>	Yes	See comment immediately above.

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24	IOSCO	<p data-bbox="407 240 1060 272">The importance of prompt preparation of documentation</p> <p data-bbox="407 297 1386 735">The proposed standard needs to give greater emphasis to the importance of ensuring that documentation of audit procedures performed, evidence gathered and conclusions reached is prepared promptly. We believe addressing this issue satisfactorily is an essential element in bringing greater clarity to the guidance on changes to audit documentation after the date of the auditor's report. . As each member of the audit team performs audit work, that work should be documented as quickly as possible. In our view, the discipline of ensuring that activities are documented promptly contributes significantly to a high quality audit by facilitating effective review and evaluation of key evidence gathered and decisions made. In addition, we believe emphasizing this goal will reduce the risk of auditors concluding inappropriately that paragraphs 18 and 19 permit significant latitude in preparing documentation after the date of the auditor's report. We comment further on this in point 3 below.</p> <p data-bbox="407 760 1386 1015">We support the principle set out in paragraph 2 of the ED that the auditor should prepare audit documentation that is sufficient and appropriate to provide a record of the basis for the auditor's report and to demonstrate that the audit was performed in accordance with ISAs and with applicable legal and regulatory requirements. In our view, however, this needs to be supplemented by a clear statement that sufficient documentation to support the audit report should be prepared and undergo a quality control review before the audit opinion is signed and issued. In our view, this should be a mandatory requirement.</p>	Yes	<p data-bbox="1549 297 1911 589">Paragraph 2 is amended to emphasize that audit documentation should be prepared on a timely basis. Paragraph 6 (now paragraph 3) is also amended to explain why this contributes to the quality of the audit.</p> <p data-bbox="1549 613 1911 828">The requirement for a quality control review before the audit opinion is issued is set out in ISA 220.36(c). In addition, QC reviews do not apply to all audits (e.g. small audits).</p>
25	IOSCO	<p data-bbox="407 1182 745 1214">Scope of audit documentation</p> <p data-bbox="407 1239 1386 1414">We note the revised standard makes no mention that audit documentation is needed for work performed by other auditors, which include auditors associated with other offices of the firm, affiliated firms, or non-affiliated firms. We believe the Board should address the assembly and review of audit documentation prepared by other auditors, or at least state explicitly in paragraph 2 that the documentation should demonstrate that all audit work,</p>	No	<p data-bbox="1549 1182 1911 1365">This is an issue that should be more appropriately addressed in the Group Audits project. The comment has been passed on to the Group Audits TF.</p>

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		including work performed by related auditors and other auditors, was performed in accordance with ISAs and applicable legal and regulatory requirements. (<i>Italics our suggested addition to present text</i>).		
26	JICPA	We propose adding a definition or an explanation of “sufficient and appropriate,” which serves as a basis for the audit documentation, in the paragraph 2 of the Exposure Draft.	No	What is “sufficient and appropriate” will involve use of professional judgment in the particular circumstances of the engagement.
27	KPMG	We support the overarching principle of sufficient and appropriate documentation to provide a record of the basis for the auditor’s report and to demonstrate that the audit was performed in accordance with ISAs and applicable regulatory and legislative requirements	No	NA
28	NYSSCPA	We recommend that “provide a record of the basis” be clarified. Documentation does more than simply provide a record of the basis; it should support the auditor’s opinion or why an opinion could not be expressed.	No	What supports the auditor’s opinion is the basis, i.e. the audit evidence obtained, not the record per se.
29	PwC	<p data-bbox="411 920 852 941"><i>Primary objective of audit documentation</i></p> <p data-bbox="411 972 1383 1105">The proposed ISA establishes at the outset that audit documentation needs to be sufficient and appropriate to provide a record of the basis for the auditor’s report <u>and</u> to demonstrate that the audit was performed in accordance with the ISAs and applicable legal and regulator requirements.</p> <p data-bbox="411 1136 1383 1421">We believe that the primary objective of audit documentation should be to document the basis for the auditor’s report. It is the documentation of the judgements and evidence obtained to support the auditor’s conclusions that will contribute to audit quality. Whilst we appreciate that the auditor needs to be able to demonstrate compliance with the ISAs, we are concerned that the expectations of the Exposure Draft in this regard are unclear and that certain proposals in the Exposure Draft – particularly when considered in combination with the proposals in IAASB’s Exposure Draft regarding “Clarifying Professional Requirements in International Standards Issued by the IAASB” (Clarity Exposure Draft) – could be</p>		An explanatory paragraph has been added after paragraph 2 to address this issue.

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		<p>interpreted as requiring documentation that we consider to be excessive and unnecessary, as explained more fully below.</p> <p><i>Demonstrating compliance with the ISAs</i></p> <p>The proposed ISA suggests that the auditor should document the nature, timing and extent of procedures, the audit evidence obtained, the conclusions reached on significant matters and conclusions regarding audit procedures to address identified risks of misstatement that are not otherwise readily determinable. We agree. Other ISAs also contain specific documentation requirements and guidance. We believe that compliance with the basic principle above together with the specific documentation requirements in other ISAs should constitute the documentation that is necessary to demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements. We do not believe that auditors should be required to separately document how the auditor complied with each basic principle and essential procedure (or requirements and presumptive requirements, as proposed in the Clarity Exposure Draft) in order to demonstrate that the audit has been conducted in accordance with the ISAs.</p> <p>Whilst we interpret the proposed Documentation ISA to be consistent with our view, we strongly recommend that the ISA explicitly make this point to avoid any confusion in this regard.</p>		
30	RM	<p>The words " legal and regulatory in the end be changed as " legal, regulatory or other" Reason: To fall in line with Para 5 f and Para 8 second sentence.</p>	No	<p>These paragraphs address different objectives.</p>
31	US GAO	<p>We recommend clarifying the objectives of the standard on audit documentation in paragraph 2 of the proposed revisions to ISA 230 as indicated below:</p> <p><u>The documentation should contain a sufficient level of detail to: (1) provide a clear understanding of the work performed, the source of the information, and the conclusions reached, (2) clearly link to the auditor’s report, and (3) demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements. The auditor should prepare audit documentation that is sufficient and appropriate to provide a record of the basis</u></p>	No	<p>Suggestion (1) is covered by paragraph 7 (now renumbered 8).</p> <p>Suggestion (2) is effectively addressed by the requirement in paragraph 2 for audit documentation to provide a record of the basis of the report.</p>

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		<p>for the auditor’s report and to demonstrate that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.</p> <p>Although this point is essentially made by aggregating the various parts of the standard, a more robust statement in the introduction would enhance the standard’s clarity.</p>		
		<u>Paragraph 3</u>		
32	AICPA	<p>Paragraph 3 introduces the concept of the “experienced auditor,” which we support, but we recommend that this concept be more precisely defined. As written, we believe the term could imply an experienced auditor could be someone with relatively few years of auditing experience. This has economic consequences, as the lower the assumed experience level of the reviewer, the more documentation will be necessary for the reviewer to comprehend the documentation. We recommend consideration of whether the individual should possess the skills and knowledge to have performed the audit.</p> <p>We believe the following language more precisely defines what is intended by the term “experienced auditor.”</p> <p>“[E]xperienced auditor” means an individual (whether internal or external to the firm) who <u>possesses the competencies and skills that would have enabled him or her to perform the audit, and therefore has an a reasonable</u> understanding of audit processes and of auditing and financial reporting issues relevant to the industry in which the entity operates.</p>	No	<p>The task force believes the threshold for review competence would be too high, thereby resulting in a threshold for documentation that would be too low (i.e. too little documentation). See also responses to BDO and CICA comments immediately below.</p>
33	BDO	<p>We welcome the introduction of the concept of the “experienced auditor” but suggest that this concept could be further defined. For example, does it mean only someone who has had experience for a number of years as a partner responsible for audits, or does it mean someone with relatively few years of auditing experience?</p>	Yes	<p>The definition has been further expanded through tying it with the level of experience necessary to conduct an engagement quality control review or an inspection.</p>
34	CICA	<p>We believe that the definition of an “experienced auditor” in this paragraph is unclear:</p>	Yes	<p>The definition has now been</p>

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		there could be a wide range of interpretations of this term. It would be helpful if the revised ISA, or supporting guidance, set out benchmarks or examples to assist practitioners in understanding the expectation of the standard. As the majority of auditing procedures are performed by students of accreditation programs in professional accountancy, under the supervision of accredited accountants with a wide range of professional experience, some explicit indication of the expected level of audit documentation would greatly assist practitioners in putting the standard into practice.		expanded to indicate that the expected level of experience should be tied to that needed to conduct engagement quality control reviews or inspections.
35	ICABC	Some members of our Forum found the definition of an “experienced auditor” unclear. Their concern relates to the interpretation of this term in practice, and the obvious problem that a wide range of interpretation would represent the international auditing profession. Our members suggest it would be helpful if the proposed international standard set out benchmarks or examples to assist practitioners in understanding the expectation of the standard. As the majority of auditing procedures are physically carried out by students of accreditation programs in professional accountancy, under the supervision of accredited accountants with a wide range of professional experience, some explicit indication of the expected level of audit documentation would greatly assist practitioners in complying with the standard in practice. Greater guidance would also assist those jurisdictions that are in the process of developing a more robust auditing profession.	Yes	See CICA comment.
36	JICPA	An “experienced auditor” does not only have a reasonable understanding of audit processes but also a reasonable understanding of ISAs and applicable legal and regulatory requirements which are the basis for the audit as described in paragraph 2. In addition, a reasonable understanding of the circumstances, including the business practices, in which a client operates, is effective for the “experienced auditor” to understand auditing and financial reporting issues. We propose that the definition of an “experienced auditor” should be modified to incorporate these concepts.	Yes	Agreed.
37	NIVRA	ISA 230 requires the auditor to consider in preparing audit documentation the needs of an experienced auditor having no previous connection with the audit. For the name auditor is in practice used by a number of investigators not all familiar with ISA it gives in our opinion in this particular case not enough guidance. We suggest to insert the word	No	The need for the experienced auditor to be qualified is not an audit standards issue per se. It will be determined more by the type of engagement that needs to

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		qualified: experienced qualified auditor.		be reviewed or inspected, and by legal, regulatory or professional requirements established in the specific jurisdiction.
38	NYSSCPA	This definition sets the standard too low. An “experienced auditor” must also be conversant with international generally accepted accounting standards or other financial reporting framework (not just have a reasonable understanding of audit processes), and any special accounting standards applicable to the entity and the industry required by a regulator.	No	The phrase “understanding of auditing and financial reporting issues relevant to the industry...” implies an understanding of the applicable financial reporting framework.
39	NYSSCPA	Also, a thorough understanding of the language in which the documentation is prepared is a very important attribute of the “experienced auditor”.	No	This suggestion is at a very detailed level – the ability to read the documentation is a basic presumption.
40	RM	Experienced auditor definition is silent on the number of years experience. All professional institutes admit a member as associate and upgrade as a fellow member based on experience in industry or practice. In India it is five years. After qualification as an auditor, experienced auditor should have done audit for three or five years relevant to the entity--type of legal organisation or operations. The words "industry in which " be deleted as an entity may operate in more than one industry.	No	The level of experience will vary with the engagement circumstances. Also, it is important to retain the word “industry” as the experienced auditor needs to have an understanding of the entity’s environment. The singular of “industry” does not preclude more than one industry.
<u>Paragraph 4</u>				
41	ACAG	What constitutes the audit file? The Exposure Draft does not define the term “audit file”. Paragraph 7 of the Public	No	The guidance in paragraph 4 (now renumbered 6) indicates that the audit file is the final

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>Company Accounting Oversight Board (PCAOB) Auditing Standard No. 3 “Audit Documentation” list the following factors to consider in determining the nature and extent of the documentation for a financial statement assertion namely the:</p> <ul style="list-style-type: none"> ▪ Nature of the auditing procedure; ▪ Risk of material misstatement associated with the assertion; ▪ Extent of judgment required in performing the work and evaluating the results, for example, accounting estimates require greater judgment and commensurately more extensive documentation; ▪ Significance of the evidence obtained to the assertion being tested; and ▪ Responsibility to document a conclusion not readily determinable from the documentation of the procedures performed or evidence obtained. <p>These factors may assist in developing a definition for an audit file. For example, are administrative steps such as final billings outside of the scope of an audit file?</p>		<p>output when the audit documentation has been assembled. Final billings are not considered audit evidence and thus do not form part of audit documentation.</p>
42	APB	<p>The last sentence of paragraph 4 should be amended to “<u>All</u> the audit documentation for a specific audit engagement is assembled in an audit file <u>identified as such</u>.” This ensures that audit documentation is not held in files for other engagements and helps facilitate the proper application of document retention policies.</p>	No	<p>The task force believes this level of specificity in the guidance is unnecessary.</p>
43	Basel	<p>Paragraph 4 of the ISA appears to be missing “planning” although it is included in paragraph 5(a) and it is indirectly included in paragraph 7(a) in the nature, timing and extent of audit procedures. It would be preferable to explicitly include documentation of audit planning in paragraph 4 to emphasise its importance.</p>	Yes	<p>A footnote has now been added, with a cross-reference to ISA 300 to indicate that audit procedures include audit planning.</p>
44	CICA	<p>Paragraph 4 of the ED provides a definition of audit documentation and provides examples of what audit documentation entails. We believe that audit documentation also provides a record of planning and performance of the work and suggest that the wording be changed to read:</p> <p style="padding-left: 40px;">...a record of <u>audit planning</u>, audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached.</p>	Yes	Ditto.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
45	CIPFA	<p>The explanatory memorandum to the exposure draft introduces five new requirements. Of these, we fully support the first (documentation of significant matters) the third (identification of preparer and reviewer of audit documentation) and the fourth (documentation identifying characteristics of specific items tested during the audit). However, we have strong reservations about the remaining two requirements. It only becomes clear after the event what evidence is inconsistent with or contradicts the final conclusions. Some auditors or reviewers might take the view that every draft of a document and every file note should be retained in order to demonstrate beyond challenge compliance with this requirement. The definition of audit documentation in paragraph 4 could be taken as including superseded drafts, documents subsequently corrected for typographical errors, or transcripts of voice mail messages. Such documents are specifically excluded by the PCAOB standard in the United States and we believe should also be excluded here.</p>	Yes	<p>The requirement to document inconsistent or contradictory information applies only to information obtained contemporaneously with the audit work and not after the date of the auditor’s report, as the auditor is required to evaluate the information <i>before</i> forming the final conclusion.</p> <p>Further guidance has now been provided regarding what audit documentation excludes.</p>
46	DNR	<p>Concerning the last part of the third sentence, “and schedules of work the auditor performed”, we are not sure we understand what is covered by this expression in addition to information included in the other elements mentioned.</p>	Yes	<p>This has now been deleted.</p>
47	FEE	<p>We believe that the part of the definition of audit documentation in paragraph 4 related to the relevant audit evidence obtained should be expanded to relevant <u>and appropriate</u> audit evidence, with a footnote reference to ISA 500 (Revised) “Audit Evidence” as a whole and in particular to paragraph 7.</p>	No	<p>Under ISA 500R.7, “relevance” is a subset of “appropriateness”, as opposed to being distinct.</p>
48	GT	<p>We recommend further clarifying that the following documents generally need not be retained: superseded drafts of memoranda, financial statements or regulatory filings; notes on such documents that reflect incomplete or preliminary thinking; previous copies of documents corrected for typographical errors or errors due to training of new employees; and duplicates of documents.</p>	Yes	<p>Further guidance has now been provided.</p>
49	ICAEW	<p>Audit documentation is described in paragraph 4: the description is very similar to the PCAOB description. However, there is no indication that documentation such as superseded drafts, notes on such drafts that reflect incomplete or preliminary thinking,</p>	Yes	<p>Ditto.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
50	IDW	<p>previous copies of documents corrected for typographical errors, duplicates or voice-mail messages are <i>not</i> required. These documents are excluded by the Addendum to the PCAOB standard and we consider that for the avoidance of doubt (and unnecessarily bulky files) such documentation should similarly be excluded from paragraph 4 of the IAASB standard. The exclusion in paragraph 11 of incorrect or superseded information only applies to the documentation of significant matters. This paragraph would also be improved by the addition of explanatory material such as that found in the PCAOB standard.</p> <p>Paragraphs 4-6 intend to set forth the nature and purposes of audit documentation, but include no reference to documentation of the objectives generating the basic principles and essential procedures of an ISA and their related risks. Furthermore, paragraphs 7 to 16 address the form, content and extent of audit documentation in relation to procedures planned and performed and their results, but no reference is made to the objectives of these procedures and their related risks and whether these objectives have been achieved by those procedures and therefore these risks appropriately reduced.</p> <p>In our view, in this sense the current proposal suffers from the “procedures-based” approach to audits that leads to a weakening of the application of professional judgment and hence to a “tick the box” mentality, which we believe reduces audit quality. From our point of view, a principles-based audit approach would emphasize the achievement of audit objectives and the selection of audit procedures to reduce the risk of not achieving those audit objectives. Auditors plan audit procedures by first clarifying the audit objectives to be achieved.</p> <p>Along these lines, we suggest that the first sentence of paragraph 4 be amended to read as follows:</p> <p style="padding-left: 40px;">“Audit documentation represents the record of audit objectives to be achieved, procedures selected and performed to achieve those objectives (including risk assessment procedures and procedures responding to these risks), audit evidence obtained from those procedures, and conclusions drawn from the evidence in relation to the achievement of the audit objectives.”</p> <p>We believe that defining audit documentation in this manner will cause audit documentation to be prepared that will enable quality control reviewers and other users of</p>	No	The approach taken in the ED is retained for simplicity and clarity.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		that documentation to ascertain whether: 1. the procedures selected and performed achieved their objectives, 2. the auditor appropriately assessed, and responded to, risks and 3. the auditor obtained sufficient appropriate audit evidence and drew appropriate conclusions from that evidence.		
51	IDW	We suggest that the word “completed” be inserted in the third sentence before each of the terms “audit programs” and “checklists”, since incomplete programs and checklists do not constitute audit documentation.	No	This would also imply a need to add the word “completed” in front of all the other examples: analyses, issues memoranda, etc. The concept of completion is implicit in the main objective of audit documentation, which is to provide a record of the basis for the auditor’s report.
52	IRE	Paragraph 4 refers to “relevant evidence”. Our Institute suggests to complete this paragraph using a cross-reference to ISA 500, paragraphs 7 and 8, in which is explained that “relevance” is part of “appropriateness” and examples are being given.	No	The IAASB has agreed to minimize cross-references to other ISAs to achieve conciseness.
53	NYSSCPA	If documents are translated, copies of such key translated documents must also be included in the audit file.	No	Translated documents form part of the audit evidence if they support the auditor’s report.
54	PAAB	PCAOB Auditing Standard 3, Audit Documentation, in Paragraph 2 refers to audit documentation as being the written record. The proposed revised ED 230 states that audit documentation may be recorded on paper or on electronic or other media. This implies that documentation is not necessarily limited to a written document and in the situation where it is electronic, careful consideration would need to be given to the different ‘views’ which are available on many audit software applications and the point at which a particular ‘view’ can be regarded as documentation.	No	This is an implementation issue, i.e. how to ensure electronic documentation remains static.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
55	PAAB	PCAOB AS3 refers to the <u>written</u> record, whereas the ED recognizes that working papers may be recorded on different media, such as paper, electronic media and film. One could add audio media as well. We support the broader definition in Paragraph 4 of the proposed Revised ED ISA 230 and Paragraph 4 of AS 3.	No	Audio media is included in “other media”.
56	PAAB	We further suggest that reference to electronic or other media be explained, for example, whether it includes <u>audio and visual</u> forms of media.	No	This guidance would be too detailed.
57	PAAB	There is a concern that the ED does not indicate what information <u>is not</u> required to be documented in the working papers. Additional guidance could be provided in this regard.	Yes	Additional guidance has now been provided.
58	PAAB	‘Documentation’: We recommend that the first sentence in paragraph 4 appear in bold text and be used as the definition and furthermore that such definition includes a reference that documentation must support the auditor’s conclusions drawn from the audit evidence obtained.	Yes	A definition of audit documentation has now been provided. The suggestion that documentation must support the auditor’s conclusions is implicit in the main objective of audit documentation, which is to provide a record of the basis for the report.
59	PAAB	We recommend that ‘important documents’ be changed to ‘important <u>client</u> documents’. We recommend that the examples of audit documentation be expanded to include the examples listed in the existing ISA 230 paragraph 11.	No	“Important documents” may not necessarily be limited to client documents.
60	PwC	Paragraph 4 describes the nature of audit documentation. This description is very similar to that found in paragraph 4 of PCOAB AS 3. Yet, the PCAOB standard goes further and clarifies certain documentation that is not required. Paragraph A54 in Appendix A to AS 3 states that the PCAOB standard does not require auditors to retain certain documents as a general matter, and those documents are described as “ <i>superseded drafts of memoranda, financial statements or regulatory filings; notes on superseded drafts of memoranda, financial statements or regulatory filings that reflect incomplete or preliminary thinking;</i> ”	Yes	Further guidance has now been provided. Paragraph 15 has now been moved to paragraph 6.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<i>previous copies of workpapers that have been corrected for typographical errors or errors due to training of new employees; and duplicates of documents.”.</i>		
		Although, Paragraph 8 of the Exposure Draft states that the “ <i>form, content and extent of audit documentation depend on the circumstances of the engagement</i> ”, we do not believe this will satisfactorily clarify that the documents, highlighted in italics above, are excluded from the audit documentation required to be assembled in the file. We therefore suggest that such documents are either explicitly excluded in paragraph 4 through explanatory text, or that the term “ <i>for example</i> ” is removed from the third sentence of paragraph 4, so that the list is all-inclusive.		
		We also believe that the section should clarify that the auditor is not required to include, as part of the audit documentation, copies of all client documents that may have been obtained for purposes of performing the audit. In the proposed ISA, this is discussed in paragraph 15. The reason we suggest including this guidance in paragraph 4 rather than paragraph 15 is because we are of the view that this guidance is relevant to all types of documentation recorded throughout the audit and not just specific items tested and, therefore, better placed in this introductory section of the ISA.		
61	RM	Para 4 Last sentence be deleted. REASON: An audit file may not be possible. There should be freedom to file in a number of files as the auditor may find it convenient considering small-large audits, number of staff engaged, number of locations audited, manual electronic, permanent audit file and current year audit file etc.	No	The term “audit file” does not necessarily refer to a physical file, since the documentation can be electronic. It refers more generally to the repository where the documentation is contained, whether that is in one or more files.
<u>Paragraph 5</u>				
62	ACCA	Paragraph 5 lists other purposes that audit documentation serves. Several of these are very important as they relate to documentation necessary for compliance with quality control standards. Such documentation should also be ‘sufficient and appropriate’ for that purpose.	No	These other purposes are not necessarily subsets of, and do not expand on, the two key objectives mentioned in

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		Although the list of ‘key objectives’ could be extended to include them, we do not think that is appropriate. It would be better to present the items in paragraph 5 not as ‘other purposes’ but as an expansion of the two key objectives. This would also assist in understanding what is meant by ‘ <i>the basis for the auditor’s report</i> ’, as the concept is not otherwise explained.		paragraphs 2. The basis for the auditor’s report is the audit evidence obtained, as addressed in ISA 500.
63	AICPA	Paragraph 5 identifies some of the purposes that audit documentation serves. While we appreciate that this is not a complete list of all the purposes that audit documentation serves, we suggest that an additional bullet be added to include assisting a successor auditor who reviews a predecessor auditor’s audit documentation.	No	This suggestion does not relate to auditor performance or quality control. It may imply a requirement for the auditor to anticipate the needs of successor auditors. In addition, the practice of allowing successor auditors access to working papers varies among jurisdictions and firms.
64	Basel	The proposed standard would be stronger and clearer if paragraph 5(c) were revised to state that the purpose of audit documentation includes “Clearly demonstrating that the work was in fact performed.” The new ISA would further benefit from an additional sentence indicating that the documentation requirement applies to the work of all those who participate in the engagement as well as to the work of experts the auditor uses.	No	The suggested amendment to 5(c) (now renumbered 4(c)) would alter the meaning of the subparagraph. The comment addressing the work of experts has been passed to the ISA 620 task force.
65	CIPFA	We suggest a requirement to agree with the client procedures for retention, distribution and notification of amendments for documents might be a useful addition.	No	This is not an audit standards issue.
66	EC	ISA 230 Paragraph 5 should specify at least three more objectives for the audit documentation:	No	The first bullet should be more appropriately addressed as part of the Group Audits project. The

¹ ISA 600 (Revised), The Work of Related Auditors and Other Auditors in the Audit of Group Financial Statements and IAPS, The Audit of Group Financial Statements – released Dec. 23, 2003.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<ul style="list-style-type: none"> ▪ Enabling the group auditor to draw up conclusions referred to in paragraph 28 of Exposure Draft (ED) ISA 600 in the case of reviews performed under paragraph 27 of ED 600¹. ▪ Enabling relevant oversight authorities to perform quality assurance reviews and inspections; and ▪ Enabling relevant competent public authorities to conduct investigations relating to specific engagements, including group audits. 		<p>comment has been passed to the Group Audits TF.</p> <p>The 2nd and 3rd bullets are included under the “review and inspection” purposes in accordance with ISQC 1 and applicable legal/regulatory requirements.</p>
67	EY	Paragraph 5 (d): “Audits of the entity” should read “Audits of historical financial information of the entity”.	No	This has now been reduced to “future audits” for simplicity.
68	FEE	We believe that paragraph 5 (d) would be improved by replacing the last four words ‘audits of the entity’ with ‘audits of the financial statements of the entity’	No	The scope of the ISA is not limited to financial statement audits.
69	IDW	<p>In line with our general comments, we would like to suggest the following changes:</p> <ul style="list-style-type: none"> ▪ that the word “objectives” in the first line be changed to “objective” ▪ that item (c) be changed to read: “providing a record of the accountability of the audit team for its work” ▪ that an additional item (g) be added that reads: “furnishing the auditor with the primary basis for substantiating that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.” 	No	<p>See response to IDW comment re paragraph 2.</p> <p>Item (c) has been reworded to clarify the intent.</p>
70	IRE	It would be more correct to refer in paragraph 5(d) to “future audits” instead of “future audits of the entity”.	Yes	This has now been changed.
71	NYSSCPA	Paragraph 5(f): It is appropriate to call the auditor’s attention to the fact that in preparing documentation there may be objectives other than demonstrating compliance with ISAs;	No	“Other requirements” may include inspections among firms

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		however, it is not clear to what “other requirements” this Standard may be referring. See our comment on paragraph 7(a) below.		by firms (“peer reviews”) or inspections within networks.
72	PwC	<p>Paragraph 5(b): This paragraph states that audit documentation serves a number of purposes including: “<i>Assisting members of the audit team responsible for supervision to direct and supervise the audit work, and <u>to review the quality of work performed</u>, in accordance with ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information.” We believe the underlined wording is inconsistent with ISA 220.</i></p> <p>At no point in ISA 220 does the guidance suggest that the reviewer must review the “<u>quality</u> of the work performed”. Rather, paragraph 25² of ISA 220 states that the reviewer needs to consider a number of matters, including whether the work has been performed in accordance with professional standards and regulatory and legal requirements, and that the work performed supports the conclusions reached and is appropriately documented. We believe it is misleading to make the statement “and to review the quality of work performed” because it implies a subjective overall judgment. Accordingly we suggest the following alternative wording that is consistent with ISA 220:</p> <p><i>“Assisting members of the audit team responsible for supervision to direct and supervise the audit work, and to <u>undertake review responsibilities</u> review the quality of work performed, in accordance with ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information”</i></p>	Yes	This has now been changed.
73	PwC	<p>We believe that the reference to future “...<i>audits of the entity</i>” should be consistent with the purpose of the standard and believe the sentence can be improved as follows: “<i>Retaining a record of matters of continuing significance to future audits <u>of historical financial information of the entity</u>”.</i></p>	No	This has now been shortened to “future audits” for simplicity.
74	RM	<p>The words “ in addition to the objectives set out in paragraph 2” be deleted.</p> <p>Reason: Para 2 does not use the term objective. Purpose and objective are not the same. Para 29 also mentions purposes only when referring to para 2 and 5.</p>	No	Paragraph 2 sets an objective-based standard focusing on the two principal objectives of audit

² Paragraphs 21-29 of ISA 220 offer guidance on Engagement Performance and Paragraph 25 considers review responsibilities, in particular it lists seven aspects of what the reviewer needs to consider when carrying out the audit.

No.	Respondent	Respondent Comment	Change?	Task Force Comment documentation.
<u>Paragraph 6</u>				
75	CIPFA	The wording should be sufficient <i>and</i> appropriate (audit evidence) to be consistent with paragraph two.	Yes	This has now been changed.
76	IDW	The statement in this sentence does not appear to be correct as it stands, for audit documentation even together with other matters cannot guarantee audit quality. Furthermore, the process of preparing sufficient appropriate audit documentation need not contribute to audit quality in every case. Consequently, we suggest the sentence be changed to read as follows: “Although the preparation of audit documentation alone does not enhance audit quality, the process of preparing sufficient appropriate audit documentation ordinarily contributes to the quality of an audit.”	Yes	This paragraph has now been redrafted based on other comments.
77	PwC	In January 2004 we responded to the PCAOB Auditing Standard 3 (PCAOB AS 3) Exposure Draft – Audit Documentation. There is an underlying presumption in both the PCAOB AS 3 and proposed revision to ISA 230 that audit documentation is a key driver of audit quality. In our response to the PCAOB we remarked on the fact that an assessment of the quality of an audit does not only involve the evaluation of audit documentation but also, and equally, matters such as the audit process and execution, audit judgements and the qualifications of the auditor. Whilst we agree that audit documentation can contribute to the quality of an audit, we also believe that excessive and unnecessary documentation will, in fact, detract from audit quality.	Yes	This paragraph has now been changed to explain why audit documentation helps to enhance audit quality.
78	PwC	We suggest deleting the opening statement of this paragraph that states: “ <i>Although audit documentation does not guarantee audit quality...</i> ” Despite being worded in the negative, we found that some readers misinterpreted its meaning. Thus, we suggest the guidance in paragraph 6 be amended so that it is consistent with the sentiment in ISQC1 as follows: <i>Although audit documentation alone does not guarantee audit quality, the</i> <u>The process of preparing sufficient appropriate audit documentation contributes to the quality of an audit.</u>	Yes	This statement has now been deleted.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
79	RM	<p>The words " Although audit documentation alone does not guarantee audit quality" be deleted.</p> <p>REASONS: Audit documentation guarantees audit quality to some extent, though not in totality. Like Total Quality Management, Total Audit Quality expected by the users of financial statements may not be practicable or feasible as accounting quality is outside the scope of accounting standards and quality standards- ISO 9000 and audit is an opinion on accounting.</p> <p>Audit documentation enhances audit quality.</p> <p>Contradicts 5 e</p>	Yes	This paragraph has now been changed.
<u>Paragraph 7</u>				
80	AICPA	<p>ISA 330, The Auditor’s Procedures in Response to Assessed Risks, requires that the auditor’s substantive procedures related to the financial statement closing process include agreeing or reconciling the financial statements with the underlying accounting records. We believe that it is important that there is evidence in the audit documentation that this procedure has been performed. We suggest adding the following specific requirement to paragraph 7:</p> <p>(e) That the accounting records agree or reconcile with the financial statements or other information being reported on.</p>	No	This is reflected in the proposed amendment to ISA 330 paragraph 74.
81	APB	<p>The requirements of paragraph 7(a) seem to overlap with the requirements of paragraphs 7(b) and 7(c). The APB believes that documentation sufficient to enable an understanding of “the nature, timing, extent and results of the audit procedures”, required by 7(a), would necessarily include details of the audit evidence obtained and the conclusions reached and, therefore, 7(b) and 7(c) should be deleted. Clarity could be improved by amending 7(a) to “the nature, timing, extent, and results <u>and conclusions</u> ...”. See also the recommendations below regarding documentation of “significant matters”.</p> <p>Paragraph 7(d) requires documentation of, “in relation to audit procedures designed to address significant risks of material misstatement, conclusions that are not otherwise</p>	Yes	<p>Subparagraphs (a) and (b) have been redrafted to eliminate the perceived overlap. The substance of subparagraph (d) has now been moved to ISA 330.73.</p> <p>The suggestion to include “conclusions” in subparagraph (a) would not be appropriate as the auditor need not document a</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		readily determinable from the documentation of the procedures performed or the audit evidence obtained.” The APB does not understand this requirement and believes that the auditor should always document clear conclusions in relation to procedures performed. Amending 7(a) as suggested above should also enable 7(d) to be deleted.		conclusion when the results of the audit procedure are self-evident.
82	CEBS	<p>The principles laid out in paragraph 7 seem quite reasonable, except for 7d which seems redundant. Paragraphs 7a-c seem to cover all eventualities that an experienced auditor, having no previous connection with the audit, should understand i.e.</p> <ul style="list-style-type: none"> • Nature, timing, extent and results of the audit procedures • Audit evidence obtained • Conclusions reached on significant matters <p>We are therefore unsure what is intended or meant by sub-paragraph 7d.</p>	Yes	Paragraph 7 (now renumbered 8) has now been clarified and amended.
83	CICA	<p>1) In order to encourage good practice and encourage consistency in audit documentation, we suggest that the wording in the opening of this paragraph be changed to read:</p> <p style="padding-left: 40px;"><u>The auditor should prepare audit documentation for which the organization, format and content is designed to enable that an experienced auditor, having no previous connection with the audit, to understand:</u></p> <p style="padding-left: 40px;"><u>(c) The significant matters identified during the audit and the conclusions reached on significant matters thereon; and....</u></p> <p>We also believe that several paragraphs should be inserted immediately after paragraph 7, as described below.</p> <p>2) The revised ISA should include a paragraph indicating that the documentation requirement applies to the work of all those who participate in the engagement, as well as to the work of specialists the auditor uses as evidential matter in evaluating financial statement assertions.</p>	No	<p>1) “Organization, format and content” are a matter of judgment, and appear unnecessarily detailed guidance. Bullets (a) - (c) altogether address the documentation of significant matters.</p> <p>2) The work of specialists is addressed under “audit procedures performed” in bullet (a). The obligations in the ISA can only apply to the auditor. The comment will, however, be passed on to the ISA 620 TF.</p> <p>3) See response to AICPA comment on paragraph 8.</p>

No. Respondent Respondent Comment

- 3) The revised ISA should include a paragraph listing factors the auditor would consider in determining the nature, extent, format and organization of documentation. The wording of this paragraph could read as follows:

In determining the nature and extent of documentation of a specific assertion, the auditor would consider the following factors:

- Nature of the auditing procedure;
- Risk of material misstatement associated with the assertion;
- Extent of judgment required in performing the work and evaluating the results, for example, accounting estimates require greater judgment and commensurately more extensive documentation;
- Significance of the evidence obtained to the assertion being tested; and
- Responsibility to document a conclusion not readily determinable from the documentation of the procedures performed or evidence obtained.

- 4) We believe it would also be useful to include a black letter paragraph requiring the auditor to identify all significant findings or issues in an “engagement completion” document. The guidance following this requirement would include matters such as:

- the engagement completion document may include either all information necessary to understand the significant findings, issues or cross-references, as appropriate, to other available supporting audit documentation
- any documents cross-referenced, should collectively be as specific as necessary in the circumstances for a reviewer to gain a thorough understanding of all the significant findings or issues.

By requiring the auditor to prepare an engagement completion document, deficiencies and inconsistencies in the work performed may be identified, enabling the auditor to perform additional procedures where required. In addition, more complete and integrated documentation promotes a more efficient partner review and understanding of the audit evidence obtained by other members of the audit team.

Change?**Task Force Comment**

4) Mandating an “engagement completion document” is a regulatory issue. However, guidance is provided at paragraph 14 to highlight its usefulness in facilitating an experienced auditor’s review.

5) The IAASB debated this matter and concluded that this would not address any specific audit issue. Matters of independence, staff training and proficiency are all dealt with in ISQC 1/ISA 220. The documentation of client acceptance and retention is covered under ISQC 1’s overarching requirement for the firm to document evidence of the operation of each QC element (ISQC 1 paragraph 94) .

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>5) We believe that a paragraph should be added to provide guidance on the documentation requirements for matters such as auditor independence, staff training and proficiency and client acceptance and retention, as there is no specific guidance on documentation of such matters in the Quality Control standards. The wording of this paragraph could include matters such as:</p> <ul style="list-style-type: none"> ▪ documentation of these matters may be in a central repository ▪ the audit documentation of the engagement should include a reference to the central repository if that is where the matters are documented ▪ documentation of matters specific to a particular engagement should be included in the audit documentation of the pertinent engagement. 		
84	CIPFA	<p>This paragraph is poorly drafted for the following reasons: It has four sub-sections (a), (b), (c), and (d) but the subsequent text addresses only two of them and puts (c) first. Further, sub-sections (c) and (d) appear to be addressing the same point while sub-section (b) (audit evidence obtained) surely requires some explanation. The first section of the paragraph should read ‘<i>would enable</i>’ as the situation is hypothetical.</p>	No	<p>This paragraph has been redrafted based on other comments.</p>
85	CIPFA	<p>We suggest adding ‘action plans dealing with the responses of management to issues raised by the auditor’ to the list of matters to be documented.</p>	No	<p>This suggestion would lead to overly detailed guidance.</p>
86	CPAA	<p>CPA Australia believes that paragraph 7(d) should be re-worded on the basis that it is currently unclear. Suggested wording is provided below:</p> <p><i>“The auditor should prepare audit documentation that enables an experienced auditor, having no previous connection with the audit, to understand:</i></p> <p><i>(d) and reach the conclusions drawn by the engagement team about the audit procedures that are designed to address the identified risk of material misstatement, even if the documentation does not explicitly identify the audit procedures performed or audit evidence obtained”</i></p>	Yes	<p>This bullet has now been moved to ISA 330.73.</p>
87	EY	<p>The proposed pronouncement introduces an overarching principle of “sufficiency and appropriateness” of audit documentation. However, the proposed pronouncement does not</p>	No	<p>See response to CICA comment on paragraph 1. Additional</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>formally acknowledge the role of the auditor’s professional judgment in the determination of the form, content and extent of audit documentation. Professional judgment is exercised throughout the audit process, including the decisions made regarding audit documentation. We are also concerned that an inappropriate focus on the sufficiency of audit documentation may have the unintended consequence that the volume of audit documentation becomes the measure of audit quality, rather than the quality of the procedures performed, evidence obtained and professional judgments made during the course of the audit. We therefore suggest that the proposed pronouncement be amended to clarify that the sufficiency of audit documentation is a matter of professional judgment.</p>		<p>explanatory guidance has also been provided in paragraph 3 which serves to clarify the context of sufficiency and appropriateness.</p>
88	FEE	<p>Reviewability Standard</p> <p>This Proposed Pronouncements introduce a new requirement that audit documentation must contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the work that was performed, who performed it, when it was completed and the conclusions reached. This experienced auditor also must be able to determine who reviewed the work and the date of such review. Oral explanations, on their own, are said not to represent sufficient support for the work the auditor performed or conclusions the auditor reached, although they may be used by the auditor to clarify information contained in the audit documentation.</p> <p>Although FEE supports the above proposal, FEE would like to emphasise that it is normal for both an internal and external reviewer to develop an understanding by discussion as well as by the review of the working papers. It is the experience of certain European Union Member States that enquiry and discussion play a major role in internal or external reviews and that such reviews do not necessarily require the documentation standards proposed by the IAASB.</p>	No	The comments are noted.
89	GT	<p>An example would assist auditors in understanding the circumstances in which subparagraph (d) applies.</p>	Yes	This bullet has now been moved to ISA 330.73.
90	ICAS	<p>The proposed ISA introduces a new requirement that audit documentation must contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the work that was performed, who performed it, when</p>	No	Noted.

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		<p>it was completed and the conclusions reached. Oral explanations, on their own, are viewed in the proposed standard as not being sufficient to support the work the performed or conclusions reached by the auditor, although they may be used to clarify information contained in the audit documentation.</p> <p>We support this proposal, although would like to emphasise that it is both acceptable and proper for a quality reviewer, either internal or external, to obtain an understanding of the audit by discussion with the auditor as well as by reviewing the working papers. In our experience enquiry and discussion are key aspects of internal or external quality reviews.</p>		
91	IDW	<p>In the same vein, item (a) in paragraph 7 of the Exposure Draft appears to emphasize procedures and compliance rather than supporting the content of the auditor’s report and the achievement of audit objectives. Furthermore, the way (a) is currently worded, it suggests that the procedures are solely generated by the ISAs and applicable legal and regulatory requirements, rather than having professional judgment generate the selection and performance of procedures to meet audit objectives. We also believe that the entire paragraph relates to significant matters – not just item (c). Consequently, we suggest that paragraph 7 in the Exposure Draft be amended to read:</p> <p>“The auditor should prepare audit documentation that enables an experienced auditor without any previous connection to the audit to understand</p> <ul style="list-style-type: none"> (a) whether the auditor has an adequate basis for the auditor’s report by performing the audit in accordance with ISAs and applicable legal and regulatory requirements, and (b) in particular, the following for significant matters: <ul style="list-style-type: none"> (i) the audit objectives to be achieved and the nature, timing and extent of audit procedures selected and performed to achieve these objectives (including risk assessment procedures and procedures to respond to those risks); (ii) the audit evidence obtained from the audit procedures performed; and 	No	<p>The approach taken in the ED is retained for simplicity and clarity.</p>

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		(iii) the conclusions drawn from the audit evidence obtained, including conclusions in relation to audit procedures designed to address identified risks of material misstatement where these conclusions are not readily determinable from the documentation of the procedures performed or audit evidence obtained.”		
92	JICPA	There may be a difficulty in understanding item (d). We propose a modification of item (d) or an additional explanation for item (d) to improve its understandability.	Yes	This bullet has been moved to ISA 330.73.
93	NYSSCPA	<p>Paragraph 7(a): We note that paragraph 5(f) mentions “legal, regulatory or <u>other requirements</u>” while this part of the standard is limited to “legal and regulatory requirements.” This difference should be clarified.</p> <p>The standard should not necessarily require that the audit file contain documentation regarding procedures and reports specifically used to satisfy legal and regulatory requirements that may be extraneous to the audit. A violation of a separate legal or regulatory requirement should not, in itself, mean noncompliance with the ISAs. Therefore, documentation of these legal and regulatory requirements could be maintained outside of the audit file.</p>	No	<p>The contexts of these paragraphs are different: 5(f) (now renumbered 4(f)) deals with quality control inspections; 7(a) (now renumbered 8(a)) addresses the auditor’s compliance with applicable law and regulation, a necessary and integral part of the audit.</p> <p>Retaining documentation of compliance with the legal and regulatory requirements outside of the audit file could create more implementation issues than it would solve.</p>
94	NYSSCPA	Paragraph 7(d): A suggested clarification: The relationship of audit procedures to identified risks of material misstatement, including conclusions that are not otherwise readily determinable from the documentation of the procedures performed or audit evidence obtained.	No	This changes the intended meaning of the bullet.
95	PwC	We believe that the requirement in 7(d) is ambiguous and could be interpreted as being duplicative of the requirements in 7(a) and ISA 330. By documenting the nature, timing	No	This suggestion would alter the meaning of the bullet. 7(d) has

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		and extent of audit procedures performed (as required by 7(a)), and the results of audit procedures performed, as required in paragraph 73 of ISA 330, the auditor will have fulfilled the requirements in 7 (d).		been deleted based on other comments and moved to ISA 330.73.
		<p>If IAASB’s intention is that the guidance in Paragraph 7 should ensure that resulting documentation enables an experienced auditor to fully understand the audit procedures undertaken and conclusions reached in order to express an opinion on the financial statements, we suggest amending 7(d) so that it focuses on the need to document conclusions <u>in relation to particular material classes of transactions, account balances and disclosures</u> that are not otherwise readily determinable from the other documentation. In the recently approved ISA 700 (Revised), the guidance explains that in forming an opinion on the financial statements, the auditor evaluates whether the “<i>financial statements have been prepared and presented in accordance with the specific requirements of the applicable financial reporting framework for particular classes of transactions, account balances and disclosures</i>”. Thus, the auditor needs to conclude on the preparation and presentation of material classes of transactions, account balances and disclosures.</p> <p>Accordingly, we suggest that paragraph 7(d) is replaced by the following amendment:</p> <p><i>7(d) In relation to <u>material classes of transaction, account balances and disclosures</u>—to audit procedures designed to address identified risks of material misstatement, conclusions reached that are not otherwise readily determinable from the documentation of the procedures performed or audit evidence obtained.</i></p>		
96	PwC	<p>Whilst the purpose of this standard is to establish basic principles and procedures on audit documentation, we believe that it is important that the guidance highlight that an “<i>experienced auditor having no previous connection with the audit</i>” will nevertheless ordinarily need a certain level of understanding/knowledge of the entity that will be gained not only through his or her review of the audit documentation but also through discussion and consultation.</p>	No	This suggestion does not appear to add significantly to the guidance.
97	RM	<p>Para 7 a – the words " legal and regulatory" be changed as " legal, regulatory or other"</p> <p>REASON: To fall in line with Para 5 f of Exposure draft.</p>	No	The contexts of these paragraphs are different.

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98	RM	<p>Para 7 d may be broken into two sentences to give clarity to the two aspects covered.</p> <p>REASON: Being in italics, it is an important one. The sentence as it appears is too big, complex and not understandable. Seperate standard on Audit Risk adequately covers other aspects and need not be covered here.</p>	No	See other comments above addressing this subparagraph.
99	US GAO	<p>We believe it is critically important for auditors to complete audit documentation, including supervisory review, for significant matters that support the auditor’s findings and conclusions before the auditor’s report is issued. Such a standard would be consistent with U.S. <i>Government Auditing Standards</i>.³ We encourage the IAASB to incorporate the following wording into paragraph 7 of the IAASB’s proposed documentation standard:</p> <p style="text-align: center;"><u>Audit documentation, including supervisory review, should support the auditor’s findings and conclusions before delivery of the auditor’s report.</u></p>	Yes	Paragraph 3 has been added to indicate the importance of reviewing and evaluating audit evidence obtained and conclusions reached before the auditor’s report is finalized. In addition, ISA 220 contains requirements for the engagement partner to review the audit documentation before the auditor's report is issued.
<u>Paragraph 8</u>				
100	AICPA	<p>Paragraph 8 notes that the form, content and extent of audit documentation will depend on the circumstances of the engagement, and the audit methodology and tools used. We recognize that the IAASB does not wish to have a long bullet list of circumstances, with or without guidance on how those circumstances may affect audit documentation. Nevertheless, we believe that a short list of things that may affect audit documentation would be helpful. We would suggest the following language:</p> <p style="padding-left: 40px;">In determining the nature and extent of the documentation, the auditor considers:</p> <ul style="list-style-type: none"> • The nature of the auditing procedure • The risk of material misstatement associated with the assertion, or account 	Yes	Guidance has been expanded to address such matters.

³ *Government Auditing Standards* (GAO-03-673G, June 2003), paragraph 4.22.

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		or class of transaction		
		<ul style="list-style-type: none"> • The extent of judgment required in performing the work and evaluating the results • The significance of the evidence obtained to the assertion being tested • The nature and extent of exceptions identified • The need to document a conclusion or the basis for a conclusion not readily determinable from the documentation of the work performed or evidence obtained. 		
101	AICPA	Paragraph 8 allows the auditor to use oral explanation to clarify information contained in the audit documentation. We believe that the meaning of clarify could be interpreted too narrowly, failing to permit the auditor to provide context for the documentation or relate it to other documentation as may be necessary. We suggest that the thought be expanded to allow the auditor to use oral explanation to clarify <u>or explain</u> the information contained in the audit documentation. We believe this modification is in keeping with the intent of the Standard.	Yes	This guidance has now been expanded.
102	CIPFA	It is not clear to whom oral explanations are to be made: Presumably the experienced auditor referred to in paragraph seven?	No	To any interested party, including an experienced auditor and any member of the audit staff.
103	CPAA	CPA Australia believes that the following sentence in paragraph 8 should be deleted, for it is more suited to the standard on Audit Evidence (ISA 500). Furthermore, oral explanations is adequately covered in paragraph 10: <i>“Oral explanations, on their own, do not represent sufficient support for the work the auditor performed or conclusions the auditor reached, but may be used by the auditor to clarify information contained in the audit documentation”.</i>	No	The task force does not agree as oral explanations are relevant in discussing audit documentation.
104	DNR	In our opinion, the last sentence will convey the message more effectively if it is changed to read as follows: “Audit documentation may be supported by oral explanations by the auditor to clarify information contained in the audit documentation, however, oral	No	Changes have been made to this paragraph based on other

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		explanations cannot on their own compensate for lacking documentation.”		comments.
105	EY	<p>Paragraph 8 indicates that the form, content and extent of audit documentation depends on the circumstances of the engagement and the audit methodology and tools used. It would be helpful to provide examples of the various factors to consider in the determination of the nature and extent of audit documentation, such as:</p> <ul style="list-style-type: none"> • The risk of material misstatement associated with the assertion, or account or class of transactions; • The extent of judgment involved in performing the work and evaluating the results; • The significance of the evidence obtained to the assertion being verified; and • The nature and extent of exceptions identified. 	Yes	See AICPA comment.
106	IDW	Oral explanations alone may not only be not sufficient: alone they may not be appropriate as well. Consequently, we suggest that the word “sufficient” in the third sentence be changed to “adequate”, which covers both quantitative and qualitative aspects.	Yes	Agreed.
107	NYSSCPA	<p>Only the form of the audit documentation is affected by the audit methodology followed. The methodology and tools used should not necessarily affect the content and extent of audit documentation and the methodology used. Whatever audit method is used, both the content and the extent of the documentation should be substantially the same.</p> <p>We agree that oral explanations can never be a substitute for documentation. The integrity of an audit depends on the existence of a complete and clear record of the work that was performed, the evidence obtained and of the conclusions reached about every material financial statement assertion. If the procedures, the evidence and the conclusions reached are not documented in the audit file, it should be presumed the work was not done, the evidence was not received and the auditor’s conclusions are not supported.</p> <p>We recommend that the IAASB address in this standard the documentation of oral explanations, including the documentation of oral explanations after the date of the auditor’s report. Oral explanations are often integral to the understanding of the audit work performed. If it is determined after the date of the auditor’s report (but before the report is</p>	No	This suggestion could result in an increased documentation burden, as it seems to suggest that all oral explanations should be documented by the auditor.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		delivered) that inadequate written documentation exists, documentation of oral explanations should be permissible, subject to the post completion date procedures outlined in paragraph 20.		
108	PwC	<p>We believe that the second sentence in paragraph 8 would be improved if reordered as follows:</p> <p><i>It is neither necessary nor practical to document every matter the auditor considers. The form, content and extent of audit documentation depend on the <u>audit methodology and tools used</u> and the circumstances of the engagement and the audit methodology and tools used</i></p>	No	This paragraph has been changed based on other comments.
109	PwC	<p>Regarding the reference to oral explanations in the third sentence of this paragraph, it seems unusual for an ISA on audit <i>documentation</i> to raise this subject. Such a discussion would appear to be relevant more in the context of whether or not oral explanations will be accepted in an inspection, investigation or legal process. Furthermore, we find this sentence confusing. We agree that oral explanations are not a substitute for audit documentation required by the ISA but find the last part of the sentence, “<i>may be used by the auditor to clarify information contained in the audit documentation</i>”, unclear. Is it proposing that the auditor can use oral explanation when responding to a question or query within the engagement team or from an external inspector, or is it proposing that oral explanation from the entity’s staff can be used to clarify information contained in audit documentation (i.e., to clarify an assertion the auditor has made)? It is also unclear whether the standard requires the auditor to <i>document</i> the oral explanation if it is not significant (paragraph 10). Accordingly, we suggest the Board expand the guidance on oral explanations in paragraph 8 to clarify the situations when oral explanations can be used and to confirm in which circumstances oral explanations should be documented (such as following discussions with employees of the entity).</p>	Yes	<p>The paragraph is amended to clarify that the oral explanations originate from the auditor and not the entity’s personnel.</p> <p>Paragraph 10 (now renumbered 15) is amended to clarify the documentation requirement for discussions.</p> <p>The suggestion to clarify the situations when oral explanations can be used is effectively addressed in the last part of the sentence, i.e. when there is a need “<i>to explain or clarify information contained in the audit documentation.</i>”</p>
<u>Paragraph 9</u>				
110	APB	The APB believes that more emphasis should be placed on the documentation of significant	No	This would duplicate paragraph

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>matters. One way of doing this would be to add a bold text requirement to the start of paragraph 9 requiring that “The auditor should document audit findings or issues that are judged to be significant, the actions that are taken to address them, including audit evidence obtained, and the basis for the conclusions reached.” This is more appropriate than just requiring documentation of “the conclusions reached on significant matters” in paragraph 7(c) which, for the reason given above, the APB has recommended deleting.</p>		<p>7 (now renumbered 8) as bullets (a)-(c) of this paragraph cover the documentation of significant matters.</p>
111	APB	<p>The auditor should also be required to prepare a summary of all significant findings sufficient to enable a reviewer to gain an understanding of them, the conclusions reached and the basis for those conclusions. Such a summary, bringing together information that is otherwise potentially spread over a large volume of documentation, helps facilitate an effective review of the audit.</p>	Yes	<p>Paragraph 14 has been added to provide guidance to that effect.</p>
112	BDO	<p>The increased guidance in the Exposure Draft on what constitutes a significant matter and how such matters should be dealt with is particularly useful. In particular, we consider this will result in a much higher quality in the documentation of these matters. We suggest that this guidance should be extended to form a more definitive list. It would also be useful to know how the concept of significant matters relates to existing concepts such as materiality.</p>	No	<p>It is difficult to provide a definitive list, as what is significant depends upon the circumstances and the use of professional judgment.</p> <p>A consideration of the relationship between “significant matters” and “materiality” is beyond the scope of this project.</p>
113	Basel	<p>The Committee suggests adding a new paragraph following paragraph 10 that should require that the auditor identify all significant matters or findings in an engagement completion document. The discipline of preparing a completion document can ensure that no significant matters or findings get overlooked and can improve the quality of the audit by ensuring these matters are fully articulated. It would also assist in the engagement quality control review under ISA 220.</p>	Yes	<p>The task force did not agree that this should be mandated as an engagement completion document may not be necessary for the small audits. Guidance, however, is added in paragraph 14 to address this issue.</p>
114	CEBS	<p>The discipline of preparing a completion document can ensure that no significant matters</p>	Yes	<p>See comment from Basel</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>or findings get overlooked and improve the quality of the audit by ensuring these matters are fully articulated. It also aids any review of the audit e.g. by a reviewing partner.</p> <p>A new paragraph should be added following paragraph 10 that should require that the auditor identify all significant matters or findings in an engagement completion document. This document may include either all information necessary to understand the significant matters or findings, or cross references, as appropriate, to other available supporting documentation.</p>		immediately above.
115	CICA	<p>We believe that the second bullet in paragraph 9 is not clear and we suggest the wording be revised as follows:</p> <ul style="list-style-type: none"> • Results of audit procedures indicating: (a) that the financial information or disclosures could be materially misstated, or (b) a need to revise the auditor's previous assessment of the risks of material misstatement and the auditor's responses to those risks. <ul style="list-style-type: none"> ○ <u>a need for significant modification of planned auditing procedures;</u> ○ <u>the existence of material misstatements;</u> ○ <u>omissions in the financial statements;</u> ○ <u>the existence of significant deficiencies.</u> 	No	There is some duplication in the suggestion (e.g. an omission in the F/S is a misstatement).
116	CICA	<p>We also believe that the following separate bullets should be added to this paragraph for clarity:</p> <ul style="list-style-type: none"> • Matters involving the selection, application, and consistency of accounting principles, including related disclosures. • Disagreements among members of the engagement team or with others consulted on the engagement about final conclusions reached on significant accounting or auditing matters. • Significant changes in the assessed level of audit risk for particular audit areas and the auditor's response to those changes. 	No	<p>Matters relating to accounting principles are included within “matters that give rise to significant risks”.</p> <p>Documentation of disagreements among team members is addressed by ISA 220.33, which covers documentation of consultations on difficult or contentious matters.</p> <p>Documentation of assessed risks,</p>

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117	CIPFA	The second and fourth bullets appear to be addressing the same issue – ie results which could lead to a modification in the auditor’s report. It may also be helpful to mention that modifications could also result from cumulative misstatements, not individually material.	No	changes to those risks, and responses thereto, is addressed in ISAs 315 & 330. An indication of potential material misstatement would not necessarily imply a modification of the auditor’s report. The suggestion regarding modifications from cumulative misstatements does not address a documentation issue.
118	FEE	Although a general reference is made to ISA 315 “Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatements” in paragraph 9, we believe that the Proposed Pronouncements would also benefit from a specific reference to the documentation of a difference in opinion in the audit team as further detailed in ISA 315. Such reference can for instance be added to section “Documentation of Specific Items Tested” starting in paragraph 13.	No	The IAASB has tried to avoid duplication and cross-references to other ISAs.
119	IDW	There appears to be some overlap in the coverage of the four bullet points. In particular item (a) in the second bullet point appears to be more closely related to the fourth bullet point than to item (b) in the second bullet point. Furthermore, the use of the word “could” in (a) suggests too stringent a threshold and the word “disclosure” is redundant, since financial information includes its disclosures. We therefore suggest removing (a) from the second bullet point and inserting it into the fourth bullet point as follows: “Findings that could result in a modification to the auditor’s report, and in particular, findings that there is a greater than acceptably low level of risk that the financial information is materially misstated.”	Yes	The task force does not agree that indications of potential material misstatement necessarily would result in a modified audit opinion. In addition, the suggested wording “greater than acceptably low level of risk” could result in the opposite effect, i.e. too low a threshold, leading to excessive documentation. However, the word “disclosure” in item (a) of

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120	PAAB	<p>The examples of significant matters in Paragraph 9 of the ED do not correspond with the examples in paragraph 12 of PCAOB AS3.</p> <p>The examples in Paragraph 12 of AS 3 are set out clearly and are aligned, <i>inter alia</i>, with the requirements of ISQC 1 on Quality Control, the Revised ISA 240 and Sarbanes Oxley requirements. These could be reviewed to consider their inclusion in Paragraph 9 of the ED, with the exception of sub paragraph (d) and the last sentence of sub paragraph (b) which are only applicable to audits of SEC registrants in term of the Sarbanes Oxley Act and may not be applicable to all audits for the purposes of the ED.</p>	No	<p>the second bullet is deleted.</p> <p>These are all examples. The TF does not perceive any substantive differences between what is provided in the ED (and other ISAs), and the PCAOB standard.</p>
121	PwC	<p>We do not believe that the current guidance in paragraph 9 is an adequate introduction to the section on how to document a significant matter. The guidance immediately considers how to “judge” the significance of the matter, without any context built before it. Nor is a documentation standard an appropriate platform from which to offer the auditor guidance on how to judge a significant matter. Furthermore, having presented the guidance, the paragraph fails to clarify how the auditor is supposed to execute an “<i>objective analysis of the facts and circumstances</i>”.</p> <p>We recommend alternative wording that retains the emphasis that there are areas involving judgement that require documentation, but also retains the focus on the audit process in this regard. The recommended wording is similar to that found in PCAOB AS 3.</p> <p><i>Significant matters are issues, circumstances or findings encountered in the audit that involve the application of professional judgement and have an effect on the procedures performed, evidence obtained or conclusions reached. They Judging the significance of a matter requires an objective analysis of the facts and circumstances. Significant matters include, amongst other <u>matters</u>:</i></p>	No	<p>The suggested quasi-definition of “significant matter” is open to debate. The task force also disagrees that detailed guidance is necessary to interpret “objective analysis” since this calls for the application of professional judgment in the circumstances.</p>
122	US GAO	<p>To strengthen the standard for documenting significant matters, we recommend adding text to paragraph 9 of the proposed standard as indicated below:</p>	No	<p>See responses to APB and PwC comments.</p>

⁴ AICPA Auditing Standards Board, Proposed Statement on Auditing Standards: Audit Documentation. New York, NY: January 12, 2005, para. 13.

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		<p>The auditor should document audit findings or issues that in his or her judgment are <u>significant, actions taken to address those findings or issues (including any additional evidence obtained), and the basis for the final conclusions reached.</u>⁴ Judging the significance of a matter requires an objective analysis of the facts and circumstances. Significant matters include, amongst others:</p> <ul style="list-style-type: none"> ▪ Matters that <u>involve considering the appropriate selection and consistent application of accounting principles with regard to the fair presentation of the financial statements and the adequacy of related disclosures. Such matters often relate to (1) accounting for complex or unusual transactions, (2) estimates and uncertainties and, if applicable, the related management assumptions, or (3) issues that give rise to significant risks (as defined in ISA 315, “Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement”).</u> ▪ ... ▪ Findings that could result in a modification to the auditor’s report. ▪ <u>Proposed corrections of misstatements of the financial information that are identified by the auditor, whether or not the misstatements are adjusted by management, that could, either individually or when aggregated with other misstatements, have a material effect on the company’s financial information.</u> 		<p>The suggested amendment to the 1st bullet does not add to the original meaning, as matters giving rise to significant risks include accounting for complex or unusual transactions, etc.</p> <p>The documentation of identified misstatements is being addressed separately in the Materiality project.</p>
<u>Paragraph 10</u>				
123	AICPA	<p>In paragraph 10 we suggest that, in addition to documenting oral discussions of significant matters and management’s responses, the auditor document when and with whom the discussion took place.</p>	Yes	<p>Guidance has now been provided to that effect.</p>
124	APB	<p>The APB believes there should be greater emphasis in the revised ISA on the importance of preparing audit documentation on a timely basis, contemporaneous with obtaining the relevant information. The longer the delay between obtaining information and documenting it the greater the risk that the auditor’s documented recollection of matters will be incomplete and, possibly, incorrect. The guidance in paragraph 10 on documenting oral discussions on a timely basis is appropriate but needs to be emphasised. The APB is</p>	Yes	<p>See response to IOSCO comment on paragraph 2 regarding the emphasis on timely documentation.</p> <p>The first bullet of paragraph 18</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		particularly concerned that the guidance in paragraph 18 in relation to changes resulting from the process of assembling and completing the audit file might be read as legitimising the deferral of the documentation of audit evidence – a practice that should not be encouraged.		(now renumbered 24) is retained as the Task Force believes this reflects what can happen in practice.
125	APB	The wording of paragraph 10 should be consistent with that in ISA 260, to which it cross refers. Paragraph 16 of ISA 260 refers to the auditor documenting “audit matters of governance interest” that are communicated orally, rather than “significant matters”.	No	This sentence is deleted as it is covered by the ISA 260 project.
126	CIPFA	Second sentence should make it clear that the auditor should document <i>responses</i> from those charged with governance as well as discussions.	No	This sentence is deleted as it is covered by the ISA 260 project.
127	DNR	As “oral discussions” comprise arguments from both parties, we believe that (b) should either be taken out or supplemented to read e.g. “management’s responses received after the discussion”. We believe that such responses will normally be received in a written memo.	Yes	Agreed to delete “management’s responses”.
128	KPMG	Auditors frequently rely on minutes of meetings produced by the company being audited as evidence of matters discussed in meetings involving, for example, those charged with governance. We recommend that the second sentence not limit appropriate documentation to that developed by the auditor to enable auditors to use agreed minutes as audit documentation of discussions with those charged with governance.	Yes	Agreed.
129	NYSSCPA	All <u>significant</u> oral discussions concerning significant matters should be documented, including oral discussions with company personnel (not just management), as well as others outside of the company, including vendors, customers, and lawyers.	Yes	Agreed.
130	PwC	Whilst we recognise that the auditor will be familiar with the term “ <i>a timely basis</i> ” in the opening of paragraph 10, we do not think that this is particularly helpful guidance in this context. The phrase could be deleted from the paragraph without changing the ultimate objective which is to <u>document</u> the oral discussion and management’s responses.	No	The intention is to emphasize the importance of preparing timely documentation to minimize the risk of loss of important information as time elapses and to facilitate timely reviews.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
131	RM	Para 10 should be in italics considering the importance of significant matters. The word " timely " can be omitted as the intention is not real time. Para 19 takes care of the timely documentation.	No	See responses to APB and PwC comments.
132	US GAO	GAO encourages replacing the present tense wording with alternative language to describe the auditor's responsibility in the 1 st and 2 nd sentences of paragraph 10. This would make the proposed standard consistent with the IAASB's Proposed Policy Statement on Clarity issued September 23, 2004.	Yes	Agreed. The 2 nd sentence dealing with oral communications with those in charge with governance is deleted as it is being addressed in the ISA 260 project.
<u>Paragraph 11</u>				
133	AICPA	We suggest that an editorial change is made to paragraph 11 to read [t]he documentation of such information, however, does not imply that the auditor needs to <u>retain documentation</u> document information that is incorrect or superseded.	Yes	Agreed.
134	APB	Paragraph 11 indicates that, in relation to the documentation of "significant matters", the auditor does not need to document information that is incorrect or superseded. A similar statement should be included in paragraph 4, in relation to audit working papers generally, to make clear that the auditor need not retain documentation that has been superseded and is not relevant to providing a proper record of the auditor's work to satisfy the requirements of paragraph 2.	Yes	Agreed.
135	Basel	Paragraph 11 would be clearer if the second sentence were separated and put in a new paragraph and would include the word 'retain'. The new sentence would read: "The documentation of such evidence, however, does not imply that the auditor needs to retain information that is incorrect or superseded".	Yes	Agreed.
136	CICA	We believe that the sentence following the bold lettering requires clarification. A paragraph following paragraph 11 should be inserted as follows:	Yes	Agreed – see paragraph 7.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>During the audit, documentation may be superseded for various reasons. For example, during the review process, reviewers annotate the documentation with clarifications, questions, and edits. The completion process often involves revising the documentation electronically and generating a new copy. The following documents generally do not need to be retained: superseded drafts of memoranda, financial statements or regulatory filings; notes on superseded drafts of memoranda, financial statements or regulatory filings that reflect incomplete or preliminary thinking; previous copies of workpapers that have been corrected for typographical errors or errors due to training of new employees; any duplicates of documents.</p>		
137	CIPFA	<p>We suggest the word ‘obtained’ is preferable to identified in the first line.</p>	No	<p>“Identified” is appropriate to the context of the paragraph.</p>
138	FAR	<p>Implicit in the requirement in paragraph 11 to document audit evidence that contradicts or is inconsistent with the auditor’s final conclusion regarding a significant matter would be that the requirement regards “material” audit evidence. However, for the sake of clarity, this could be explicitly stated in paragraph 11.</p>	No	<p>Materiality applies to, and is implicit in, all ISAs, not just this ISA.</p>
139	ICAEW	<p>We note that the requirements of paragraph 11 to document information that is contradictory or inconsistent with regard to significant matters are essentially similar to the requirements of the PCAOB standard. Whilst we appreciate the Sarbanes-Oxley Act and SEC Rules have detailed requirements on the retention of documentation, we fear paragraph 11 may be interpreted inconsistently. In particular, paragraph 11 will encourage some auditors to keep every draft of a document and every note made ‘just in case’. Whilst the guidance on what constitutes a ‘significant matter’ in paragraph 9 is helpful, in practice, the significance of a matter (and therefore what is inconsistent or contradictory with it) may only become apparent over time as the audit progresses. Furthermore, the dividing line between what is incorrect, and what is inconsistent or contradictory, is not clear and such information does not ‘support audit conclusions’. The review of files made excessively and unnecessarily bulky as a result of such an approach will be difficult, both internally within the firm and externally by regulators.</p>	No	<p>This requirement does not impose a requirement to retain every draft of a document and every note made to provide for every eventuality. The application of professional judgment to determine what information is inconsistent or contradictory is necessary.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>In our response to the SEC on the PCAOB standard we strongly encouraged the SEC (and the PCAOB) to review the application of the standard in due course to ensure that it does not result in audit documentation that consists of more form than substance. If the requirement is to be retained, the same comment applies to the IAASB standard.</p>		
140	ICAS	<p>Paragraph 11 of the proposed standard states that where audit evidence ‘contradicts or is inconsistent with the auditor’s final conclusion regarding a significant matter; the auditor should document how the auditor addressed the contradiction or inconsistency’. We agree the final conclusions regarding significant matters should be adequately documented and that this necessarily includes the documentation of how issues arising from contradictory or inconsistent audit evidence were resolved. However, on the basis that whether a matter is significant or otherwise may only emerge over time, we are concerned that this requirement could lead to the retention of working papers, which are not in fact necessary to support the auditor’s report; and the documentation of explanations and cross-references throughout the audit files, which are excessive and do not contribute to the quality of the audit. Therefore, we would like to see clarification within the proposed standard as to how this requirement is intended to operate in practice.</p>	No	<p>There is no requirement that the auditor should anticipate what matter may become significant in the future.</p>
141	ICAS	<p>In addition, we would like to see the impact of this requirement on the retention of working papers and written explanations to be monitored by the IAASB to ensure that it is operating effectively in practice.</p>	No	<p>Noted, but monitoring compliance with ISAs is beyond the scope of the IAASB’s remit.</p>
142	IDW	<p>Audit evidence either supports or undermines an assertion (if the data does neither it is not information and hence not audit evidence, which is information). Consequently, we suggest replacing the words “contradicts or is inconsistent with” with “undermines” and “contradiction or inconsistency” with “undermining evidence”. (Editorial point: the semi-colon after “significant matter should be replaced with a comma).</p>	No	<p>The term “audit evidence” has been changed to “information” based on other comments. The suggestion to change to “undermines” also would be more limiting, as there may be information that contradicts a conclusion without undermining it per se.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
143	PAAB	<p>Paragraph 8 of PCAOB AS3 does not mention that the documentation of audit evidence, where there is inconsistency between the audit evidence and the auditor’s conclusions that is incorrect or superseded, need not be retained.</p> <p>However, we believe that it may be appropriate for the auditor to document information that is proved to be incorrect or superseded at a later date and therefore suggest that the last sentence of paragraph 11 be deleted.</p>	No	<p>This sentence addresses information that is identified as incorrect or superseded, as opposed to what the auditor expects might be incorrect or superseded in the future.</p>
144	PwC	<p>We find the bold lettered guidance in paragraph 11 somewhat confusing. It suggests a scenario whereby the auditor has identified audit evidence that contradicts or is inconsistent with the auditor’s final conclusions regarding a significant matter. However, the “<i>final conclusion of significant matters</i>” is part of audit evidence, so there is a need to clarify that the contradictory or inconsistent audit evidence obtained is <i>additional</i> to the auditor’s previous conclusions reached on the matter as illustrated below.</p> <p>In addition, PCAOB AS 3 has equivalent guidance on the documentation expected when the auditor has identified significant findings or issues that are inconsistent with the auditor’s conclusion. However, the guidance in PCAOB AS 3 is usefully expanded to include examples of the relevant records to be retained in such circumstances. We believe paragraph 11 could benefit from this additional explanatory information, particularly as it is cited as examples and not strictly required.</p> <p>Accordingly, we suggest the following amendments:</p> <p><i>11. If the auditor has identified <u>additional</u> audit evidence that contradicts or is inconsistent with the auditor’s final conclusion regarding a significant matter, the auditor should document how the auditor addressed the contradiction or inconsistency in forming the final conclusion. [next sentence moved below to new paragraph 11a.]</i></p>	Yes	<p>Change made to replace “audit evidence” with “information” for clarity.</p> <p>The first suggested example of documenting “procedures performed in response to the information” is implicit in the black letter phrase “document <i>how</i> the auditor addressed...”.</p> <p>The second example is already addressed in ISA 220.</p>
		<p><i>11a. The documentation of such audit evidence, however, does not imply that the auditor needs to document information that is incorrect or superseded. <u>Relevant records to be retained might include procedures performed in response to the information, and records documenting consultations on, or resolutions of differences in professional judgement among members of the engagement team, or between the engagement team and others</u></i></p>		

No.	Respondent	Respondent Comment <i>consulted.</i>	Change?	Task Force Comment
145	RM	<p>Last sentence be deleted. The earlier sentence is in italics. Italics and non italics need not be combined in same para.</p> <p>If auditor has come across incorrect information earlier and later corrective information is supplied by superior or senior management, the auditor should document earlier information also.</p> <p>In the standard the last sentence is not necessary in this para 11</p>	Yes	<p>Agreed to separate the bold part from the ordinary-type part.</p> <p>The suggestion to retain incorrect information that is later corrected is covered by the overarching requirement to document audit evidence.</p> <p>The last sentence of paragraph 11 (now paragraph 18) is necessary for clarity.</p>
<u>Paragraph 12</u>				
146	APB	<p>It is not clear from the wording of paragraph 12(b) whether it requires evidence of review to be recorded on each piece of specific audit documentation, or whether it is sufficient for the audit file simply to include a record of who reviewed particular categories of documentation (e.g. the working papers relating to inventories). The APB believes that it would be appropriate for evidence of review to be recorded on each piece of specific documentation reviewed for greater certainty as to the completeness of the review. The APB does not believe that this would be onerous or costly.</p>	No	<p>The task force concluded that it would not be appropriate to follow this route, as it may not be necessary for each specific working paper to be signed off as reviewed if the record indicates who reviewed specified elements of the work done.</p>
147	CPAA	<p>CPA Australia believes that paragraph 12(b) should be re-written as follows:</p> <p><i>“Where applicable, who reviewed the specific audit documentation and the date of such a review”.</i></p> <p>This is important as the way the Exposure Draft is presently written assumes that there is a reviewer and this may not always be the case (eg sole practitioners).</p>	No	<p>This requirement would not be applicable in the case of a sole practitioner. ISA 220 addresses review responsibilities in the case of a sole practitioner.</p>
148	DNR	<p>We support the comment no 4 on page 3 of FEE’s letter to the IAASB regarding</p>	No	<p>See FEE comment below.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		identification of reviewer in the case of a sole practitioner.		
149	EY	<p>Paragraph 12 requires that the auditor should record who reviewed specific audit documentation and the date of such review. However, it is unclear as to what is meant by “specific”. For example, paragraph 27 of ISA 220 <i>Quality Control for Audits of Historical Financial Information</i> (Revised) clearly explains the expectations as to the reviews conducted by the engagement partner. It states that: “The reviews cover critical areas of judgment, especially those relating to difficult and contentious matters identified during the course of the engagement, significant risks, and other areas the engagement partner considers important. The engagement partner need not review all audit documentation. However, the partner documents the extent and timing of the reviews.”</p> <p>We suggest that paragraph 12 (b) be reworded to clarify what is meant by “specific” so that it not be construed as a requirement for the reviewer to review each working paper. Guidance would also be helpful to clarify who (i.e., what level of review) is expected to review the working papers.</p>	Yes	<p>This paragraph has now been amended by deleting the reference to “specific”.</p> <p>Guidance on review responsibilities is set out in ISA 220.</p>
150	FAR	The standard should include guidance on how a sole practitioner deals with/fulfils the documentation requirement regarding review and reviewer in paragraph 12 (b).	No	See response to CPAA comment.
151	FEE	It should be noted that the provisions included in paragraph 12 (b) “Identification of preparer and reviewer” are not practical in the case of a small and medium-sized practitioner and not possible in the case of a sole practitioner. In case of a sole practitioner it is difficult to think of alternative internal review procedures. This paragraph may need to refer to the cases, such as that of the sole practitioner, where no internal review is possible.	No	See response to CPAA comment.
152	GT	To be consistent with the documentation requirement relating to who performed the audit work, we suggest the following revision: “(b) Who reviewed the audit work specific audit documentation and the date of such review.”	Yes	Agreed.
153	ICAEW	The requirement for the review of specific audit documentation in paragraph 12 (b) is unclear. The requirement could be interpreted as meaning that the reviewer is required to state that he or she has reviewed <i>individually specified</i> working papers, or that he or she	No	The paragraph has now been amended to refer to review of the audit work performed. The

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		has reviewed a <i>defined category</i> of working papers (such as ‘all working papers relating to accounts receivable’). We believe that the latter interpretation is preferable for three reasons: firstly, it avoids the possibility that individual working papers ‘slip through the net’, secondly, it avoids a focus on box-ticking for individual working papers instead of focus on content, and thirdly, in practice, it more squarely places the responsibility on the reviewer to consider the bigger picture. We suggest that this meaning be clarified.		extent and level of detail of the review is subject to judgment and the engagement circumstances.
154	IDW	In line with the changes we proposed to paragraph 7, we suggest that the beginning of this paragraph read: “In documenting the matters in items (a) to (c) in paragraph 7, the auditor should record: ...”	No	See response to IDW comment on paragraph 7.
155	KPMG	We recommend that this paragraph make reference to who reviewed the “audit documentation of the audit work” for consistency with 12(a) and to clarify what documentation needs to be reviewed.	Yes	Agreed. Further guidance on reviews is set out in ISA 220.
156	NYSSCPA	<p>Auditors generally place their initials, or some other identifying mark, on work papers they prepare or review. The names of such preparing and reviewing auditors should be clearly (i.e., at least the full last name) identified within the audit file.</p> <p>As to dating, does the “date of such work” mean each date the working paper has been modified, or only the date it is completed? The most appropriate date is when the work paper is completed rather than the date the work paper was first begun or any interim date.</p> <p>The requirement for a <u>date</u> should be emphasized: the use of the month and year is insufficient.</p> <p>The same principles as stated above should apply for reviews: At least the reviewer’s last name and initial should be evident and the date of the review’s completion should be documented.</p>	No	<p>The suggestion to address initialing and naming is an implementation issue not within the scope of this ISA.</p> <p>The IAASB has decided not to define the point in time when the audit work or its review should be dated, as this is an implementation issue that would be better addressed at the firm level.</p>
157	PAAB	We recommend that ‘... date of such work...’ is changed to ‘...date of <i>documenting</i> such work...’	No	This would change the meaning of the paragraph – the date of documentation may not be the same as the date of the work.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
158	PwC	<p>In the main section of this response we express the view that consideration should be given to whether the cost/benefit of certain requirements apply equally to the audits of listed/public interest entities and audits of audits of small and medium enterprises. The requirement in this paragraph suggests that there is both a separate performer of the audit work and reviewer of the audit documentation, yet in the case of a small practice or a sole practitioner, this would not be practical or even possible. We therefore suggest that the guidance includes some explanatory text that refers to this impracticality.</p>	No	See response to CPAA comment.
159	PwC	<p>Paragraph 12(b): We believe that the guidance in this paragraph needs to be clarified to properly communicate the level of detail the “reviewer” of the “specific audit documentation” must review. As currently written, the guidance in paragraph 12(b) could be misinterpreted as a requirement to review every piece of audit documentation prepared by those who performed the audit work. This is neither necessary nor practical. Clarification could be achieved by making reference to the “audit work performed” rather than the “specific audit documentation”. We do not believe that removing the term “documentation” would leave the auditor with any doubt as to <i>where</i> the record of review should be made. This amendment will allow the auditor to exercise professional judgement as to what type, number, level or group of documentation needs review in order to meet the objectives of the audit and understand the conclusions reached by the team member who performed the audit work.</p> <p>12. In documenting the nature, timing and extent of audit procedures performed, the auditor should record:</p> <p>a) Who performed the audit work and the date of such work; and</p> <p>(b) Who reviewed specific the audit work performed documentation and the date of such review.</p>	Yes	Agreed.
160	US GAO	<p>We agree with the proposed requirements for identifying the documentation preparer and reviewer. As written, however, this requirement could leave the impression that the auditor and the reviewer should sign and date every page of audit documentation. We believe this is not the intent of the IAASB; therefore, we suggest revising the standard as follows:</p>	Yes	Guidance at paragraph 21 has now been provided to address this issue.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p><u>Although specific procedures may vary, the auditor should record:</u></p> <p><u>(a) Who performed the audit work and the date of such work; and</u></p> <p><u>(b) Who reviewed specific audit documentation and the date of such review.</u></p>		
<u>Paragraph 13</u>				
161	APB	<p>It is unclear whether paragraph 13 requires documentation to be sufficient to enable the individual items tested to be identifiable. For example, if as suggested by the second bullet point the auditor simply indicated that all journal entries over \$25,000 were selected from the journal register, it would not be possible to identify any such journal entries that might have been omitted by the auditor due to human error. The APB believes that one possible approach would be to amend paragraph 13 to require recording the identifying characteristics of the specific <u>individual</u> items tested. This would ensure that a complete record of items tested is produced, which may be important for the purpose of subsequent reviews.</p>	No	<p>This suggestion would result in a significant increase in the documentation burden for the auditor. Many audit procedures require reviews of detailed accounting records, and the suggestion would not be cost beneficial.</p>
162	ICAP	<p>The term “Identifying Characteristics” is neither defined in the draft nor in any other auditing standard without which interpretation and consistent application of the above paragraph would be difficult to achieve.</p> <p>It is suggested that the term “Identifying Characteristics” should be defined.</p>	No	<p>Paragraph 14 (now renumbered 12) describes by means of examples what is meant by “identifying characteristics.”</p>
163	NYSSCPA	<p>This paragraph requires (using “should”) the identifying characteristics be recorded, whereas the paragraph 14 examples seem to be somewhat more permissive (using “may”). We recommend the examples require that all material identifying characteristics be documented.</p>	No	<p>Flexibility is necessary because what an identifying characteristic is often depends on judgment and the particular subject matter being tested.</p>
164	PAAB	<p>In documenting the nature, timing and extent of audit procedures performed, proposed revised ISA 230 refers to ‘<i>identifying characteristics</i>’. This is unclear and we recommend wording similar to that in Paragraph 10 of PCAOB AS3 indicating that the auditor should ‘<i>record the source from which the items were selected</i>’ and a description of the ‘<i>specific</i></p>	No	<p>“Identifying characteristics” is more fully explained in paragraph 14 (now renumbered 12). The term is also broader than just samples of items</p>

No.	Respondent	Respondent Comment <i>selection criteria</i> '.	Change?	Task Force Comment selected for testing.
165	PwC	We do not believe that the subheading “Documentation of Specific Items Tested” is consistent with the objective of the guidance in paragraph 13-16, which is to ensure that, through documentation, the auditor has a means of identifying the sample or otherwise of items tested such as; unique purchase order numbers, journal dates, job designations etc. Accordingly we think it would be appropriate to change the title as follows: “Identifying Specific Items Tested” or, alternatively, “Documentation of the Identifying Characteristics of Specific Items Tested”.	Yes	Agreed.
<u>Paragraph 14</u>				
166	ACCA	Paragraph 14 specifies an amount in dollars. It would be better to refer to a general monetary unit rather than one of a specific country or countries.	Yes	Agreed.
167	CICA	We believe that the following wording from PCAOB AS No. 3 is clearer and should replace the first bullet in this paragraph: Where an audit sample is selected from a population of documents, the documentation should include identifying characteristics (for example, the specific check numbers of the items included in the sample).	Yes	There is no substantive difference compared with the PCAOB example; however, the bullet is reworded for consistency with the other bullets in the paragraph.
168	DNR	If purchase orders have “unique purchase order numbers”, we believe it is not necessary to include the dates.	No	These documents may be filed by date.
169	FEE	We would like to point out that the use of the currency unit in the example in the second bullet point of paragraph 14 is not universal and, therefore, we would prefer a more general description of the magnitude of the journal entries, for example as “over a certain currency amount”.	Yes	Agreed.
170	GT	The purpose of this paragraph is to provide guidance on documenting specific items tested and not to require documentation of all inquiries and/or observations including the dates, matter being observed, names and job designations of all entity personnel. Accordingly, we	Yes	The documentation of inquiries is addressed by the amended paragraph 10 (now renumbered

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>recommend clarifying the documentation requirements with regard to inquiries and observations. For example, we recommend adding the following: Inquiries of entity personnel and observation procedures would be documented when such inquiries or observations are important to a particular procedure. The auditor does not need to document each conversation or observation that occurred.</p>		<p>15) regarding documentation of discussions of significant matters.</p>
171	IDW	<p>In line with our comments to paragraph 5 (c), we suggest that the word “demonstrate” be replaced with “provides a record of”. We also suggest that the word “subject matter” be replaced with “matter being tested”.</p>	Yes	Agreed.
172	NYSSCPA	<p>We recommend that when auditors use statistical sampling, the sampling methodology be identified.</p> <p>For example, when using an attribute sample, the audit file should: (a) define the attribute(s) to be tested, (b) define what constitutes a deviation, (c) define the population, (d) determine the sample size, (e) identify the selected sample, (f) record the evidence examined, and (g) evaluate the results.</p> <p>Another example, when using Representative Sampling - Probability Proportional to Size (PPS), the PPS sampling process can generally be documented with the following information: (a) determine the sample selection interval, (b) determine sample size, (c) select the sample, (d) examine the evidence, (e) evaluate the results, and (f) extrapolate any errors detected.</p>	No	<p>This is outside the scope of this section and this ISA.</p>
173	RM	<p>Second sentence --- The word "investigation" be changed as "review".</p> <p>REASON: Investigation is done in case fraud and not during audit.</p>	No	<p>“Review” does not appear correct in this context.</p>
174	US GAO	<p>To provide guidance on documenting specific items tested in a systematic sample, we recommend adding to paragraph 14 the following:</p> <ul style="list-style-type: none"> <li data-bbox="457 1279 1383 1339">▪ When a systematic sample is selected from a population of documents, the documentation need only provide an identification of the source of the documents 	Yes	Agreed.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		and an indication of the starting point and the sampling interval (for example, a systematic sample of shipping reports was selected from the shipping log for the period from X to Y, starting with report number 14564 and selecting every 250 th report from that point). ⁵		
<u>Paragraph 15</u>				
175	GT	We suggest the following revision: “The auditor need only retain copies of the entity’s records as part of the audit documentation if they are needed to enable an experienced auditor to understand the work performed and conclusions reached, for example, abstracts or copies of significant and specific contracts and agreements.”	Yes	Agreed.
176	PwC	As noted in paragraph 4, we suggest moving the guidance in this paragraph to the introductory section because this guidance is relevant to all types of documentation recorded throughout the audit and not just to specific items tested.	Yes	Agreed.
<u>Paragraph 16</u>				
177	CIPFA	We do not consider that all departures from presumptive requirements should be documented and explained. As we noted in our response to the proposed policy statement on clarity, revision of ISAs along the lines of that policy statement will result in a large number of presumptive requirements, many of which are irrelevant to any particular audit. The proposed policy statement also requires that professional (as opposed to presumptive) requirements must be fulfilled in all cases in which circumstances exist to which the requirement applies. This would appear to allow auditors to avoid spending time documenting departures from requirements which are of no relevance to their particular audit and we therefore recommend that similar wording is added to paragraph 16 of the proposed documentation ISA. We do not believe that any audit failure has been or is likely to be prevented by an insistence that auditors document departures from all presumptive requirements. Audit failures usually involve failures of judgement which are most	Yes	Paragraph 16 (now renumbered 19) has been amended to clarify that it applies to requirements that are relevant to the audit.

⁵ AICPA Auditing Standards Board, Proposed Statement on Auditing Standards: Audit Documentation. New York, NY: January 12, 2005. para 19. This same wording is used also in PCAOB, Auditing Standard No. 3, Audit Documentation, Washington, DC, June 9, 2004, para.10.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		effectively remedied by improving the quality of education and training of auditors. Given the time and cost pressures on auditors, a requirement to document matters which have no relevance to the audit in hand is likely to lead to a deterioration in audit quality rather than an improvement.		
178	CPAA	<p>The Exposure Draft allows an auditor to depart from a requirement of a standard whenever that auditor judges it to be necessary to achieve more effectively the objective of the engagement. Whilst we are pleased that the IAASB have acknowledged that this should now be documented, we still believe that the IAASB have not gone far enough.</p> <p>In Australia, the reader of the audit report is informed when in the rare and exceptional circumstance the auditor departs from a basic principle or essential procedure which may be necessary to effectively fulfil the objective of an audit requirement. Therefore, we strongly recommend that if any discretion to depart from a standard is allowed for in the Preface⁶, then the professional accountant should be required to fully disclose the details of that departure in their audit report, including the reason(s) for the departure(s) and the substituted procedures.</p>	No	The task force believes this would be going too far.
179	DNR	We refer to our comments to the clarity project question 4.	N/A	N/A
180	EY	Paragraph 16: We suggest inserting a subheading before paragraph 16 as it is wider in application than specific items tested: <u>“Documentation of departures from a basic principle or essential procedure in an ISA”</u> .	Yes	Agreed.
181	FEE	In addition to our comments above on Paragraph 2, we believe that the requirements in paragraph 16 are also unduly onerous and place too great a burden on the auditors. Paragraph 16 states that “where, in exceptional circumstances, the auditor judges it necessary to depart from a basic principle or essential procedure in an ISA...the auditor should document the reasons for the departure”. The wording of this requirement is too broad, because it implies that the auditor is obliged to document the reasons for departure from <i>every</i> ISA requirement and presumptive requirement, regardless of whether the ISA	Yes	Agreed.

⁶ Preface to the International standards on quality control, auditing, assurance and related activities

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>procedure or requirement is relevant to the particular engagement, and regardless of whether the auditor has performed a satisfactory alternative procedure.</p> <p>Whilst we believe that Paragraphs 2 and 16 impose an unduly onerous task for all audits, it is a particularly serious issue for audits of small and medium sized enterprises and small and medium sized practices (“SME/SMPs”). We have commented in our response to the Clarity Exposure Draft, in December 2004, that we encourage the IAASB to give more fulsome consideration to how guidance for the audit of SMEs is best presented, i.e. on a “think small first” basis, and whether the cost/benefit of certain requirements apply equally to the audits of large, public and listed SMEs. In particular, we suggested that if the objectives and essential procedures had regard to their applicability to all entities, this would result in clearer and more effective standards. With regard to this exposure draft, we question in particular whether the nature and extent of documentation that will be required is justified to support audit quality in audits of SMEs.</p> <p>Our recommendation for rewording the standard is therefore as follows:</p> <ul style="list-style-type: none"> ▪ Paragraph 16 should state that documentation of departures is necessary where the basic principle or essential procedure is relevant to the engagement and satisfactory alternative procedures have not been performed and documented. 		
182	GT	<p>We suggest aligning this black-lettered requirement with the Proposed Policy Statement, <i>Clarifying Professional Requirements in International Standards Issued by the IAASB</i>, to also require the auditor to document how the alternative procedures performed in the circumstances were sufficient to achieve the objectives of the basic principle or essential procedure. It would also be helpful to note that an auditor complies with the basic principles or essential procedures that are relevant to the engagement.</p>	Yes	Agreed.
183	ICAEW	<p>We note in our response to IAASB’s proposed Policy Statement on clarity that we do not support the proposed requirements to document departures from presumptive requirements because it is likely to create a great deal of additional work without corresponding benefits in terms of audit quality. In practice there is likely to be little difference in the perceived status of ‘shalls’ and ‘shoulds’. The proposals are likely to create a considerable additional number of such requirements. We do not believe that any audit failure is the result of a failure to understand the status of the present tense, nor do we believe that any audit failure</p>	No	<p>The IAASB voted that there should be a requirement to document such departures in the public interest.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>will be prevented by a requirement document a departure from a presumptive requirement. Audit failures generally involve a failure of judgement rather than process which need to be addressed by emphasis on the quality of judgement in auditing standards, and by improvements to the quality of the education and training of auditors. <i>For these reasons, we do not consider that the requirement to document departures from basic principles or essential procedures should be retained.</i></p>		
184	ICAEW	<p>The requirement of paragraph 16 to document departures from basic principles or essential procedures, as it stands, implies that auditors must deal with each and every basic principle and essential procedure <i>regardless of whether the requirement is relevant to the audit</i>. We do not believe that this is the intention. Paragraph 4 makes reference to relevant audit evidence. The IAASB proposed Policy Statement on clarity refers to professional requirements which must be fulfilled <i>in all cases in which the circumstances exist to which the requirement applies</i> (the wording is identical to related wording on unconditional responsibilities in PCAOB Rule 3101). If this requirement is to be retained, we strongly recommend that a similar rider be added to paragraph 16 of this document.</p>	Yes	Agreed.
185	ICANZ	<p>We do not agree with the requirement of paragraph 16 of the revised ISA 230, which requires the auditor to document the reasons for a departure from a basic principle or essential procedure. We are not convinced that the proposal will improve the quality of audits. We believe that the current requirement is adequate and workable, that is, in exceptional circumstances where a professional accountant judges it necessary to depart from a basic principle or essential procedure a professional accountant may do so, and the professional accountant should be prepared to justify the departure.</p> <p>We understand the rationale for documenting departures from basic principles and essential procedures, that is, to the extent that professional accountants are required to specifically document and justify departures they are less likely to make such departures in the first instance. However, we have a number of concerns regarding this proposal as follows.</p> <p>Firstly, discouraging professional accountants from departing from basic principles and essential procedures may have the unintended consequence of adversely affecting the quality of audits in certain situations. Professional accountants may choose to comply with the specific requirements of a standard rather than incur the cost and risk of departing from</p>	No	See response to ICAEW comment.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>a basic principle or essential procedure, even where an alternative procedure may improve the quality of an audit.</p> <p>Secondly, we are concerned regarding the practicality of this requirement. We believe that documenting such departures will not be a simple process and that many professional accountants will not so do. We also believe that enforcement will be difficult.</p> <p>Finally we believe that the requirements set out in ISA 300 Planning an Audit of Financial Statements are adequate to ensure that auditors properly plan an audit and document the procedures undertaken. ISA 300 requires the professional accountant to:</p> <ul style="list-style-type: none"> ▪ plan an audit so that the engagement will be performed in an effective manner; ▪ develop an audit plan to reduce audit risk to an acceptably low level; and ▪ document the audit plan. 		
186	IDW	<p>In line with our comment letter to you dated January 7, 2005 on the Exposure Draft of the Proposed Policy Statement “Clarifying Professional Requirements in International Standards Issued by the IAASB” and the Consultation Paper “Improving the Clarity and Structure of IAASB Standards and Related Considerations for Practice Statements”, we suggest that what needs to be documented are not the reasons for the departure but how the departure adequately achieves the objective generating the basic principle or essential procedure. Furthermore, we do not believe it to be necessary for the departure to “more effectively” achieve the objective: it should suffice that the objective has been adequately achieved. Consequently, we suggest that this paragraph be amended to read as follows:</p> <p style="padding-left: 40px;">“Where, in exceptional circumstances, the auditor chooses to depart from a basic principle or essential procedure to achieve the objective generating that basic principle or essential procedure, the auditor should document how the departure adequately achieves that objective.”</p>	Yes	<p>Agreed. However, the documentation requirement addresses not only documentation of the alternative procedures performed but also why they were considered sufficient to achieve the objective of the audit.</p>
187	IRE	<p>Our Institute considers that deviations from an essential procedure should be allowed for “in specific circumstances” rather than “in exceptional circumstances”, as paragraph 16 of the proposed ISA would suggest.</p>	No	<p>The emphasis is on departures in truly exceptional occurrences.</p>
188	KPMG	<p>We believe that the requirement to document departures from basic principles and essential procedures should be specifically linked to demonstrating how the alternative procedures</p>	No	<p>The wording used is consistent</p>

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		<p>more effectively achieved the objectives of the basic principles or procedures as opposed to the objective of the audit. This recommendation is consistent with the proposed Policy Statement, “Clarifying Professional Requirements in International Standards Issued by the IAASB”. We therefore recommend that paragraph 16 of this ISA be revised as follows:</p> <p>Where, in exceptional circumstances, the auditor judges it necessary to depart from a basic principle or essential procedure in an ISA to achieve more effectively the objective of the audit <u>basic principle or essential procedure</u>, the auditor should document the reasons for the departure.</p>		with the extant Preface.
189	NYSSCPA	<p>In addition to documenting the reasons for not performing an essential procedure, it is necessary to justify and document the rationale for the alternative procedures actually followed.</p>	Yes	Agreed.
190	PAAB	<p>We understand that the requirements of the proposed revised standard are equally applicable to the audit of Public Interest Entities and the audit of non-Public Interest Entities, however, it must be recognised that the requirement to document the reasons for departures from any requirement in an ISA may be unduly onerous in the case of the audit of non-Public Interest Entities.</p>	No	<p>The IAASB believes, in the public interest, that this requirement should be applicable to all audits.</p>
191	PwC	<p><u>Clarity on documenting departures from the ISAs</u></p> <p>Paragraph 16 requires the auditor to document departures from a basic principle or essential procedure as follows: “<i>Where, in exceptional circumstances, the auditor judges it necessary to depart from a basic principle or essential procedure in an ISA to achieve more effectively the objective of the audit, the auditor should document the reasons for the departure</i>”.</p> <p>We expressed significant concern in our response to the Clarity Exposure Draft that the need to document departures from all “presumptive requirements”, including the reasons for the departure, could have a negative impact on audit quality by placing undue emphasis on compliance with specific requirements rather than encouraging a focus on achieving the objectives of the audit procedures. This risk would be heightened if the proposed requirement is interpreted as effectively requiring that the audit file must have documentary</p>	Agreed.	<p>The paragraph has now been clarified.</p>

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		evidence of how the auditor complied with each basic principle or essential procedure.		
		It is unclear from paragraph 16 whether the auditor is expected to document a departure from an ISA requirement and the reason for departure even if the basic principle or essential procedure is not relevant in the context of the particular engagement. Such a documentation requirement would be unduly onerous, particularly in audits of smaller entities, and, in our view, would add very little value to quality of the audit. Whilst we suspect that this was not IAASB’s intent, the guidance is unclear and we are concerned that, unless IAASB’s intent is made clear, there may be differing interpretations made of the requirement by auditors, regulators, and other stakeholders.		
		We believe that audit documentation should demonstrate compliance with professional standards <i>relevant</i> to the particular circumstances of the audit engagement. Therefore, the auditor should only be expected to justify the reasons for departures from the principles or procedures performed that are relevant in the context of a particular engagement. We explained in our response to the Clarity Exposure Draft the documentation we believe would be appropriate in these circumstances. We also believe that, other evidence, including oral explanation, should be allowed as support for the reasons why the auditor chose not to perform a procedure or principle within an ISA.		
		We strongly recommend that the Board consider very carefully the appropriateness of the provisions set out in Paragraph 16 and the comparable requirements in the Clarity Exposure Draft. Neither should be issued before expectations of audit documentation in this regard are clear.		
192	PwC	We are unsure as to why paragraph 16 is included under the subheading of “ <i>Documentation of Specific Items Tested</i> ”. Whilst we believe that this black-lettered requirement belongs in the section on the “ <i>Form, Content and Extent of Audit Documentation</i> ”, we suggest that a further subheading be included to introduce this requirement – “ <i>Documentation of Departures from Basic Principles or Essential Procedures</i> ”.	Yes	Agreed.
193	PwC	As noted in our opening remarks, we believe that additional guidance is needed to explain that the auditor only needs to document departures from basic principles and essential	Yes	Clarification has now been provided regarding the

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>procedures that are <i>relevant</i> to the particular circumstances of the audit engagement. Furthermore, as we commented in our response to the Clarity Exposure Draft, we also believe that further clarification is needed on the documentation required in these circumstances, as we do not believe that the auditor should need to document why the auditor departed from a presumptive requirement when the documentation of the alternative procedure(s) performed demonstrates how the objective of the requirement has been achieved. It will be important that IAASB consider the comments received on the Clarity Exposure Draft and the Documentation Exposure Draft together as the proposals are interconnected in this regard.</p>		<p>application of this paragraph to relevant requirements.</p> <p>The documentation requirement not only includes documentation of the alternative procedures performed but also how they achieve more effectively the objective of the audit.</p>
194	RM	<p>The words " to achieve more effectively the objective of audit" be deleted.</p> <p>REASON: Deviation from principle or procedure be not linked to audit objectives as it complicates understanding the deviation. Reasons are adequate for the purposes of documentation, review etc. This can be taken care in IAASB Preface amendment as per Note 7 .</p>	No	<p>This phrase is necessary because it is the basis for the departure.</p>
<u>Paragraph 17</u>				
195	APB	<p>The APB believes that, after the audit report has been dated, the only “exceptional circumstances” that might require the auditor to perform new audit procedures and/or reconsider the conclusions reached would relate to new information received after the date of the auditor’s report, and these are addressed in paragraphs 21 to 23. As it stands, paragraph 17 implies that the auditor may decide to perform new procedures and/or revise the conclusions reached for some reason other than new information received, which leads to a risk of audit documentation being inappropriately amended after the audit report has been dated. Accordingly, the second sentence of paragraph 17 should be deleted and the bold text moved to follow after paragraph 20, with appropriate conforming changes made to the end of paragraph 20. If the IAASB believes that there are “exceptional circumstances” other than new information being received it should provide guidance to clarify what those might be.</p>	Yes	<p>Guidance regarding exceptional circumstances has now been provided.</p>
196	Basel /	<p>Paragraph 17 deals with events after the date of the auditor’s report which may lead to the</p>	Yes	<p>This section has now been</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
	CEBS	<p>need for the auditor to reach new conclusions, and the resulting changes to the audit documentation. Paragraph 18 then describes how changes resulting from the process of assembling and completing the audit file should be dealt with. The juxtaposition of the two paragraphs is confusing as it could be read that assembling and completion of the file (in paragraph 18) is covered by the principles relating to changes to audit documentation after the date of the auditor’s report (in paragraph 17). This could be clarified as follows.</p> <p>First, it would be better to put the issue dealt with in paragraphs 18 and 19 after paragraph 16, as a last section under the heading ‘Form, Content and Extent of Audit Documentation’, as it is the logical last step in preparing and finalizing the audit documentation.</p> <p>Second, adding a principle would make the issue clearer. This principle could be along the lines of paragraph 19.</p> <p>Also, the use of the word ‘changes’ in the context of assembling and completing the audit file does not seem appropriate. It signals to users of financial statements that, while auditors are assembling and completing the audit file after the audit opinion has been signed, they are able to change the audit file which supports the audit opinion. We appreciate that this is not intended and would suggest the use of the term ‘changes’ should be limited to the two remaining cases dealt with in paragraph 17: the performance of new audit procedures or new conclusions reached.</p> <p>The same comment can be made for the use of the word ‘deleting’ in paragraph 18.</p> <p>We would therefore suggest the following new paragraphs 17 and 18 should be kept within the section headed ‘Form, Content and Extent of Audit Documentation’, with a new sub heading:</p> <p>The Process of Assembling and Completing the Audit File</p> <p>17. The auditor assembles a complete and final audit file without undue delay after the date of the auditor’s report. The date on which the assembling of the audit file is finally completed is ordinarily not more than X days after the date of the auditor’s report.</p> <p>18. Assembling a complete and final audit file includes, for example:</p>		restructured and redrafted.

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		<ul style="list-style-type: none"> • Documenting audit evidence that the auditor has obtained, discussed and agreed with the relevant members of the audit team prior to the date of the auditor’s report. • Performing routine file-assembling procedures such as discarding superseded documentation, and sorting, collating and cross-referencing final working papers. • Signing off on file completion checklists prior to completing and archiving the audit file. <p>The old paragraph 17 would now become a new paragraph 19, with the same main heading as follows,</p> <p>Changes to Audit Documentation After the Date of the Auditor Report.</p>		
197	CIPFA	<p>In the final sentence (bold) it would be preferable to say the auditor should change or add to the documentation rather than ‘document the changes’, as this would match the title of the section. We would also point out that paragraphs 21, 22 and 23 appear to deal with the same issues as 17 and the document would read better if these were merged with paragraph 17.</p>	Yes	This section has now been amended and restructured.
198	EY	<p>Paragraph 17 indicates that exceptional circumstances may require the auditor to perform new audit procedures or lead the auditor to reach new conclusions. Given that these circumstances are expected to be exceptional, it would seem appropriate to require that the resulting changes to audit documentation be reviewed. Therefore we suggest to delete “where applicable” in (a) as follows: <u>“When and by whom such changes were made, and (where applicable) reviewed.”</u></p>	Yes	Agreed.
199	ICAP	<p>The Revised Standard is broadly in line with the audit procedures performed by auditors in completion of audit engagements. We agree that audit documentation contributes a great deal in maintaining the quality and integrity of audit. A follow up of process of preparing a professional and proper maintained audit file can explain the quality of an audit in a much more effective way than a poorly maintained one. Audit documentation should be the auditor’s tool for managing an audit and record of all the procedures and evidence obtained. During the course of an audit, there are a host of representations made by management either oral or written, explicit or otherwise. These representations might form a major portion of the evidence obtained and serve the basis for many conclusions. In some</p>	No	NA

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200	IDW	<p>industries like telecom and power, representations are an important source of information and documentation should highlight their source and management staff making them.</p> <p>The most important paragraph of this standard, in our opinion considering the background of the changes introduced, is Para 17 which highlights the fact that any changes in documentation after date of the auditor’s report should be fully documented identifying the person doing it and reviewing it and reasons for such an alteration and any effect on the auditor’s conclusions. This Para interrelates with the two questions posed in this exposure draft. We certainly agree with the fact that there should not be any deletions in audit documentation and all additions should be made in accordance with Para 17.</p> <p>The last sentence of paragraph 4 introduces the concept of an audit file. The IAASB may wish to consider whether the awkward construction of some requirements and guidance in the section entitled “Changes to Audit Documentation After the Date of the Auditor’s Report” could be ameliorated by using the term “audit file”, rather than “audit documentation”. For example, additions to an audit file do not constitute “changes” to the existing documentation, but rather an amendment to the audit file. Consequently, we suggest that the title of the section be changed to “Amendments to the Audit File After the Date of the Auditor’s Report”.</p> <p>The reference in the second sentence to “after that date” is ambiguous: does the IAASB mean the date of the auditor’s report or the date sufficient appropriate audit evidence was obtained (the former could be later than the latter)? Presumably, “that date” refers to the date of the auditor’s report, and therefore “that date” should be replaced with “ the date of the auditor’s report”.</p> <p>In the third sentence, the word “either” is applied even though both the new audit procedures are performed and new conclusions can be reached concurrently. Given this issue, and in line with our comments leading to the change in the title for this section above, we suggest that this sentence be changed to read as follows:</p> <p>“In these circumstances, the auditor should amend the audit file by documenting the performance of the new audit procedures or the new conclusions reached, including:</p>	Yes	<p>This section has now been amended and restructured. However, the focus on audit documentation is retained, as the audit file is merely the repository that contains the audit documentation. Paragraph 25 in the revised wording has been clarified to indicate that changes include additions.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<ul style="list-style-type: none"> a) When by whom these amendments were made, and (where applicable) reviewed; b) The specific reasons for the amendments; and c) The effect, if any, of these amendments on the auditor’s conclusions.” 		
201	IOSCO	<p data-bbox="411 444 1142 466">Changes to documentation after the date of the Auditor’s Report</p> <p data-bbox="411 500 1386 672">To clarify the routine and non-routine sequence of activities in an audit, we believe the IAASB should rearrange the content and reorder certain paragraphs in the proposed standard. Paragraphs 17 to 23 of the ED address matters that are a mixture of the routine and the exceptional. We believe this is confusing. The ED seems to mix talking about the same thing more than once and talking about different conditions.</p> <p data-bbox="411 703 1386 1057">Our expectation is that the normal situation in a typical audit would be that, following the date of the audit report, the auditor would assemble and complete the audit file on a timely basis. This would be done without the need to perform audit procedures to address new information coming to light after the date of the audit report and without the need to perform additional audit procedures to address omissions in audit work. We believe it would be helpful to address first this “routine” condition, which would seem to be focus of the guidance in paragraph 18. Other types of conditions that can arise, such as cases where new information comes to light, or when there is an occurrence of a subsequent event, such as the situations described in paragraph 21, could then be discussed following the guidance for the “routine” situation.</p> <p data-bbox="411 1088 1386 1300">With regard to paragraph 17, we believe the IAASB should provide guidance as to the type of "exceptional circumstances" that might give rise to a need for additional audit procedures after the date of an auditor's report. This issue is raised in the current paragraph 17 but not adequately explained, and referring to ISA 560 as noted in the paragraph does not produce any guidance that helps the reader understand what constitutes an “exceptional circumstance” that would warrant new procedures and new documentation.</p>	Yes	This section has now been amended and restructured. Additional guidance has also been provided regarding exceptional circumstances.
202	KPMG	We believe that the intent of paragraph 17 needs to be clarified. We recognize that after the date of the auditor’s report the auditor may encounter exceptional circumstances that may	Yes	Agreed.

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		<p>require the auditor to carry out new procedures or that lead the auditor to reach new conclusions. However, paragraph 17 does not clearly explain what the auditor is required to document in such circumstances. We find the reference to the “changes necessary to reflect either the performance of the new audit procedures or the new conclusions reached” in the black lettered wording confusing. We believe that when after the date of the report the auditor encounters the unusual circumstances described in paragraph 17, the auditor should be required to document the circumstances encountered, the new or <u>additional</u> procedures that needed to be carried out to respond to these circumstances (including when the procedures were carried out, by whom and, where applicable, by whom they were reviewed) and the effect, if any, that the results of the procedures had on the auditor’s conclusions.</p> <p>Further, paragraph 17 includes black lettered wording that is dependent on grey letters. This is not consistent with existing ISA conventions where black lettered wording generally tends to stand on its own.</p> <p>Given the above observations, we recommend that paragraph 17 be rewritten as follows:</p> <p>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 should document the circumstances encountered, details relating to the procedures performed to respond to these circumstances and the new conclusions reached.</p>		
203	PwC	Following the approval of ISA 700 (Revised) at the December 2004 meeting, there were a number of conforming amendments made to ISA 560; accordingly we suggest that the IAASB ensure that the wording in paragraph 17 is consistent with the revised wording in ISA 560.	Yes	Agreed.
204	RM	<p>Italics and non italics are combined in one para. Separation into two paras-- one for non italics and one for italics will help better understanding of the standard by auditor, reviewer etc.</p> <p>Para 17 a to c are important matters for para 20 and 22 also. Hence they should be in</p>	No	See KPMG comment.

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		italics in one para without non italics.		
205	US GAO	GAO encourages replacing the present tense wording with alternative language to describe the auditor’s responsibility in the 1 st sentence of paragraph 17. This would make the proposed standard consistent with the IAASB’s Proposed Policy Statement on Clarity issued September 23, 2004.	Yes	This section has now been amended and restructured.
<u>Paragraph 18</u>				
206	CIPFA	The third bullet mentions signing off file completion checklists as one activity which could be done after issuing the audit report. As many auditors use completion checklists to cover aspects of audit evidence (which do need to be obtained before the audit report is signed), this bullet point should be reworded to make it clear that it refers only to ‘housekeeping’ matters that do not form part of audit evidence.	Yes	Agreed.
207	CPAA	<p>CPA Australia is concerned about the practicality of implementing the requirements of the standard.</p> <p>Our concern is with the methodology a practitioner will need to put in place to provide a process that will prove that the audit evidence documented was ‘obtained, discussed and agreed with the relevant members of the audit team prior to the date of the auditor’s report’, and was not received after the date of signing the audit report.</p> <p>In the recent 2003 limited inspection reports issued by the PCAOB, it was noted that only one firm had overruled their own internal processes regarding archiving of the audit files. In the electronic and in particular the paper environment, this appears to be a hard standard to follow, but more importantly very hard to control and regulate.</p>	No	This example of an administrative change does not call for a methodology to verify the timing of the audit evidence. The final responsibility for verifying the timing of such audit evidence lies with the engagement partner.
208	DNR	<p>We believe the signing of the file completion checklist is done while (as a part of) completing the audit file, and accordingly would suggest that the wording be changed to read as follows:</p> <p>“Signing off on file completion checklists prior to archiving the audit file.”</p>	Yes	This bullet has been reworded.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
209	FAR	Although examples are given in paragraph 18, it is not obvious what is meant by “assembling” and “completing”. The example in the first bullet-point underlines that and is in our view unfortunate. “Documenting” such audit evidence at that stage would be inappropriate. The guidance in paragraphs 18 and 19 needs to be much clearer on the meaning of the words “assembling” and “completing”. This should include making it obvious that the process has nothing to do with the very documentation of audit evidence but merely the filing of the documentation, as we believe the process is about.	Yes	The first bullet is an example of an administrative change that may well occur in practice because of time pressures. It does not in the least reduce the engagement partner’s responsibility to review all such audit evidence before signing the auditor’s report. The guidance regarding file assembly has now been clarified.
210	IDW	In line with our comments to paragraph 17, we suggest that the title prior to this paragraph be changed to: “Amendments to the Audit File Resulting from Its Assembly and Completion”. Furthermore, we suggest that the phrase in the first sentence “...changes that ordinarily occur during the process of assembling and completing the audit file after the date of the auditor’s report but that reflect neither the performance of...” be replaced with “...amendments to the audit file that ordinarily occur during its assembly and completion after the date of the auditor’s report but that neither document the performance of...”.	No	This paragraph has been redrafted based on other comments.
211	IOSCO	<p data-bbox="411 995 982 1016">Nature of the file assembly and completion process</p> <p data-bbox="411 1049 1383 1260">Entirely apart from the questions of whether a particular number of days should be specified, what the starting point should be, and what the number of days should be, all of our members believe the standard should emphasize as an overriding principle that the auditor must assemble a complete and final audit file without undue delay after the date of the auditor’s report. We recognize that this principle is reflected using the present tense in paragraph 19 of the proposed standard but we believe its importance should be elevated.</p> <p data-bbox="411 1292 1383 1425">Consistent with our earlier comments on the need for prompt and complete documentation at the time audit procedures are performed, we believe the file assembly and completion process should be a largely administrative exercise in organization and compilation. In this regard, we are concerned that the first bullet in paragraph 18 is capable of being construed</p>	Yes	Agreed. See response to FAR comment above regarding the first bullet.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>as permitting extensive backfilling of documentation that could and should have been prepared at an earlier date. Our concern is driven by the emphasis we believe should be placed on ensuring the documentation of performance of audit procedures, evidence gathered and conclusions reached is carried out sufficiently comprehensively to support the auditor's opinion before a report is signed and issued. In our view, failure to achieve this goal represents a potential threat to audit quality since it increases the risk that senior members of the audit team may not be in a position to evaluate comprehensively audit procedures undertaken, evidence gathered and conclusions reached throughout the audit. We would underline that this does not mean we believe absolutely everything must have been completely documented prior to signing and issuing a report. However, final documentation of the resolution of an issue after signing and issuing a report must be restricted to those circumstances in which it is a matter of necessity and such situations should be strictly limited.</p>		
212	NYSSCPA	<p>Sorting, collating, and cross-referencing presume a defined indexing method. We suggest that the standard require accounting firms to establish a logical indexing method that is consistently followed throughout the firm on all audit engagements.</p>	No	<p>This is a firm-specific implementation issue.</p>
213	PwC	<p>Whilst we are generally supportive of the guidance in paragraphs 17-23 "<i>Changes to Audit Documentation After the Date of the Auditor's Report</i>", we are slightly confused by the IAASB's choice of paragraph structuring and propose that the IAASB restructure this section so that it is consistent with the structure of (relevant) ISAs and mirrors the timeline of the processes that follow the audit report date. For example, we believe the guidance on "<i>changes resulting from the process of assembling and completing the audit file</i>" and "<i>file assembly</i>" (paragraph 19) would more logically follow guidance on "<i>documentation of new information received</i>" (paragraphs 21 -23).</p>	No	<p>This section has now been restructured.</p>
214	RM	<p>Para 18 suggests changes after the date of auditor's report. Example 1 mentions prior to the date of auditor's report. Hence para 18 the words "prior to the date of " be changed as " for the "</p>	No	<p>This would not be workable.</p>

Paragraph 19

No.	Respondent	Respondent Comment	Change?	Task Force Comment
215	CICA	As noted under "Practitioners From Smaller Firms" above, we believe that the guidance in the ED requiring audit files to be assembled within the proposed 60 day period after the date of the auditors' report is not practical and may be burdensome for practitioners from smaller firms. We believe that the documentation completion requirement of 45 days from the date the auditors' report is released found in PCAOB AS No. 3 is a more feasible option, and would also contribute to promoting a consistent global standard on audit documentation.	Yes	Guidance has now been moved to ISQC 1. The emphasis remains on the principle that the auditor should complete the assembly of audit documentation without undue delay.
216	EY	Paragraph 19 could be improved by adding a bold letter requirement such as “The auditor should assemble a complete and final audit file on a timely basis after the date of the auditor’s report” and provide, as an example, a date of not more than 60 days after the date of the auditor’s report, but also recognizing that jurisdictions may have longer or shorter file-assembling periods.	Yes	Guidance to that effect has been added to ISQC 1.
217	FAR	It should be recognized that “assembling procedures” also are ongoing procedures during the audit and not, as is indicated by the wording in paragraph 19, something always done after the date of the auditor’s report.	Yes	Agreed.
218	FAR	It should also be recognized in the ISA that local laws and regulations might stipulate date or timing related to when the documentation supporting the auditor’s report must be assembled and completed.	Yes	Agreed.
219	FEE	<p>The proposed standard will require that audit documentation is assembled for retention within a period of time, ordinarily not more than 60 days, after the auditor’s report.</p> <p>We agree that it is in the public interest that audit documentation should be assembled within a reasonable period of time. However, we are concerned that in accordance with the Proposed Policy Statement on Clarifying Professional Requirements the contents of paragraph 19, and the 60 day assembly limit, will in due course become a requirement. We do not believe that a period of 60 days should be imposed for assembling the audit documentation of all audits.</p> <p>We are in favour of defining a guide number of days for assembling the audit</p>	Yes	Guidance has been amended – see proposed paragraph 99 of ISQC 1.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>documentation of the audit of public interest entities within a reasonable period of time. In this context, 60 days might be appropriate for public interest entities as a guide, but not as a requirement, either now or in future.</p> <p>However, for all other audits that are not audits of public interest entities, we do not believe that it is necessary to define a number of days for assembling the audit documentation. If in due course under the clarification proposals it is considered that the 60 day limit should be a requirement we recommend that it is only applied to public interest entities.</p>		
220	ICABC	<p>The auditor's report date and review for subsequent events has historically related to the fieldwork completion date. Forum members are concerned that requiring audit files to be completed within the proposed 60 day period after the date of the auditors' report is not practical. Instead, they suggest that the Board consider adopting PCAOB's documentation completion requirement of 45 days from the date the auditors' report is released.</p>	Yes	<p>Guidance proposed in ISQC 1 will accommodate the PCAOB time limit.</p>
221	IDW	<p>In line with our answers to the question posed by the exposure draft, we suggest that the second sentence be amended to read as follows: "The date on which the auditor assembles and completes the audit file is ordinarily not more than 60 days after the date of the auditor's report."</p>	No	<p>The guidance has now been moved to ISQC 1.</p>
222	IOSCO	<p>Time period for completion</p> <p>With regard to whether a specific period should be established for completion of the final audit file, we understand the potential value of establishing a specific "outside limit" in the ISA for purposes of quality control and inspection and to provide greater discipline in documenting audits. However, some of our members believe the matter of a specific time limit is an issue that should be left to national oversight and inspection bodies to address. These members believe it would be preferable for the ISA to establish clearly the principle of assembling and completing the final audit file without undue delay but to refrain from specifying a particular limit.</p> <p>However, we would observe that the existence of different time limits and different starting points for specifying the completion of the final audit documentation in different jurisdictions is an undesirable situation. We would therefore encourage the IAASB to work</p>	Yes	<p>Agreed – see proposed ISQC 1.99</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>with national auditing standards setters to identify an approach that could be used consistently, on a global basis. We believe this will become increasingly important in conducting high-quality cross-border audits, as well as facilitating the work of regulators and oversight bodies who are involved in reviewing audit work done in different countries. We also encourage the IAASB to engage national auditor oversight bodies in working cooperatively to seek a consistent approach in addressing this issue. If a specific time limit is retained in the final standard, we urge that it be accompanied by guidance emphasizing that the time limit is an outside limit, not a target.</p>		
223	NYSSCPA	<p>As stated earlier, the 60 day period is reasonable. We reiterate that the 60 days in which to complete the audit file begin from the delivery date rather than from the date of the auditor's report.</p>	No	<p>The guidance has been amended based on other comments and moved to ISQC 1.</p>
224	PAAB	<p>We support the view that a time period for completing the assembling of the final audit file should be specified for Public Interest Entity audits.</p> <p>We do not support the specifying of a time period for non-Public Interest Entity audits. Rather, we propose that the standard require the audit firm to set a time period for non-Public Interest Entity audits not exceeding 180 days from issuance date. It should also be borne in mind that many jurisdictions have requirements in corporate legislation and Securities Exchange regulations which specify time periods in which audit reports have to be completed (and by inference for audits and working papers sufficient to support the audit opinion to be completed).</p>	No	<p>The task force believes that the guidance should be applicable to all audits in the public interest.</p>
225	PAAB	<p>While we support the spirit of the exposure draft (ED) to enforce the finalization of audit files as soon as possible after completion of the audit, we believe that it will be important to provide practitioners with the necessary guidance to achieve this objective. Such guidance should include a possible framework for completion of an audit. Furthermore, we believe that the completion date should be linked to the date on which the auditor authorizes the release of the financial statements, which may be a later date than the date reflected in the audit report.</p>	Yes	<p>Guidance has been amended and placed in ISQC 1, but firms are required to establish the appropriate time limit.</p>
226	PAAB	<p>'Report date' and 'report release date': AS3 describes 'report release date' as the date the</p>	No	<p>This is not necessary following</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		auditor grants permission to use his report in connection with the issuance of the company's financial statements (paragraph 14) and in paragraph 15 equates this date to the <i>documentation completion date</i> . It is suggested that a distinction be drawn between the date of the auditor's report and the date on which the audit report is released.		the amendment to the guidance.
227	PAAB	'Complete': Reference is made in Paragraph 19 of the ED to ' <i>a complete and final audit file</i> '. It may be useful to define what is meant by a <i>complete</i> audit file. Paragraph 13 of AS 3 provides guidance recommending the use of an <i>engagement completion document</i> , but does not provide detailed guidance as to its content.	No	"Complete" refers to the record of the audit procedures performed, audit evidence obtained and conclusions reached.
228	PwC	We recommend deleting the phrase "and final" from the first sentence as follows: " <i>The auditor assembles a complete and final audit file without undue delay...</i> ". This is because the auditor may create or obtain additional documentation in connection with audit procedures performed subsequent to the audit, which are not undertaken in order to form the opinion on the financial statements, but are part of national regulatory or legal requirements and required to be retained on the audit file. An example of such a requirement is capital maintenance reports required by a national regulatory authority for financial services companies.	No	Such additional procedures constitute a separate engagement. Documentation prepared in connection with such additional reporting requirements does not form part of the audit documentation, as defined, although such documentation may be retained together with the same audit file
229	PwC	The Exposure Draft proposes that the auditor needs to have completed and assembled the audit file 60 days after the date of the auditor's report. Whilst this requirement will undoubtedly result in changes to working practices, we are not opposed to the discipline it imposes. We recognise that there may be some concern that the quality of audit documentation could be adversely affected if the engagement team finalises the audit documentation in haste, rather than take the time to properly organise the file so that the nature of the documentation is sufficient to meet the objective of the standard. However, we are of the view that this is a housekeeping task that should be part of the quality control procedures of any professional organisation. Imposing a deadline reminds the auditor to appropriately document their work on a contemporaneous basis throughout the audit, rather	Yes	The guidance has now been moved to ISQC 1. Guidance on changes that may be made during file assembly has been clarified.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		than at the conclusion of the process.		
		We believe, however, that the proposed ISA needs greater clarity on the documentation that is expected to be completed by the date of the auditor’s report and the documentation that can be completed during the process of assembling and completing the audit file. The requirement is similar to that introduced in PCAOB AS 3. In implementing PCAOB AS 3 in practice we found the need for additional interpretative guidance on the types of changes to documentation that are permissible after report issuance/release date. We would welcome additional guidance on this in the ISA in order to promote consistency in practice.		
230	RM	The first sentence be in italics being an important compliance issue. Non italics be shifted to another para.	Yes	Agreed.
231	US GAO	We agree that it makes sense to have a time limitation for completing audit file assembly. We also believe that a 60-day assembly time limitation is reasonable given the broad constituency using IAASB standards. We support, however, the suggestion proposed by the International Auditing Standards Subcommittee of the American Institute of CPAs (AICPA) to change the file assembly deadline from the proposed “60 days from the date of the auditor’s report” to “60 days from the delivery of the auditor’s report,” as follows: <u>The auditor should complete audit file assembly not more than 60 days after delivery of the auditor’s report. The auditor assembles a complete and final audit file without undue delay after the date of the auditor’s report. The date on which the assembling of the audit file is finally completed is ordinarily</u>	Yes	More general guidance has now been provided in ISQC 1.
		Allowing this additional time for file assembly could help improve audit documentation where there is a lag between the date of the report and delivery of the report.		
		<u>Paragraph 20</u>		
232	ICABC	Forum members agree that audit documentation should not be deleted or discarded after finalisation of an audit file. However, the proposed standard does not address the issue of archiving electronic documentation. If the proposed standard contemplates permanent retention of working papers in electronic form, then the proposed standard should clearly	No	The issue of protective mechanisms is addressed in paragraph 26(c) and 27 (now renumbered 31(c) and 32).

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>indicate that such electronic working papers contain protective mechanisms to prevent unauthorised or unintended alteration. In cases where such protective measures are not available, it may be advisable to require a paper copy of the audit file be created and retained to evidence the final version of the audit file.</p>		<p>It is difficult to envisage why protective mechanisms would not be available if a firm chooses to implement electronic documentation. In addition, the suggestion to require paper copies of electronic files could create a significant implementation issue in practice.</p>
233	IDW	<p>In line with our comments to paragraphs 17 and 18, we suggest that this paragraph be reworded as follows:</p> <p>“After the auditor has assembled and completed the audit file, the auditor should not delete or discard audit documentation in the audit file. Where the auditor finds it necessary to otherwise amend (add to, or change, audit documentation) the audit file after the audit file has been completed, the auditor records these amendments in the audit file in accordance with subparagraphs (a) to (c) of paragraph 17.”</p>	No	<p>This paragraph has been redrafted based on other comments.</p>
234	US GAO	<p>As presently written, the prohibition against deleting or discarding documentation after the audit file has been completed appears to require the auditor to maintain this documentation forever. We recommend clarifying the wording to state that the auditor should not delete or discard documentation before the end of the established retention period. This would be consistent with the provisions of paragraph 29 of this standard. We recommend adding the following wording to the proposed standard:</p> <p><u>After the audit file has been completed, the auditor should not delete or discard audit documentation before the end of the specified retention period, as discussed in paragraph 29 of this Standard. Where the auditor finds it necessary to make an addition (including amendments) to audit documentation after the audit file has been completed, the auditor should document the addition in accordance with subparagraphs (a) to (c) of paragraph 17, regardless of the nature of the addition.</u></p>	Yes	<p>Agreed.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
<u>Paragraph 22</u>				
235	APB	Paragraph 22 implies that information received after the date of the auditor’s report need only be retained if the auditor performs audit work on it. The APB believes that, even if the auditor performs no further work on it, information received after the date of the audit report as a result of a request from the auditor prior to the date of the auditor’s report (e.g. a belated third party confirmation) should be retained in the audit working papers and annotated, where appropriate, to indicate that no further audit procedures are considered necessary.	No	This subsection has now been deleted as it effectively addresses a risk management issue as opposed to an audit performance issue.
236	CIPFA	We would suggest rewording paragraph 22 as follows: “if the auditor performs audit procedures on the new information, the auditor should retain such new information and prepare additional documentation in accordance with.. ...”.	No	Ditto.
237	DNR	Referring to the headline above paragraph 21, we question whether the expression “..., the auditor should retain it [i.e. the information] and should document ...” is in conformity with the established logic for using the terms “information” and “documentation”. In our opinion, stating that the auditor should document the information and retain the related documentation, would more properly reflect the sequence of events.	No	Ditto.
238	GT	We recommend the following revision: “To the extent that the auditor performs audit procedures on the new information, the auditor should retain it such information and should document the resulting addition to audit documentation in accordance with subparagraphs (a) to (c) of paragraph 17.” We also suggest clarifying that if such information were to be received subsequent to the completion date, the information would need to be retained in accordance with paragraph 20 of the proposed revised ISA 230.	No	Ditto.
239	IDW	In line with our comments to paragraphs 17 to 20, we suggest that the phrase “...document the resulting addition to audit documentation..” be amended to “...record the resulting additional audit documentation in the audit file...”	No	Ditto
240	NYSSCPA	The paragraph header indicates that this paragraph is relevant to items discovered after the	No	Ditto.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		auditor's report. That being the case, this paragraph requires an update of the auditor's report, which by definition indicates a new body of audit evidence; hence, a different audit file that is an appendix to the original archived file, rather than an addition to the existing audit file, should be created. The original opinion is unchanged based on the available audit evidence at the date of the original opinion.		
241	PwC	<p>New information received after the date of the auditor's report may need to be retained because it relates to the new audit period and not the post audit period. Whilst this might be implied in paragraph 21 "<i>The auditor may however receive new information after that date relating to the audit...</i>" it is not clear in the bold lettered requirement in paragraph 22. We believe this should be clarified as it might be misinterpreted to read that new information received that relates to the next audit period does not need to be retained. We therefore suggest a minor amendment to clarify the guidance as follows:</p> <p><i>22. To the extent that the auditor performs audit procedures on the new information relating to the audit, the auditor should retain it the new information in the audit file for that engagement and should document the resulting addition to audit documentation in accordance with subparagraphs (a) to (c) of paragraph 17.</i></p>	No	Ditto
<u>Paragraph 23</u>				
242	PwC	We are unsure why the guidance in paragraph 23 is included in this ISA. It relates to the auditor's considerations regarding modification of the audit report resulting from new information received, which is adequately addressed in ISA 560 and bears no relation to the audit documentation process regarding this new information. Accordingly, we believe this sentence can be deleted in full.	Yes	Agreed.
<u>Paragraph 24</u>				
243	CICA	We believe that revised ISA 230 should focus solely on matters related to the effective conduct of the audit. The guidance in the ED relating to confidentiality, safe custody, retention and ownership of audit documentation would be more appropriately situated in the Quality Control standards.	No	The task force noted the comments. To avoid too many consequential changes, however, the task force agreed to leave the

No.	Respondent	Respondent Comment	Change?	Task Force Comment guidance in ISA 230.
244	CIPFA	The first line should insert the words ‘during and after the audit’ after ‘procedures’ to make it clear that it refers to the safeguarding of the audit documentation after as well as during the period of the audit.	No	This would not work for bullet (d). The explanatory paragraphs that follow indicate that these procedures are applicable both during and after the audit.
245	EC	<p>ISA 600 – Group audits will introduce, once adopted by the Board, extended use of audit documentation and specific requirements. ED ISA 600 even makes a direct and clear reference to ISA 230 in paragraph 34. But our general feeling is that the requirements introduced by ED ISA 600 imply the specific issues in the view of audit documentation that are not at all reflected in the current text of ED ISA 230. Furthermore, the EU legal environment, once the forthcoming Directive on Statutory audit is adopted, will include specific requirements for group audits, entailing inevitably some consequences on audit documentation which we strongly urge the board to consider. Our suggestion for improvement of ISA 230 is as follows:</p> <p><u>Group auditor</u>: the standard should clarify that documents listed in paragraph 34 of ED ISA 600 form part of the audit documentation of a group audit engagement, to be retained by the group audit. As such, these documents are subject to the requirements of paragraph 24 of ED ISA 230. Particularly, as for any other engagement, the group audit documentation must be accessible to and retrievable from the office of the group auditor.</p>	No	This is an issue that would be more appropriately addressed in the Group Audits project.
246	EY	Paragraphs 24 to 30 are quality control elements and we suggest that they be included ISA 220 <i>Quality Control of Audits of Historical Financial Information</i> (Revised).	No	See response to CICA comment.
247	ICMAP	Sufficient has been incorporated on the confidentiality.	No	NA
248	IDW	It may be useful for this section to use subheadings (e.g., “confidentiality and safe custody”, “integrity, accessibility and retrievability”, “retention” and “ownership”) and address each of these issues in turn.	No	Paragraph 27 (now renumbered 32) deals with confidentiality, safe custody, integrity, accessibility and retrievability,

No.	Respondent	Respondent Comment	Change?	Task Force Comment
249	NYSSCPA	Paragraph 24(c): We suggest that this should be “enable and limit its accessibility and retrievability or otherwise appropriately control;”	No	so the use of subheadings would not be workable without restructuring the section. This would change the meaning of the bullet. Limitation of accessibility and retrievability is covered under the first bullet.
250	PwC	<p>We believe that the wording of the bold lettered requirement in paragraph 24 could be improved to show how these requirements relate to individual audit engagements. We suggest the following changes:</p> <p>23. <i>In each audit engagement, the auditor should apply appropriate procedures so that:</i></p> <p>(a) <i>Maintain its confidentiality</i> <i>The confidentiality and safe custody of the audit documentation is maintained;</i></p> <p>(b) <i>Protect its</i> <i>The integrity of audit documentation is protected;</i></p> <p>(c) <i>Enable its accessibility and retrievability</i> <i>The audit documentation is accessible and retrievable; and</i></p> <p>(d) <i>Enable its retention for a period sufficient to meet The needs of the firm’s procedures are followed so that the audit documentation is able to be retained for a period sufficient to meet the needs of the firm, and legal and professional requirements.</i></p>	No	<p>ISAs are intended to apply to all audits, so the suggestion to refer to “each audit engagement” is unnecessary.</p> <p>The suggested edits are more verbose and go against the plain English principle.</p>
<u>Paragraph 25</u>				
251	APB	<p>The APB believes that the reference to ethical requirements in paragraph 25 should be to “relevant ethical requirements” in line with the references given in other ISAs. There should also be an indication that there may be regulatory requirements to disclose information as well as legal or professional requirements.</p> <p>There should also be recognition that in some circumstances the auditor may consider the need to report matters to a regulatory authority in the public interest even where a specific</p>	Yes	<p>Agreed.</p> <p>The comment regarding communicating with regulatory authorities is addressed by guidance in ISA 250.38 (“Consideration of Laws and</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		requirement to report does not exist in law or regulation. The auditor may need to seek legal advice in such circumstances before making such a report.		Regulations in an Audit”). The comment regarding communicating to a regulatory authority in the public interest will be passed on to the ISA 250 TF.
252	ICAP	Specific paragraph reference of IFAC Code of Ethics is subject to amendment/ revision of the code, which would necessitate corresponding amendment in ISA 230. It is suggested that the paragraph reference may be deleted while the concept discussed in the said paragraph of IFAC Code of Ethics should be retained in the ISA.	No	See change made in response to APB comment.
253	IDW	While this paragraph addresses confidentiality requirements, only the first bullet point of paragraph 27 touches upon the controls that an auditor may need to establish to ensure confidentiality. This issue may therefore need more thorough and separate treatment in the standard. Furthermore, no procedures to ensure safe custody other than the second bullet point in paragraph 27 are addressed. The issue of safe custody may therefore also require more thorough and separate treatment in the standard.	No	The only purpose of the paragraph is to provide examples of controls that the auditor may apply. This section provides only general guidance. More detailed guidance on methods and procedures to maintain confidentiality and safe custody would be more appropriately positioned in an implementation guide.
254	JICPA	Paragraph 25 does not change a requirement for confidentiality by paragraph 4.2 of Part A of the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (“IFAC”). We believe that a reference to a specific code of ethics issued by the IFAC may cause a misunderstanding of the code of ethics issued by the IFAC. We propose deleting paragraph 25.	No	This paragraph provides the proper context for procedures required to be applied per paragraph 24 (now renumbered 29).

Paragraph 26

No.	Respondent	Respondent Comment	Change?	Task Force Comment
255	CIPFA	In the first line, audit documentation <i>on</i> paper rather than <i>in</i> paper to be consistent with paragraph 4.	No	The contexts are different. Paragraph 26 (now renumbered 31) is about media used as opposed to the form itself.
256	FEE	We believe that paragraphs 26 and 27 of the Proposed Pronouncements would benefit from a general footnote reference to ISA 220 “Quality Control for Audit Work” and to ISQC1 “Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance Related Services”.	No	The benefit of such cross-referencing is considered marginal, as the auditor needs to comply with ISA 220 (and the firm, with ISQC 1) anyway.
257	IDW	The “and” between “accessibility” and “retrievability” may need to be changed to “or”, since not all of the following scenarios apply to each.	Yes	Agreed.
258	IRE	Paragraphs 26 and 27 of the ED should include an explicit reference to ISA 220 or ISQC 1, whereas the actual conforming amendment to ISQC 1 only refers to the retention of documentation.	No	See FEE comment.
259	IRE	The IAASB is requested to consider the possibility to include paragraphs 26 and 27 in ISA 220 and ISQC 1 directly.	No	See response to CICA comment on paragraph 24 of the ED.
260	PAAB	The implications of the proposed controls over documentation may result in practical problems, e.g., where the audit files / documentation are prepared and kept in an audit office in a country different to the country in which the audit report will be issued. Legislation in different jurisdictions may regulate access to, and transfer of audit working papers within the country concerned, various offices of a firm and across borders. Consideration will need to be given to providing additional guidance in situations involving multi-location engagements.	No	Documentation requirements pertaining to group audits are being dealt with in the Group Audits project. The comment will, however, be passed on to the Group Audits TF for consideration.
<u>Paragraph 27</u>				
261	AICPA	Paragraph 27 of the Exposure Draft suggests the use of passwords amongst audit team members to restrict access to electronic documentation to authorized users. We support the	No	This guidance is only intended to provide examples of the type of

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>goal of protecting the audit documentation, however believe the primarily risk relates to unauthorized access by third parties, such as clients. We think it far more useful that firms be required to have security procedures in place that prevent access to their audit documentation by third parties such as clients, rather than establish complex measures to contain access on an engagement basis. Additionally, we see no need to distinguish in the professional standards between requirements as they relate to either electronic or paper files, as the issues should be the same. We are concerned that for some auditors, this guidance could require implementation of a costly or cumbersome procedure to protect files from other auditors in the same Firm. This seems unnecessary, and we do not believe it is addressing any current issue in audit practice.</p>		<p>controls that may be implemented. It is not intended that the guidance should comprehensively address all controls necessary to maintain confidentiality, safe custody, etc. Comprehensive guidance would be more appropriately addressed in an implementation guide, which is outside the scope of this project.</p>
262	BDO	<p>The Exposure Draft suggests the use of passwords amongst audit team members to restrict access to electronic documentation to authorised users. While we support the view that audit workpapers must be protected, we believe the important thing is that they be protected from unauthorised access by third parties, and not necessarily from firm personnel. Additionally, we see no need to distinguish between electronic and paper files, as the issues are the same. We are concerned that for some auditors this could require a costly update to existing systems, or the development of cumbersome procedures to protect files from other auditors in the firm. This seems unnecessary, and is not addressing any key issue in audit practice.</p> <p>We are particularly concerned at the cost implication of this paragraph especially if some form of Ethical Standards covers firm-wide systems and all audit staff.</p>	No	See AICPA comment.
263	EY	<p>Paragraph 27: As this paragraph relates to electronic controls in respect of electronic files, it may be appropriate to rephrase the lead-in sentence as follows: “Controls that the auditor may apply to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of electronic audit documentation include, for example:.....”</p>	No	<p>An example of a possible control is added to the guidance to address hardcopy audit documentation, as suggested immediately below.</p>
264	EY	<p>We suggest that the IAASB considers including an example on hardcopy files. A suggested wording could be: <u>“Insofar as audit documentation is not stored electronically, procedures</u></p>	Yes	Agreed.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<u>to ensure restricted access, proper distribution and confidential storage of hardcopy audit documentation.”</u>		
265	IDW	Not all of the bullet points apply to every control objective (confidentiality, safe custody, integrity, accessibility and retrievability). Consequently, as noted in our comments to paragraph 24, this paragraph, and indeed, the entire section may need some restructuring.	No	This paragraph provides only general guidance. Comprehensive guidance would be more appropriate in an implementation guide.
266	RM	Para 27 should require page numbering of documents in manual file. A para may be added for maintaining a master list of audit documentation- files in electronic, manual and other form which may be more than one for an audit report.	No	This relates to firm-specific implementation issues and would be too detailed for the ISA.
<u>Paragraph 28</u>				
267	BDO	We welcome the recommendation in this paragraph concerning original documentation that is electronically scanned for inclusion in the audit file. We recommend that the standard expand on this guidance to cover where, if ever, original paper documentation should be retained.	No	This is a firm-specific implementation issue, i.e. the firm should be free to choose where to retain the original paper documentation.
268	DNR	The original paper documentation referred to in (a), has already been signed and cross-referenced and contains annotations etc. We therefore do not see the reason for including the last part of (b), “including indexing and signing off on the scanned copy”, unless this is meant as an additional electronic procedure. If that is the intention, the sentence might be modified to run as follows, “ ..., including the appropriate electronic indexing and signing off on the scanned copy; ...”.	No	Not all paper documentation may be signed off and indexed before being scanned; however, the term “as necessary” is added for clarity.
269	EY	We suggest the following amendment of the sentence: “Allow the scanned copy to be retrieved and printed <u>in a manner that distinguishes the scanned copy from the original.</u> ”	No	This does not add significantly to the guidance.
270	GT	We suggest the following revisions:	Yes	No to (a) – there is no reason

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>a) Generate a scanned copy identical in form and content to the original paper documentation, including replicating any manual signatures, cross-references and annotations;</p> <p>b) Integrate the scanned copy into the audit file in the same way as original paper documentation is integrated, including indexing, cross-referencing and signing off on the scanned copy.</p>		<p>why cross-references should not also be scanned if they are already on the paper document.</p> <p>The suggestion to delete “in the same way as original paper documentation is integrated” is agreed.</p>
271	IRE	<p>Paragraph 28 could create a confusing message, namely that paper documentation could be replaced by electronic documentation, or that audit documentation needs to be stored in both ways. The IRE suggests the IAASB reword the last phrase into “<i>The auditor considers to retain <u>selected documents of the original paper documentation for legal, regulatory or other reasons.</u></i>”</p>	Yes	<p>The suggested amendment would change the meaning of the sentence. However, the sentence is clarified to indicate that the consideration applies only to paper documentation that has been scanned.</p>
<u>Paragraph 29</u>				
272	CIPFA	<p>The document fails to distinguish adequately between documentation needed for audit evidence purposes which clearly needs to be available for external review and that required for internal supervision and administration. This distinction should be explicitly recognised in paragraph 5 and the requirements applicable to the two kinds of documentation could – and arguably should – be different. For example, the 5-year retention period mentioned as a minimum in paragraph 29 is considerably longer than that currently used by most auditors in respect of compliance with internal procedures such as clearing of review notes by engagement partner, second partner or peer reviewer. Similarly, there would seem to be little justification for mandating retention of records of time spent on the audit and performance appraisals of audit staff for a full five-year period (though audit firms may wish to do this for internal management purposes).</p>	No	<p>The guidance addresses audit documentation only, as defined, and not administrative documentation. Whether to retain the latter type of documentation is a matter for the firm to decide.</p>
273	CIPFA	<p>The last sentence states that the retention period for documents is ordinarily not shorter than five years from the date of the auditor’s report. We believe that a distinction should be</p>	No	<p>See comment immediately above.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		made here between documents which form part of the evidence on which the audit opinion is based, for which five years may be a reasonable period, and other documents on the audit file- for example evidence of review process and subsequent clearing of review points- for which five years is excessive and is well beyond that required, for example, by UK auditing standards.		
274	CPAA	<p>CPA Australia would like the standard to increase the retention of audit work papers from 5 to 7 years.</p> <p>For audits of accounting periods ending on or after 30 June 2005, auditors of Australian companies have to retain audit working papers for a period of 7 years. We acknowledge that the Exposure Draft states that the retention period is ordinarily not shorter than 5 years from the date of the auditor’s reports and that the retention period depends on other factors, such as local law or regulation prescribing a specific retention period. CPA Australia would however like Australia’s convergence to be smooth and would prefer to apply the international auditing standard word for word rather than attaching a footnote to the standard specifying our local requirements.</p>	No	The IAASB studied this carefully in light of a survey of retention practices in 17 jurisdictions.
275	EC	<p><u>Subsidiary auditor</u>: the standard should state that, unless there is a legal impediment, the related or other auditor of a subsidiary or component of a group shall ensure that they make the audit documentation at subsidiary or component level available to the group auditor whenever and wherever the group auditor wishes. This documentation can be used including for the purpose of enabling a group auditor to respond to external quality assurance reviews, external inspections, or investigations conducted by relevant authorities. To such extent, the related or other auditor involved in a group audit shall ensure that he or she retains the audit documentation for a period that meets at least the retention period applicable to the group auditor.</p>	No	This issue is regulatory in nature. The comment has been passed to the Group Audits task force.
276	EC	<p>The proposal for a retention period of at least five years, and the proposal that “the audit documentation is retained for a period sufficient to meet the relevant purposes set out in paragraph 2 and 5” should become mandatory, e.g. through the use of a sentence using the word “shall”, and if necessary read in bold letters.</p>	No	The ISA cannot mandate such a period as law or regulation may establish specific requirements. This should be a matter for local regulators.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
277	FAR	In paragraph 29 reference is made to group audit. Pending the issuance of IAASB standards and guidance on group audits, we believe that ISA 230 (Revised) should address also documentation matters related to group audits.	No	This is a specific group audits issue. The guidance in this ISA is of a more general nature.
278	ICMAP	Perseverance of records should be in accordance with the laws of each country.	No	The guidance is to assist jurisdictions that do not have any legal or regulatory requirements for retention.
279	KPMG	As this paragraph begins by referring to ISQC 1, we suggest clarifying the reference in the third sentence as follows: “Audit documentation is retained for a period sufficient to meet the relevant purposes set out in paragraphs 2 and 5 <u>of this ISA</u> ”	Yes	Agreed.
<u>Paragraph 30</u>				
280	CIPFA	We are not sure what point is intended to be made here. What use an entity makes of documents provided to it by the auditors is not of relevance to an ISA. However, there is a relevant point which we believe should be made here which is that, in making available copies of audit documentation to a client, auditors should ensure that they do not compromise their independence or undermine the validity of the audit process; a point which is made in UK Auditing Standard 230, paragraph 19.	Yes	Agreed.
281	EY	The IAASB should consider deleting the sentence “Portions of or extracts from the audit documentation that the auditor may decide to make available to the entity are not a substitute for the entity’s accounting records” , as it clearly relates to the entity’s responsibility.	No	See CIPFA comment immediately above.
282	FAR	In paragraph 30 it should be recognized that local laws and regulations and practices might establish that the audit documentation also is the property of the personally elected auditor or the person within a firm responsible for the audit (i.e. in both cases the person(s) signing the auditor’s report).	Yes	Agreed.

No.	Respondent	Respondent Comment	Change?	Task Force Comment
283	IDW	The first sentence does not “hang together” with the second, i.e., what are the consequences of the fact that audit documentation is the property of the auditor’s firm? That audit documentation is not a substitute for an entity’s accounting records is a separate and key issue that probably needs to be emphasized between paragraphs 5 and 6 of the Exposure Draft (i.e., a delineation of what audit documentation is from what it is not).	No	This sentence has now been redrafted based on the CIPFA comment.
284	PAAB	We recommend that ‘...property of the auditor’s firm...’ is changed to ‘...property of the auditor’s firm <i>or auditor</i> ...’. The issue regarding ownership of audit working papers is contentious and depends on the legal requirements of different jurisdictions.	Yes	Agreed.
285	RM	Para 30 mentions auditor's firm. Auditor may operate without a firm name in his individual name. Hence the words "auditor's firm" may be changed as "auditor" Para 30 last sentence be deleted as it is not necessary to mention this in standard and in para dealing with property (lien) on audit documentation.	Yes	See FAR, PAAB & CIPFA comments.

Paragraph 31

286	IDW	We believe that the proposed effective date is not realistic. The IAASB will probably consider comments to the Exposure Draft in its June meeting and therefore be able to issue the final standard in September, at the earliest. The mid-December effective date would therefore only allow three months for translation and implementation by practitioners, which is far too short. We believe that an effective date for audits of historical financial information for periods commencing on or after mid to late 2006 to be more appropriate.		To be reconsidered, subject to whether the final ISA is approved in June.
287	PAAB	We recommend an effective date of June 15, 2006 as the proposed effective date is too early. The later date is proposed as audit software and working paper documentation of audit firms will need to be changed.		Ditto.

Appendix

No.	Respondent	Respondent Comment	Change?	Task Force Comment
288	APB	This should include the proposed addition to ISA 330 of new paragraph 74 requiring audit documentation to demonstrate that the financial statements agree or reconcile with the underlying accounting records.	Yes	Agreed.
289	ICANZ	<p>We also have a concern with the inclusion of the Appendix listing other ISAs which contain subject matter-specific documentation requirements and guidance, particularly as many recent and amended standards issued by the IAASB (for example, ISA 240 ISA 300, ISA 315 and ISA 330) include a separate section which contains documentation requirements. The Appendix will need to be amended each time a new or amended standard is issued by the IAASB, which could result in the Appendix not being appropriately revised.</p> <p>For example, the Appendix currently includes a reference to ISA 300 “Planning” – paragraphs 8 and 10. The revised ISA 300, effective for audits commencing on or after 15 December 2004, includes specific documentation requirements in paragraphs 22-26 but this revised ISA is not referred to.</p> <p>We therefore consider there is no need for an Appendix which lists other ISAs containing documentation requirements.</p>	No	The IAASB concluded that having such an appendix would be helpful. The revised Planning ISA was issued after ISA 230 went on exposure.
290	IDW	The appendix needs to be revised for new documentation requirements contained in the revised ISA 700 and its conforming changes.	No	There are no new documentation requirements in the revised ISA 700 or related conforming changes.
291	US GAO	We recommend expanding the Appendix of “Specific Audit Documentation Requirements and Guidance in Other ISAs” to include a brief description or summary of relevant provisions from the other ISAs, following a format similar to that in the U.S. Auditing Standards Section AU 339.15 (Appendix A). This additional information would provide useful information in one place, making the ISA more user-friendly and comprehensive.	No	This would significantly lengthen the document without commensurate benefit.

Other comments

No.	Respondent	Respondent Comment	Change?	Task Force Comment
292	CEBS	The reference of the whole ED is really, by implication, to the current working papers to support the audit opinion. There is no reference to the more permanent documents that might also support the audit opinion e.g. information concerning the legal and organisational structure of the entity; copies of important legal documents, agreements and minutes. The Board may want to give some consideration to including a paragraph stating that some audit documentation may be held on ‘permanent’ audit files which are updated with new information of continuing importance, as distinguished from ‘current’ audit files which contain information relating primarily to the audit of a single period.	No	The IAASB debated this matter and concluded that it did not address an audit performance issue. The point about matters of continuing significance is made in paragraph 5(d) (now renumbered 4(d)).
293	CPAA	CPA Australia believes that the IAASB needs a black letter equivalent to Paragraph 15 of the PCAOB Standard, “Audit Documentation”. <i>“Prior to the report release date, the auditor must have completed all necessary auditing procedures and obtained evidence to support the representation in the auditor’s report”</i> . We believe that this paragraph emphasises the importance of completing all audit procedures prior to signing the opinion.	No	This is covered by ISA 500, “Audit Evidence”. Also, ISAs 570 and 700 clearly require that the auditor’s report not be dated earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the report.
294	CPAA	CPA Australia believes that paragraph 18 of the PCAOB Standard, “Audit Documentation,” needs to be included in the IAASB equivalent, or alternatively needs to be included in the ISA ‘Audit of Group Financial Statements’.	No	The IAASB discussed this issue and concluded that this requirement would not be workable in practice. The Group Audits project is, however, addressing the issue separately.
295	CPAA	<p>CPA Australia believes that the standard should provide more guidance for group audits (ie multi location audits).</p> <ul style="list-style-type: none"> <li data-bbox="407 1252 1386 1388">▪ The PCAOB standard provides guidance in paragraph 18 on audit documentation supporting the work performed by other auditors (including auditors associated with other offices of the firm, affiliated firms or non affiliated firms), and how this must be retained or be accessible to the office issuing the auditors report. 	No	<p>See comment immediately above.</p> <p>With regard to the 2nd bullet, this situation is addressing two different audits and not the same audit.</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<ul style="list-style-type: none"> ▪ Another potential problem with subsidiary audits is that the audit for the group may be signed off well before the statutory sign off of the legal entity subsidiary. In such circumstances it is quite reasonable to expect new audit procedures to be performed and added to the audit file. 		
296	EC	<p>The audit documentation, group audit documentation, documentation from review as well as component audit documentation may be subject to a request from authorized third parties resulting from existing legally binding national legislation and, in the foreseeable future within the EU, also from national laws transposing the provisions of forthcoming Company Law Directive on statutory audit. Proposed revised ISA 230 does not address such possibility. In our view the availability of above mentioned documentation to the authorised third parties should be foreseen and thus clearly stated within the frames of proposed revised ISA 230. It appears especially justified in view of the fact that amendments to ISQC 1 proposed within the Exposure Draft refer to procedures enabling authorised external parties to access and review for quality control or other purposes as regards specific engagement documentation.</p>	No	<p>Paragraph 5(f) (now renumbered 4(f)) indicates that a key purpose of audit documentation is to enable external inspections to be conducted in accordance with applicable law or regulation.</p> <p>The responsibility for retaining such documentation in the context of a group audit is a regulatory matter. The comment has been passed to the Group Audits task force.</p>
297	GT	<p>Consistent with the Proposed Policy Statement, <i>Clarifying Professional Requirements in International Standards Issued by the IAASB</i>, we would prefer discontinuing the use of the present tense within the proposed standard.</p>	Yes	<p>Changes have been made where appropriate to minimize the use of the present tense.</p>
298	ICABC	<p>Our Forum recommends that the Board consider adopting some of the requirements found in PCAOB’s Auditing Standard No. 3, that are not discussed in the proposed standard, to improve the quality of guidance available to practitioners:</p> <ul style="list-style-type: none"> ▪ Paragraph 8 – documentation of consultation; ▪ Paragraph 11 – central repository of certain matters; ▪ Paragraph 12 – documentation of significant findings and conclusions; and ▪ Paragraphs 18 & 19 – work performed by other auditors. 	No	<p>Documentation of consultation is addressed in ISA 220;</p> <p>The IAASB concluded that a central repository did not address an audit standards issue;</p> <p>Significant findings and conclusions are addressed in the section on significant matters;</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
299	NYSSCPA	PCAOB Standard No. 3, paragraph 4 states that audit documentation should be prepared in sufficient detail to provide a clear understanding of its purpose, source, and the conclusions reached, and the documentation should be appropriately organized to provide a clear link to the significant findings or issues. We recommend that similar language be adopted in this standard.	No	The suggestion to adopt wording that documentation should provide a clear understanding of its purpose, source and conclusions, is considered addressed under paragraph 7 of the ED. Significant findings or issues are addressed in the section on significant matters.
300	NYSSCPA	One of the most significant issues addressed by the PCAOB in its documentation standard concerns the documentation requirements for a multi-location audit. This IAS does not address this issue. There is a reference in IAS 600, paragraph 14, but it does not deal with the documentation required to be reviewed by a principal auditor who does refer to other auditors in his report. In the absence of a specific requirement to review the documentation (noted in paragraph 19 of PCAOB Standard 3), this IAS presumptively has a lower threshold for the responsibility of the principal auditor for audit documentation in multi-location audits.	No	See CPAA comment above. This is an issue specific to group audits that is outside the scope of this ISA.

ISA 330 Amendment

301	ACCA	<p data-bbox="407 1130 1079 1161">It is proposed to add a further paragraph to ISA 330 as follows:</p> <p data-bbox="485 1187 1381 1255"><i>‘The auditor’s documentation should demonstrate that the financial statements agree or reconcile with the underlying accounting records.</i></p> <p data-bbox="407 1281 1381 1382">As a preliminary to our main concern set out below, we consider that this requirement should be placed on the auditor, not on the documentation (which in itself has no capacity to act).</p>	No	This is not a requirement to duplicate the financial reporting process but a requirement for the auditor to verify that the financial statements agree or reconcile with the accounting records (the trial balance and related records) – an essential
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No.	Respondent	Respondent Comment	Change?	Task Force Comment
		Given that the auditor is required to document the audit procedures undertaken in relation to the financial statement closing process, we see no justification for imposing this further requirement.		audit procedure.
		When preparing financial statements, their agreement or reconciliation with the underlying accounting records is invariably carried out to a much greater level of detail than is ever required for audit purposes. The auditor should not be required to duplicate a financial reporting process.		In addition, the requirement is indirect as the documentation has to be prepared by the auditor.
302	EC	Paragraph 75: we would suggest the replacement of wording “these matters” with “matters referred to in paragraphs 73 and 74”.	Yes	Agreed.
303	ICMAP	The suggested changes in respect of reconciling the financial statement with the underlying accounting records and examination of material journal entries and adjustments required for preparation of the financial statement are recommended for inclusion in the draft.	No	The IAASB concluded that it was more appropriate to place this requirement in ISA 330 than in ISA 230.
304	IDW	<p data-bbox="411 829 1383 927">50. The first bullet point should be amended to read “Agreeing the financial statements with, or reconciling them to, the underlying accounting records;” because one reconciles financial statements “to” the records, not “with” them.</p> <p data-bbox="411 954 1383 1015">73. Editorial point: the word “the” prior to the term “audit procedures” at the end of the first sentence should be changed to “those”.</p> <p data-bbox="411 1042 1383 1182">74. In line with our general comments on paragraph 2, etc., we suggest this sentence be amended to read as follows: “Audit documentation should substantiate the agreement of the financial statements with, or the reconciliation of the financial statements to, the underlying accounting records.”</p>	Yes	<p data-bbox="1556 829 1850 889">50: Not agreed, as “with” is equally acceptable.</p> <p data-bbox="1556 917 1671 938">73: agreed.</p> <p data-bbox="1556 966 1850 1036">74: No change. The effect is marginal.</p>
305	NYSSCPA	Paragraph 50: We are not clear as to what the term “other adjustments” used both here and below refers. We would also add “during the course of <u>management’s preparation</u> of the financial statements.”	No	This comment is outside the scope of this project.
306	RM	Para 50 combines italics and non italics in one para.	No	This is an accepted style of

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		<p>It is preferable to have italics in one para and non italics in another para for clear understanding of the standard. Para 73 deletion of last two sentences in non italics is a welcome one.</p> <p>Para 74 renumbering as 76 is not necessary as it is adequately covered in Para 50.</p> <p>Para 74 (renumbered 76) can be deleted.</p>		<p>drafting for the IAASB.</p> <p>Paragraph 74 is necessary as it addresses a documentation requirement.</p>
<u>ISQC 1 Amendment</u>				
307	IDW	<p>98. Because the retention of documentation must meet both the needs of the firm and the requirements of laws and regulations, we suggest that this sentence be amended as follows: “The firm should establish policies and procedures for the retention of engagement documentation for the period necessary to meet the needs of the firm and legal and regulatory requirements.</p> <p>100. In line with our previous comments, we suggest that the second bullet point be amended to read: “Procedures that, where necessary, provide a record of amendments to the engagement file after it had been completed.” This paragraph appears to lack any policies or procedures at firm level in relation to integrity, safe custody or confidentiality.</p>	No	<p>98: The suggested amendment implies that there will always be legal or regulatory requirements for retention, which may not be the case in all jurisdictions.</p> <p>100: See issue 10 in cover memo – to be further discussed with IAASB.</p>
308	IOSCO	<p>Internal firm policies on file completion</p> <p>Regardless of whether a specific time limit for file assembly and completion is retained in the final standard, we believe it would be helpful for the proposed standard to state, either directly in this ISA or more likely in an addition to ISQC 1, that audit firms and firm networks should establish internal policies and procedures relating to (i) the prompt completion of audit documentation; and (ii) the assembly and completion of audit files without undue delay. If the IAASB decides not to retain in the final standard a specific time limit for file assembly and completion, we believe it will be particularly important to require establishment of internal firm policies on this matter.</p>	Yes	<p>Agreed. New paragraphs 98-99 are added to ISQC 1.</p>
309	KPMG	<p><u>Paragraph 99</u></p> <p>We suggest that the last sentence from paragraph 29 of the ISA 230 (Revised) be</p>	No	<p>The IAASB prefers to avoid duplication of guidance where</p>

No.	Respondent	Respondent Comment	Change?	Task Force Comment
		reproduced here in order to emphasize the fact that the retention period is ordinarily not shorter than five years.		possible.
310	NYSSCPA	Paragraph 98: We recommend that “audit file” or “audit documentation” as used in ISA 230 be substituted for “engagement documentation.”	No	The ISQC applies to assurance and related services engagements other than audits.
311	PAAB	We recommend that the description of an ‘experienced auditor’ be linked to ‘engagement quality control reviewers’, who will necessarily have to be experienced auditors with industry knowledge.	No	This suggestion may undermine the objective of clarity. The two terms are used in different contexts.
312	RM	<u>Paragraph 99</u> The words "audits of the same client" in the end be deleted as the words "future audits" are adequate for the purpose.	Yes	Agreed.

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