
INDEPENDENT REGULATORY BOARD FOR AUDITORS
INSPECTIONS DEPARTMENT

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There has been an increase recently in the number of findings on non-documentation and/or a lack of sufficient and appropriate audit evidence in respect of, i.e. property, plant and equipment completeness and inappropriate direction of testing for completeness of revenue.

All balances equal to and greater than performance materiality needs appropriate verification on file for all assertions. An inspection finding will be raised for material balances without appropriate detailed verification on an assertion in the audit working paper file.

In response to the inspection findings, a number of practitioners referred to various working papers in other sections of the audit working paper file in mitigation for the lack of specific testing on the relevant assertion. The objective of the test on these working papers was not in respect of the specific assertion and balance to which the finding related. The conclusion on these working papers was also not in respect of the specific assertion and balance to which the finding related.

If alternative procedures are performed to obtain audit evidence on an assertion the working papers should clearly reflect these alternative procedures performed. The objective of the test and the conclusion on these working papers should address the relevant balance and assertion and should be appropriately documented as being considered on the audit file before the opinion is signed.

Working papers scattered throughout the audit file and referred to in mitigation for a lack of documented verification on a balance and assertion will in all likelihood not be taken into consideration in the recommended rating to the Inspections Committee, especially where the link between the planning (risk assessment and response), fieldwork and conclusion is not evident on file.

Practitioners are urged to re-assess their audit programmes, especially in respect of property, plant and equipment completeness and inappropriate direction of testing for completeness of revenue, and ensure that it would result in sufficient appropriate audit evidence in support of the conclusions and the audit opinion.

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