

INTERNATIONAL STANDARD ON AUDITING 230 (REVISED)**AUDIT DOCUMENTATION**

(Effective for audits of financial information for periods ending on or after December 15, 2006)

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International Standard on Auditing (ISA) 230 (Revised), "Audit Documentation," should be read in the context of the "Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services," which sets out the application and authority of ISAs.

Introduction

1. The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance on audit documentation. The Appendix lists other ISAs containing subject matter-specific documentation requirements and guidance. Laws or regulations may establish additional documentation requirements.
2. **The auditor should prepare, on a timely basis, audit documentation that:**
 - (a) **Provides a sufficient and appropriate record of the basis for the auditor’s report; and**
 - (b) **Demonstrates that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.**
3. Preparing sufficient and appropriate audit documentation on a timely basis helps to enhance the quality of the audit, as it facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before the auditor’s report is finalized.
4. Compliance with the requirements of this ISA and the specific documentation requirements of other relevant ISAs is ordinarily sufficient to achieve the objectives in paragraph 2. In addition to these objectives, audit documentation serves a number of purposes, including:
 - (a) Assisting the audit team to plan and perform the audit;
 - (b) Assisting members of the audit team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities in accordance with ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information;”
 - (c) Enabling the audit team to be accountable for its work;
 - (d) Retaining a record of matters of continuing significance to future audits;
 - (e) Enabling an experienced auditor to conduct quality control reviews and inspections¹ in accordance with ISQC 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements;” and
 - (f) Enabling an experienced auditor to conduct external inspections in accordance with applicable legal, regulatory or other requirements.

Definitions

5. In this ISA:
 - (a) “Audit documentation” means the record of audit procedures performed,² relevant audit evidence obtained, and conclusions the auditor reached (terms such as “working papers” or “workpapers” are also sometimes used); and

¹ As defined in ISA 220 (Revised).

² Audit procedures performed include audit planning, as addressed in ISA 300 (Revised), “Planning an Audit of Financial Statements.”

- (b) “Experienced auditor” means an individual (whether internal or external to the firm) who has an understanding of (i) audit processes, (ii) ISAs and applicable legal and regulatory requirements, (iii) the business environment in which the entity operates, and (iv) auditing and financial reporting issues relevant to the entity’s industry, sufficient to conduct quality control reviews or inspections in accordance with ISQC 1 or applicable legal, regulatory or other requirements.

Nature of Audit Documentation

6. Audit documentation may be recorded on paper or on electronic or other media. It includes, for example, audit programs, analyses, issues memoranda, summaries of significant matters, letters of confirmation and representation, checklists, and correspondence (including e-mail) concerning significant matters. Abstracts or copies of the entity’s records, for example, significant and specific contracts and agreements, may be included as part of audit documentation if they are needed to enable an experienced auditor to understand the work performed and conclusions reached. The audit documentation for a specific audit engagement is assembled in an audit file.
7. Audit documentation ordinarily excludes superseded drafts of working papers or financial statements, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.

Form, Content and Extent of Audit Documentation

8. **The auditor should prepare the audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand:**
- (a) **The nature, timing, and extent of the audit procedures performed to comply with ISAs and applicable legal and regulatory requirements;**
 - (b) **The results of the audit procedures and the audit evidence obtained; and**
 - (c) **The conclusions reached on significant matters.**
9. It is neither necessary nor practical to document every matter the auditor considers during the audit. The form, content and extent of audit documentation depend on factors such as:
- The nature of the audit procedures to be performed;
 - The identified risks of material misstatement;
 - The extent of judgment required in performing the work and evaluating the results;
 - The significance of the audit evidence obtained;
 - 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 audit evidence obtained; and
 - The audit methodology and tools used.

10. Oral explanations by the auditor, on their own, do not represent adequate support for the work the auditor performed or conclusions the auditor reached, but may be used to explain or clarify information contained in the audit documentation.

Documentation of the Identifying Characteristics of Specific Matters Being Tested

11. **In documenting the nature, timing and extent of audit procedures performed, the auditor should record the identifying characteristics of the specific matters being tested.**

12. Recording the identifying characteristics serves a number of purposes. For example, it enables the audit team to be accountable for its work and facilitates the investigation of exceptions or inconsistencies. Identifying characteristics will vary with the nature of the audit procedure and the matter being tested. For example:

- For a detailed test of entity-generated purchase orders, the auditor may identify the documents selected for testing by their dates and unique purchase order numbers.
- For a procedure requiring selection or review of all items over a specific amount from a given population, the auditor may record the scope of the procedure and identify the population (for example, all journal entries over a given currency amount from the journal register).
- For a procedure requiring systematic sampling from a population of documents, the auditor may identify the documents selected by recording their source, the starting point and the sampling interval (for example, a systematic sample of shipping reports selected from the shipping log for the period from April 1 to September 30, starting with report number 12345 and selecting every 125th report).
- For a procedure requiring inquiries of specific entity personnel, the auditor may record the dates of the inquiries and the names and job designations of the entity personnel.
- For an observation procedure, the auditor may record the process or subject matter being observed, the relevant individuals and what they were responsible for, and when the observation was carried out.

Significant Matters

13. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Significant matters include, amongst others:
 - Matters that give rise to significant risks (as defined in ISA 315, “Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement”).
 - Results of audit procedures indicating (a) that the financial information 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.
 - Circumstances that cause the auditor significant difficulty in applying necessary audit procedures.
 - Findings that could result in a modification to the auditor’s report.

14. The auditor may consider it helpful to prepare and retain as part of the audit documentation a summary of significant matters (sometimes known as a completion memorandum) that describes the significant matters identified during the audit and how they were addressed, or that includes cross-references to other relevant supporting audit documentation that provides such information. Such a summary may facilitate effective and efficient reviews and inspections of the audit documentation. Further, the preparation of such a summary may assist the auditor's consideration of the significant matters.
15. **The auditor should document discussions of significant matters with management and others on a timely basis.**
16. The audit documentation includes records of the significant matters discussed, and when and with whom the discussions took place. It is not limited to records prepared by the auditor but may include other appropriate records such as agreed minutes of meetings prepared by the entity. Others with whom the auditor may discuss significant matters include those charged with governance, other personnel within the entity, and external parties, such as persons providing professional advice to the entity.
17. **If the auditor has identified information 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.**
18. The documentation of how the auditor addressed the contradiction or inconsistency, however, does not imply that the auditor needs to retain documentation that is incorrect or superseded.

Documentation of Departures from Basic Principles or Essential Procedures

19. **Where, in exceptional circumstances, the auditor judges it necessary to depart³ from a basic principle or an essential procedure that is relevant in the circumstances of the audit, the auditor should document how the alternative audit procedures performed achieve more effectively the objective of the audit.**

Identification of Preparer and Reviewer

20. **In documenting the nature, timing and extent of audit procedures performed, the auditor should record:**
 - (a) **Who performed the audit work and the date of such work; and**
 - (b) **Who reviewed the audit work performed and the date of such review.**
21. The requirement to document who reviewed the audit work performed does not imply a need for each specific working paper to include evidence of review. The audit documentation, however, evidences who reviewed specified elements of the audit work performed and when.

³ The circumstances in which a departure is permitted from a basic principle or an essential procedure, that is relevant in the circumstances of the audit, are set out in the "Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services."

Assembly of the Final Audit File

22. **The auditor should complete the assembly of the final audit file without undue delay after the date of the auditor’s report, in accordance with relevant firm policies and procedures.**
23. ISQC 1 sets out requirements and guidance for the firm to establish policies and procedures for engagement teams to complete the assembly of final engagement files after the engagement reports have been dated.
24. The completion of the assembly of the final audit file after the date of the auditor’s report is an administrative process that does not involve the performance of new audit procedures or the drawing of new conclusions. Changes may, however, be made to the audit documentation during the final assembly process if they are administrative in nature. Examples of such changes include:
- Documenting audit evidence that the auditor has obtained, discussed and agreed with the relevant members of the audit team before the date of the auditor’s report.
 - Deleting or discarding superseded documentation.
 - Sorting, collating and cross-referencing working papers.
 - Signing off on completion checklists relating to the file assembly process.
25. **When the auditor finds it necessary to make changes (including additions) to audit documentation after the assembly of the final audit file has been completed, the auditor should, regardless of the nature of the changes, document:**
- (a) **When and by whom the changes were made, and (where applicable) reviewed;**
 - (b) **The specific reasons for the changes; and**
 - (c) **Their effect, if any, on the auditor’s conclusions.**
26. **After the assembly of the final 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 34.**

Changes to Audit Documentation in Exceptional Circumstances after the Date of the Auditor’s Report

27. **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:**
- (a) **The circumstances encountered;**
 - (b) **The new or additional audit procedures performed, audit evidence obtained, and conclusions reached; and**
 - (c) **When and by whom the resulting changes to audit documentation were made and reviewed.**

28. Such exceptional circumstances include the discovery of facts regarding the audited financial information that existed at the date of the auditor's report that might have affected the auditor's report had the auditor then been aware of them.

Confidentiality, Safe Custody, Retention and Ownership of Audit Documentation

29. **The auditor should apply appropriate procedures for audit documentation that:**
- (a) **Maintain its confidentiality and safe custody;**
 - (b) **Protect its integrity;**
 - (c) **Enable its accessibility and retrievability; and**
 - (d) **Enable its retention for a period sufficient to meet the needs of the firm, and legal and professional requirements.**
30. Relevant ethical requirements⁴ establish an obligation for the auditor to observe at all times the confidentiality of information contained in audit documentation, unless specific authority has been given to disclose information, or there is a legal or professional duty to do so. Specific laws or regulations may impose additional obligations on the auditor to maintain client confidentiality, particularly where data of a personal nature are concerned.
31. Whether audit documentation is in paper, electronic or other media, the integrity, accessibility or retrievability of the underlying data may be compromised if the documentation could be altered, added to or deleted without the auditor's knowledge, or if it could be permanently lost or damaged. Accordingly, the auditor applies appropriate controls for audit documentation to:
- (a) Enable the determination of when and by whom audit documentation was created, changed or reviewed;
 - (b) Protect the integrity of the information at all stages of the audit, especially when the information is shared within the audit team or transmitted to other parties via the Internet;
 - (c) Prevent unauthorized changes to the documentation; and
 - (d) Allow access to the documentation by the audit team and other authorized parties as necessary to properly discharge their responsibilities.
32. Controls that the auditor may apply to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of audit documentation include, for example:
- The use of a password amongst audit team members to restrict access to electronic audit documentation to authorized users.
 - Appropriate back-up routines for electronic audit documentation at appropriate stages during the audit.
 - Procedures for properly distributing audit documentation to the team members at the start

⁴ ISA 220 describes relevant ethical requirements as ordinarily comprising Parts A and B of the International Federation of Accountants' *Code of Ethics for Professional Accountants* together with national requirements that are more restrictive.

of fieldwork, processing it during fieldwork, and collating it at the end of fieldwork.

- Procedures for restricting access to, and enabling proper distribution and confidential storage of, hardcopy audit documentation.

33. For practical reasons, original paper documentation may be electronically scanned for inclusion in the audit file. In that case, the auditor applies procedures to:
- (a) Generate a scanned copy identical in form and content to the original paper documentation, including replicating manual signatures, cross-references and annotations;
 - (b) Integrate the scanned copy into the audit file, including indexing and signing off on the scanned copy as necessary; and
 - (c) Allow the scanned copy to be retrieved and printed.

The auditor considers whether to retain original paper documentation that has been scanned for legal, regulatory or other reasons.

34. ISQC 1 requires the firm to establish policies and procedures for the retention of engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation. The auditor applies those policies and procedures to the extent that they are to be implemented at the engagement level. Audit documentation is retained for a period sufficient to meet the relevant objectives and purposes set out in paragraphs 2 and 4 of this ISA. In addition, the retention period depends on other factors, such as whether local law or regulation prescribes a specific retention period, or whether there is a generally accepted retention period in the jurisdiction in the absence of specific legal or regulatory requirements. Such retention period, however, is ordinarily not shorter than five years from the date of the auditor's report, or, in the case of a group audit, the date of the group auditor's report.
35. Audit documentation is the property of the auditor or the auditor's firm as determined by local law or regulation. The auditor may make available to the entity at the auditor's discretion portions of, or extracts from, the audit documentation, provided such disclosure does not undermine the independence or the validity of the audit process.

Effective Date

36. This ISA is effective for audits of financial information for periods ending on or after December 15, 2006. Early application of this ISA is permitted.

APPENDIX**Specific Audit Documentation Requirements and Guidance in Other ISAs**

The following lists the main paragraphs that contain specific documentation requirements and guidance in other ISAs:

- ISA 210, “Terms of Audit Engagements” – Paragraph 5;
- ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information” – Paragraphs 11 – 14, 16, 25, 27, 30, 31 and 33;
- ISA 240 (Revised), “The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements” – Paragraphs 60 and 107 – 111;
- ISA 250, “Consideration of Laws and Regulations” – Paragraph 28;
- ISA 260, “Communication of Audit Matters with Those Charged with Governance” – Paragraph 16;
- ISA 300 (Revised), “Planning an Audit of Financial Statements” – Paragraphs 22-26;
- ISA 315, “Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement” – Paragraphs 122 and 123;
- ISA 330, “The Auditor’s Procedures in Response to Assessed Risks” – Paragraphs 73 and 74;
- ISA 505, “External Confirmations” – Paragraph 33;
- ISA 580, “Management Representations” – Paragraph 10; and
- ISA 600, “Using the Work of Another Auditor” – Paragraph 14.

Amendments to ISA 330 and ISQC 1 as a Result of ISA 230 (Revised) – Effective Six Months after the Month of Approval of ISA 230 (Revised) by the IAASB

ISA 330, “The Auditor’s Procedures in Response to Assessed Risks”

The following paragraphs in ISA 330 are amended as marked:

50. **The auditor’s substantive procedures should include the following audit procedures related to the financial statement closing process:**
- **Agreeing or reconciling the financial statements with ~~to~~ the underlying accounting records; and**
 - **Examining material journal entries and other adjustments made during the course of preparing the financial statements.**

The nature and extent of the auditor’s examination of journal entries and other adjustments depends on the nature and complexity of the entity’s financial reporting process and the associated risks of material misstatement.

73. **The auditor should document (a) the overall responses to address the assessed risks of material misstatement at the financial statement level and the nature, timing, and extent of the further audit procedures, (b) the linkage of those procedures with the assessed risks at the assertion level, and (c) the results of those audit procedures, including the conclusions where these are not otherwise clear. In addition, if the auditor plans to use audit evidence about the operating effectiveness of controls obtained in prior audits, the auditor should document the conclusions reached with regard to relying on such controls that were tested in a prior audit. ~~The manner in which these matters are documented is based on the auditor’s professional judgment. ISA 230, “Documentation” establishes standards and provides guidance regarding documentation in the context of the audit of financial statements.~~**

The following paragraphs are added to ISA 330:

74. **The auditor’s documentation should demonstrate that the financial statements agree or reconcile with the underlying accounting records.**
75. **The manner in which the matters referred to in paragraphs 73 and 74 are documented is based on the auditor’s professional judgment. ISA 230, “Audit Documentation” establishes standards and provides guidance regarding documentation in the context of the audit of financial statements.**

As a result of these amendments, paragraph 74 in the extant ISA will be renumbered 76.

ISQC 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements”

The following new subheader and paragraphs are added to ISQC 1 after paragraph 97:

Engagement Documentation

Completion of the Assembly of Final Engagement Documentation

98. **The firm should establish policies and procedures for engagement teams to complete the assembly of final engagement files without undue delay after the engagement reports have been finalized.**
99. Law or regulation may prescribe the time limits by which the assembly of final engagement files for specific types of engagement should be completed. Where no such time limits are prescribed in law or regulation, the firm establishes time limits appropriate to the nature of the engagements that reflect the need to complete the assembly of final engagement files without undue delay. In the case of an audit, for example, such a time limit might be no more than 60 days after the date of the auditor’s report.
100. Where two or more different reports are issued in respect of the same financial information of an entity, the firm’s policies and procedures relating to time limits for the assembly of final engagement files address each report as if it were for a separate engagement. This may, for example, be the case when the firm issues an auditor’s report on a component’s financial information for group consolidation purposes and, at a subsequent date, an auditor’s report on the same financial information for statutory purposes.

Retention of Engagement Documentation

101. **The firm should establish policies and procedures for the retention of engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation.**
102. The needs of the firm for retention of engagement documentation will vary with the nature of the engagement and the firm’s circumstances. For example, the firm may need to retain audit documentation for audit planning purposes and to provide a record of matters of continuing significance to future audits.
103. Procedures that the firm adopts for retention of engagement documentation include:
- Procedures that enable the retrieval of, and access to, the documentation during the retention period, particularly in the case of electronic documentation since the underlying technology may be upgraded or changed over time.
 - Procedures that, where necessary, provide a record of changes made to engagement documentation after the engagement file has been completed.
 - Procedures that enable authorized external parties to access and review specific engagement documentation for quality control or other purposes.

As a result of these amendments, paragraph 98 in the extant ISQC 1 will be renumbered 104.

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