awp 6.2:

**Performing Substantive Audit Procedures**

|  |  |
| --- | --- |
| 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 and substantive audit procedures from planning document**

|  |  |
| --- | --- |
| **Significant COTABD\*:** |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **1** | **2** | **3** | **4** |
| **Risk** | **Risk reference** | **Substantive audit procedures to be preformed** | **Relevant audit assertion addressed** |
| **Traced from AWP 5.4** | **Traced from AWP 5.4** | **Traced from AWP 5.8** | **Traced from AWP 5.8** |
|  | R/01 |  |  |
|  | R**/03** |  |  |
|  | R/03 |  |  |

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

**STEP 2: Substantive audit procedures performed**

|  |  |
| --- | --- |
| **Risk** | **R/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 performing substantive audit procedures:** |

**Guidance for completing the working paper on performing substantive audit procedures**

|  |  |
| --- | --- |
| Overall objective of completing the template | The overall objective of this audit working paper is to document the substantive audit 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 the test objective as the relevant audit assertion identified against each risk, the audit procedure is performed on samples selected by the auditor. |
| Applicable ISSAI | ISSAI 2230, 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 and the substantive audit procedures and relevant assertions identified from the planning document.  **Step 2:**  In this step, the auditor needs to select samples to be tested. Usually the samples selected for substantive testing are larger than those selected for control testing. Therefore, the auditor needs to first record the risk reference number so that it is quite clear which risk will be addressed by performing the substantive audit procedure. Record this in the field provided in the template, and then record the details of the samples in the given table. The particulars or items to be tested from the given sample will depend on the test objective, which is the audit assertion, and what needs to be tested should be drawn from the substantive audit procedures.  Refer to the detailed guidance below for completing Steps 1 & 2: |
|  | **Step 1: Trace risks and substantive audit procedures from planning documents**  After recording the class of transaction, account balance or disclosure to be tested, complete the table with four elements. The auditor should focus first on significant risks and design and perform substantive audit procedures that are responsive to those risks.   |  |  | | --- | --- | | Column 1 | Trace risks identified against each class of transaction, account balance or disclosure from the AWP 5.4 and record them in this column. The auditor needs to first trace the risks assessed as significant. | | Column 3 | The risk reference number can be traced from AWP 5.4 and recorded in this column for ease of reference while documenting substantive audit procedures performed. | | Column 5 | In this column, trace from AWP 5.8 the substantive audit 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 substantive audit procedures performed. |   **Step 2: Substantive audit procedures performed**  At Step 2, the auditor documents the substantive audit procedures performed that are responsive to assessed risks of material misstatement in the financial statement. First, trace the risk reference and record it in the given field.   |  |  | | --- | --- | | Column 1 | In this column, record the sample numbers. This indicates how many samples were tested. | | Column 2 | Document 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. Items to be tested in a particular sample will be determined by the substantive audit 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 the basis for an overall conclusion. | |
| Overall Conclusion of OE testing | In arriving at an overall conclusion, the auditor needs to first establish the basis for conclusion. This can be derived by summarizing the conclusions for each sample under Column 4.  Exceptions observed while performing the substantive audit procedures on each sample selected for testing should be traced to the observation list under the completion and review stage of the audit (AWP 7.1) to deal appropriately with management and to evaluate the impact on the presentation and preparation of the financial statements. Depending on their nature and significance, and also on the SAI’s policy, such exceptions or (in other words) observations can be communicated at the execution stage of the audit or at the completion and review stage to management or those charged with governance. In accordance with ISSAI 2450, the auditor is required to accumulate misstatements other than those that are clearly trivial. |
| Recording the evidence of preparer and reviewer | The Table indicating the names 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. |