



## Office of the City Auditor Policies and Procedures

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**Number:** 3.6.1

**Title:** Audit Documentation and Review

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**Revision Date:**
**Last Review Date:**
**Approved By:**

06/01/1993

04/20/1998

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### I. References

See *Government Auditing Standards*, also referred to as *GAGAS (Generally Accepted Government Auditing Standards)*, July 2007 Revision, Chapter 7, Sections 7.77 through 7.81.

Specific documentation and review requirements for “milestone” documents (i.e. survey plan, survey results package, fieldwork plan, report outline, and report draft) are included in separate OCA policies.

### II. Policy

- A. Audit documentation of the planning, conducting, and reporting for each audit must be prepared in a manner that reflects sufficient and appropriate support for the audit findings. Preparation of audit documentation (also known as “work papers”) should follow *GAGAS* requirements as well as the requirements set forth in this policy and OCA’s *Reference Manual for Preparation of Work Papers* and must be completed before the audit report is issued.
- B. All audit documentation must be reviewed for quality, and evidence of that review must be included in the audit documentation. Review of audit documentation supporting audit findings must be completed before the audit report is issued.

### III. Purpose

This policy describes the general processes for developing, reviewing, and documenting the review of audit documentation which demonstrates that OCA work has met *GAGAS* requirements and has resulted in sufficient and appropriate evidence to support findings and conclusions contained in the audit report.

#### IV. Definitions

None

#### V. Procedures/Responsibilities

##### A. Audit Documentation

1. The **Auditor-in-Charge (AIC)** is responsible for developing a systematic scheme for organizing and indexing audit work papers for the project. This scheme includes the use of binders for hardcopy work papers and for final electronic work papers that are burned to disk for work paper storage. The **AIC** is responsible for explaining that scheme to audit team members and for providing coaching as necessary to ensure the audit work is documented in accordance with that scheme.
2. **All OCA auditors** are responsible for creating timely, accurate, and complete documentation of their work and for organizing and maintaining the documentation in the manner developed by the AIC.
3. The **AIC** is responsible for ensuring that audit documentation provides an adequate record of the audit planning and sufficient and appropriate support for audit findings and recommendations. Specifically, the following should be documented:
  - a. planning for the objective(s), scope, and methodology of the audit;
  - b. work performed to support significant judgments and conclusions;
  - c. evidence of timely supervisory review (see below related to review); and
  - d. departures from *GAGAS* requirements and the impact on the audit and auditors' conclusions (see OCA Policy 3.1.7, *Ensuring Compliance with OCA Policies and Procedures*).
4. The **AIC** is responsible for ensuring that audit documentation is prepared in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation: the nature, timing, extent, and results of audit procedures performed, the audit evidence obtained and its source and the conclusions reached, including evidence that supports the auditors' significance judgments and conclusions.
5. The **AIC** is responsible for ensuring that audit documentation containing support for findings, conclusions, and recommendations is prepared before the report is issued.

6. If an audit is terminated prior to completion, and no report is issued, the **AIC** should document the results of the work to the date of termination and why the audit was terminated.

**B. Review of Audit Documentation**

1. The **AIC/ACA** must review audit documentation to ensure compliance with GAGAS and OCA policies. Specifically, the review should ensure that the audit documentation is factually accurate and is adequate and sufficient to support the findings.
  - a. The **AIC** is responsible for reviewing all audit documentation (individual work papers) prepared by audit team members. This review may be delegated to a senior team member with ACA approval, and should be spot-checked by the AIC.
  - b. The **Assistant City Auditor (ACA)** is responsible for the review of audit documentation (individual work papers) prepared by the AIC, unless a team member is designated by the ACA for that task.
2. As work papers are reviewed, the **AIC/ACA** will prepare, as needed, review comments, which are written notes or observations concerning ways in which work paper quality (e.g. content or format) can or should be improved. Review comments should either be listed on the standard review form found in the Audit e File or noted directly on the work paper.
  - a. The **OCA auditor** who prepared the work paper which resulted in review comments is responsible for adequately addressing all comments pertaining to that work paper. Evidence of this should include the auditor's initials, the date, and the resolution of each comment.
  - b. The **AIC/ACA** will then determine if the comments have been adequately cleared and, if so, initial and date the relevant work papers. Where questions/concerns continue to exist regarding the resolution of a review comment, the reviewer will discuss the concerns and potential resolutions directly with the work paper preparer.
  - c. As evidence of final review and approval for each work paper, the **AIC/ACA** should initial and date each work paper in the lower left-hand corner.
  - d. The **AIC** is responsible for ensuring that review comments for all work papers have been adequately addressed and that evidence of the review and resolution (e.g., work paper review form) is included in the audit documentation, either directly with the work paper, on the work paper review form, or at the front of the appropriate work paper binder.

3. The **AIC/ACA** is responsible for performing a binder review or overall quality review of audit documentation during or at the close of the phase in which the work is done. For example, survey work papers should be reviewed during the survey phase, and reviewed survey work papers/binders should be completed with the survey results according to OCA Policy 3.1.8, *Audit Planning*.
4. Prior to issuing the report, the **AIC/ACA** is responsible for reviewing all work papers that are cross-referenced to the report's findings and conclusions to ensure that all facts and findings are supported by sufficient and appropriate evidence. See also OCA Policy 3.1.9, *Audit Fieldwork and Evidence* for specific requirements regarding the overall assessment of audit evidence.