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# Working papers: Top tips

## Chartered Institute of Internal Auditors

Working papers record audit evidence obtained during an internal audit assurance or consulting engagement. They demonstrate the internal audit work completed and provide the link between the agreed scope of work, the audit programme and the audit report.

The working papers may be in a number of forms such as checklist, questionnaire, flowchart, spreadsheet, narrative notes from interviews, annotated copies of procedures, policies, notes from focus groups and discussions.

Internal audit activities tend to use standard templates for recording purposes which may be in hard copy, Word or spreadsheet templates or part of an audit software package.



## Working papers

There is no right or wrong format for completing working papers as long as the evidence is fully captured. In any one team or function, a consistent approach should be adopted (which would normally be explained in the internal audit manual).

Regardless of the format the working papers should include some basic information:

- The name of the client
- The period covered
- The date (audit working paper prepared)
- Title (subject matter)
- Assignment/file reference
- Clear cross-reference to linked documents or working papers (either on a hard copy file or electronically)
- The initials/signature of the internal auditor who prepared the working paper (or electronic equivalent)
- The initials/signature of the audit manager who has reviewed the working paper, and the date on which the review was undertaken (or electronic equivalent)

## Key characteristics

To ensure high quality, the evidence recorded on working papers must be:

### Accurate and reliable
Information is technically correct and where necessary cross-referenced to other working papers. Where soft copy only is stored reference as to how it can be accessed must be documented.

### Relevant and concise
The information contained with the working paper should be sufficient to meet the applicable audit objective and support the audit opinion.

### Complete
Each working paper should be self-explanatory, for example, stating the source of data whether it is from operating personnel, observations, auditor testing, etc. The purpose of each audit working paper should be specifically stated unless otherwise clearly evident from its title. Working papers should leave no unanswered questions, open points, incomplete notes or other evidence of unfinished work.

However, if upon review of the audit working paper, reviewers find follow-up actions or modifications to documentation are necessary, they should document this in a review note, to which the preparer of the working paper must respond. The auditor should address and document in the working papers matters that have been raised during file review.

### Adding value
Documentation and consideration of the root causes of audit findings to provide some insight as to why things are happening so that management focus actions upon appropriate solutions. This might simply be a record of discussions or the results of focus groups, surveys and questionnaires.

### Neat and legible
Where working papers are hand written they should be neat and legible. If working papers are not clear they may lose their worth as documented evidence.

### Structure
The structure of the working paper should be in a logical format that clearly shows the purpose/objective of the test (risk being tested), a description of the test, extent of testing performed, results, conclusion arrived at i.e. any control weaknesses identified, and potential process improvements, and positive change opportunities.

Basically this summary working paper allows both the auditor and reviewer to follow a clear route through the working paper. It will also help the auditor ensure that the scope of the audit is addressed in the work programme and associated working papers. This is often referred to, or is in the form of, a Risk and Control Matrix.

## Advantages of standardisation

There are a number of advantages of standardising working paper formats and approaches within a team:

1. This ensures a consistent approach to all audits; provides a means of quality control and ensures that by requiring a consistent approach to all audits that key information is not overlooked.

2. It helps in the training of staff and staff members know what is expected of them.
3. Audit files are presented in a systematic and professional manner for ease of reading and more efficient reviewing.
4. A robust approach that can be explained to a client easily if findings are challenged.
5. They can be easily embedded in to other Word documents, spreadsheets and internal audit software products.

## Conclusion

Working papers provide evidence that the audit work has been completed to a sufficient standard and support the auditor's conclusions. The working papers should stand alone in that an experienced auditor with no connection to the audit who reads them can see how the conclusions and recommendations have been arrived at.

## Further reading

How to gather and evaluate information
How to approach unfamiliar areas of work

### Standards
2330: Documenting information

### Practice advisory
2330-1: Documenting information
Effective working papers - learning the basics