
Welcome
BEAUFORT SEA
ALASKA
Fairbanks
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AUDIT and Assurance

Course No:207

Chapter 2
Legal and Professional Consideration

Professional Standard

The need for regulation

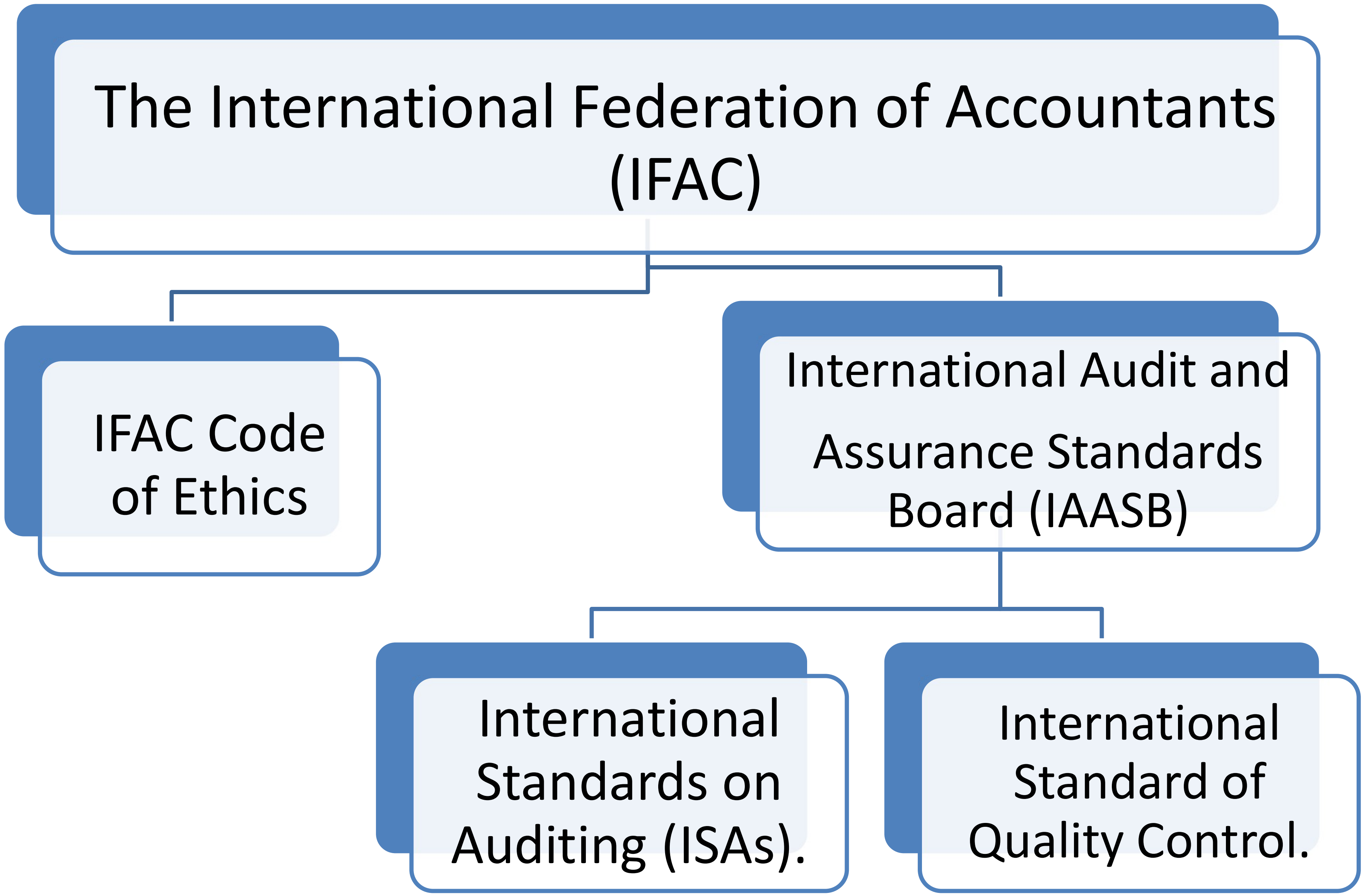
In order to try and regain trust in the auditing profession **national and international** standard setters and **regulators** have tried to introduce three initiatives:

- **Harmonisation** of auditing procedures, so that users of audit services are confident in the nature of audits being conducted around the world.
- **Focus on audit quality**, so that the expectations of users are met.
- Adherence to a strict **ethical code of conduct**, to try and improve the perception of auditors as independent, unbiased service providers.

In order to achieve this practitioners now have to follow **two** sets of regulatory guidance in addition to **national corporate law:**

- The Code of Ethics.
- Auditing Standards (the basis of this text is International Standards on Auditing).

Auditing standards



International Audit and Assurance Standards Board (IAASB)

International standard are developed by IAASB, a subsidiary of the International Federation of Accountants.

- International standards are designed to provide services of a consistently high quality, but they do not override local regulations.
- A sub committee of IAASB develops an exposure draft.
- The exposure draft is revised as a results of comments made by interested parties.
- When amendments have finalized, an international standard is published.

The relationship between international and national standards and Regulation

Because IFAC is simply a grouping of accountancy bodies, it has no legal standing in individual countries. Countries therefore need to have arrangements in place for:

- regulating the audit profession and
- implementing auditing standards.

National Regulatory bodies:

- enforce and implementation of auditing standards
- have disciplinary powers to enforce quality of audit work
- have rights to inspect audit files to monitor audit quality.

National standard setters

- may set their own auditing standards
- may adopt and implement ISAs, possibly after modifying them to suit national needs.

ISA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit.*

Auditor's fundamental objectives are to:

- Obtain **reasonable assurance** about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
- **Express an opinion** on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.
- **Report on the financial statements**, and communicate as required by ISAs, in accordance with the auditor's findings.

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Types of assurance engagement

The IAASB International Framework for Assurance Engagements permits **two** types of assurance engagement:

- Reasonable assurance engagement (Audit)
- Limited assurance engagement (Review Engagement)

Reasonable assurance engagements

In a reasonable assurance engagement, the practitioner:

- Gathers sufficient appropriate evidence to be able to draw **reasonable conclusions**.
- Concludes that the subject matter conforms in all material respects with identified **suitable** criteria.
- Gives a positively worded assurance opinion.

Positive form (reasonable assurance engagement): "In our opinion internal control is effective, in all material respects, based on *XYZ criteria."*

Limited assurance engagement

In a limited assurance assignment, the practitioner:

- Gathers sufficient appropriate evidence to be able to draw **limited conclusions**.
- Concludes that the subject matter, with respect to identified suitable criteria, is **plausible** in the circumstances.
- Gives a **negatively** worded assurance opinion.

Negative form (limited assurance engagement): "Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control is not effective, in all material respects, based on *XYZ criteria.*"

Audit Defined

An audit is still a key example of and assurance service in Bangladesh, where all registered companies are required to have audits by law.

An **audit** is an official examination of the accounts (or accounting systems) of an entity (by an auditor).

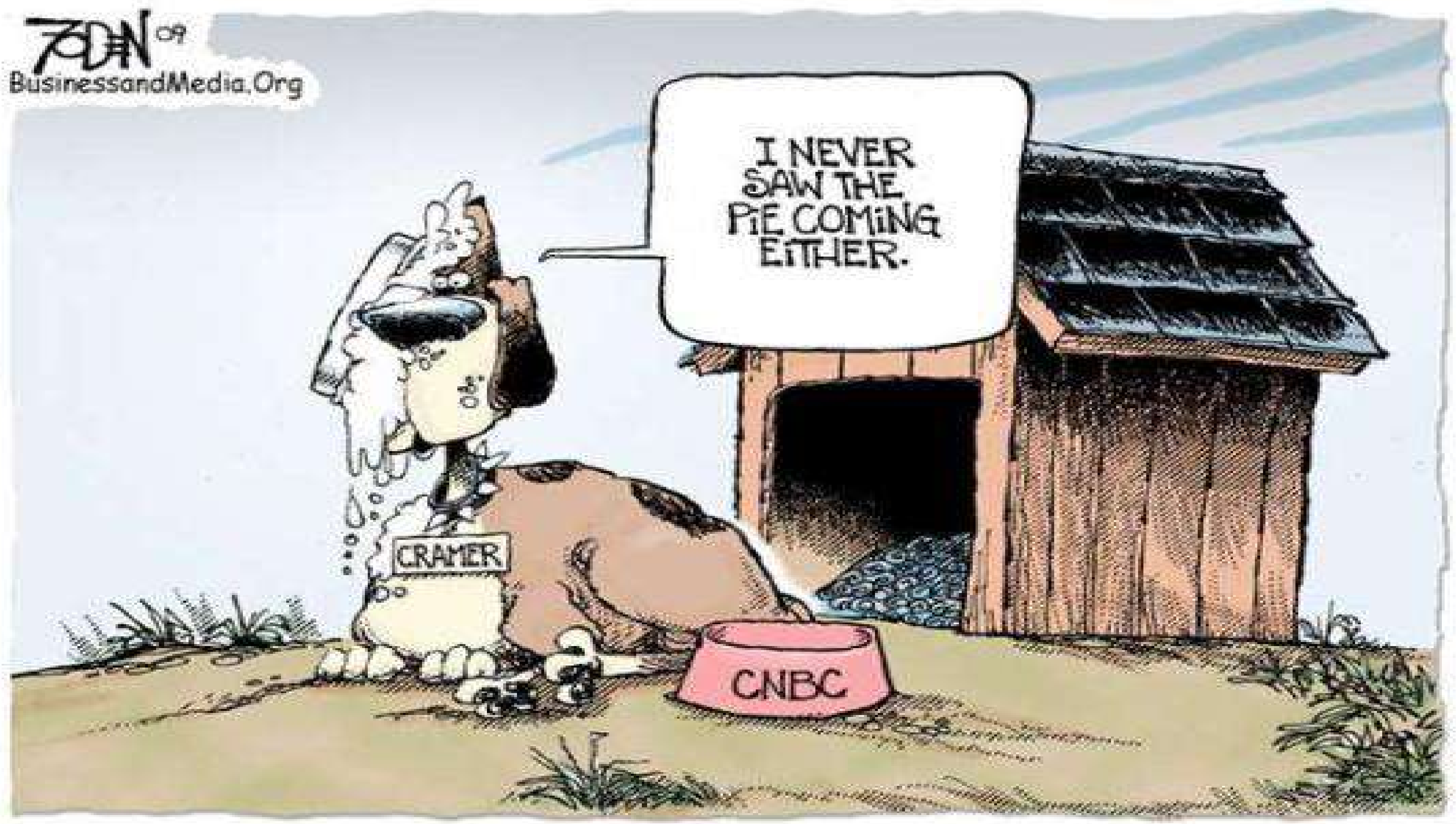
Origin of Audit

- The origin of audit may be traced to middle ages, but the audit in the present sense can be traced after the introduction of large-scale production, in consequence of Industrial Revolution, during the 18th century. Before this ear, goods were produced by individuals, on small scale. There was not much capital. The individual, who invested the capital, usually himself maintained the accountants and, therefore, there was no necessity of checking them.
- But stabilized governments, expansion of banking facilities and new means of communication, have widened the scope of investment and business. The investor would naturally like to see that his investment is safe. For this purpose, the accountants must be checked and audited, especially in the case of joint-stock companies, where the share-holders are drawn from far-off-place, and who have hand in the actual running of the business. In such a case, therefore, it is essential to get the accounts audited, in order to assure them that their investment is safe and that the Directors and the Managing Directors etc., who handle the capital and accounts, have presented true and correct accountants. As it is not possible for the share-holders to check the accounts of the company, they appoint a person who would audit the accountants on their behalf. Formerly, such a person used to be one of the share-holders, who might not have technical knowledge of accountancy. To have an effective check, the custom to appoint professional accountants began to develop.

Definition of Audit

- The word audit is derived from the Latin word “audire” which means “to hear”. In olden time, whenever the owner of a business suspected fraud, they appointed certain persons to check the accounts. Such person sent for the accounts and ‘heard’ whatever they had to say in connection with the accountants.
- Here, some popular definitions of famous writers are mentioned:
- Spicer and Pegler, have defined Audit as “such as examination of the books, accounts and vouchers of a business, as will enable the auditor to satisfy himself that the balance sheet is properly drawn up, so as to give a true and fair view of the state of the affairs of the business, and whether the profit and loss for the financial period, according to the best of his information and the explanations given to him and as shown by the books, and if not, in what respects he is not satisfied. ”
- The Institute of Chartered Accountants of Bangladesh is its publications of the statement on standard Auditing Practices, “Basic Principles Governing an Audit describes audit as “the independent examination of financial information of any entity, whether profit oriented or not and irrespective of its size or legal form, when such examination is conducted with a view to expressing an opinion thereon.”
- On a reading of these definitions, one can appreciate the following points as reflected in them:
- Auditing is to express an opinion on the quality of financial statements.
- The opinion on financial information is expressed after careful examination of books of accounts, documents, records and vouchers.
- From the above discussion and definitions, it is clear that the best way to define audit is to tell why it is done, as the actions is presumably such as to fulfill its purpose. In the context of the definitions of audit would differ depending upon whether t is in the case if concerns which voluntarily get their accounts audit or whether it is mandatory.

Auditor-Financial Watchdog



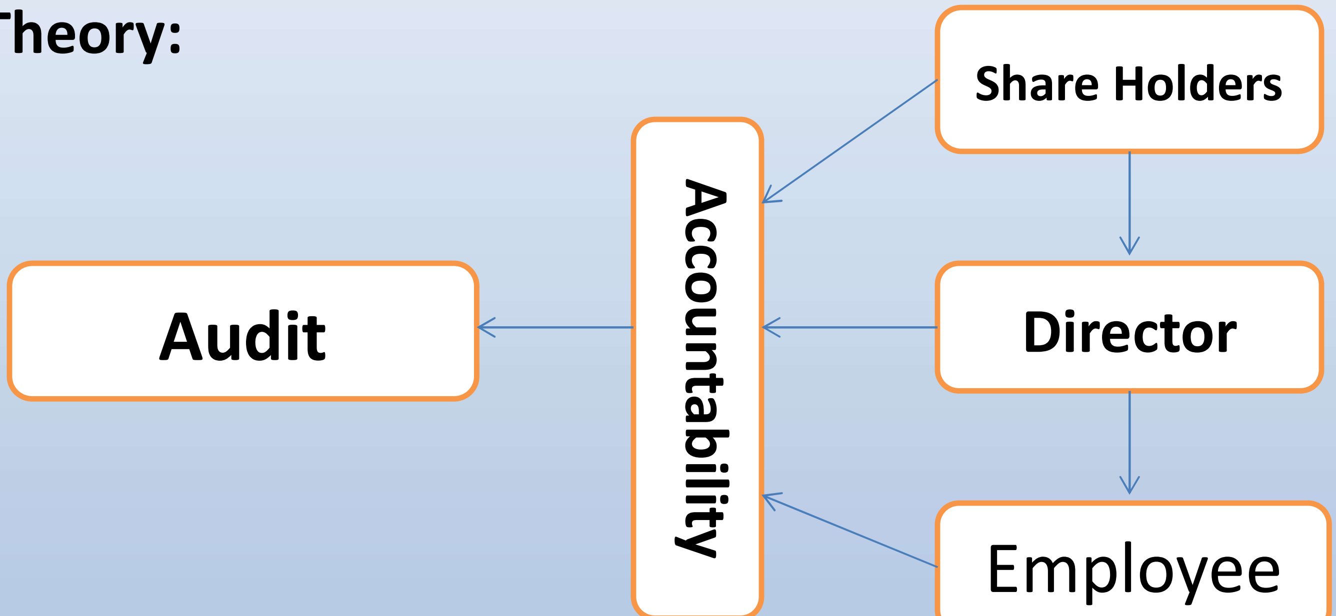
The life of a financial watchdog

•The objectives of audit

- It has been already been pointed out while dealing with the definition of audit, the main objective of audit is to find out after going through the books of account, whether the balance sheet and profit and loss account are properly drawn up according to companies act and whether they represent a true and fair view of the state of the affairs of the concern. This is possible when he verifies the accounts and statements while performing his duty; the auditor has also to discover errors and fraud. But it would not be possible for auditor to discover all errors and fraud, in the financial statements due to the limitations of his checking. So,such discovery is not the main objective of In this light, the objectives of audit can be categorized into three types. These are
- Main objectives
- Secondary objectives
- Specific objective

Why audit is needed?

Agency Theory:



Benefits of an audit:

- An audit improves the **quality and reliability** of information,
- Giving investors **faith** in and improving the reputation in the market.
- Independent **scrutiny and verification** may be valuable to management.
- An audit may **reduce the risk** of management bias, fraud and error by acting as a deterrent.

- An audit **enhances the credibility** of the financial statements, e.g. for tax authorities/lenders.
- Deficiencies in the internal control system may be **highlighted** by the auditor.
- Auditors recommending **improvements** in company systems.

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Purpose and Objectives of Audit

The purpose of an audit is to enhance the degree of confidence of the intended users in the financial statements.

The objective of an external audit engagement is to enable the auditor to express an opinion on whether the financial statements:

• give a true and fair view (or present fairly in all material respects).

• are prepared, in all material respects, in accordance with an applicable financial reporting framework.

Review Engagement

It is possible for small companies, who are not legally required to have a full audit, to have a review of their financial statements to enable them to present their accounts (for example) to potential lenders.

A review engagement is an example of a limited assurance engagement.

The objective of a review of financial statements is to enable an auditor to state whether, on the basis of procedures which do not provide all the evidence required in an audit, anything has come to the auditor's attention that causes the auditor to believe that the financial statements are not prepared in accordance with the applicable financial reporting framework (i.e. negative/limited assurance).

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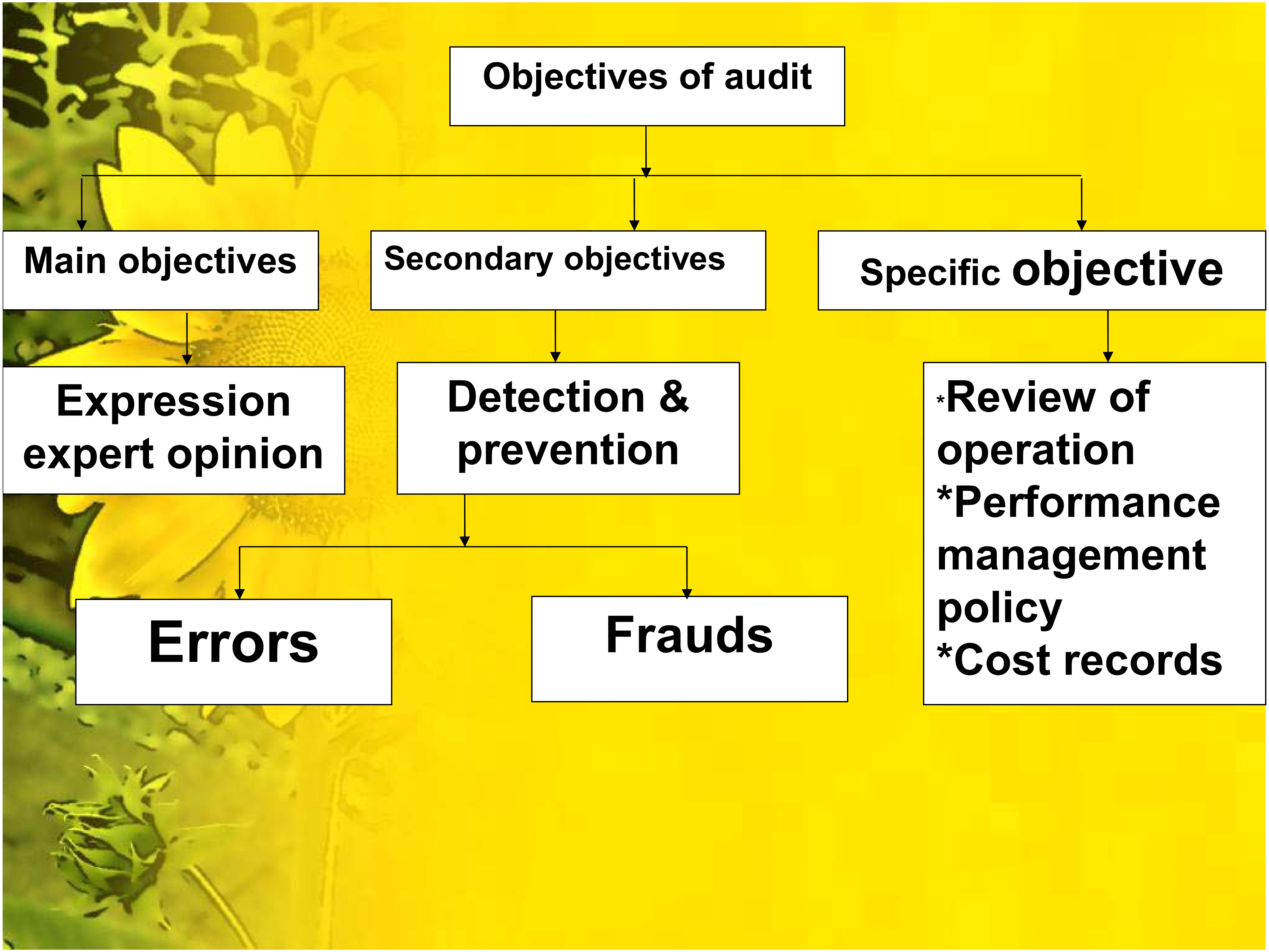

Objectives of audit
Main objectives
Secondary objectives
Specific objective
Expression expert opinion
Detection & prevention
*Review of operation
*Performance management policy
*Cost records
Errors
Frauds

Expectations gap

Some users incorrectly believe that an audit provides absolute assurance; that the audit opinion is a guarantee the financial statements are 'correct'. This and other misconceptions about the role of an auditor are referred to as the '**expectations gap**'.

Level of assurance engagement/ Limitation of Audit

The greatest level of assurance auditors can provide is reasonable. They cannot provide absolute assurance (i.e. 100% validation) for the following reasons:

- The financial statements contain estimates and judgments;
- Auditors have to test on a sample basis;
- Fraud may be disguised; and

- Much of the evidence obtained will be persuasive rather than conclusive.
- do not review 100% of the transaction.

Other examples of the expectations gap include:

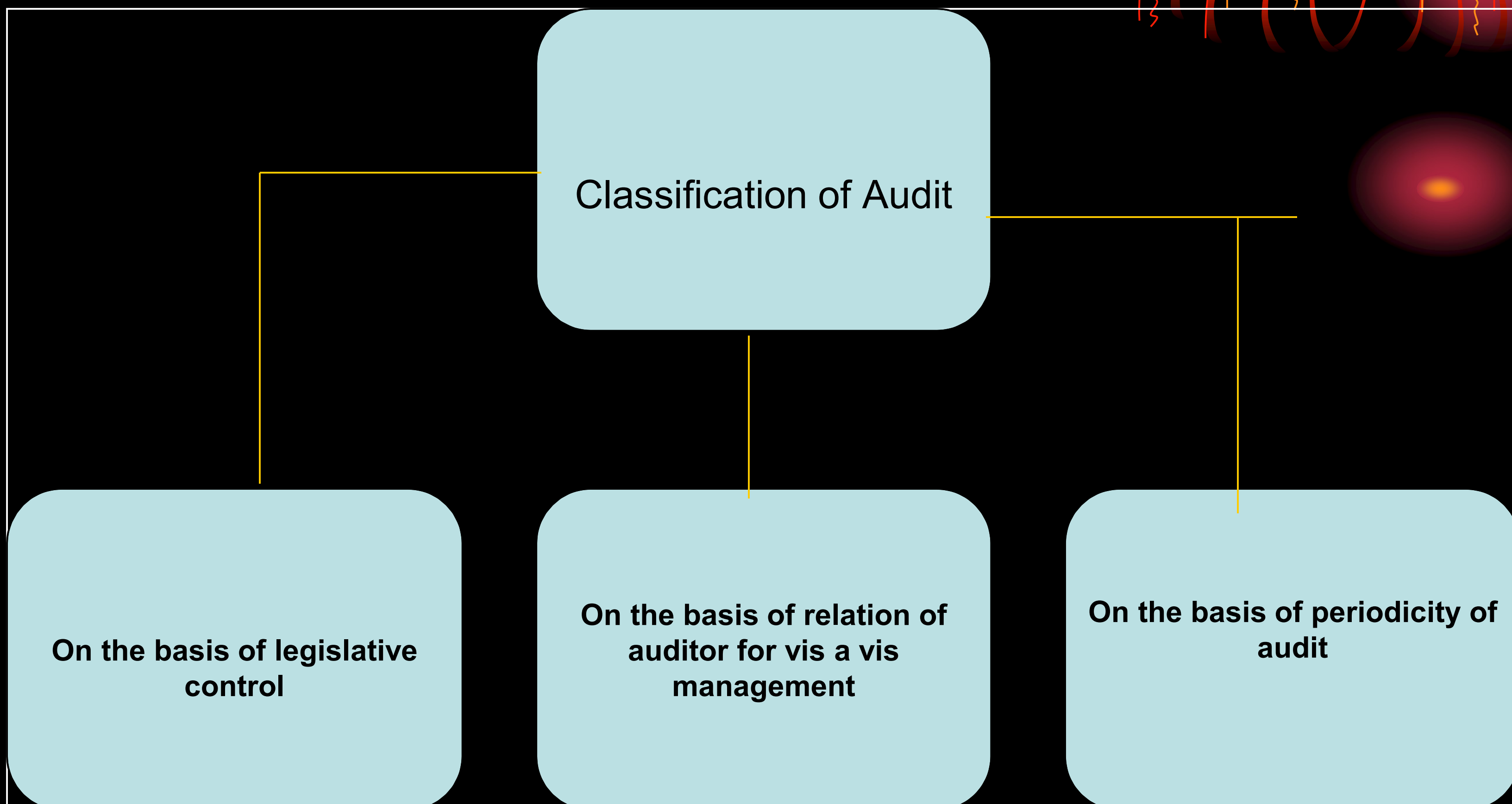
- a belief that auditors test all transactions and balances; they test on a sample basis.
- a belief that auditors are required to detect fraud;
- a belief that auditors are responsible for preparing the financial statements; this is the responsibility of management.

Disadvantages of Audit :

- In spite of the advantages of auditing, there are certain drawbacks of such an audit, which are under:
- **Alternation of Figures:** Dishonest clerk may alter figures in the books of account, which have already been checked by the auditor at his previous visit, and the frauds may thus be perpetrated.
- **Dislocation of Client's Work:** The frequent visits by the auditor may dislocate the work of his client and causes inconvenience to the latter.
- **Expensive for Business Organization:**It is a very expensive for business organization. Every year the business organization has to pay a huge amount of money behind these auditors. Although it is not sure that the result from them is accurate.
- **Queries May Remain Outstanding:** The audit clerk may lose the thread of his work and the queries, which he wanted to make, may remain outstanding, as there might be long interval between the two visits.
- **Information can not be Accurate:** The accurate information may not be expressed by auditing in organization. After auditing if any errors or fraudulent has caught then the auditor could be accused for all time. After auditing with sincerity if the auditor fail find out the errors or fraudulent then also he will not be accused. That's why it cannot be said that after auditing the information or result is accurate.
- **Illegibility of Real Information:** Sometimes it seems that journal is not properly prepared or there is some illegibility of real information. That's why auditor has to know the proper information from upper level officer. So if this officer don't give or deny giving proper information then the auditor could not come to know the real information of these opaque journals.

- **Inherent Limitations of Audit:** Since the auditor seeks to obtain persuasive rather than conclusive evident and relies on test checks there is possibilities that some material misstatement resulting from fraud or error may not be detected by the auditor.
- **Disclaimers:** In some cases the scope an audit might be so inadequate that auditors will not render any option on the financial statements. In other situation the uncertainty might have such a serious potential impact on the financial statements that auditors would refuse to give an opinion. The applicable report in this circumstances is one that disclaimers and option on the financial state and given the reasons for so doing. Disclaimers in an auditor's report can have serious impact on readers and the viewers the company in financial statement.
- **Creates the opportunity of corruption:** Auditing creates the field of corruption. Many auditors change the audit result by involving in corruption. So there has good chance for the auditors to get something and give something by changing the audit
- .**Insufficiency of expert Auditors:** Now a day the business world becoming very critical land sophisticated. There are various types of transactions are occurred and business organizations different types of strategy to grow up its business. So here the expert and sufficient auditors are needed to audit the accounts of these organizations. But there is much lack of such kind of sufficient and expert audit.
- **Lack of Unbiased of the Auditors:** The auditor must be unbiased. But in reality in most of the time it seems that the auditors cannot keep themselves unbiased all time. Most time it seems that the auditors changed the audit result by involving in corruption.

Classification of Audit/Various mode of conducting Audit



On the basis of legislative control

- ☞ On the basis of legislative control audit can be classified into statutory audit, Government audit and private audit.
- Our companies act, 1994, therefore, still applies to companies and contains general directions for the keeping of the accounts of provision for their audit by a C.A. In 1855 it was passed the first limited companies act which permitted without restraint the formation of companies with limited liability to be governed under a deed of settlement. The act contained no provisions as to audit and A of the companies act of 1862 there were optional provisions for audit, it was not until 1900 that the audit of accounts of all limited liability companies was made obligatory (as regards Banking companies). Various acts were passed in second half of the nineteenth century in connection with certain types of undertaking such as building societies, friendly and provident societies, life and other assurance companies and cooperative societies where the audit was made compulsory

- **In case of private Audits, normally concerned with business owned by sole traders or by partnerships the duties of the auditor, the scope of his work, and the party if any to whom he is to report entirely as arranged between himself and the principal at the time the contract is made. His liability for failure to carry out his contract and the general common low, which applies to the auditor in the same way as it does to any professional man carrying on his profession for gain.**

☞ On the basis of relation of auditor for vis a vis management

- On the basis of relation of auditor for vis a vis management audit can be classified into external audit and internal audit.
- The audit is said to be external if the appointment of auditor is made by persons rather than those whose performance is evaluated by auditor. For example, the directors of the company are responsible for the activities of the company. The statutory auditor is said to be external auditor because he is appointed not by the management but by the shareholders. The external audit is an independent person. The external auditor submits his report to the appointing authority. Generally, the external auditors verify the truth and fairness of financial information as reflected in financial statement of the entity.
- An auditor is said to be internal when the auditor is appointed by persons who are responsible for the performance of the entity. An internal auditor is generally appointed by management of the company. The internal auditor is not completely independent. The scope of his work can be controlled by the management. The internal auditor submits his audit report to the chief of management team. The internal auditor generally extends his review to non financial areas as well. The internal audit report is more in the nature of management information report

☞On the basis of periodicity of audit

Bases on the frequency with which the audit is conducted, the audit are classified into:

i)continuous audit

ii)periodical audit

iii)interim audit

iv)occasional audit.

Continuous Audit

- **Definition:** It is sometimes called an audit which involves a detained examination of the books of account at regular intervals of one month or three months. The auditor visits his clients at regular or irregular intervals during the financial year and cheeks each and every transaction at the end of the year he cheeks the profit and loss account and the balance sheet.
- **<u>Advantages of Continuous Audit :</u>**
- **(1) Easy and Quick Discovery of Errors :** Errors and frauds can be easily discovered easily and quickly as the auditor checks the accounts at regular intervals and in detail. It he were to check the accounts after one year, it would be difficult to locate an error.
- **(2) Knowledge of Technical Details :**Since the auditor remains more in touch with the business, he is in position to know the technical details of it and hence it can be presented to the shareholders soon after the close of the financial year at the annual general meeting.
- **(3) Quick Presentation of Accounts :** Most of the checking works having been already performed during the course of the year; the final audited accounts can be presented to the shareholders soon after the close of the financial year at the annual general meeting.
- **(4) Keeps the Clients Staff Regular :** As the auditor visits the clients, at regular intervals, the clerks will be very regular in keeping the accounts up-to-date. They will see that there is no inaccuracy or frauds as it would be detected by the author at his nest visit.
- **(5) Moral Cheek on the Client's Staff :** If the auditor pays surprise visits, it will have a considerable moral check on the clerks preparing the accounts as they do not know when the auditor may pay a visit to check the accounts.
- **(6) Efficient audit :** The auditor, having more time at his disposal, can check the accounts with greater attention and in detail and his work will be more efficient.
- **(7) Preparation of Interim Accounts :** Where the directors of a company wish to declare an interim dividend, continuous audit will help in the preparation of the interim accounts without much delay.
- **(8) Audit staff can be kept busy :** The audit staff may be sent to other clients after having finished the work for one client. Thus whole of the staff can be kept busy throughout the year.

Disadvantages of Continuous Audit

- **(1) Alternation of Figures :** Figures in the books of account which have already been checked by the auditor at his previous visit, may be already by a dishonest clerk and the frauds may thus be perpetrated.
- **(2) Dislocation of Clients Work :** The frequent visits by the author may dislocate the work of his client and cause inconvenience to the latter.
- **(3) Expensive :** It is an expensive system of audit.
- **(4) Queries may Remain Outstanding :** The audit clerk may lose the thread of his work and the queries which he wanted to make may remain outstanding as there might be a long interval between the two visits,
- **(5) Dependence of staff of the client** :The staff of the client may depend upon the audit staff to help other out of difficulties in the course of their work.
- **(6)Extensive note**: Extensive note taking may be necessary in

☞ **On the basis of Scope of Audit :**

Periodical Audit /Final Audit or Complete Audit : Periodical audit is one which is taken up at the close of the financial or trading period when all the accounts have been balanced and a trading and profit and loss account and the balance sheet have been prepared. It may commerce before the final accounts are prepared and continues till the audit is completed even after the close of the financial or trading period. In the case of such Maud it, the auditor visits his client only once a year and goes on checking the accounts until the audit work for the whole of the period is completed.

c) **Interim Audit :** It is an audit which is conducted in between the two annual audits, with a view to find out interim profits to enable to company to declare an interim dividend, should be called Interim audit. It is a kind of audit which is conducted between the two periodical or balance sheet audits.

Advantages of Interim Audit :

1)This type of audit is good where the publication of the interim figures is necessary.

2)The final audit can be completed very soon, if there has been an interim audit.

3)Errors and frauds can be more quickly found and detected during the course of the year.

4)There is a moral check on the staff of the client as the accounts are checked say, after three or six month.

Disadvantages of Interim Audit :

1)Figures may be altered in the accounts which already been audited.

2)It will mean that the audit staff will have to prepare notes when they finish the interim audit.

3)This means additional work.

d) Occasional Audit : As the name indicates, this type of audit is conducted once while whenever the need arises and the client desires in to be carried out. This is possible only in case of proprietor concerns such as a sole-trader's business or partnership business.

☞On the basis of subject matter of audit :

On the basis of subject matter of audit the audit may be classified into financial audit, cost audit and operational audit and management audit.

- i)Financial audit is examination of financial statements to express opinion on the truth and fairness of financial condition and operating results of the entity. The statutory audit or external audit is generally financial audit.
- Operational audit is review of operations of an entity. It is generally carried out by internal auditors. It involves intelligent examination of various operations of functional areas of the business viz production, marketing, stores etc, observing weakness, lapses, inefficiency and profitability of the operations.

- <u>Cost audit</u> is audit of cost records of the company. It is checking of cost accounts and costing techniques, methods, system followed by the entity. The cost audit seeks to verify the truth and fairness of cost of production of goods or rendering of service by an entity. The company act contains reference to cost audit in section 233B. It lies down that the government may, by order, direct that the cost records maintained by the company be subject to cost audit. The cost audit is generally carried out by cost accountants within the meaning of Cost and Works Accounts act 1959. In case of companies the cost auditor is appointed by board of directors. The cost audit report is submitted to the management and to the central government, in case of cost audit of companies.

<u>Management audit</u> is critical review of policy and practices of management. It involves review of various process of management. For examples, the audit involves checking of objectives for their relevance, clarity and dissemination downward the structure in understandable terms; the examination of organizational hierarchy-authority-responsibility relationship; departmentation; the quality of control techniques; the style of direction practiced by management etc.

On the basis of coverage of audit :

- On the basis of coverage of audit, the audit may be complete audit or partial audit.
- In complete audit, there is no restriction placed on auditor in the mater of coverage of audit. The auditor checks up all books of accounts with connected records to express opinion on the financial statements. The client can not put any restriction with regard to coverage of audit in case of statutory audit.
- It will be understood that a partial can only be undertaken normally for clients other than those governed by statute. Incase of private clients the duties can be extensive or as limited as the client directs, but the desirability, for the sake of both parties, of the precise instructions being clearly and unambiguously emphasized.
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☞ : On the basis of manner of checking

- On the basis of manner of checking the audit may be classified into standard audit, balance sheet audit and post and voucher audit.
- **a) Standard Audit :** Mr. Irish of Australia defines standard audit in his book "Theory and Practice of auditing" as
- From the definition it would appear that certain items in the accounts are thoroughly checked and analyzed and appropriate test checks are applied to other items provided there is a good and effective internal check in operation.

Balance Sheet Audit

Balance sheet audit is of recent growth as compared to other types of auditors which we have already deal with. This type of audit is more popular in USA than in England or other countries. With the development of industries and consequently the establishment of larger economic units, balance sheet. Audit will be more widely used in future. The term 'Balance sheet audit' means verifications of the values of assets, liabilities, the balances of reserves and provisions and the amount of profit earned or loss suffered by a firm during the year. However, as mentioned earlier the item profit and loss account does appear in the balance sheet and hence the auditor who conducts balance sheet audit does review the transactions which appear in the profit and loss account.

- of large firms where the number of transactions run into millions and where a good internal check system is prevalent or where the mechanized system of accounting has been introduced. The auditor relies on the examination of some of the transactions scientifically selected at random.

Vouch and Post Audit

- Vouch and post vouch audit is that where the auditors checks each and every transaction right from its origin in the books of prime entries till they are posted. The system of audit has become obsolete
.

Audit Programme

Having fixed up the audit and gained knowledge over the business, accounting and internal control system, the auditor needs to draw up a plan of action. The plan of action is called Audit Programme.

According to Prof. Mbigs, “An audit programme is a detailed plan of the auditing work to be performed, specifying the procedures to be followed in verification of each item in the financial statement and giving the estimated time required.”

According to A.W. Holmes, “An audit programme is a flexibly planned procedure of examination”.

So, we can say that programme helps an auditor to understand about his duties

Preparing Audit Programme :

For completing audit programme properly various points should be considered, such as:

1. **Scope of Work:** At first an auditor should consider the scope and area of auditing work.
2. **Distribution of Work:** Then the work will be distributed among the clients according to their skill and competence.
3. **Time:** The auditor has to know the time by which the audit programme will be completed.
4. **Nature of Organization:** Fop preparing an audit programme nature of organization will be considered, because preparation of audit programme may be different according to the nature.

Advantages of Audit Programme

- The advantages of such an audit programme may be outline as below:
- It ensures that all necessary work has been done and nothing has been omitted.
- The auditor is in a position to know about the programme of the work done by his assistants.
- A uniformity of the work can be allowed as the same programme will be followed of subsequent audit.

- Work of the audit can be divided amongst the different juniors who will be responsible for their work.
- In care of change of negligence against the auditor for not having done some work, the auditor can defend himself that the work had been done by him or his assistant who had duly signed the audit programme.
- Internal check system should be considered when programme will make or proper.
- In case of programme the procedure of accounting systems should be considered.
- Accounting Books also considered.
- Different types of voucher in support of transactions should be considered.

Disadvantages of Audit Programme

- **Efficient Clerk Loses his Initiatives:** An efficient clerk loses his initiatives because he adheres to the programme which has been fixed for him, he may not make any suggestion.
- **Not Cover Everything:** Even if the audit programme is well drawn up, it may not cover everything that might come up during the course of audit.
- **Mechanical Method:** Programme follows mechanical method. So it is not very suitable for all.
- **Not Necessary for all types of Business Concerns:** Audit Programme is not suitable for small business concerns.
- **Time Consuming for Clerk:** Audit Programme is time consuming for clerk.

Working Paper

- Working Papers are the connecting link between the client's records and the audited accountants. These include all the evidence gathered by the auditor indicating what work has been done by him and the procedure he has followed in verifying a particular asset or liability. These provide a permanent historical record logically arranged in order, in which each item appears in the balance sheet. Documentation is an important thing preferring working papers. Documentation refers to the working papers prepared or obtained by the audition and retained by him in connecting with the performance of his audit.

Form and Content of Working Papers

- Working Papers should record the auditor's planning, the nature, timing and esteem of the auditing procedures performed and the conclusions drawn from the evident obtained. Working Papers should be sufficiently completed and detailed for an experienced auditor to obtain an overall understanding of the audit. Working Papers should be designed and properly organized to meet the circumstances and the auditor's needs for each individual audit. The form and the content of working papers are affected by matters such as:
- The nature of the engagement
- The form of the auditor's report
- The nature and complexity of the client's business.
- The nature and condition of the client's records and degree of reliance on internal control.
- The needs in the particular circumstances for the direction, supervision, and review of work performed by assistants.

Subject Matter of Working Papers

- Information concerning the legal and organizational structure of the entity.
- Extracts on copies of important legal documents, agreements and minutes.
- Evidence of the planning process of the audit an audit programmes.
- A record of the study and evaluation of the accounting system and related internal controls.
- Analyses of transactions and balances.
- Analyses of significant ratios and trends.
- A record of the nature, timing and extent of auditing procedures performed and the results of such procedures.

- Evidence that the work performed by assistant was supervised and reviewed.

- An indication as to who performed the audit procedures and when they were performed.

- Copies of communication with the auditors, experts and other third parties.

- Copies of letters or notes connecting audit matters communicated to on discussed with the client.

•Letters of representation received from the client.
•Copies of the financial information being reported on and the related audit reports.
•Conclusions reached by the auditor concerning significant aspects pf the audit, including how exceptions and unusual matters, if any, disclosed by the auditor’s procedures were resolved on treated.

Ownership and Custody of Working Papers

- Working papers are the property of the auditor. It must be available to auditor’s clients.
- The auditor should adopt reasonable procedures for safe custody and confidently of his working papers and should retain them for a period of time sufficient to meet the needs of his practice and satisfy any pertinent legal or professional requirements of record retention.


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