What Review Notes Reveal About Audit Culture

CA Pranav Jain, FCA | Co-Founder, Anveshana Consulting Private Limited

Review notes are not administrative records. They are the most honest document in an audit file. Most discussions of audit quality focus on what the engagement team does during fieldwork — risk assessment, substantive procedures, evidence obtained, conclusions documented. Comparatively little attention is paid to what happens at review stage — and what the review record itself reveals about the quality of the engagement. This is a significant oversight. Review notes are among the most diagnostically revealing documents in an audit file. Not because of what they correct. Because of what they show about how deeply the reviewer engaged with the work beneath them.

The Two Types of Review Notes

There are, in practice, two fundamentally different types of review notes — and they signal entirely different things about audit culture.

TYPE 1: Process Notes

Missing sign-offs. Incomplete cross-references. Formatting inconsistencies. Tickmark explanations that need clarification. These notes serve a function. They are not evidence of deep review. They produce a tidier file.

TYPE 2: Substance Notes

A reviewer who asks: Why did we assess this risk as low when the prior year had a significant adjustment in the same area? A reviewer who writes: The conclusion here is not supported by the evidence documented. A reviewer who flags: Management's explanation has been recorded but I cannot see where it was independently corroborated. These notes produce a stronger audit.

The ratio between these two types of review notes in a firm's files is one of the clearest indicators of its audit culture.

What the Absence of Review Notes Reveals

In many files, the review record is thin. A partner sign-off. Perhaps a small number of process-level comments. No substantive challenge documented. No questions raised about risk assessment logic. No pushback on conclusions in judgement areas.

1

Explanation One

The file was genuinely strong — risk assessment well-reasoned, evidence sufficient, conclusions proportionate to complexity. A thin review record may accurately reflect that there was little to challenge.

2

Explanation Two

The review did not go deep enough to find what needed to be challenged. A thin review record is not evidence of a strong file. It is evidence of a superficial review.

NFRA inspection findings consistently suggest that the second explanation is more common than the profession finds comfortable to acknowledge. The absence of review challenge is not the same as the presence of quality.

> *"The ratio between process notes and substance notes in a firm's files is one of the clearest indicators of its audit culture."*

Why Review Depth Deteriorates

Understanding why review notes tend toward process rather than substance requires honest examination of the conditions under which reviews are conducted.

Time Pressure

Partners reviewing files under deadline pressure default to verifying completion rather than evaluating depth. The question 'is this done?' is faster to answer than 'is this right?'

Familiarity

A partner who has reviewed the same engagement team's work across multiple years develops interpretive comfort. That familiarity reduces the alertness that genuine scepticism requires. What reads as confidence in a trusted team can mask reduced scrutiny of the underlying work.

Hierarchical Dynamics

Review conversations can become explanatory rather than interrogative — the team explains, the partner accepts. That dynamic is comfortable for both parties and produces thin review notes.

None of these factors involves deliberate compromise. Each is a natural feature of professional environments under pressure. Collectively, they reshape what review notes actually record.

> *"The absence of review challenge is not the same as the presence of quality."*

Deepening the Audit: Strong Reviews and EQCR

What Strong Review Notes Look Like

The firms that are building genuine review culture share a common characteristic: their review notes are uncomfortable to receive. Not hostile. Not punitive. Uncomfortable — because they require the engagement team to think harder, go deeper, or obtain more evidence before the conclusion stands.

Weak Review Note

"Reviewed and agreed." — This tells an inspector nothing about the quality of the review. It records completion. It does not demonstrate engagement with substance.

Strong Review Note

"The liquidity analysis relies on management's refinancing assumption — what is our independent basis for concluding this assumption is achievable? What happens to the going concern conclusion if refinancing is delayed by six months?" — This tells an inspector that the reviewer engaged with the substance of the most consequential judgement in the file.

The difference between these two notes is not style. It is evidence of whether the review added value to the audit or merely recorded its completion.

The EQCR Problem

Engagement Quality Control Reviews — where applicable — represent the highest level of independent review in the audit process. Their purpose is precisely to provide challenge that the engagement team and the engagement partner may not provide themselves.

In practice, EQCR documentation frequently reflects the same tension as partner review notes. Where the EQCR record consists primarily of confirmations — 'Discussed with EP. Satisfied with approach.' — rather than documented challenge and resolution, it raises a question: did the EQCR provide independent scrutiny, or did it ratify conclusions that had already been reached?

NFRA findings in multiple cases have identified the absence of EQCR, or the inadequacy of EQCR documentation, as a significant quality failure. This is not merely a procedural point. It reflects the deeper issue that the profession's last internal line of defence — independent pre-issuance review — was either absent or insufficient to perform its function.

> *"A review note that says 'Reviewed and agreed' tells an inspector nothing about the quality of the review. A review note that challenges the key assumption tells an inspector everything."*

The Cultural Signal

Review notes, ultimately, are a cultural artefact.

1

Where Challenge Is the Norm

Firms where partners ask hard questions in review notes produce engagement teams that anticipate those questions — and build files that answer them in advance. Over time, the culture of challenge moves upstream from review into execution. Teams document reasoning because they know it will be interrogated. They explore contradictory indicators because they know unexplored inconsistencies will be flagged.

2

Where Process Is the Norm

Firms where review notes are predominantly process-level produce the opposite dynamic. Teams learn that completion is what review checks. Documentation becomes a coverage exercise. The file grows in volume and thins in substance.

> ***"The review note does not merely reflect the culture of the firm. Over time, it shapes it."***

The Diagnostic Question

For any firm that takes audit quality seriously, the review record deserves examination not just as a quality control output but as a cultural diagnostic.

Look at the last ten files reviewed at partner level. Count the process notes and the substance notes separately. Ask what proportion of the substantive review challenge is documented versus discussed verbally and left unrecorded. Ask whether the EQCR record shows independent thinking or ratification.

> *"The answers will tell you more about the firm's actual audit culture than any quality policy document."*

The Ratio Is the Signal

Count process notes and substance notes separately. The ratio between them is one of the most honest indicators of review culture available to any firm conducting a genuine quality self-assessment.

Verbal Challenge Is Not Enough

Review challenge that is discussed verbally and left unrecorded does not exist in the file. For inspection purposes — and for the firm's own quality management — what is not documented did not happen.

EQCR Must Show Independent Thinking

The EQCR record should demonstrate challenge and resolution, not ratification. Where it shows only confirmation, the question is whether independent scrutiny was actually applied — or whether the last line of defence was left unengaged.

CA Pranav Jain, FCA
Co-Founder, Anveshana Consulting Private Limited
anveshana@anveshanaconsulting.com

This article is part of Anveshana's Audit Quality Insights series.