

Auditing cash and cash equivalents

IAASA's Audit Quality Unit selected cash and cash equivalents as an area of focus in 2021



Key messages for auditors

1. The auditor's assessment of the risks of material misstatement relating to cash should be clear throughout the audit file. Risks relating to cash and cash equivalents should be identified at the assertion level.
2. When auditing a cash reconciliation that has been prepared by the entity, the auditor should consider the completeness, accuracy and reliability of the information produced by the entity.
3. The audit file should evidence procedures to evaluate whether the results of external confirmation procedures provide relevant and reliable audit evidence, or whether further evidence is necessary.
4. The audit file should evidence procedures to evaluate the accuracy of disclosures in financial statements around cash and cash equivalents, such as the credit ratings assigned to depositaries.

Further information



There is a video on IAASA's YouTube channel that shares the questions asked by IAASA's audit inspectors during 2021 when reviewing audit working papers in this area. See [here](#).



IAASA's 2021 Annual Audit Programme and Activity Report will be published in the first half of 2022 and will include IAASA's key recommendations in the area of cash and cash equivalents.