

CLARIFICATION ON THE AUDITORS' RIGHTS WHERE CLIENTS AND OTHER AUDITORS SEEK ACCESS TO THEIR AUDIT WORKING PAPERS*

1. Statement on Standard Auditing Practice (SAP)¹ 1, *Basic Principles Governing An Audit*, states in para 6, "The auditor should respect the confidentiality of information acquired in the course of his work and should not disclose any such information to a third party without specific authority or unless there is a legal or professional duty to disclose." Statement on Standard Auditing Practice (AAS) 3, *Documentation* (Paragraph 13), states, "Working papers are the property of the auditor. The auditor may, at his discretion, make portions of or extracts from his working papers available to his client." SAP 3 further requires (paragraph 14), *inter alia*, that the "auditor should adopt reasonable procedures for custody and confidentiality of his working papers."

2. Part I of the Second Schedule to the Chartered Accountants Act, 1949 provides that "A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he –

"Discloses information acquired in the course of his professional engagement to any person other than his client, without the consent of his client or otherwise than as required by any law for the time being in force."

* Published in May, 2000 issue of "The Chartered Accountant".

¹ Now known as Auditing and Assurance Standards (AASs).

Audit Working Papers

3. Requests are sometimes received by the members of the Institute, who have/had been performing the duties as the auditors of an enterprise, to provide access to their audit working papers. The requests may be made by the clients or other auditors of the enterprise or its related enterprise such as a parent enterprise.

4. It is hereby clarified that except to the extent stated in para 5 below, an auditor is not required to provide the client or the other auditors of the same enterprise or its related enterprise such as a parent or a subsidiary, access to his audit working papers. The main auditors of an enterprise do not have right of access to the audit working papers of the branch auditors. In the case of a company, the statutory auditor has to consider the report of the branch auditor and has a right to seek clarifications and/or to visit the branch if he deems it necessary to do so for the performance of the duties as auditor. An auditor can rely on the work of another auditor, without having any right of access to the audit working papers of the other auditor¹. For this purpose, the term 'auditor' includes 'internal auditor'.

5. As stated in para 4, the client does not have a right to access the working papers of the auditor. However, the auditor may, at his discretion, in cases considered appropriate by him, make portions of or extracts from his working papers available to the client.

¹ Reference in this regard may be made to the Auditing and Assurance Standard (AAS) 10, "Using the Work of Another Auditor" and the Auditing and Assurance Standard (AAS) 7, "Relying on the Work of Internal Auditor."