
GREENPEN Summary[©]

Documentation requirements in other ISA's

International Standard on Auditing (ISA) 230 (Redrafted) deals with the responsibility of the auditor to prepare audit documentation. It describes the objective of the auditor to prepare audit documentation that provides a sufficient and appropriate record of the basis for the auditor's report, and evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements. Furthermore, it specifies the requirements in order to achieve this objective.

Other ISAs contain specific documentation requirements that clarify the application of ISA 230 in their particular circumstances. The following is a summary of such specific documentation requirements.

The auditor shall document / The auditor's documentation shall include:

[Proposed] ISA 210: Agreeing the terms of audit engagements

- The agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement.
- ISA 210.10 addresses an exception where law or regulation prescribes in sufficient detail the terms of the engagement. However, still required is the agreement of management and, where appropriate, those charged with governance that they acknowledge and understand their responsibilities as set out in ISA 210.4(b) (also refer to ISA 210.11).

[Proposed] ISA 220: Quality control for an audit of financial statements

- To be documented by the engagement partner and, where appropriate, other members of the engagement team:
 - Issues identified with respect to compliance with relevant ethical requirements and how they were resolved
 - Conclusions on compliance with independence requirements that apply to the audit engagement, and any relevant discussions with the firm that support these conclusions
 - Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements
 - The nature and scope of, and conclusions resulting from consultations undertaken during the course of the audit engagement.
- To be documented by the engagement quality control reviewer:

- That the procedures required by the firm's policies on engagement quality control review have been performed
- That the engagement quality control review has been completed before the date of the auditor's report
- That the reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.

ISA 240 (Redrafted): The auditor's responsibilities relating to fraud in an audit of financial statements

- In respect of the auditor's understanding of the entity and its environment and the assessment of the risks of material misstatement:
 - The significant decisions reached during the discussion among the engagement team regarding the susceptibility of the financial statements to material misstatement due to fraud
 - The identified and assessed risks of material misstatement due to fraud at the financial statement level.
 - The identified and assessed risks of material misstatement due to fraud at the assertion level.
- In respect of the auditor's responses to the assessed risks of material misstatement:
 - The overall responses to the assessed risks of material misstatement due to fraud at the financial statement level
 - The nature, timing and extent of audit procedures, and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level
 - The results of the audit procedures, including those designed to address the risk of management override of controls.
- In respect of a conclusion that the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable: The reasons for that conclusion.
- Communications about fraud made to management, those charged with governance, regulators and others.

ISA 250 (Redrafted): The auditor's responsibilities relating to laws and regulations in an audit of financial statements

- Identified or suspected non-compliance with laws and regulations
- The results of discussion with management, and where applicable, those charged with governance and other parties outside the entity.

ISA 260 (Revised and redrafted): Communication with those charged with governance

- Where matters are communicated orally: Document the matters concerned, and when and to whom they were communicated.
- Where matters have been communicated in writing: Retain a copy of the communication as part of the audit documentation.

ISA 300 (Redrafted): Planning an audit of financial statements

- The overall audit strategy.
- The audit plan.
- Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.

ISA 315 (Redrafted): Identifying and assessing risks of material misstatement through understanding the entity and its environment

- Discussions among the engagement team as required by ISA 315.10, and the significant decisions reached.
- Key elements of the understanding obtained regarding each of the aspects of the entity and its environment. Furthermore, the sources of information from which the understanding was obtained and the risk assessment procedures performed.
- Key elements of the understanding obtained regarding each of the internal control components. Furthermore, the sources of information from which the understanding was obtained and the risk assessment procedures performed.
- The identified and assessed risks of material misstatement at the financial statement level.
- The identified and assessed risks of material misstatement at the assertion level.
- The risks identified, and related controls about which the auditor has obtained an understanding in the case of “risks requiring special audit consideration” (i.e. significant risks).

[Proposed] ISA 320: Materiality in planning and performing an audit

- The following amounts and the factors considered in their determination:

- The materiality level for the financial statements as a whole
- The materiality level for a particular class of transactions, account balance or disclosure, if applicable
- The amount or amounts determined for purposes of assessing risks of material misstatement and designing further audit procedures
- Any changes to these amounts as the audit progressed.

ISA 330 (Redrafted): The auditor's responses to assessed risks

- The overall responses to address the assessed risks of material misstatement at the financial statement level
- The nature, timing, and extent of the further audit procedures performed, the linkage of those procedures with the assessed risks at the assertion level and the results of the audit procedures, including the conclusions where these are not otherwise clear.
- In the case where audit evidence about the operating effectiveness of controls is obtained in previous audits: Document the conclusions reached about relying on such controls that were tested in a previous audit.
- Demonstrate that the financial statements agree or reconcile with the underlying accounting records.

[Proposed] ISA 450: Evaluation of misstatements identified during the audit

- The amount below which misstatements would be regarded as clearly trivial
- All misstatements accumulated during the audit, distinguishing between factual misstatements, judgmental misstatements and projected misstatements, and whether they have been corrected by management.
- The auditor's conclusion as to whether uncorrected misstatements, individually or in aggregate, cause the financial statements as a whole to be materially misstated, and the basis for that conclusion.

ISA 540 (Revised and redrafted): Auditing accounting estimates, including fair value accounting estimates and related disclosures

- In the case of accounting estimates and their disclosure that give rise to significant risks: Document the basis for the auditor's conclusions.
- Indicators of possible management bias (if any).

ISA 550 (Revised and redrafted): Related parties

- The names of identified related parties and the nature of the related party relationships

ISA 600: Special considerations – Audits of group financial statements (including the work of component auditors)

- The group auditor shall document the following matters in addition to those required by ISA 230 and the other ISAs:
 - The nature, timing and extent of the group auditor's involvement in the work performed by the other auditors and the basis thereof.
 - The group auditor's communications with the other auditors about the group auditor's requirements.

