

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.**

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