Laws & Regulations

Management responsibility:

- To ensure compliance with laws and regulations.

Auditor responsibility:

- Obtain sufficient, appropriate evidence regarding compliance with laws and regulations that have a *direct effect* on the financial statements.
- Consider *impact on financial statements* of any non-compliance.
  - May be fines = contingent liabilities (Material disclosure).
  - Serious breaches may affect going concern.
- Check up to date with registrations/certifications.
- Ask the question:
  - Have there been any instances of non-compliance with laws and regulations?
  - Obtain management representation confirming compliance.

Audit Documentation

Auditors are required to prepare and retain written documentation that provides a *sufficient appropriate* record of the basis of the audit opinion.

- **Documents must show:**
  - Nature, timing and extent of procedures
  - Results/evidence gathered
  - Significant findings and
  - Conclusions/professional judgements made
- **Papers must show:**
  - Who prepared it and at what date
  - Who reviewed it and at what date
- **Audit documentation is to be kept for a minimum of 5 years following the date of the Audit Report.**