

Back to basics: What do good working papers look like?

2 & 4 December 2025

What this session will cover



The importance of
good working
papers

Common pitfalls

What good working
papers look like

Good audit
evidence

Working together
for a more efficient
& effective audit
process

The importance of good working papers



Good quality, timely working papers provided alongside the draft financial statements will help:

- reduce the likelihood of errors in the accounts;
 - increase confidence in underlying records;
 - make effective quality review easier; and
 - improve audit efficiency and reduce the number of audit queries.
- Working papers should substantiate the figures & disclosures in the accounts to the ledger and supporting evidence

Common Pitfalls



Supporting working papers not agreeing the SOA

SOA Extract

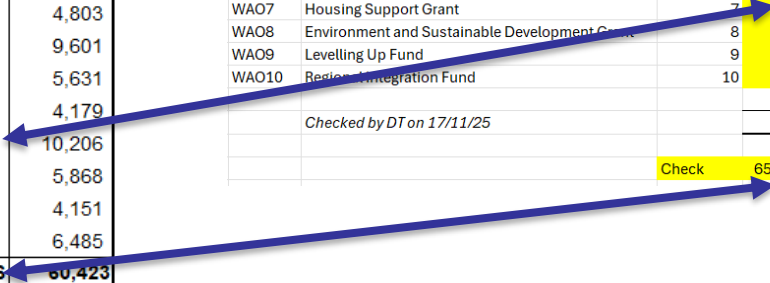
Working Paper

Note 23 - Grants & Contributions

The authority has recognised the following grants & contributions in the Comprehensive Income & expenditure Statement:

	2024/25	2023/24
	£'000	£'000
Education Improvement Grant	5,095	5,582
Pupil Development Grant	1,769	3,919
Local Authority Education Grant	3,538	4,803
Children and Communities Grant	13,134	9,601
Concessionary Fares Grant	5,194	5,631
Housing Benefit Subsidy	2,290	4,179
Housing Support Grant	14,344	10,206
Environment and Sustainable Development Grant	5,668	5,868
Levelling Up Fund	2,233	4,151
Regional Integration Fund	6,901	6,485
Total	60,166	60,423

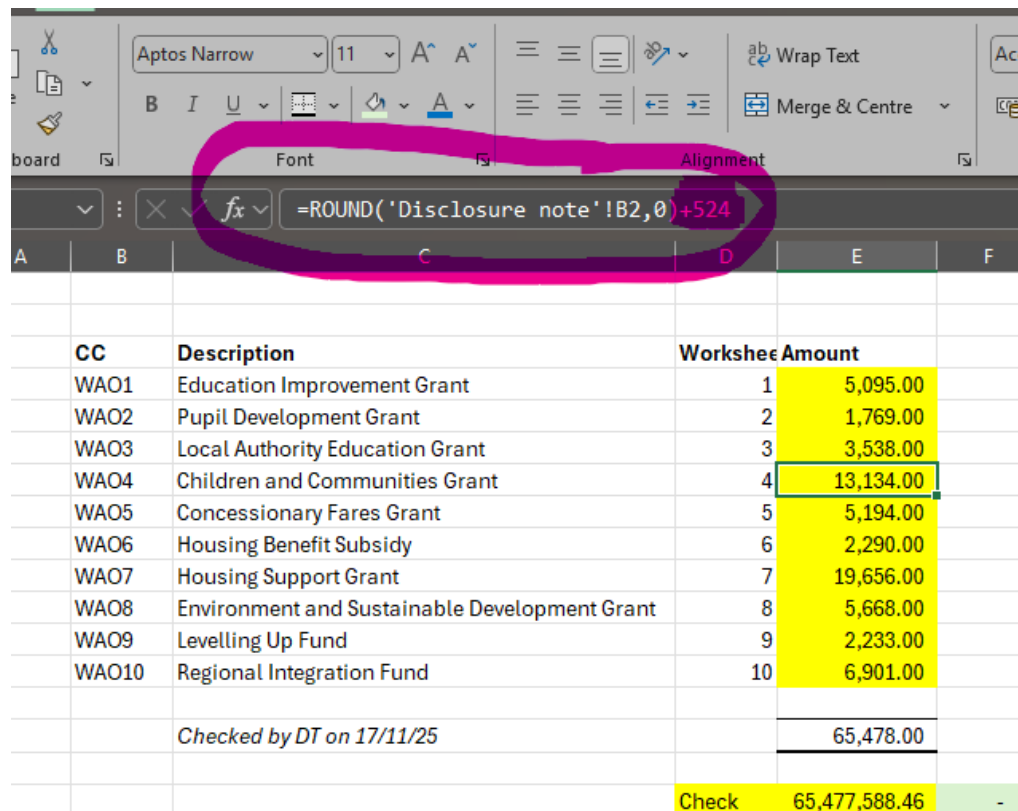
CC	Description	Worksheet Backing	Amount
WAO1	Education Improvement Grant	1	5,095.00
WAO2	Pupil Development Grant	2	1,769.00
WAO3	Local Authority Education Grant	3	3,538.00
WAO4	Children and Communities Grant	4	13,134.00
WAO5	Concessionary Fares Grant	5	5,194.00
WAO6	Housing Benefit Subsidy	6	2,290.00
WAO7	Housing Support Grant	7	19,656.00
WAO8	Environment and Sustainable Development Grant	8	5,668.00
WAO9	Levelling Up Fund	9	2,233.00
WAO10	Regional Integration Fund	10	6,901.00
	Checked by DT on 17/11/25		65,478.00
	Check		65,477,588.46



Common Pitfalls



Balancing figures included in formulas with no explanation or rationale



The screenshot shows an Excel spreadsheet with a formula bar at the top. The formula bar contains the formula `=ROUND('Disclosure note'!B2,0)+524`, which is highlighted with a red circle. Below the formula bar is a table with columns CC, Description, Worksheet, and Amount. The table lists various grants and their amounts, with a total of 65,478.00. The formula bar also shows a red circle around the `+524` part of the formula.

CC	Description	Worksheet	Amount
WAO1	Education Improvement Grant	1	5,095.00
WAO2	Pupil Development Grant	2	1,769.00
WAO3	Local Authority Education Grant	3	3,538.00
WAO4	Children and Communities Grant	4	13,134.00
WAO5	Concessionary Fares Grant	5	5,194.00
WAO6	Housing Benefit Subsidy	6	2,290.00
WAO7	Housing Support Grant	7	19,656.00
WAO8	Environment and Sustainable Development Grant	8	5,668.00
WAO9	Levelling Up Fund	9	2,233.00
WAO10	Regional Integration Fund	10	6,901.00
	Checked by DT on 17/11/25		65,478.00
	Check		65,477,588.46

Common Pitfalls



Formulas picking up Incorrect cells

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Delivery Date	Cost Code	Account Code	Job Code	Order Description	Supplier Number	Supplier Name	Commitment Type	Original Order Value	Order Outstanding	Accruals	Commitments	
	27/03/2024	WAO101	29133	JOB0015	Order for equipment	A848572	Alpha Ltd	Accruals	137,059.11	41,571.25	41,571.25		
	23/09/2024	WAO107	28200	JOB0002	Order for services	A782428	Gamma Solutions	Accruals	235,628.13	145,122.08	145,122.08		
	16/03/2022	WAO119	28805	JOB0009	Order for consulting	A693950	Delta Services	Cashflow	64,382.46	44,513.77		44,513.77	
	06/02/2022	WAO118	26079	JOB0008	Order for materials	A697260	Beta Corp	Cashflow	148,147.30	19,925.82		19,925.82	
	27/10/2023	WAO105	26541	JOB0007	Order for materials	A776696	Alpha Ltd	Accruals	87,704.28	33,237.27	33,237.27		
	19/02/2024	WAO119	26374	JOB0006	Order for services	A504935	Gamma Solutions	Cashflow	99,877.71	43,746.23		43,746.23	
	30/06/2023	WAO105	22444	JOB0015	Order for consulting	A829936	Gamma Solutions	Cashflow	152,158.09	122,168.05		122,168.05	
	27/01/2022	WAO101	31875	JOB0018	Order for services	A447919	Delta Services	Accruals	73,455.83	56,443.94	56,443.94		
	21/03/2024	WAO108	26079	JOB0011	Order for materials	A163461	Gamma Solutions	Accruals	233,482.61	123,575.41	123,575.41		
	18/02/2023	WAO110	24220	JOB0007	Order for materials	A312313	Alpha Ltd	Accruals	53,386.88	30,824.76	30,824.76		
	05/12/2022	WAO101	24717	JOB0008	Order for consulting	A715382	Alpha Ltd	Accruals	152,310.84	45,411.14	45,411.14		
	23/02/2022	WAO102	28200	JOB0004	Order for materials	A565077	Gamma Solutions	Accruals	210,165.98	48,199.11	48,199.11		
	25/07/2024	WAO105	28805	JOB0005	Order for consulting	A758776	Gamma Solutions	Accruals	150,262.48	61,216.66	61,216.66		
	03/05/2022	WAO100	29150	JOB0005	Order for equipment	A867543	Alpha Ltd	Accruals	6,824.34	737.69	737.69		
	26/01/2023	WAO100	26541	JOB0008	Order for consulting	A451278	Alpha Ltd	Accruals	130,256.39	50,412.69	50,412.69		
									1,935,102.43	867,105.87	636,752.00	230,353.87	
					Sum of col K & L	1,503,857.87							
					Sum of Col L & M	867,105.87							

Misstatement arising from error in formula in spreadsheet
Total per the note is £1,503k. This should be £867k.

Task: Characteristics of high-quality working papers



What are the key characteristics of high quality & effective working papers?

- 5 minutes to discuss
- AW 'table lead' to take notes



What does a good working paper look like?



- Standard template is best practice:
 - clear trail from the accounts to the ledger and supporting evidence;
 - start with the figure in the accounts and ledger (reconciled where necessary);
 - explanation of any reconciling differences;
 - no 'hard typed' or balancing figures included;
 - analysis should be cleansed of unnecessary details e.g. reversing journals and contras (where possible).
- Narrative explanation of where the figures come from and how they've been calculated

Ask yourself: Could someone else follow this working paper, without further context or understanding?

Working papers - Example of Good Working Paper



AutoSave ✓ Debtors Creditors Working Paper Example - Saved

File Home Insert Page Layout Formulas Data Review View Automate Help Acrobat

Clipboard Font Alignment

C5: =ROUND('TB Str 05'!AF207/1000,0)

	A	B	C	D	E	F	G	H
1	Short Term Debtors							
2								
3	2022-23		2023-24					
4	£'000		£'000					
5	8,814	Trade Receivables	9,236					
6	2,934	Prepayments	3,047					
7	49,244	Other Receivables	42,472					
8	1,175	XXX Other Balance						
9	62,167	Balance as at 31 March	54,755					
10								
11	The Council collects NNDR payments on behalf of Welsh Government. As at the 31 March 2024, the							
12	Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a							
13	debtor of £2.207 million. The equivalent for 2022-23 was a debtor of £2.280 million.							
14								
15								

- Working paper replicating the SOA note
- Clear trail from note to ledger
- From this we can select a balance to drill down and select a transaction to substantively test

AutoSave ✓ Debtors Creditors Working Paper Example - Saved

File Home Insert Page Layout Formulas Data Review View Automate Help Acrobat

Clipboard Font Alignment Number

K214: =ROUND('TB Str 05'!AF207/1000,0)

XX Council				Report run on 21/06/24			
Trail Balance				Run for Period 12 - 2023/2024			
As of March 31, 2024							
BS	Description	Cost Centre	Description	Trade Receivables	Prepayments	Other receivable amounts	TOTAL
86	BS010	SHORT TERM CREDITOR X255	CHEF EXEC RESERVE CREDITORS	-	-	-	-
87	BS010	SHORT TERM CREDITOR X261	CASH BONDS - ROAD AGREEMENTS	-	-	-	-
88	BS010	SHORT TERM CREDITOR X266	YOUTH CLUB PRIVATE FUNDS	-	-	-	-
89	BS010	SHORT TERM CREDITOR X267	CYNFFIG YOUTH CLUB FUNDS	-	1,761.80	-	1,761.80
90	BS010	SHORT TERM CREDITOR X268	YOUTH CLUB FUNDS	-	366.65	-	366.65
91	BS010	SHORT TERM CREDITOR X269	YOUTH CLUB FUNDS	-	-	-	-
92	BS010	SHORT TERM CREDITOR X319	INCOME IN ADV SOCIAL SERV & WB	-	-	-	-
93	BS010	SHORT TERM CREDITOR X584	CLAW	-	-	-	-
94	BS010	SHORT TERM CREDITOR X601	DUP CHEQUES A/C-S & W	-	1,873.12	-	1,873.12
95	BS010	SHORT TERM CREDITOR X602	S & W OVERPAYMENT RECOVERY	-	13,410.83	-	13,410.83
96	BS010	SHORT TERM CREDITOR X610	SHORT TERM COMPEN ABSENCES ACC	-	-	-	-
97	BS010	SHORT TERM CREDITOR X618	UNIDENTIFIED RECEIPTS A/C	-	-	-	-
98	BS010	SHORT TERM CREDITOR X742	CREDITORS' CASH CONTROL	-	-	-	-
99	BS010	SHORT TERM CREDITOR X744	PAYROLL CONTROL A/C	-	-	-	-
00	BS010	SHORT TERM CREDITOR X751	CAPITAL GRANTS CREDITORS	-	-	-	-
01	BS010	SHORT TERM CREDITOR X753	REVENUE CONTRIB TO CAPITAL	-	-	-	-
02	BS010	SHORT TERM CREDITOR X758	WVSRG GRANT	-	-	-	-
03	HLDG	MISC HOLDING A/C'S W029	NNDR CONTROL ACCOUNT	-	-	197,214.12	197,214.12
04			Total PMF - ALL WALES CONSORTIUM				
05							
06							
07			Total	9,235,562.09	3,047,485.43	42,472,402.86	54,755,450.38
08							
09							
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Balances for SOA

Good audit evidence



- Ledger prints on their own **are not sufficient** – this is the starting point & should be part of the working papers (rather than part of evidence)
- ‘Third party’ evidence required wherever possible, sole reliance cannot be placed on internally generated documents
- Where it isn’t obvious, supporting explanations should accompany evidence to reduce further audit queries
- If unsure what to provide... Ask your auditor!

Audit Evidence Examples



Accounts area	Evidence
Expenditure	<p>What would you expect to be good evidence for the following accounts areas?</p> <ul style="list-style-type: none">- 5 Minutes to discuss
Income	
Payroll	
PPE	
Related parties	
IAS19	
Investments	
Borrowings	

Working Together



- Early and frequent engagement:
 - early discussions on new or unusual items
 - Structured weekly meetings during the audit to review issues, queries & audit progress
- Nominated officer for each account area:
 - Takes ownership of queries for that area
 - Chases internal requests between departments where necessary

Working Together



- Info to be used for deliverables & queries:
 - complete set of working papers provided alongside draft accounts
 - appropriate evidence uploaded to Info as soon as available
 - if unsure, ask your auditor what evidence would be appropriate
- Agree a protocol for responding to audit queries, for example:
 - 3 working days turn around on audit queries
 - escalation after 5 working days to a senior officer

Reflections



Please discuss the following within your tables:

1. Share examples of good practice within your organisation's working papers.
2. Share examples of effective collaboration with your auditor.
3. Do you see any other barriers to effective joint working? If so, how can we work together to mitigate these barriers to enhance the efficiency and effectiveness of the audit process?



Any questions?