
the limit of the regulatory requirement to provide photocopies of audit workpapers, regulators have expressed a view that the provision of some workpapers (e.g., Excel spreadsheets) as a photocopy or in an electronic format such as PDF is not sufficient for their purposes due to an inability to view certain information, such as:

1. Information included in hidden columns or rows that can only be reviewed in native format.
2. Information imbedded in formulas or comment boxes that can only be reviewed in native format.

Appendix A

In 2003 the AICPA/ NAIC Working Group (with assistance from the AICPA NAIC Task Force) developed and adopted a process (below) for auditors and financial examiners related to access to audit documentation that included a list of individuals that the financial examiner should contact in the event of any issues.

This information was included in the AICPA Audit Risk Alert Insurance Industry Developments 2007/08 at this process would be informal, non-authoritative, and non-binding. The AICPA NAIC Task Force envisioned that the adoption of this process would be additive to the remedies available to insurance regulators. The benefits of this additive process would (1) help enhance communication between regulators and independent certified public accountants, (2) improve the effectiveness of obtaining access to audit workpapers on a timely basis, and (3) assist in strengthening the quality of statutory audits.

Reminder—Access to CPA Audit Documentation

An external auditor is required by the NAIC Model Audit Rule to provide timely access to or copies of audit documentation when requested by regulators.

section 9339, *Audit Documentation: Auditing Interpretations of Section 339* (AICPA, *Professional Standards*, vol. 1, AU sec. 9339.01 .15), addresses the responsibilities of an auditor when a regulator requests access to audit documentation. Auditors should note that PCAOB Auditing Standard No. 3, *Audit Documentation* (AICPA, *PCAOB Standards and Related Rules*, supersedes AU section 339, *Audit Documentation* (AICPA, *Professional Standards*, vol. 1), for audits of public companies and other issuers.

statutory audit and use of underlying audit documentation. Suggested protocols were forwarded to the Financial Examiners Handbook Technical Group for consideration of possible revisions to the Examiners Handbook and have been incorporated into the Handbook.

The AICPA NAIC Task Force helped to establish the four-step process to provide a protocol for financial individual engagement to perform a statutory audit, (2) difficulties in gaining access to working papers, or (3) the regulator concerns about the work performed by the CPA. If a financial examiner determines that an additional response is required, after informing appropriate management, the financial examiner would contact the following individuals in this suggested order, as needed:

1. The engagement partner
2. The designated national firm representative (included on the NAIC website)
- 3.
4. State board of accountancy, ethics (or quality review) committee, or other regulatory bodies as deemed appropriate

Firms or individual practitioners performing statutory audits of regulated insurance entities that wish to designate a national firm representative and have not already done so should contact NAIC representatives at (816) 783-8006 or (816) 783-8132.