



*WORKING PAPER MANAGEMENT –
ETHICAL & TRANSPARENCY
PERSPECTIVE*

For Pune Branch of WIRC of ICAI

09-05-2021

-CA C N Vaze¹

Working Papers

Robert H Montgomery, a noted authority in auditing, in his book, “*Montgomery’s Auditing (1912)*” said,

“The skills of an accountant can always be ascertained by an inspection of his working papers.”

More than a century has gone by but his words have not lost their relevance. On the contrary, over the years, given the amount of litigation that the auditors have had to face world over, these words have gained significance.

“Faintest of ink is Stronger than the strongest of memories”



Work should not only be done but it should be seen that it is done.



Standards on Auditing by ICAI



SA-210- Agreeing the Terms of Audit Engagements

- Preconditions for an Audit
- Agreement on Audit Engagement Terms-
 - Agreeing the Terms of the Audit Engagement
 - Audit Engagement Letter or Other Form of Written Agreement
 - Define the type of audit
- Auditor's Report Prescribed by Law or Regulation
- Additional Considerations in Engagement Acceptance

SA 220- Quality Control for an Audit of Financial Statements

- System of Quality Control and Role of Engagement Teams
- SQC1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements
- Independence of Auditor (e.g. Sec.400,410,420,510 of Revised COE)
- Engagement Performance -Direction, Supervision and Performance
- Engagement Quality Control Review

SA 230- Audit Documentation

- Timely Preparation of Audit Documentation
- Documentation of the Audit Procedures Performed and Audit Evidence Obtained
- Assembly of the Final Audit File
- Ownership of Audit Documentation

SA 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

- Professional Skepticism
- Discussion Among the Engagement Team
- Risk Assessment Procedures and Related Activities
- Identification and Assessment of the Risks of Material Misstatement Due to Fraud
- Evaluation of Audit Evidence
- Auditor Unable to Continue the Engagement
- Management Representations
- Communications to Management and with Those Charged with Governance
- Communications to Regulatory and Enforcement Authorities (NOCLAR)

SA 315 - Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment

- Risk Assessment Procedures and Related Activities
- Understanding of the Entity and its Environment, Including the Entity's Internal Control
- Risks that Require Special Audit Consideration
- Revision of Risk Assessment
- **Documentation**
- Observation and Inspection

SA 320 - Materiality in Planning and Performing an Audit

- Determining Materiality and Performance Materiality when Planning the Audit .
- Revision as the Audit Progresses
- **Documentation**

SA 330 - The Auditor's Responses to Assessed Risks

- Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level
- Adequacy of Presentation and Disclosure
- Evaluating the Sufficiency and Appropriateness of Audit Evidence
- **Documentation**

SA 450 - Evaluation of Misstatements Identified during the Audit

- Accumulation of Identified Misstatements
- Consideration of Identified Misstatements as the Audit Progresses
- Communication and Correction of Misstatements
- Evaluating the Effect of Uncorrected Misstatements
- Written Representation
- Documentation

SA 500 - Audit Evidence

- Sufficient Appropriate Audit Evidence
- Information to be Used as Audit Evidence
- Selecting Items for Testing to Obtain Audit Evidence
- Inconsistency in, or Doubts over Reliability of, Audit Evidence

- SA 505 -External Confirmations

SA 500-599

- SA 510 - Initial Audit Engagements - Opening Balances
- SA 520 - Analytical Procedures
- SA 530 - Audit Sampling
- SA 540- Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
- SA 550 - Related Parties
- SA 580 - Written Representations

SA 600-699

- SA 600 - Using the Work of Another Auditor
- SA 610(Revised) - Using the Work of Internal Auditors
- SA 620 - Using the Work of an Auditor's Expert

Methodology

- Preparation of Checklists
- Preparation of Questionnaires
- Classification of Points (Disclosure in Notes, Emphasis of Matter, Qualifications)
- Standard Operating Procedures(SOP)
- Minutes of Discussions.

ICAI KYC Norms

Mandatory for Members from 1 Jan. 2017

- GENERAL INFORMATION

-Name, PAN No, Business Description, Copy of last Audited Financial Statement, Partners'/Directors' Names & Addresses (with their PAN/Aadhar Card/DIN No.)

- ENGAGEMENT INFORMATION

- REGULATORY INFORMATION

-Company PAN No, Company Identification No., Directors' Names & Addresses, Directors' Identification No

Maintenance of files

Audit Permanent File

- Constitution of Auditee(MOA, AOA, Deeds, etc.)
- Organization chart & Authority Structure
- Objects & Nature of activities
- Locations of Factories, offices etc.
- Key Management Personnel (KMP)
- Appointment letter, Previous Auditors Communication.

Audit Current File

- Audit Queries
- Particulars of Team Members
- Particulars of Visits
- Evidences Gathered
- MRL
- Other Correspondences
- Audit Committee Minutes

Staff Record

- Appointment letters
- Attendance Record
- Work sheet
- Statutory Compliances
- Details with reference to Conflict of Interest

Certification work

- Appointment letter
- Purpose
- Supporting Documents
- Record of Certificates issued and UDIN

Secretarial Records

- Details of Meetings
- Extracts from the Minutes
- Approval of Accounts in the Board meeting
- Approval for e-filing of IT-returns and using Digital Signatures
- Inward-Outward record -especially for Digital Signature

Advisory Services

- Engagement letter
- Written queries (Facts & Specific Questions)
- Related Correspondence
- Material (e.g. case laws in support of opinion)
- Define the Limitations of Advice
- Disclaimer

So, Start Writing and Maintaining Papers

Thank you And Good Luck

Disclaimer- This is not an exhaustive presentation. It has been prepared for a limited purpose.