

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

Workshop outputs from 2nd and 4th December 2025

This session examined the essential characteristics of high-quality working papers and their role in supporting accurate and timely financial reporting. It also considered how effective collaboration between the accounts team and auditors can enhance the efficiency and timeliness of the audit process.

Examples of good practice

- Standardising working papers format (e.g. accounts note in first tab of spreadsheet) – makes it easier for auditors and finance teams to follow. Also linking the note through to table of data to support the figures.
- Review processes on working papers before they go into the Statement of Accounts.
- Including notes within working papers for explanations and key judgements (state the obvious, don't assume the auditor will know).
- Make it clear where figures have come (i.e. ledger prints).
- Use of internal checklists, including documented internal review (fresh pair of eyes).
- Considering audit findings from prior years to identify areas of improvement.
- Using pivot tables to sort underlying data.
- Including explanations in working papers – e.g. “telling the story” around year on year variances/other changes.
- Oversight group established (including both internal and external audit) during the year end audit.

- Having clear closedown pack with key dates/milestones assigned to responsible officers. Some have a Gantt chart for this.
- Making good use of published guidance – e.g. CIPFA bulletin and examples when completing IFRS calculations and journal entries
- Setting up Inflo so it mirrors the structure of the accounts, then the different areas being allocated to the specific officers who prepared that area(s) of the accounts
- Checking reconciliations in advance of year-end to identify accruals etc
- Keep working papers simple
- Ledger structure is key – working papers can depend on how the ledger is set up
- Inflo – ensuring clear communications on exactly what/where queries relate to, especially when there are lots of samples

Examples of effective collaboration

- Good communication: Inflo is good as queries/requests all in one place. Useful to have the high-level view of queries and issues outstanding.
- Effective communication: having a call to discuss issues rather than auditing by email.
- Involvement in agreeing amendments.
- Regular meetings throughout the year.
- Holding a PPL after each audit.
- Early engagement to discuss issues/new accounting treatment (e.g. IFRS16).
- Agreeing changes up front.
- On-site visits by the auditors where needed.
- Oversight group established (including both internal and external audit) during the year end audit.

Barriers and solutions to joint working

- Capacity/resources in finance teams.
- Relationship and engagement with the valuers.
- Ensuring wider team are familiar with audit and the timescales for the audit.
- Working on site – if auditors aren't on site, it can be more difficult to work through issues (e.g. can show the issue in real life, easier to resolve face to face).
- Lack of consistency in audit team members – need to be clear from the outset.
- Info – need more explanations within requests (need to be specific – ie where have the auditor picked up the figures that are being queried). Should only be used as a supplement to face to face, not as a replacement.