

Reperformance

Whilst reperformance provides more persuasive evidence regarding

- the adequacy of the work of the internal audit function compared to
- the other procedures mentioned above,

it does not necessarily need to be applied in all audit areas.

Some reperformance is required on the body of work of the internal audit function as a whole which the external auditor plans to use.

This is more likely to be focused on areas where

- most judgment was required and/or
- in areas of higher risk of material misstatement.

Communication with those charged with governance

ISA 610 (Revised) requires the external auditor to

- i. communicate the planned use of the work of the internal audit function to
- ii. those charged with governance
- iii. for their understanding of the proposed audit approach.

Documentation

The external auditor is required to document his conclusions about

- i. the adequacy of the internal audit function and
- ii. its work, and
- iii. the audit procedures performed by him on that work.

Direct assistance

Definition:

Direct assistance is defined as the use of internal auditors to perform audit procedures under the

- direction,
- supervision and
- Review of the external auditor.

Considering the use of internal auditors to provide direct assistance

If the external auditor plans to use internal auditors to provide direct assistance on the audit (and is not prohibited from doing so by law or regulation)

- they must evaluate the
- existence and
- significance of threats to
 - objectivity and
 - the level of competence of the internal auditors who will be providing such assistance.
 - This evaluation must include inquiry of the internal auditors regarding interests and relationships that may create a threat to their objectivity.

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Documentation

The external auditor is required to document:

1. The evaluation of the existence and significance of threats to the objectivity of the internal auditors, and the level of competence of the internal auditors used to provide direct assistance;
2. The basis for the decision regarding the nature and extent of the work performed by the internal auditors;
3. Who reviewed the work performed and the date and extent of that review in accordance with ISA 230;
4. The written agreements obtained from an authorized representative of the entity and the internal auditors; and
5. The working papers prepared by the internal auditors who provided direct assistance on the audit engagement.

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