

Auditing related party transactions

IAASA's Audit Quality Unit selected related party transactions as an area of focus in 2022



Key messages for auditors

- 1.** Sufficiently evidence the engagement team's evaluation of management's assertion that the related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction.
- 2.** Clearly evidence procedures performed in gaining an understanding of the controls in place to identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework.
- 3.** Risk assessment performed for related parties should be clearly documented throughout the audit file.
- 4.** Consider the completeness, accuracy and reliability of the information received from management and whether it is sufficiently precise and detailed for the auditor's purpose.
- 5.** Clearly evidence the procedures performed by the engagement team in relation to the nature of the relationships between the entity and the entity's related parties.
- 6.** Clearly evidence procedures performed to ensure that the financial statements appropriately disclose related party relationships as well as information about the related party transactions and outstanding balances in accordance with IAS 24 Related Party Disclosures.

Further information



There is a video on IAASA's YouTube channel that shares the questions asked by IAASA's audit inspectors during 2022 when reviewing audit working papers in this area. See [here](#).



IAASA's 2022 Annual Audit Programme and Activity Report will be published in the first half of 2023 and will include IAASA's key recommendations in the area of related party transactions.