

OPERATIONAL POLICY	POLICY No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS <hr/> LAST REVISED: JULY 18, 2022	PAGE 1 OF 3
-------------------------------	-----------------------------------------------------------------------------------------------------------------------------	------------------------

AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS

POLICY –

- This policy emphasizes the use of relevant standards and provides guidance on audit documentation. Proper working papers demonstrate professionalism and are an essential element of audit quality. Auditors should document activity beginning with the preliminary stages of an audit/engagement through the final report.
- 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:
 - Staffing
 - Independence
 - Budgeting
 - Objectives
 - Scope
 - Decisions
 - Methodology
 - Modifications
 - Contentious Issues
 - Work Performed
 - Evidence Obtained
 - Conclusions
 - Departures from generally accepted government auditing standards (GAGAS) requirements
 - Communications
 - Supervisory Review
- The AD will document their understanding of internal control that is significant to audit/engagement objectives, document the assessment of internal controls to the extent needed to address those objectives, and evaluate and document the significance of identified internal control deficiencies.
- 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 nature, 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.


City of Houston
Office of the City Controller
Audit Division

OPERATIONAL POLICY	POLICY No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS <hr/> LAST REVISED: JULY 18, 2022	PAGE 2 OF 3
-------------------------------	-----------------------------------------------------------------------------------------------------------------------------	------------------------

- At times, it becomes necessary to rely on the work of others when performing audit work. This includes using the work of other City internal audit staff, external auditors, outside professional firms, specialists, or testimony of officials. The AD will evaluate the qualifications and independence of the preparers of the information as well as whether the scope, quality and timing of the work is adequate for reliance in the context of the current audit objectives. The objectivity, credibility and reliability of testimonial evidence is also evaluated. All evidence is documented in the workpapers.
- When the AD does not comply with applicable auditing standards because of laws, regulations, scope limitations, restrictions on access to records, or other issues affecting the audit/engagement, those departures will be documented along with the impact on the audit/engagement and on the conclusions reached.
- Documentation should be reviewed by an experienced professional, other than the preparer beginning with planning of the audit/engagement and continuing through to issuance of the final report. This supports the assurance of sufficient and appropriate evidence, as obtained by proficient/competent performance, exercise of professional judgment, and 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 in accordance with the City of Houston Records Control Schedule for the Controller's Audit Division or to provide adequate supporting documentation for the peer review process, whichever is longer.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS (YELLOW BOOK)

INDEPENDENCE	3.107 – 3.108
PROFESSIONAL JUDGMENT	3.109 – 3.110
FINANCIAL AUDITS	6.17 – 6.35
ATTESTATION ENGAGEMENTS	7.33 – 7.38
PERFORMANCE AUDITS	8.102 – 8.141

IIA STANDARDS (RED BOOK)

2200 ENGAGEMENT PLANNING
2201 PLANNING CONSIDERATIONS
2210 ENGAGEMENT OBJECTIVES
2220 ENGAGEMENT SCOPE
2230 ENGAGEMENT RESOURCE ALLOCATION
2240 ENGAGEMENT WORK PROGRAM
2300 PERFORMING THE ENGAGEMENT


City of Houston
Office of the City Controller
Audit Division

OPERATIONAL POLICY	POLICY No. 140.00 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS <hr/> LAST REVISED: JULY 18, 2022	PAGE 3 OF 3
-------------------------------	-----------------------------------------------------------------------------------------------------------------------------	------------------------

2310 IDENTIFYING INFORMATION
 2320 ANALYSIS AND EVALUATION
 2330 DOCUMENTING INFORMATION
 2340 ENGAGEMENT SUPERVISION
 2400 COMMUNICATING RESULTS

IIA IMPLEMENTATION GUIDANCE

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

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
3	7/1/2019	Relevant Professional Standards	Updated to reflect updates to Professional Standards
4	7/18/2022	Policy	Updated to add clarifying language related to record retention.