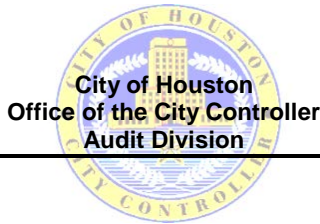


OPERATIONAL POLICIES	Policy No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS LAST REVISED: <i>MAY 1, 2017</i>	PAGE 1 OF 3
---------------------------------	---	--------------------

AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS

POLICY –

- The purpose of this section is to establish standards and provide guidance on audit documentation. Proper working papers demonstrate professionalism and document the work that was done from the preliminary stages of an audit/engagement through the final report. Audit work papers also show whether due professional care was exercised and compliance with appropriate relevant standards. The exercise of professional judgment is integral in applying the provisions of this policy. For example, professional judgment is used in determining the quantity, type, and content of audit documentation consistent with this policy.
- 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:
 - Objectives
 - Scope
 - Procedures
 - Conclusions
 - Decisions
 - Developments
 - Modifications
 - Communications
- 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 natures, 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 our audit mission. This can be the result of using the work of other City audit staff, 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 our workpapers as well as document the qualifications and independence of the staff outside of AD.



OPERATIONAL POLICIES	Policy No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS LAST REVISED: MAY 1, 2017	PAGE 2 OF 3
---------------------------------	---	--------------------

- Documentation will be reviewed by an experienced professional, other than the preparer at various stages of the audit/engagement beginning with planning and prior to issuance of the final product. This supports the assurance of sufficient and appropriate evidence, as obtained by proficient/competent performance, exercise of professional judgment, and as 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 Record Retention Policy (Administrative Policy AP 8.5 Paragraph 6.1) for a minimal period of time in accordance with the policy.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

GENERAL STANDARDS	<u>3.91 – 3.107</u>
FINANCIAL AUDITS	<u>4.10 – 4.16</u>
ATTESTATION ENGAGEMENTS	<u>5.16 – 5.17</u>
PERFORMANCE AUDITS	<u>6.60 – 6.85</u>

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
- 2400 COMMUNICATING RESULTS

IIA PRACTICE ADVISORIES

2330 – 1	DOCUMENTING INFORMATION
2330.A1 – 1	CONTROL OF ENGAGEMENT RECORDS
2330.A1 – 2	GRANTING ACCESS TO ENGAGEMENT RECORDS
2330.A2 – 1	RETENTION OF RECORDS
2340 – 1	ENGAGEMENT SUPERVISION
2400 – 1	LEGAL CONSIDERATIONS IN COMMUNICATING RESULTS

OPERATIONAL POLICIES	Policy No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS LAST REVISED: MAY 1, 2017	PAGE 3 OF 3
---------------------------------	---	--------------------

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