

**INTERNATIONAL STANDARD ON AUDITING 230**  
**AUDIT DOCUMENTATION**

(Effective for audits of financial statements for periods  
beginning on or after December 15, 2009)

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International Standard on Auditing (ISA) 230, “Audit Documentation” should be read in conjunction with ISA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing.”



## Introduction

### Scope of this ISA

1. This International Standard on Auditing (ISA) deals with the auditor's responsibility to prepare audit documentation for an audit of financial statements. The Appendix lists other ISAs that contain specific documentation requirements and guidance. The specific documentation requirements of other ISAs do not limit the application of this ISA. Law or regulation may establish additional documentation requirements.

### Nature and Purposes of Audit Documentation

2. Audit documentation that meets the requirements of this ISA and the specific documentation requirements of other relevant ISAs provides:
  - (a) Evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor;<sup>1</sup> and
  - (b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.
3. Audit documentation serves a number of additional purposes, including the following:
  - Assisting the engagement team to plan and perform the audit.
  - Assisting members of the engagement team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities in accordance with ISA 220.<sup>2</sup>
  - Enabling the engagement team to be accountable for its work.
  - Retaining a record of matters of continuing significance to future audits.
  - Enabling the conduct of quality control reviews and inspections in accordance with ISQC 1<sup>3</sup> or national requirements that are at least as demanding.<sup>4</sup>
  - Enabling the conduct of external inspections in accordance with applicable legal, regulatory or other requirements.

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<sup>1</sup> ISA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing," paragraph 11.

<sup>2</sup> ISA 220, "Quality Control for an Audit of Financial Statements," paragraphs 15-17.

<sup>3</sup> ISQC 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements," paragraphs 32-33, 35-38, and 48.

<sup>4</sup> ISA 220, paragraph 2.

**Effective Date**

4. This ISA is effective for audits of financial statements for periods beginning on or after December 15, 2009.

**Objective**

5. The objective of the auditor is to prepare documentation that provides:
  - (a) A sufficient and appropriate record of the basis for the auditor's report; and
  - (b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.

**Definitions**

6. For purposes of the ISAs, the following terms have the meanings attributed below:
  - (a) Audit documentation – The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as “working papers” or “workpapers” are also sometimes used).
  - (b) Audit file – One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.
  - (c) Experienced auditor – An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable 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.

**Requirements****Timely Preparation of Audit Documentation**

7. The auditor shall prepare audit documentation on a timely basis. (Ref: Para. A1)



**Documentation of the Audit Procedures Performed and Audit Evidence Obtained***Form, Content and Extent of Audit Documentation*

8. The auditor shall prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand: (Ref: Para. A2-A5, A16-A17)
  - (a) The nature, timing and extent of the audit procedures performed to comply with the ISAs and applicable legal and regulatory requirements; (Ref: Para. A6-A7)
  - (b) The results of the audit procedures performed, and the audit evidence obtained; and
  - (c) Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. (Ref: Para. A8-A11)
9. In documenting the nature, timing and extent of audit procedures performed, the auditor shall record:
  - (a) The identifying characteristics of the specific items or matters tested; (Ref: Para. A12)
  - (b) Who performed the audit work and the date such work was completed; and
  - (c) Who reviewed the audit work performed and the date and extent of such review. (Ref: Para. A13)
10. The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place. (Ref: Para. A14)
11. If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency. (Ref: Para. A15)

*Departure from a Relevant Requirement*

12. If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in an ISA, the auditor shall document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure. (Ref: Para. A18-A19)

*Matters Arising after the Date of the Auditor's Report*

13. If, in exceptional circumstances, the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor's report, the auditor shall document: (Ref: Para. A20)
  - (a) The circumstances encountered;
  - (b) The new or additional audit procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor's report; and
  - (c) When and by whom the resulting changes to audit documentation were made and reviewed.

**Assembly of the Final Audit File**

14. The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report. (Ref: Para. A21-A22)
15. After the assembly of the final audit file has been completed, the auditor shall not delete or discard audit documentation of any nature before the end of its retention period. (Ref: Para. A23)
16. In circumstances other than those envisaged in paragraph 13 where the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document: (Ref: Para. A24)
  - (a) The specific reasons for making them; and
  - (b) When and by whom they were made and reviewed.

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**Application and Other Explanatory Material****Timely Preparation of Audit Documentation** (Ref: Para. 7)

- A1. Preparing sufficient and appropriate audit documentation on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before the auditor's report is finalized. Documentation prepared after the audit work has been performed is likely to be less accurate than documentation prepared at the time such work is performed.

**Documentation of the Audit Procedures Performed and Audit Evidence Obtained**

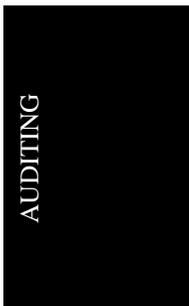
*Form, Content and Extent of Audit Documentation (Ref: Para. 8)*

- A2. The form, content and extent of audit documentation depend on factors such as:
- The size and complexity of the entity.
  - The nature of the audit procedures to be performed.
  - The identified risks of material misstatement.
  - 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.
  - The audit methodology and tools used.
- A3. Audit documentation may be recorded on paper or on electronic or other media. Examples of audit documentation include:
- Audit programs.
  - Analyses.
  - Issues memoranda.
  - Summaries of significant matters.
  - Letters of confirmation and representation.
  - Checklists.
  - Correspondence (including e-mail) concerning significant matters.
- The auditor may include abstracts or copies of the entity's records (for example, significant and specific contracts and agreements) as part of audit documentation. Audit documentation, however, is not a substitute for the entity's accounting records.
- A4. The auditor need not include in audit documentation superseded drafts of working papers and financial statements, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.
- A5. 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 Compliance with ISAs (Ref: Para. 8(a))

- A6. In principle, compliance with the requirements of this ISA will result in the audit documentation being sufficient and appropriate in the circumstances. Other ISAs contain specific documentation requirements that are intended to clarify the application of this ISA in the particular circumstances of those other ISAs. The specific documentation requirements of other ISAs do not limit the application of this ISA. Furthermore, the absence of a documentation requirement in any particular ISA is not intended to suggest that there is no documentation that will be prepared as a result of complying with that ISA.
- A7. Audit documentation provides evidence that the audit complies with the ISAs. However, it is neither necessary nor practicable for the auditor to document every matter considered, or professional judgment made, in an audit. Further, it is unnecessary for the auditor to document separately (as in a checklist, for example) compliance with matters for which compliance is demonstrated by documents included within the audit file. For example:
- The existence of an adequately documented audit plan demonstrates that the auditor has planned the audit.
  - The existence of a signed engagement letter in the audit file demonstrates that the auditor has agreed the terms of the audit engagement with management or, where appropriate, those charged with governance.
  - An auditor's report containing an appropriately qualified opinion on the financial statements demonstrates that the auditor has complied with the requirement to express a qualified opinion under the circumstances specified in the ISAs.
  - In relation to requirements that apply generally throughout the audit, there may be a number of ways in which compliance with them may be demonstrated within the audit file:
    - For example, there may be no single way in which the auditor's professional skepticism is documented. But the audit documentation may nevertheless provide evidence of the auditor's exercise of professional skepticism in accordance with the ISAs. Such evidence may include specific procedures performed to corroborate management's responses to the auditor's inquiries.



- Similarly, that the engagement partner has taken responsibility for the direction, supervision and performance of the audit in compliance with the ISAs may be evidenced in a number of ways within the audit documentation. This may include documentation of the engagement partner's timely involvement in aspects of the audit, such as participation in the team discussions required by ISA 315.<sup>5</sup>

Documentation of Significant Matters and Related Significant Professional Judgments (Ref: Para. 8(c))

- A8. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Examples of significant matters include:
- Matters that give rise to significant risks (as defined in ISA 315).<sup>6</sup>
  - Results of audit procedures indicating (a) that the financial statements 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 audit opinion or the inclusion of an Emphasis of Matter paragraph in the auditor's report.
- A9. An important factor in determining the form, content and extent of audit documentation of significant matters is the extent of professional judgment exercised in performing the work and evaluating the results. Documentation of the professional judgments made, where significant, serves to explain the auditor's conclusions and to reinforce the quality of the judgment. Such matters are of particular interest to those responsible for reviewing audit documentation, including those carrying out subsequent audits when reviewing matters of continuing significance (for example, when performing a retrospective review of accounting estimates).
- A10. Some examples of circumstances in which, in accordance with paragraph 8, it is appropriate to prepare audit documentation relating to the use of professional judgment include, where the matters and judgments are significant:

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<sup>5</sup> ISA 315, "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment," paragraph 10.

<sup>6</sup> ISA 315, paragraph 4(e).

- The rationale for the auditor’s conclusion when a requirement provides that the auditor “shall consider” certain information or factors, and that consideration is significant in the context of the particular engagement.
- The basis for the auditor’s conclusion on the reasonableness of areas of subjective judgments (for example, the reasonableness of significant accounting estimates).
- The basis for the auditor’s conclusions about the authenticity of a document when further investigation (such as making appropriate use of an expert or of confirmation procedures) is undertaken in response to conditions identified during the audit that caused the auditor to believe that the document may not be authentic.

A11. The auditor may consider it helpful to prepare and retain as part of the audit documentation a summary (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, particularly for large and complex audits. Further, the preparation of such a summary may assist the auditor’s consideration of the significant matters. It may also help the auditor to consider whether, in light of the audit procedures performed and conclusions reached, there is any individual relevant ISA objective that the auditor cannot achieve that would prevent the auditor from achieving the overall objectives of the auditor.

*Identification of Specific Items or Matters Tested, and of the Preparer and Reviewer*  
(Ref: Para. 9)

- A12. Recording the identifying characteristics serves a number of purposes. For example, it enables the engagement 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 item or matter 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 specified 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 matter being observed, the relevant individuals, their respective responsibilities, and where and when the observation was carried out.

A13. ISA 220 requires the auditor to review the audit work performed through review of the audit documentation.<sup>7</sup> 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 requirement, however, means documenting what audit work was reviewed, who reviewed such work, and when it was reviewed.

Documentation of Discussions of Significant Matters with Management, Those Charged with Governance, and Others (Ref: Para. 10)

A14. The documentation is not limited to records prepared by the auditor but may include other appropriate records such as minutes of meetings prepared by the entity's personnel and agreed by the auditor. Others with whom the auditor may discuss significant matters may include other personnel within the entity, and external parties, such as persons providing professional advice to the entity.

Documentation of How Inconsistencies have been Addressed (Ref: Para. 11)

A15. The requirement to document how the auditor addressed inconsistencies in information does not imply that the auditor needs to retain documentation that is incorrect or superseded.

Considerations Specific to Smaller Entities (Ref. Para. 8)

A16. The audit documentation for the audit of a smaller entity is generally less extensive than that for the audit of a larger entity. Further, in the case of an audit where the engagement partner performs all the audit work, the documentation will not include matters that might have to be documented

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<sup>7</sup> ISA 220, paragraph 17.

solely to inform or instruct members of an engagement team, or to provide evidence of review by other members of the team (for example, there will be no matters to document relating to team discussions or supervision). Nevertheless, the engagement partner complies with the overriding requirement in paragraph 8 to prepare audit documentation that can be understood by an experienced auditor, as the audit documentation may be subject to review by external parties for regulatory or other purposes.

- A17. When preparing audit documentation, the auditor of a smaller entity may also find it helpful and efficient to record various aspects of the audit together in a single document, with cross-references to supporting working papers as appropriate. Examples of matters that may be documented together in the audit of a smaller entity include the understanding of the entity and its internal control, the overall audit strategy and audit plan, materiality determined in accordance with ISA 320,<sup>8</sup> assessed risks, significant matters noted during the audit, and conclusions reached.

*Departure from a Relevant Requirement (Ref: Para. 12)*

- A18. The requirements of the ISAs are designed to enable the auditor to achieve the objectives specified in the ISAs, and thereby the overall objectives of the auditor. Accordingly, other than in exceptional circumstances, the ISAs call for compliance with each requirement that is relevant in the circumstances of the audit.
- A19. The documentation requirement applies only to requirements that are relevant in the circumstances. A requirement is not relevant<sup>9</sup> only in the cases where:
- (a) The entire ISA is not relevant (for example, if an entity does not have an internal audit function, nothing in ISA 610<sup>10</sup> is relevant); or
  - (b) The requirement is conditional and the condition does not exist (for example, the requirement to modify the auditor's opinion where there is an inability to obtain sufficient appropriate audit evidence, and there is no such inability).

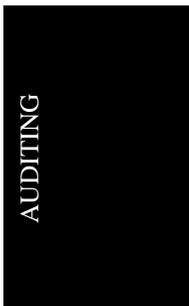
*Matters Arising after the Date of the Auditor's Report (Ref: Para. 13)*

- A20. Examples of exceptional circumstances include facts which become known to the auditor after the date of the auditor's report but which existed at that date and which, if known at that date, might have caused the financial

<sup>8</sup> ISA 320, "Materiality in Planning and Performing an Audit."

<sup>9</sup> ISA 200, paragraph 22.

<sup>10</sup> ISA 610, "Using the Work of Internal Auditors."



statements to be amended or the auditor to modify the opinion in the auditor's report.<sup>11</sup> The resulting changes to the audit documentation are reviewed in accordance with the review responsibilities set out in ISA 220,<sup>12</sup> with the engagement partner taking final responsibility for the changes.

**Assembly of the Final Audit File** (Ref: Para. 14-16)

- A21. ISQC 1 (or national requirements that are at least as demanding) requires firms to establish policies and procedures for the timely completion of the assembly of audit files.<sup>13</sup> An appropriate time limit within which to complete the assembly of the final audit file is ordinarily not more than 60 days after the date of the auditor's report.<sup>14</sup>
- A22. 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:
- Deleting or discarding superseded documentation.
  - Sorting, collating and cross-referencing working papers.
  - Signing off on completion checklists relating to the file assembly process.
  - Documenting audit evidence that the auditor has obtained, discussed and agreed with the relevant members of the engagement team before the date of the auditor's report.
- A23. ISQC 1 (or national requirements that are at least as demanding) requires firms to establish policies and procedures for the retention of engagement documentation.<sup>15</sup> The retention period for audit engagements ordinarily is no shorter than five years from the date of the auditor's report, or, if later, the date of the group auditor's report.<sup>16</sup>
- A24. An example of a circumstance in which the auditor may find it necessary to modify existing audit documentation or add new audit documentation after

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<sup>11</sup> ISA 560, "Subsequent Events," paragraph 14.

<sup>12</sup> ISA 220, paragraph 16.

<sup>13</sup> ISQC 1, paragraph 45.

<sup>14</sup> ISQC 1, paragraph A54.

<sup>15</sup> ISQC 1, paragraph 47.

<sup>16</sup> ISQC 1, paragraph A61.

file assembly has been completed is the need to clarify existing audit documentation arising from comments received during monitoring inspections performed by internal or external parties.



**Appendix**

(Ref: Para. 1)

**Specific Audit Documentation Requirements in Other ISAs**

This appendix identifies paragraphs in other ISAs in effect for audits of financial statements for periods beginning on or after December 15, 2009 that contain specific documentation requirements. The list is not a substitute for considering the requirements and related application and other explanatory material in ISAs.

- ISA 210, “Agreeing the Terms of Audit Engagements” – paragraphs 10-12
- ISA 220, “Quality Control for an Audit of Financial Statements” – paragraphs 24-25
- ISA 240, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements” – paragraphs 44-47
- ISA 250, “Consideration of Laws and Regulations in an Audit of Financial Statements” – paragraph 29
- ISA 260, “Communication with Those Charged with Governance” – paragraph 23
- ISA 300, “Planning an Audit of Financial Statements” – paragraph 12
- ISA 315, “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment” – paragraph 32
- ISA 320, “Materiality in Planning and Performing an Audit” – paragraph 14
- ISA 330, “The Auditor’s Responses to Assessed Risks” – paragraphs 28-30
- ISA 450, “Evaluation of Misstatements Identified During the Audit” – paragraph 15
- ISA 540, “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures” – paragraph 23
- ISA 550, “Related Parties” – paragraph 28
- ISA 600, “Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)” – paragraph 50
- ISA 610, “Using the Work of Internal Auditors” – paragraph 13