



**SECTION I.4 - AUDIT ENGAGEMENT WORKING PAPERS**

Ref.	Policy and Practice Requirements	IIA Standards references
I.4-1	<p><b>Policy:</b> Working papers shall be prepared for each audit engagement to record work performed and support the audit conclusions. The Auditor-in-charge of the audit engagement is responsible for ensuring this.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ Working papers:               <ul style="list-style-type: none"> <li>○ aid in planning, performance, and review of the audit;</li> <li>○ provide the support for the results reported</li> <li>○ document whether audit objectives were achieved;</li> <li>○ support the accuracy and completeness of the work;</li> <li>○ demonstrate compliance with the <i>Standards</i></li> <li>○ support quality assurance; and</li> <li>○ facilitate external quality and other reviews.</li> </ul> </li> <li>▪ Working papers may include text, spreadsheet and presentation documents, photocopied material, computer screen shots, electronic mail, photographs, system data extraction programs and data downloads.</li> <li>▪ Working papers should be prepared so as to enable another experienced auditor, having no previous connection with the audit, to understand the audit work performed; the results and audit evidence obtained; the significant matters identified; and conclusions reached thereon.</li> </ul>	<p><b>Standard 2330 Documenting Information -</b></p> <p>Internal auditors must document relevant information to support the conclusions and engagement results.</p> <p><b>Practice Advisory 2330-1 Documenting Information</b></p>



<p><b>I.4-1:1</b></p>	<p><b>Practice Requirement:</b></p> <p>A set of working paper documents shall be prepared for each audit engagement.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"><li>▪ Auditors should maintain working papers in either hard copy or electronic form, and ensure that regardless of storage format the papers are filed, by the end of the engagement, so that any IA staff can access them for reference or for internal/external quality assurance reviews.</li><li>▪ It is not presently cost-effective or practical to maintain an integrated electronic working paper system. This will be kept under review.</li><li>▪ Auditors who maintain the working papers in electronic form during the engagement should take appropriate measures for electronic back up, until such time as the final filed set is completed.</li><li>▪ Computerized system data extraction programs and data downloads should also be retained in their original electronic format, and also in hard copy.</li></ul>	
<p><b>I.4-1:2</b></p>	<p><b>Practice Requirement:</b></p> <p>Working papers shall be organized for each audit in the following standard sections:</p> <p>Audit Planning – these should comprise:</p> <ul style="list-style-type: none"><li>▪ notes of audit planning discussions with managers and staff recording their assessments of risks/controls in the topic area, concerns and priorities for the audit, and references to relevant policies and procedures that need to be reviewed during the audit;</li><li>▪ copies or listings of any recent evaluations or reviews carried out by management or by other parties;</li></ul>	



	<ul style="list-style-type: none"><li>▪ results of preliminary surveys to determine areas of audit focus based on prioritization of the risks for that topic area, and the benchmarks to be used for the audit;</li><li>▪ terms of reference for the audit: review notes of the Head of Internal Audit for the Center or other Internal Auditors on initial drafts, circulated drafts and comments received from management or auditees, including notes confirming agreement to the ToR;</li><li>▪ (for outsourced audits) the request for proposal and the proposal (with amendments) that form the basis of the engagement of a firm or individual to carry out the audit;</li><li>▪ correspondence concerning agreements with the auditee management on timing or format of the audit;</li><li>▪ review notes of the Head of Internal Audit for the Center or Internal Auditors on the draft audit programs.</li></ul> <p>Audit Execution – these should comprise:</p> <ul style="list-style-type: none"><li>▪ completed audit programs showing steps completed, cross-referenced to supporting documentation, explanations of any audit steps not completed, and conclusions for each item in the audit program;</li><li>▪ notes recording the analysis of policies and procedures against good practice notes, CGIAR Guidelines, industry standards or other benchmarks identified for the audit;</li><li>▪ notes of surveys of management/staff (or email from managers/staff) concerning the assessment of the policies and procedures, the extent of compliance, reasons for non-compliance, exceptional cases that warrant review, and suggestions for addressing inadequacies or non-compliance;</li><li>▪ performance data which provides indicators of</li></ul>	
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	<p>the effectiveness of controls being reviewed;</p> <ul style="list-style-type: none"><li>▪ notes or reports defining the populations of transactions subject to audit, the basis for selecting samples for compliance testing or verification, and identifying the sample transactions selected for testing;</li><li>▪ Test programs and results for samples selected;</li><li>▪ Basis of selecting samples for compliance testing;</li><li>▪ Condition/risk analyses.</li></ul> <p>Audit reporting – these should comprise:</p> <ul style="list-style-type: none"><li>▪ Notes of audit exit meetings, showing date of meetings, who attended and recording responses received on proposed findings and recommendations, and additional information obtained at the meetings;</li><li>▪ Notes of results of any follow up audit activities following exit meetings, initiated in response to additional information obtained at the meetings;</li><li>▪ Review notes of the Head of Internal Audit for the Center or other Internal Auditors on draft reports, circulated drafts and comments received from management or auditees on draft reports, including notes confirming agreement to the reports;</li><li>▪ Notes of auditor or from auditees clarifying items in the report, or providing update since the conclusion of the audit, including evidence of action taken that addresses recommendations made in response to the audit prior to finalizing the report;</li><li>▪ Copy of final report and transmittal message, showing who was copied on the report</li><li>▪ Quality Assurance - A checklist should be prepared and filed in the working papers so that each auditor can verify that all items necessary to be included in the work papers are present. Adding the checklist will also enable (internal or</li></ul>	
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	<p>external) quality assurance reviewers to verify the contents of work papers on a test basis and record their review.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ Review notes of the Head of Internal Audit for the Center or other Internal Auditors and comments from auditees, on ToRs and reports, will often be in the form of marked up copies of the document under review, together with any accompanying email messages.</li> <li>▪ Audit execution working papers may need to be organized in various sections. The number and type of sections will vary by audit, but should facilitate logical organization and readily demonstrate completeness of work done for all aspects of the audit scope.</li> <li>▪ Including the details of compliance/verification testing procedures, population, method of sample selection, samples drawn and results of testing will be important, and should be given careful attention, where a Center’s external auditor is planning to, or expected to, rely on internal audit work. A common example where this can occur is expenditure testing as part of the audits of regional and country outreach offices which retain supporting vouchers. It will also apply to Headquarters audits of management of liquid assets, tangible assets, accounts receivable and payable, disbursements, payroll and procurement</li> <li>▪ Working paper documents should be sufficiently identified to show source, purpose, auditor who created or copied the paper (if more than one auditor assigned), when it was created or copied, and relevant cross-references to audit programs.</li> </ul>	
<p><b>I.4-1:3</b></p>	<p><b>Practice Requirement:</b></p> <p>Working papers prepared by Internal Auditors shall</p>	



	<p>be in one of the official or working languages of the Center concerned (English, Spanish, French). Where vouchers, agreements or other externally produced records in other languages are copied in working paper files for evidentiary purposes, their status and the gist of their contents should be identified.</p>	
<p><b>I.4-1:4</b></p>	<p><b>Practice Requirement:</b></p> <p>Working papers, regardless of the medium in which they are stored, shall be retained for a period of six years in locations under the control of Internal Audit.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ The period of six years is chosen as the <i>Standards</i> require an external quality review at least once every five years.</li> <li>▪ Suitable and secure storage locations should be maintained under Internal Audit control, in locations where there is a full time or regular internal audit presence.</li> <li>▪ Papers of an enduring usefulness (e.g. copies of agreements, MoUs, policy or procedure documents still relevant) may be transferred from the files of an earlier audit to a current audit, or to a “permanent” working paper file. If this occurs during the six year retention period for the older audit, a marker should be put in each location of the older files to indicate the transfer of papers.</li> </ul>	<p><b>Standard 2330.A2 – Documenting Information</b> - The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.</p> <p><b>Practice Advisory 2330.A2-1:</b> Retention of Records</p> <p><b>Standard 2330.C1 –</b> The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the</p>



		organization's guidelines and any pertinent regulatory or other requirements.
I.4-2	<p><b>Policy:</b> Working papers are the property of the Centers concerned, and access outside Internal Audit is restricted. Appropriate measure shall be taken to ensure the confidentiality of the working papers.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ In general, requests from Center managers for access to relevant working papers to assist them to respond to audit findings and recommendations addressed to them should be accommodated. Only those working papers relevant for this purpose should be made available.</li> <li>▪ Special handling is required for “restricted confidential” working papers (see Practice requirement B.3 below)</li> <li>▪ Requests from Center external auditors to review audit working papers to assist them with their financial audit should be accommodated – they are granted full access to Center records in order to effectively discharge their responsibilities under International Standards on Auditing. The external auditors are expected to implement the same level of care with regard to confidential documents contained in the working papers.</li> </ul>	<p><b>Standard 2330.A1 Documenting Information</b> - The chief audit executive must control access to engagement records.</p> <p><b>Practice Advisory 2330.A1-1 Control of Engagement Records.</b></p>



<b>I.4-2:1</b>	<p><b>Practice Requirement:</b></p> <p>Working paper files retained by Internal Audit shall be appropriately secured and not normally leave Internal Audit custody without the approval of the Center’s Director General. Where possible, Center management or external auditors should review papers in the presence of Internal Auditors, or copies of relevant papers should be made available.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"><li>▪ For further information on general requirements to ensure the confidentiality of Internal Audit records and communications, see Section L of this Manual</li></ul>	
<b>I.4-2:2</b>	<p><b>Practice Requirement:</b></p> <p>In the case of audits which are outsourced to audit firms, the working papers may be retained by those firms but the letters of engagement should require that the audit firm shall apply appropriate security over the working papers, shall retain them for at least 6 years and shall provide reasonable access to those papers and allow copies to be made of them on request of the Head of Internal Audit for the Center or other Internal Auditors.</p>	
<b>I.4-2:3</b>	<p><b>Practice Requirement:</b></p> <p>Documents that are:</p> <ul style="list-style-type: none"><li>▪ provided to Internal Audit under specific confidentiality provisions, or subject to specific Center confidentiality policies - including human resources data, information on logical or physical security arrangements over financial transactions, IT networks and physical infrastructure; documentation relating to litigation; and Board papers or other management documents with restricted circulation; and</li></ul>	



	<ul style="list-style-type: none"> <li>▪ interview notes that identify staff or others being interviewed (generally such interviews are held on the basis that they are confidential)</li> </ul> <p>shall be clearly identified in the working papers as “restricted confidential” and, with regard to (a) should be accompanied by notes of any specific agreements with management on the handling of these documents.</p> <p><b>Discussion:</b></p> <ul style="list-style-type: none"> <li>▪ Internal Auditors should consider whether “restricted confidential” documents should be separately filed in a confidential volume of the working papers, or prominently identified in the files to facilitate removal, to ensure they are not inadvertently disclosed with other working papers if the files are shared.</li> <li>▪ The retention of sensitive documents in the working papers should be kept to a minimum, guided by the need to maintain sufficient audit evidence to support audit findings. In some cases reference to the document consulted and where it is kept in the Center may be sufficient, without the need to retain a copy. Examples may include sensitive IT or physical security, insurance or litigation records.</li> <li>▪ Staff medical records, or records of staff performance evaluations or disciplinary proceedings, are not normally accessed by Internal Audit, except for very specific audit reasons, and generally these records are <u>not</u> copied as working papers by Internal Audit. Internal Auditors should discuss particular cases where access to such records is required for an audit with the Head of Internal Audit for the Center or the Center’s Director General.</li> </ul>	
<p><b>I.4-2:4</b></p>	<p><b>Practice Requirement:</b></p> <p>In the case of special investigations conducted under the auspices of a Center’s legal counsel,</p>	



	arrangements shall be made for the working papers to be subject to appropriate legal privileges.	
<b>I.4-2:5</b>	<b>Practice Requirement:</b> Working papers shall only be released to parties outside the Center concerned, other than the external auditors, with the approval of the Center’s Director General. Center managers and staff, and external auditors who obtain copies of working papers must observe the same restriction and should be made aware, in writing, of this requirement at the time they are provided copies (and a copy of this notice retained in the working papers).	<b>Practice Advisory</b> <b>2330.A1-1</b> Control of Engagement Records.