



Internal Audit Unit

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Audit Evidence



What is audit evidence?

Audit evidence is information that the auditor uses to make judgments and conclusions about the auditee.

Audit delegate and auditor in charge shall collect evidence to support the audit report and to demonstrate that the audit delegate and auditor in charge have completed the audit in accordance with the plan/program. Audit evidence is divided into the following types:

A. Physical evidence obtained through inspection or direct observation of people, assets, or events.

B. Documentary evidence is information in a permanent form, such as letters, contracts, accounting records, invoices, and performance management information.

C. Testimonial evidence obtained through inquiries interviews or questionnaires. Inquiries and confirmations include seeking information from knowledgeable individuals both inside and outside the organization.

D. Analytical evidence is obtained through the use of analytical procedures to produce information in the form of conclusions by examining data to find consistency or inconsistency in cause-and-effect relationships.

In general, procedures for collecting audit evidence are divided into two main types: tests of control systems and tests of significant elements such as analytical procedures or tests of details. The application of audit procedures depends on the specific audit objectives and criteria set, as well as the professional judgment of the auditor.

Audit evidence is collected by using different methods as follows:

Observation is the reviewing of the processes or implementing procedures in the compliance audit.

Inspection is the reviewing of the lists, records, and other documents or properties. The auditors consider the reliability of the inspected documents and expected fraud risk and the possibility that reviewed documents may be different from the original.

Questioning can be related to finding information both internal and external of the auditee. Questioning can start from an official question letter until discussion. Questioning can be related to interviews and asking questions to related officials and experts. This interview can be done in front of officials or any other way. (For example: by phone or online meeting).





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References:

- 1- Manual on Internal Audit of the Sub-National Democratic Development Commission 2019
- 2- Guideline on compliance audit.

Confirming official letter is a kind of inquiry related to obtaining responses from third party regarding specific information that is independent from the auditee. Confirmation through official written letters also receives written responses from the management of the auditee regarding direct interpretation during the audit.

Re-implementing is the independent implementation of procedure or the same calculation that the auditee has already implemented. Re-implementing can be implemented by traditional or audit technology through computers.

Analysis procedure is the way to compare the data or variable observation or variable relation. Trend analysis techniques or other mathematical methods can help the auditor compare actual outcomes with expected outcomes.

