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| **Client:** | **$(client)** | |
| **Period end date:** | **$(start) - $(end)** | |
| **Ref. no.:** |  | |
| **Prepared by:** | $(user) | **Date:** |
| **Approved by Manager:** |  | **Date:** |
| **Approved by Partner:** |  | **Date:** |

# **Guidance (click to expand):**

This template is designed to serve as a documentation template for matters related to the following:

* Entity’s use of service organization;
* Entity’s use of management’s expert;
* Use of work of internal auditors; and/or
* Use of work of auditor’s expert or other specialist.

Refer to the following ISAs for detailed guidance:

* ISA 402 Audit Considerations Relating to an Entity Using a Service Organization
* ISA 500 Audit Evidence
* ISA 610 (Revised 2013) Using the Work of Internal Auditors
* ISA 620 Using the Work of an Auditor’s Expert

# **Entity’s Use of Service Organization**

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| **S. no.** | **Name** | **Document understanding of how the entity uses the service organization, including:**   * **The nature of the services provided by the service organization and the significance of those services to the entity, including the effect thereof on the entity’s internal control;** * **The nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization;** * **The degree of interaction between the activities of the service organization and those of the entity; and**   **The nature of the relationship between the entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.** | **Document evaluation of the design and implementation of relevant controls at the entity that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization.** | **If unable to obtain sufficient understanding from the entity, list the alternative procedures performed.** | **In case of use of type 1 or type 2 report, document the following:**   * **Evaluation of whether the description and design of controls at the service organization is at a date or for a period that is appropriate for the engagement team’s purposes;** * **Evaluation of the sufficiency and appropriateness of the evidence provided by the report for the understanding of the entity’s internal control by considering the following:** * **The service auditor’s professional competence and independence from the service organization; and** * **The adequacy of the standards under which the type 1 or type 2 report was issued.** * **Determination of whether complementary entity controls identified by the service organization are relevant to the entity and, if so, whether the entity has designed and implemented such controls.** | **Reference to audit program of relevant financial statement area.** |
| 1 |  |  |  | Checked those that apply:  Obtained a type 1 report.  Obtained a type 2 report.  Contacted the service organization, through the entity, to obtain specific information.  Visited the service organization and performing procedures.  Used another auditor to perform such procedures. |  |  |
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# **Entity’s Use of Management’s Expert**

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| **S. no.** | **Name** | **Document evaluation of competence, capabilities and objectivity of the management’s expert.** | **Is an auditor's internal expert or a specialist in accounting and auditing is required in order to assist with understanding the management's expert's field of expertise or with evaluating the appropriateness of the management's expert's work?**  **Yes/No** | **Document understanding of the field of expertise of the management’s expert, including the nature, scope and objectives of that expert’s work.** | **Document evaluation of the adequacy of the auditor’s expert’s work including:**   * **The relevance and reasonableness of the expert's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the financial statements;** * **The relevance and reasonableness of any significant assumptions and methods used in the circumstances; and** * **The relevance, completeness, and accuracy of any significant source data used.** | **Reference to audit program of relevant financial statement area.** |
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# **Use of Work of Internal Audit Function**

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| **Preliminary evaluations regarding whether the work of the internal audit function can be used.** | |
| Determine whether the work of the internal audit function can be used by evaluating the following:   * The extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors; * The level of competence of the internal audit function; and * Whether the internal audit function applies a systematic and disciplined approach, including quality control. |  |
| **The nature and extent of the work used and the basis for that decision.** | |
| Determine the areas and the extent to which the work of the internal audit function can be used by considering the following:   * The nature and scope of the work that has been performed, or is planned to be performed, by the internal audit function and its relevance to the overall audit strategy and audit plan. * The engagement team shall make all significant judgments and, to prevent undue use of the work of the internal audit function, plan to use less of the work of the function and planned to perform more of the work directly: * The more the judgment involved in planning and performing relevant audit procedures and evaluating the audit evidence gathered; * The higher the assessed risk of material misstatement at the assertion level, with special consideration given to significant risks; * The less the internal audit function’s organizational status and relevant policies and procedures adequately support the objectivity of the internal auditors; and * The lower the level of competence of the internal audit function. * Whether, in aggregate, using the work of the internal audit function to the extent planned would still result in the engagement team being sufficiently involved in the audit. |  |
| **Audit procedures performed on the work used to determine its adequacy.** | |
| Determine adequacy of the work of internal audit function by evaluating the following:   * The work of the function had been properly planned, performed, supervised, reviewed and documented; * Sufficient appropriate evidence had been obtained to enable the function to draw reasonable conclusions; and * Conclusions reached are appropriate in the circumstances and the reports prepared by the function are consistent with the results of the work performed. |  |
| Document audit procedures performed on the work, the nature, timing and extent of which will depend on the following:   * The amount of judgment involved; * The assessed risk of material misstatement; * The extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors; and * The level of competence of the function. |  |
| **How the nature or timing, the extent of audit procedures to be performed will be altered.** | |
| Reference to audit program of relevant financial statement area. | |

# **Direct Assistance from Internal Audit Function**

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| **Preliminary evaluations regarding whether direct assistance from internal audit function can be used.** | |
| Determine whether direct assistance from internal audit function can be used by evaluating the following:   * Whether there are any laws or regulations that prohibit obtaining direct assistance from internal auditors. * The existence and significance of threats to objectivity of the internal auditors providing such assistance through inquiry of the internal auditors regarding interests and relationships that may create a threat to their objectivity; and * The level of competence of the internal auditors providing such assistance. |  |
| **The nature and extent of the work performed by the internal auditors and the basis for that decision.** | |
| Document what direct assistance from the internal audit function can be used and to what extent by considering the following:   * The amount of judgment involved in planning and performing relevant audit procedures and evaluating the audit evidence gathered and not obtaining direct assistance where significant judgements are involved; * The assessed risk of material misstatement and not obtaining direct assistance in areas related to higher assessed risks of material misstatement; * The engagement team’s evaluation of the existence and significance of threats to the objectivity and level of competence of the internal auditors providing such assistance. * Not obtaining direct assistance when it relates to work with which the internal auditors have been involved and which has already been, or will be, reported to management or those charged with governance by the internal audit function; * Not obtaining direct assistance when it relates to decisions regarding the internal audit function and the use of its work or direct assistance; and * Whether, in aggregate, obtaining direct assistance from the internal audit function to the extent planned would still result in the engagement team being sufficiently involved in the audit. |  |
| **Who reviewed the work performed and date and extent of that review.** | |
| Reviewer name and role:  Date of review:  Extent of review: | |
| **How the nature or timing, the extent of audit procedures to be performed will be altered.** | |
| Reference to audit program of relevant financial statement area. | |

# **Use of Work of Auditor’s Expert or Other Specialist**

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| **S. no.** | **Name** | **Type of expert i.e. internal or external?** | **Document evaluation of competence, capabilities and objectivity of the auditor’s expert and:**   * **In the case of an auditor’s internal expert, consider whether the member firm implements quality control policies and procedures in accordance, with ISQC 1, or other equivalent national requirements.** * **In the case of an auditor’s external expert, consider the evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert’s objectivity.** | **Document understanding of the field of expertise of the auditor’s expert, including the nature, scope and objectives of that expert’s work.** | **Document evaluation of the adequacy of the auditor’s expert’s work including:**   * **The relevance and reasonableness of that expert’s findings or conclusions, and their consistency with other audit evidence;** * **The relevance and reasonableness of any significant assumptions and methods used in the circumstances; and** * **The relevance, completeness, and accuracy of any significant source data used.** | **Reference to audit program of relevant financial** statement **area.** |
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