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Every engagement requires certain minimal documentation that is necessary to show compliance with GAGAS, to ensure the engagement is properly planned and supervised, to ensure that sufficient and appropriate evidence is collected throughout the course of the assignment and to document satisfactory completion of the assignment. This data shall be approved by the Audit Supervisor, Audit Manager and the CA. This documentation consists of the following:

- Planning Memorandum (Required) (See Procedure [220.20](#));
- Engagement Risk Document (Required) (See Procedure [220.30](#); [220.40](#));
- Sampling Methodology Documentation (Required) (See Procedure [230.00](#));

The next sections detail the specific types of data to be included within each of these required IAD documents. NOTE: The referenced examples below are for illustration purposes and do not indicate specific approval of the formats presented. The formats do not replace auditor judgment. Appropriate exercise of auditor judgment is to be applied in the development of these documents. Additionally, these documents are to be reviewed and approved by the audit management before the commencement of related field work.

Planning Memorandum - Example

City of Houston
Office of the City Controller
Audit Division

20XX Sample Audit Engagement
SAMPLE PLANNING MEMORANDUM

TEAM MEETINGS

Date: August 22, 20XX

Attendees: David A. Schroeder, City Auditor
Courtney E. Smith, Manager
Camille Jones, Assistant City Auditor IV
Carolyn Y. Armstead, Assistant City Auditor III (Lead)

Meeting Type: Status Update

Agenda: Review Action Items

Points Discussed/Decisions Made:

- Complete individual Department's Draft Report
- Complete Risk Profile, including significant changes since last Risk Assessment.
- Prepare Executive Summary/Draft Report.

Next Meeting Scheduled: August 14 & 7, 20XX

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Planning Memorandum - Example
(Continued)

City of Houston
Office of the City Controller
Audit Division

20XX Sample Audit Engagement
SAMPLE PLANNING MEMORANDUM

ACTION ITEMS

Action Items Schedule				
Action Item	Assigned To	Assigned Date	Commitment Date	Closed Date
1. Update the proposed schedule of the selected departments for the 20XX ERA Update	CYA	3/14/20XX	3/14/20XX	3/14/20XX
2. Prepare and Update Notification Letters to include requested date of return. City Auditor to sign letters. Distribute letters to the selected Departments.	CYA	3/14/20XX	4/3/20XX	4/1/20XX
3. Review Risk Rating for potential Component Units and complete Component Units spreadsheet.	CES	5/23/20XX	5/31/20XX	5/29/20XX
4. Include in Department-wide Sections of questionnaire: Question regarding whether the Department has a Component Unit attached; and Questions regarding audit findings from Courtney. Team to review Department-wide Sections.	CYA	4/3/20XX	4/20/20XX	4/27/20XX
5. Review 20XX Risk Profiles in preparation of Questionnaires and prepare additional questions for Section IV (Divisions) for each Department to be discussed with ERA Team.	CYA	3/14/20XX	4/20/20XX	5/20/20XX

City of Houston
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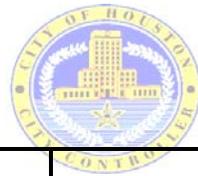


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Engagement Risk Document - Example

ENGAGEMENT RISK DOCUMENT

Objective	Risk	Internal Controls – (ICQ & Walk-Through)	W/P Ref. - Risk /Internal Controls	Rank	Audit Program Step Referenced Finding	Referenced Finding
Recorded sales transactions represent goods shipped during the period.	A salesman creates a sales order at the end of the period to increase sales, intending to reverse it in the next period.	Computer matches all goods parked from inventory to approved sales orders. Pass test. -	004-01-01 & 1.2 – IC3 - 001	L	N/A – IC test on computer document would be consistent in substantive testing.	N/A
		Independent check by shipping clerk of agreement of goods received from warehouse with approved sales order. – Failed 5 of 5. Shipping clerk is not performing this duty.	004-01-02 & 1.2 – IC3 - 002	H	Select sample of sales transactions from several days before and after period end and examine supporting sales invoices and shipping documentation to determine sales were recorded in the proper period.	02-001-01
		Computer prints report of all unfilled sales orders.		H		
Accounts Receivable include all claims on customers at the balance sheet date.		Computer prints reports of all goods shipped but not billed.		H		
		Computer matches customer number on sales invoices with customer number on sales order.		M		
		Mailing of monthly statements to customers with independent follow-up on customer complaints.		M		



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SAMPLING METODOLOGY DOCUMENTATION – EXAMPLE

Population: Definition (Should be derived from the test objective or objectives):

Example – If the objective of the test is to determine the frequency with which disbursement vouchers occur without proper authorizing signature, the voucher becomes the sampling unit. On the other hand, if the objective is to determine whether the items on the voucher are authorized items, the line item on the voucher becomes the sampling unit, and there may be several sampling units on a single voucher.

Population Size:

Stratification Plan (if applicable):

Statistical Sample Size Determination:

Confidence Level:

Precision Level:

Expected Error Rate:

Sample Size:

Note: Sample size determination support documentation should be attached.

Non-Statistical Sample Size Determination:

Audit Risk Considerations:

Considerations to Assure Sample is Representative of the Population:

Sample Selection Options (Select the options that apply):

Stratified Non-Stratified

Non-Random; Employing:

Non Systematic (Judgmental) Selection

Systematic Selection (every nth item)

Random; Employing:

Computerized Random Number Table Selection (retain program output in workpapers)

Systematic (every nth item) Selection (identify method of selecting starting point)

CHANGE HISTORY

Chg #	Date	Section	Description/Reason
1	3/31/2016	Other Sections	To address various editorial concerns and add a rewrite of sampling methodology documentation.