

# **EVIDENCE AND CONCLUSION**

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# Learning Objective

- Competence, relevance and sufficiency of evidence
- Factors affecting the evidence
- Types of evidences
- Audit criteria & evidence
- Sources of evidence
- Sampling techniques

# Cont...

**In this session we will discuss:**

- Evidence analysis
- Evidential process
- Documentation
- Characteristics of good quality working papers
- Quality assurance in evidence gathering, analysis and working papers

# Analysis of Evidence

Important characteristics of sound evidence analysis are:

- It should be logical and self-sustaining;
- The conclusions and interpretations should be convincing;
- It should support the audit observation;
- Provides basis of arguments against the best possible counter argument;

# Analysis of Evidence

The analysis may be in the form of;

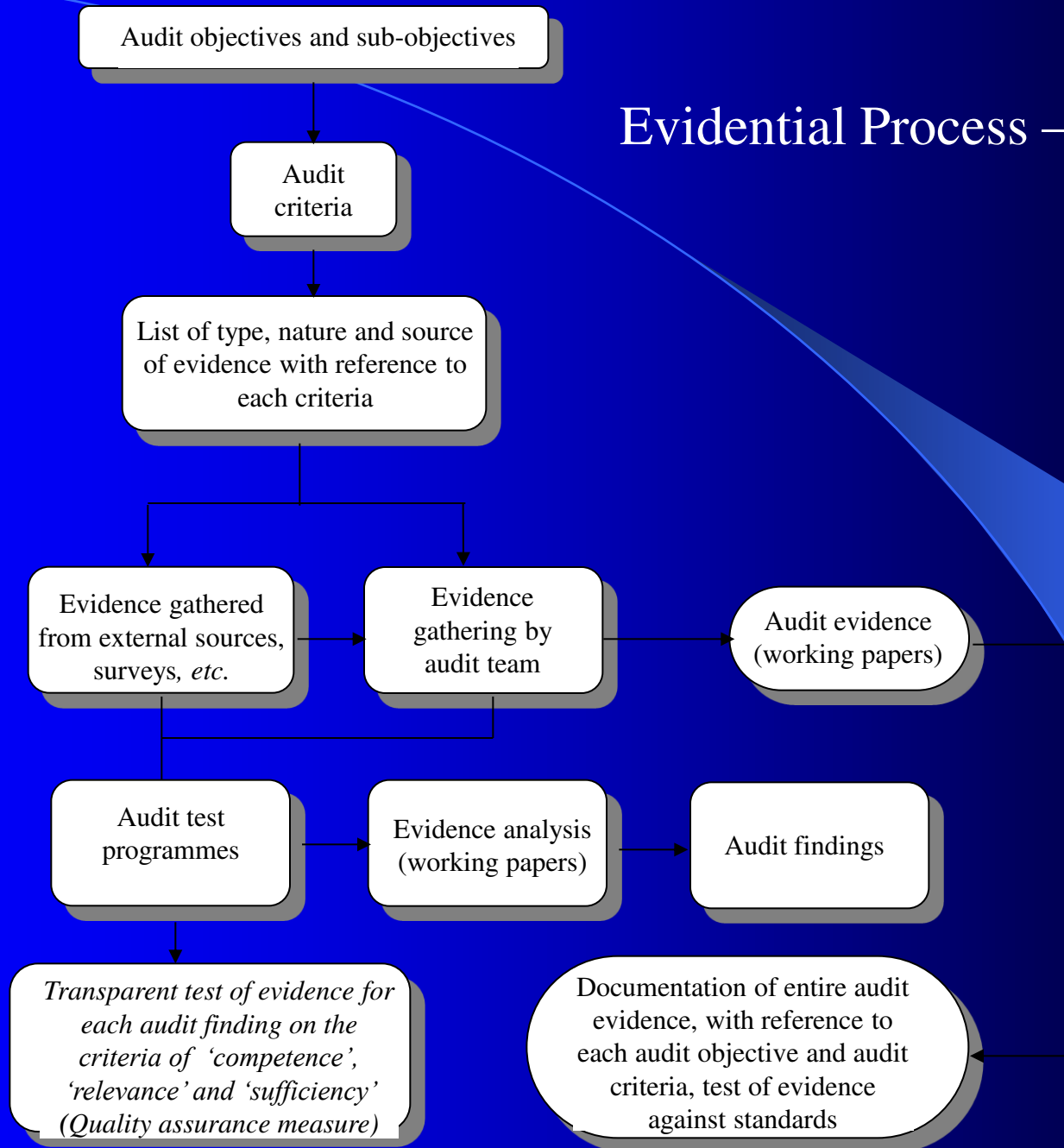
- Cause and effective studies;
- Before and after studies;
- Process studies;
- Comparative studies; etc.

# The evidence process

The Auditor to ensure:

- Evidence gathered leading to audit findings stand the test of their sustainability assured by the standards of their competence, relevance and sufficiency (reasonableness)

# Evidential Process – Diagram



# Documentation

Adequate documentation is important for several reasons. It will;

- Confirm and support the auditors opinion and report;
- Increase the efficiency and effectiveness and report;
- Serve as a source for preparing reports or assuring any enquiries from the audited Auditee organisation or from any other party;
- Facilitate planning and supervision;



# Documentation

- Help the auditors professional development;
- Help to ensure that the delegated work has been satisfactorily performed; and
- Provide evidence of work done for future reference.

# Documentation

**Documentation is a vital aspect of maintaining professionally acceptable standards of auditing for the following reason:**

- **It provides an adequate and defensible basis for audit opinions expressed in the reports;**
- **Audit findings can be explained better to the legislative/Parliamentary committees**
- **It provides link between successive audits;**
- **It provides a basis for quality assurance reviews; and**
- **It facilitates the process of approval of the performance audit report with the SAI**

# Characteristics of good working papers

The working papers should consist of three sections-each linked to the other:

- Planning
- Execution
- Reporting

# Characteristics of good working papers

Broad characteristic that working papers should have

- Completeness and accuracy
- Clarity and conciseness
- Ease of preparation
- Legibility and neatness
- Relevance
- Ease of review
- Organisation and ease of reference

# Quality assurance in evidence gathering

- evidence gathering linked to audit criteria and audit objectives;
- compliance to the Auditing Standards particularly with reference to the quality of competence, relevance and reasonableness of evidence;
- transparent test of evidence on the standard of competence, relevance and sufficiency for each audit conclusion;

# Quality assurance in evidence gathering

- transparent sample selection with the help of appropriate sampling techniques;
- application of appropriate sample gathering technique; and
- supervision, peer review and technical inspection.

# Quality assurance in evidence gathering

Quality assurance of documentation/working papers is ensured through :

- Compliance with Auditing Standards;
- Compliance with these guidelines;
- Report approval process – verification of the evidence by Head Quarter's Office with reference to the audit conclusion; and
- Peer review and technical inspection of the performance audit process and procedures.

# Session Summary

**In this session we discussed:**

- Evidence analysis
- Evidential process
- Documentation
- Characteristics of good quality working papers
- Quality assurance in evidence gathering, analysis and working papers