# awp 6.1

# **Performing Audit Procedures for Testing Operating Effectiveness (OE) of Controls**

|  |  |
| --- | --- |
| 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: |  |  |

**STEP 1: Trace risks, control activities, OE testing procedures from planning document**

**Significant COTABD\*:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Control reference No.** | **Risk** | **Risk reference** | **Control activity that addresses the risk** | **Control testing (OE) procedures to be performed** | **Relevant audit assertion addressed** |
| **Traced from AWP 5.5 or 5.8** | **Traced from AWP 5.4** | **Traced from AWP 5.4** | **Traced from 5.5** | **Traced from AWP 5.8** | **Traced from AWP 5.8** |
| CA/01 |  | R/01 |  |  |  |
| CA/02 |  | R/03 |  |  |  |
| CA/03 |  | R/03 |  |  |  |

\*COTABD – Classes of Transactions, Account Balances or Disclosures

**STEP 2: Control testing (OE) procedures performed**

|  |  |
| --- | --- |
| **Risk** | R/01 |
| **Control activity tested** | CA/01 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | | | | | **4** |
| **Sample** | **Sample reference No.** | **Particulars/items tested in samples** | | | | | **Conclusion** |
| Item # 1 | Item # 2 | Item # 3 | Item # 4 | Item # 5 |
| 1 |  |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |  |
| 4 |  |  |  |  |  |  |  |

|  |
| --- |
| **Overall conclusion of OE testing procedures:** |

**Guidance for completing the working paper on performing control testing (OE) procedures**

|  |  |
| --- | --- |
| Overall objective of completing the template | The overall objective of this audit working paper is to document the control testing (OE) procedures performed by the auditor at the execution phase of the audit to ensure that the work performed by the auditor is documented accordingly. With test objectives as the relevant audit assertions identified against each risk, the audit procedure is performed on samples selected by the auditor. |
| Applicable ISSAI | ISSAI 2330, ISSAI 2500 |
| Guidance | The auditor needs to follow two steps in completing this working paper template as explained below:  **Step 1:**  In this step, trace from the planning document the classes of transaction, account balances or disclosures that were considered for testing, and record them in the field provided above. Against this, the auditor then needs to trace the risks, control activities, control testing procedures and relevant assertions identified from the planning document.  **Step 2:**  In this step, the auditor needs to select a sample of one control activity at a time to be tested. Therefore, the auditor needs to first record control the reference number and the risk reference number, so that it is quite clear which control was tested. Record this in the field provided in the template, and then proceed to recording the details of samples in the given table. The particulars or items of the sample that are to be tested will depend on the test objective, which is the audit assertion; and what needs to be tested should be drawn from audit procedures.  Refer to detailed guidance below for completing Steps 1 & 2: |
|  | **Step 1: Trace risks, control activities, OE testing procedures from planning document**  After recording the class of transaction, account balance or disclosure to be tested, proceed to complete the table having six elements.   |  |  | | --- | --- | | Column 1 | In this column, trace the control activity reference number from the Log of Control Activity or from AWP 5.8 completed at the planning stage of the audit. Although the name of the control activity needs to be mentioned at Column 4, the reason for keeping Column 1 to record the control reference number is to provide for the prominence of controls being tested for a particular class of transaction, account balance or disclosure. | | Column 2 | Trace risks identified against each class of transaction, account balance or disclosure from the 5.4 and record them in this column. The auditor needs to first trace the risks assessed as significant risks. | | Column 3 | It is optional whether to record the name of the risk or the risk reference in this documentation. The risk reference number can be traced from the ROMM Table and recorded in this column. | | Column 4 | Trace the name of the control activity from AWP 5.5 or 5.8 and record it in this column; it should correspond to the control activity reference number recorded in Column 1 and also the risks traced from AWP 5.4. It is optional whether the auditor records only the control activity reference number or both the reference and the name of the control activity. | | Column 5 | In this column, trace from AWP 5.8 the control testing procedures designed at the planning stage. This is the work that needs to be performed by the auditor. | | Column 6 | Trace relevant audit assertions identified against each risk and record them in this column. The purpose is to ensure that the auditor maintains the test objectives consistently to arrive at an appropriate conclusion of tests performed. |   **Step 2: Control testing (OE) procedures performed**  At Step 2, the auditor documents the OE testing procedure performed for each control activity identified against each risk for a particular class of transaction, account balance, or disclosure. First, trace the risk reference and control activity reference numbers from Step 1 and record them in the given field.   |  |  | | --- | --- | | Column 1 | In this column, record the sample numbers. This indicates how many samples were tested. | | Column 2 | Document the sample reference No. in this column. Typically it could be a payment voucher or receipt voucher No. and date. | | Column 3 | In this column, the auditor needs to record the particulars or items tested in that specific sample. For instance, items tested could be ‘payment voucher signed by Finance Officer’ or ‘payment voucher prepared by accounts assistant’. Items to be tested in a particular sample will be determined by the control testing procedures designed at the planning stage and by the test objective, which is the assertion. | | Column 4 | The auditor needs to arrive at a conclusion on every sample tested, which needs to be recorded in this column. These will form an overall conclusion. | |
| Overall conclusion of OE testing | Based on controls identified against each risk tested for material classes of transactions, account balances, or disclosures, the auditor needs to conclude whether the controls in place are operating effectively. In doing so, the auditor needs to first record the basis for conclusion, and then conclude with either of the following statements:   1. The controls were operating effectively. 2. The controls were NOT operating effectively. |
| Recording the evidence of preparer and reviewer | The Table indicating the name of the person who prepared and completed this working paper and the reviewer needs to be completed at the end. The preparer could be a team leader or one of the team members, who could then sign 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. |