# awp 5.6

# **Log of Control Activities**

|  |  |
| --- | --- |
| Name of the Entity | XYZ |
| Period of audit | 01.01.20XX to 31.12.20XX |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Prepared By | | Signature | Reviewed & approved by | Signature |
| Name: |  |  |  |  |
| Designation: |  |  |
| Date: |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Risk Reference No.** | **Identification of control activities at assertion level** | **Manual or automated** | **Many times (MT) /Weekly(WK)/ Monthly(MH) /Quarterly(QR)/ Yearly (YR)** | **Control activity reference No.** | **Evaluation of Design & Implementation of Control Activities**  **Adequate/inadequate** |
|  | ***Traced from AWP 5.4*** | ***Traced from AWP 5.3*** |  |  |  | ***Trace to AWP 5.8, Column 9*** |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 |  | ALR/01 |  |  | CA/01 |  |
| 2 |  | ALR/01 |  |  | CA/02 |  |

**Guidance for completing the working paper on identifying control activities against each risk**

|  |  |
| --- | --- |
| Overall objective of completing the template | The overall objective of this audit working paper is to identify and record control activities that are in place or should be in place to prevent the occurrence of risks identified at the financial statement level and at the assertion level for material classes of transactions, account balances and disclosures. In other words, management is responsible for internal controls to prevent risks of material misstatement in the financial statements. |
| Applicable ISSAI | ISSAI 2315 |
| Guidance | Control activities against each risk can be recorded based on a review of documents maintained by the entity and discussion with the designated personnel of the entity. The auditor should ensure that the control activities identified are relevant to risks. In responding to the assessed risks of material misstatement in the financial statements, the auditor can first test the operating effectiveness of controls in place, and this log of control activities becomes the reference basis for testing the controls. |
|  | |  |  | | --- | --- | | Column 1 | In this column, the auditor can either record the name of the risk or just the risk reference number traced from Table No. B of AWP 5.4. | | Column 2 | In this column, the auditor should record the control activities relevant to the risks identified from AWP 5.3 - Process Flow. The control activities should also be relevant and well linked to classes of transactions, account balances and disclosures. The auditor should ensure that the control activities identified and recorded here exist within the entity. The auditor could still record a control activity that should be but is not in place (later, such a case may become part of an audit recommendation to strengthen internal control. Take note that ISSAI 2265 requires audit team to communicate significant internal control deficiencies found in the audit). | | Column 3 | This column is to indicate whether the controls in place identified against the risks are in the form of manual or automated controls. For obvious reasons, there could be a high risk of material misstatement in the financial statements if the controls in place were manual as compared to automated controls. This will thus influence the extent and appropriateness of designing both OE testing procedures and substantive testing procedures. | | Column 4 | This column provides categories for the frequency of controls being implemented at the entity, i.e. the control identified could be implemented Many Times, Weekly, Monthly, Quarterly, Yearly. The frequency at which controls are implemented will determine the number of samples to be selected for testing their operating effectiveness. This is linked to Column 8 of AWP 5.8, Table No. B (Risk Response). | | Column 5 | The control activities identified and recorded in this Log of Control Activities will later have to be linked to identified risks. For this purpose, each control activity identified and recorded against each risk and also linked to classes of transactions, account balances and disclosures can be given a unique identification number (refer to examples given in Control Log as Control Activity Reference number) for ease of reference. | | Column 6 | This column documents the auditor's assessment on whether the controls identified are adequately designed to mitigate the risks identified, and implemented as designed. This evaluation is based on the walkthrough procedures during the Understanding the Process in AWP 5.3. In the walkthrough procedures, the auditor needs to follow one transaction to confirm whether the process is properly followed and to check the design and implementation of controls. The conclusion is either "adequate" or "inadequate" which will provide the basis for auditor in making initial control risk assessment in AWP 5.7 - Risk Assessment Template. | |
| Recording the evidence of reviewer | The Table indicating the names of the person who prepared this Risk Register and the reviewer needs to be completed at the end. The preparer could be a team leader or one of the team members and needs to be signed off accordingly.  The reviewer, usually the audit engagement supervisor, should sign off this document to ensure that the work done by the team has been reviewed accordingly. |