

USING THE WORK OF INTERNAL AUDITORS: CAS 610

Determining Whether and to What Extent to Use the Work of the Internal Auditors

- The external auditor should determine:
 - If the work of the internal auditors is likely to be **adequate** for purposes of the audit; and
 - If so, the planned **effect of the work of the internal auditors** on the nature, timing or extent of the **external auditor's procedures**
- In determining whether the work of the internal auditors is likely to be adequate for purposes of the audit, evaluate:
 - The **objectivity** of the internal audit function
 - The technical **competence** of the internal auditors
 - If the work of the internal auditors is likely to be carried out with **due professional care**
 - If there is **likely to be effective communication** between the internal auditors and the external auditor
- In determining the effect of the work of the internal auditors on the external auditor's procedures, consider:
 - The nature and **scope of specific work** performed by the internal auditors
 - The assessed **risks of material misstatement** at the assertion level for particular classes of transactions, account balances, and disclosures
 - The degree of **subjectivity involved** in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions

Using Specific Work of the Internal Auditors

- To determine the **adequacy of specific work performed by the internal auditors**, the external auditor should evaluate whether:
 - The work was performed by internal auditors having adequate **technical training and proficiency**
 - The work was properly **supervised, reviewed and documented**
 - **Adequate audit evidence** has been obtained to enable the internal auditors to draw reasonable conclusions
 - **Conclusions reached are appropriate** and reports prepared by the internal auditors are **consistent** with the results of the work performed
 - Any **exceptions or unusual matters** disclosed by the internal auditors are properly resolved