

<b>OPERATIONAL POLICY</b>	POLICY No.  <b>140.00 AUDIT/ENGAGEMENT DOCUMENTATION &amp; WORKPAPERS</b> <hr/> LAST REVISED: <i>JULY 1, 2019</i>	<b>PAGE 1 OF 3</b>
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## **AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS**

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### **POLICY –**

- This policy emphasizes the use of relevant standards and provides guidance on audit documentation. Proper working papers demonstrate professionalism and are an essential element of audit quality. Auditors should document activity beginning with the preliminary stages of an audit/engagement through the final report
- The Audit Division (AD) will obtain, review, record, and retain sufficient and appropriate evidence to support its findings, conclusions, and recommendations. This is a collective body of information that is referred to as Engagement Documentation (Workpapers) and includes the following elements:
  - Staffing
  - Independence
  - Budgeting
  - Objectives
  - Scope
  - Decisions
  - Methodology
  - Modifications
  - Work Performed
  - Evidence Obtained
  - Conclusions
  - Departures from GAGAS requirements
  - Communications
  - Supervisory Review
- The AD will document their understanding of internal control that is significant to audit/engagement objectives, document the assessment of internal controls to the extent needed to address those objectives, and evaluate and document the significance of identified internal control deficiencies.
- When AD staff use computer processed information, they should assess the sufficiency and appropriateness of the data regardless of whether the information is provided to the auditor or if the auditor independently extracts it. The assessment should be documented in the audit workpapers. The documentation includes the nature, timing and extent of the audit procedures used to assess the sufficiency and appropriateness of the information, as well as consideration of the completeness and accuracy of the data for the intended purpose.
- At times, it becomes necessary to rely on the work of others when performing audit work. This can be the result of using the work of other City audit staff,

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outside professional firms or specialists. GAGAS requires that the AD ascertain the qualifications and independence of the preparers of this information. AD will determine whether the scope, quality, and timing of the audit work performed by the other auditors is adequate for reliance in the context of the current audit objectives and document this in the workpapers, as well as document the qualifications and independence of the staff outside of AD.

- When the AD does not comply with applicable auditing standards because of laws, regulations, scope limitations, restrictions on access to records, or other issues affecting the audit/engagement, those departures will be documented along with the impact on the audit/engagement and on the conclusions reached.
- Documentation will be reviewed by an experienced professional, other than the preparer beginning with planning of the audit/engagement and continuing through to issuance of the final report. This supports the assurance of sufficient and appropriate evidence, as obtained by proficient/competent performance, exercise of professional judgment, and overseen with adequate supervision.
- A final record of the work performed by an auditor shall be retained and stored as required. They are often referred to as ‘workpapers’ or ‘working papers’ which become part of a historical record maintained within the AD.
- Documentation will be retained for the purposes of accountability, efficiency, follow-up, and quality assurance and in accordance with the City of Houston Records Control Schedule for the Controller’s Audit Division.

**RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE**

**GAGAS**

INDEPENDENCE	3.107 – 3.108
PROFESSIONAL JUDGMENT	3.109 – 3.110
FINANCIAL AUDITS	6.17 – 6.35
ATTESTATION ENGAGEMENTS	7.33 – 7.38
PERFORMANCE AUDITS	8.102 – 8.141

**IIA STANDARDS**

- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM
- 2300 PERFORMING THE ENGAGEMENT
- 2310 IDENTIFYING INFORMATION
- 2320 ANALYSIS AND EVALUATION
- 2330 DOCUMENTING INFORMATION
- 2340 ENGAGEMENT SUPERVISION

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2400 COMMUNICATING RESULTS

**IIA IMPLEMENTATION GUIDANCE**

- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM
- 2300 PERFORMING THE ENGAGEMENT
- 2310 IDENTIFYING INFORMATION
- 2320 ANALYSIS AND EVALUATION
- 2330 DOCUMENTING INFORMATION
- 2340 ENGAGEMENT SUPERVISION
- 2400 COMMUNICATING RESULTS

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**CHANGE HISTORY**

Chg #	Date	Section	Description/Reason
1	3/31/2016	Purpose	Added a new paragraph to clarify the intent and applicability of the P&P.
	3/31/2016	Reliance on the Work of Others (New Paragraph)	To address concerns brought about via the 2014 Peer Review that the AD P&Ps did not adequately address reliance on the work of others.
	3/31/2016	IIA Standards and Practice Advisories	Added standards and practice advisories that relate to the standard that had been omitted from the previous version
2	5/1/2017	Computer Processed Data	Addition of requirements to document use of computer processed data
3	7/1/2019	Relevant Professional Standards	Updated to reflect updates to Professional Standards