

Audit Evidence – Question 9

9. Do you agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances?

Q09 - Agree**2. Regulators and Audit Oversight Authorities****Botswana Accountancy Oversight Authority (BAOA)**

Yes, we agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances. This will ensure that information provided by management is evaluated for reliability before being used as audit evidence.

3. National Audit Standard Setters**Canadian Auditing and Assurance Standards Board (AASB)**

We agree with the proposal to evaluate accuracy and completeness, if the auditor determines these attributes are relevant when evaluating the relevance and reliability of information intended to be used as audit evidence.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

We agree with the separate conditional requirements. We also consider that accuracy and completeness of information should be considered based on professional judgement (i.e., only when those attributes are applicable in the circumstances).

Public Accountants and Auditors Board Zimbabwe (PAAB)

PAAB agrees with the requirement as internally generated audit evidence needs to be inspected on its accuracy and completeness before concluding to utilise it, since it's not independent/third party audit evidence.

4. Accounting Firms**Crowe Global (CROWE)**

We agree with this separate conditional requirement.

5. Public Sector Organizations**Office of the Auditor General of Canada (OAG)**

Yes, we agree with the separate conditional requirement as stated in ED-500. We also agree with the combination of the requirements under extant ISA 500 paragraph 7 and paragraph 9 into a single simplified requirement. We also agree with the removal of the qualifier "when using information produced by the entity" to simply "information" as it reflects the new reality of using information from various sources, especially in the context of data analytics.

Provincial Auditor of Saskatchewan (PAS)

Yes, this is important; the separate conditional requirement highlights that fact.

6. Member Bodies and Other Professional Organizations

Botswana Institute of Chartered Accountants (BICA)

We agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information although it may be important to consider the concerns raised in paragraph A56.

Chamber of Auditors of the Czech Republic (CA CR)

Yes.

CPA Australia (CPAA)

We agree with this separate conditional requirement, noting that accuracy and completeness are generally important considerations, particularly for information generated internally from the entity's information system. We are also of the view that there is helpful guidance provided in AM paragraphs A63 to A65, which reinforces the notion that professional judgement should be exercised when considering whether information possesses the attributes of accuracy and completeness.

European Federation of Accountants and Auditors for SMEs (EFEAA)

We agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances.

Federation of Accounting Professions of Thailand (FAPT)

Yes, we agree. It helps promote the reliability of the audit evidence.

Institute of Certified Public Accountants of Uganda (ICPAU)

We agree with the conditional requirement to obtain audit evidence about the accuracy and completeness of information produced by the entity's information system. This is because additional considerations such as business and its environment, applicable financial reporting framework and tests of controls over the systems of internal control would affect the relevance and reliability of such information.

Institute of Chartered Accountants of Nigeria (ICAN)

Considering the provisions within paragraph 10 of this Exposure Draft ISA 500 and as enabled for application by paragraphs A63 to A65 of the standard, we agree with the separate conditions requirement to obtain audit evidence about the accuracy and completeness of the observation when those attributes are applicable in the circumstances.

Institute of Chartered Accountants of Scotland (ICAS)

Yes, we agree in principle with this separate conditional requirement to obtain audit evidence about the accuracy and completeness of information in such circumstances.

Instituto Mexicano de Contadores Publicos (IMCP)

Yes, we agree.

SRA

We studied the memorandum which provides background to en and an explanation of the Exposure Draft of proposed International Standard on Auditing.

We are glad to confirm that we agree with the proposals, as described in the above mentioned ED.

Q09 - Agree with comments

3. National Audit Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

The AUASB agree that the requirements and application material in paragraphs A35-A83 of ED ISA 500 support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence. The AUASB recommend that the IAASB emphasises in the application material (e.g., A63-A65), that the calling out of accuracy and completeness, does not mean to diminish the importance and significance of the other attributes in the evaluation of relevance and reliability. Refer to other comments provided in response to Question 3.

The AUASB supports the IAASB's approach on the use of the attributes of relevance and reliability and the approach with regard to the attributes of completeness and accuracy as they are consistent with extant ISA 500.

The AUASB believe that, in addition to the extant attributes of accuracy and completeness, the attributes of, authenticity, bias and credibility will be useful for the auditor when considering the reliability of information intended to be used as audit evidence. The AUASB acknowledge, however, that further guidance is needed in relation to the applicability of the attributes and how their applicability may be scalable.

The application material could provide further clarity on the applicability of the attributes of completeness and accuracy for tests of entire populations, information from external sources and audit evidence for a management's expert. Paragraph 11 of ED-500 states that "as part of the auditor's evaluation in accordance with paragraph 9, the auditor shall...". It is unclear whether this means the requirement in paragraph 9b to consider the attributes of relevance and reliability, including completeness and accuracy, applies with respect to audit evidence prepared by a management's expert. While the application material provides examples of the consideration of certain attributes of relevance and reliability (e.g., paragraph A69 of ED-500 refers to creditability and bias), completeness and accuracy are not mentioned.

The AUASB also suggest clarifications related to the scalability of the nature, timing, and extent of audit procedures to evaluate relevance and reliability considering the intended purpose of the audit procedure to which the audit evidence relates would assist auditors.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We also have a concern as to the application of ED-500 paras 9 and 10 in practice. The requirements of paras 9 and 10 include a kind of iteration which makes obtaining audit evidence unnecessarily complicated of obtaining information, evaluating information, obtain additional information for the purpose of evaluating audit evidence and so on. We would have expected that this topic is described in the application material to paras 9 and 10 including practical examples how this works in practice.

Yes, but documentation requirements are unclear in this aspect.

We believe that the link between paras 9 (b) and 10 is unclear as explained in our answer to question 2. Again, we want to stress that paras 9 and 10 together lead potentially to an infinite regress scenario whereby audit evidence has to be obtained about the audit evidence obtained about the accuracy and completeness ad infinitum. A solution could be to require the auditor to collect information about the accuracy and completeness.

Compagnie Nationale des Commissaires aux Comptes and Conseil National de l'Ordre des Experts-Comptables (CNCC & CNOEC)

We support the conditional requirement, but we believe that the link between paragraphs 9 (b) and 10 is unclear. Paragraph 9 only speaks about relevance and reliability when paragraph 10 speaks about accuracy and completeness while referring to paragraph 9. Is accuracy and completeness included in relevance and reliability?

We have suggestions regarding the supporting application material (paragraph A64):

we think the examples in para A64 do not illustrate the idea of the paragraph,

we suggest clarifying the 3rd bullet point in para A64 about the appropriateness of journal entries. We understand clearly the need to test the completeness of journal entries, but the accuracy of journal entries is tested by performing the audit procedures.

Federación Argentina de Consejos Profesionales de Cs. Económicas (FACPCE)

9. In accordance with the requirement to be conditional and independent to obtain audit evidence on the accuracy and completeness of the information, only when these attributes are applicable in the circumstances and in particular for information generated internally by an entity's information system . Also according to the application material (paragraphs A63-A65 of ED 500)

Hong Kong Institute of Certified Public Accountants (HKICPA)

As elaborated further in our detailed response, there are several areas where we seek clarification from the IAASB or recommend inclusion of illustrative examples:

Overall, we are supportive of the proposals of the ED, including:

The separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances.

To develop application materials on the attributes of authenticity, bias and credibility to the reliability of information intended to be used as audit evidence.

We note that the separate conditional requirement on the accuracy and completeness of information is retained from the extant ISA 500 and is a response to inspection findings from regulators.

Although we do not object to the separate conditional requirement, we are cautious that this may undermine auditors' consideration of the other attributes in paragraph A56 which might be equally important to assess the reliability of the information in various circumstances. While paragraphs A63 to A65 provide guidance on the applicability of the attributes of accuracy and completeness with illustrative circumstances, we encourage the IAASB to develop equivalent application materials in a structured manner on the other three attributes (i.e., authenticity, bias and credibility) to promote a thorough understanding on all attributes underpinning reliability and drive consistent evaluation among engagements.

Japanese Institute of Certified Public Accountants (JICPA)

Yes, we agree. In particular, we think it is useful to explain the situation where the auditor may be more focused on other attributes of reliability, such as credibility in the case of external sources (refer to paragraph A63 of ED-500).

4. Accounting Firms

BDO International (BDO)

In general, we agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances. We believe the separate requirement highlights the importance of considering the accuracy and completeness of information, particularly information generated internally from an entity's information system, and is responsive to inspection findings from audit regulators.

However, we have concerns that, given the principles-based nature of the requirement, calling out the consideration of certain attributes (i.e., accuracy and completeness) specifically may have unintended consequences relating to the auditor's evaluation of the relevance and reliability of certain information intended to be used as audit evidence. The auditor may determine that it is not necessary to obtain audit evidence about other attributes of the information, for example, credibility and authenticity of the information source and whether the information is free from bias, even if they consider those attributes are applicable in the circumstances, as those attributes are not specifically mentioned in the requirement. Further clarification in the application materials (or through non-authoritative materials) may be necessary to mitigate such unintended consequences.

In addition, we suggest that guidance is provided as to how auditors determine which attributes of relevance and reliability are applicable (paragraphs 9, 10 and A40) and how this is documented.

Crowe LLP (CROWE LLP)

A: Yes, we agree with the separate conditional requirement related to accuracy and completeness, when read with the application guidance provided in paragraphs A63 and A64. However, paragraph 10 wording may be impacted by changes we believe are needed to paragraph 9(b) as noted in our response to Question 8 above. The driver of applicability of the paragraph 10 requirement is, based on the source of the information and its intended use, does the auditor need to focus on accuracy and completeness as part of evaluating the reliability of the information, in order to use it as audit evidence.

Deloitte Touche Tohmatsu Limited (DTTL)

DTTL believes additional application material should be added to clarify that in applying paragraph 10, the auditor should use their professional judgement (similar to how A53 provides such guidance for paragraph 9(b)). DTTL would therefore recommend the inclusion of the following application material to for paragraph 10:

AXX. Whether the accuracy and completeness attributes of information to be used as audit evidence are applicable in the circumstances is a matter of professional judgment and depends on the circumstances, including the nature, source and intended use of the information.

DTTL further acknowledges that application material in paragraphs A63 and A64 provide additional guidance regarding an auditor's consideration of attributes of relevance and reliability when information is obtained from external sources and when information is used in risk assessment. Consistent with what DTTL understands is the Board's intent (i.e., to provide a principles-based reference framework having the necessary flexibility that will lead to enhanced auditor judgments), DTTL recommends the following modifications, which support the auditor's exercise of professional judgment and scalability of procedures as well as acknowledges practical challenges associated with information from external sources:

A63. The source of the information intended to be used as audit evidence may affect the auditor's consideration of whether the attributes of accuracy and completeness are applicable in the circumstances. For example, accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system. For information obtained from a source external to the entity, evaluating certain attributes, such as completeness, may not be practicable. The auditor may be more focused on consider other attributes of reliability to instead be applicable, including the credibility of the source providing the information.

A64. As explained in paragraph A58, the intended purpose of the audit procedure affects the auditor's professional judgment about the attributes of relevance and reliability that are applicable in the circumstances. The attributes of accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system used in performing further audit procedures but may not always be applicable when performing risk assessment procedures.

Grant Thornton International Limited (GT)

We agree with a requirement that addresses the completeness and accuracy of information to be used as audit evidence. As noted in our response to question 8 above, the evaluation of the completeness and accuracy of information to be used as audit evidence continues to be an area that generates audit inspection findings. However, as we also note in our response above, we are of the view that, consistent with the extant standard, this should be more closely linked to the reliability of information produced by the entity.

KPMG International Limited (KPMG)

We are supportive of the inclusion of the requirement, at paragraph 10, for the auditor to obtain audit evidence about the accuracy and completeness of information when these particular attributes are applicable in the circumstances, subject to our concerns set out below regarding the entry point to this requirement, i.e. in circumstances where completeness and accuracy are considered to be applicable, but in a "softer" sense whereby considering other attributes, e.g. credibility and authenticity may address completeness and accuracy. We consider that the inclusion of this requirement as a separate requirement to those at paragraph 9 gives it greater emphasis and helps to clarify that audit evidence is always required to be obtained, i.e. audit procedures are required to be performed, when the attributes of accuracy and completeness are applicable, whilst helping avoid the implication that audit procedures, as opposed to considerations, would generally need to be applied, and documented, when considering other attributes of relevance and reliability of information. Please refer to our response to Question 6 in which we raise concerns regarding the use of the term "audit procedures" in respect of the evaluation of the relevance and reliability of information to be used as audit evidence.

We agree with the IAASB's decision that paragraph 10 should be a conditional requirement, aligned with the principles-based nature of the standard, and given that the types of audit procedure and the source of the information are likely to have a significant bearing on the determination as to whether the attributes of accuracy and completeness are applicable, as described in the application material.

We consider the related application material will provide helpful guidance to auditors in making this determination, e.g. at A59, which provides an example that contrasts between risk assessment procedures (in which accuracy and completeness may be less relevant) and further audit procedures to respond to assessed risks of material misstatement (in which procedures to obtain audit evidence about accuracy and completeness may be necessary).

We welcome the fact that the application material continues to emphasise that accuracy and completeness ordinarily will be important attributes when evaluating information generated internally from the entity's information system for further audit procedures (e.g. at A63/A64). We also recognise the IAASB's intentions in broadening this requirement to address all information sources, both internal and external, as opposed to only internal information sources, as required in the extant standard to allow for the fact that these attributes may also be important for information from external sources. However, we note that the examples set out in the application material are focused on internal information, and we therefore recommend that additional examples, specifically focused on information from external information sources (e.g., a response to an external confirmation request, or information from a pricing service), are also provided.

We also highlight that this requirement may be impracticable for auditors in respect of information from external information sources in certain circumstances, as they would be unlikely to be able to obtain a sufficiently detailed understanding of the preparer, and the process/model to develop the information (which may often be proprietary to the external source), directly, in order to be able to obtain "audit evidence" about the attributes of accuracy and completion. In this regard, we recognise that A63 states that "For information obtained from a source external to the entity, the auditor may be more focused on other [than accuracy and completeness] attributes of reliability, including the credibility of the source providing the information." However, we consider this guidance to be unclear as to whether it means:

That the requirement at paragraph 10 is not actually triggered, i.e., the intention of A63 is to clarify that although the attributes of accuracy and completeness may be somewhat applicable when considering whether information from an external information source is reliable, usually the attribute of credibility (and/or other attributes as appropriate in the circumstances, e.g. authenticity) are more relevant and the auditor is focused on these, considering these attributes as required at paragraph 9 of the standard, with such considerations also addressing completeness and accuracy to the extent necessary, when these are less relevant attributes; or

The requirement in paragraph 10 is triggered, however, consideration of credibility (and/or other attributes) would be sufficient to provide "audit evidence" over the attributes of accuracy and completeness in respect of information from certain external information sources over which the auditor would not be able to obtain audit evidence about the attributes of accuracy and completeness directly. This may be the case, for example, when information is provided by a Central Bank and the consideration of aspects of credibility, such as general market acceptance of the information, the track record and reputation of the Central Bank may be deemed sufficient to address the attribute of accuracy. In other circumstances, if credibility (and/or other relevant attributes) are not applicable, e.g. where market acceptance is not relevant or cannot be established, then audit procedures would likely be required to be performed to address accuracy and/or completeness directly (e.g. for a response to an external confirmation request, with audit procedures performed in respect of the information contained therein, such as reconciliation to information prepared by the audited entity, and evaluation of the consistency of the two sources of information, which are independent, providing audit evidence regarding accuracy and completeness, or where there are differences, the auditor investigating these and obtaining audit evidence over these differences).

If the intention is the former, we recommend that the applicability of the conditional requirement at paragraph 10 be clarified in the context of a spectrum of relevance/applicability of attributes and the interrelationships between these, i.e. that considerations in respect of certain, primary attributes may also address other attributes that are somewhat relevant, but to a lesser extent, e.g. when consideration of credibility, as the primary applicable attribute would address accuracy, which may also be relevant but to a lesser extent, and the conditional requirement at paragraph 10 is only triggered when accuracy or

completeness are primary attributes. Please refer to our response to Question 8 regarding our recommendation that the IAASB provide further clarity and examples in respect of the interrelationships between attributes of reliability, and also include content regarding information from external information sources at paragraphs A39-41 of the extant standard, in particular, the examples of factors that may be relevant for the auditor to consider when evaluating the relevance and reliability of such information, at paragraph A41, that has not been included in the application material to ED-500.

If the intention is the latter, we recommend that the IAASB provide clarity as to whether consideration of credibility (and/or other relevant attributes, as appropriate in the circumstances, e.g. authenticity) would be sufficient to provide “audit evidence” over the attributes of accuracy and completeness in respect of certain external information sources. In particular, it would be important to clearly describe what incremental steps the auditor should take to address the explicit requirement in paragraph 10 to perform “audit procedures”, in addition to the “considerations” required by paragraph 9. In connection with this, we refer to our concerns in our response to Question 6 regarding the use of the term “audit procedures” in respect of the input/output model.

We also recommend that the IAASB include content regarding information from external information sources at paragraphs A42-A43 of the extant standard, which sets out guidance regarding audit procedures that may be performed, including when the attribute of credibility is not applicable, or when credibility cannot be evaluated or the evaluation of credibility is insufficient to address applicable accuracy and/or completeness attributes.

We also highlight that the requirement at paragraph 10 refers to circumstances in which the “accuracy and [emphasis added] completeness attributes are applicable”. We question whether the IAASB intends this requirement to be directed to circumstances in which both attributes are applicable, or whether this would be more correctly expressed as “accuracy or completeness”, which we believe is the IAASB’s intention.

MNP LLP (MNP)

We agree. However, the wording should be clarified to avoid an excessive iterative process for each subsequent piece of information.

We suggest that the language be revised to “...the auditor shall perform audit procedures to support the accuracy and completeness of the information”. This would allow for the auditor to either obtain additional audit evidence or perform some other audit procedure to support the accuracy and completeness of the audit evidence and also provide a stopping point.

RSM International Limited (RSM)

Yes, we agree with the separate conditional requirement. However we believe that further guidance on the practical application of the requirement would be useful as follows:

Are completeness and accuracy applicable to external information sources or only to information provided by the entity? If applicable to external information sources, how would an auditor practically evaluate those characteristics?

How much evidence over completeness and accuracy would be considered sufficient?

Are accuracy and completeness the primary factors in considering relevance and reliability? If so, then paragraph A56 would need modifying to make this clear. In addition, there should be a clearer link between paragraphs A56 and A63 so adding a cross reference or moving A63 to come with A56 would be assist the reader.

What are the documentation requirements?

It would also be useful to add drafting to clarify that accuracy and completeness are being used in the context of information provided by management rather than assertions over the balances in the financial statements.

5. Public Sector Organizations

U.S. Government Accountability Office (GAO)

We believe that the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information is useful. Additional application guidance for this conditional requirement would be helpful to ensure that documentation is sufficient but not excessive for this requirement.

6. Member Bodies and Other Professional Organizations

Accounting and Finance Association of Australia and New Zealand (AFAANZ)

should emphasise that the attention given to accuracy and completeness is not meant to diminish the importance of the other attributes of relevance and reliability (see our response to Question 9),

We do not object to the emphasis on accuracy and completeness, but believe that the application material should emphasise that this is not meant to diminish the importance of other attributes.

We do not object to the separate conditional requirement in paragraph 10 as it relates to accuracy and completeness, but are concerned that the increased salience associated with these attributes may reduce the perceived importance of the other attributes. In addition, we note research (Joe et al. 2017) highlighting that auditors may be overly focused on and persuaded by quantified evidence which is often associated with accuracy, meaning the singling out of accuracy, among other attributes, may lead auditors to over-weigh the attribute of accuracy at the expense of other attributes.

To the extent that the IAASB wishes to emphasise the attributes of accuracy and completeness, we encourage the IAASB to also emphasise in application material (i.e., paragraphs A63 – A65) that the additional work effort required when the attributes of accuracy and completeness are applicable is not to diminish the importance and significance of other attributes in evaluating relevance and reliability.

Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili (CNDCEC)

9- Yes. Paragraph 10 requires the auditor to obtain audit evidence about the accuracy and completeness of the information, in particular those generated internally on which the audit regulators expect the auditor to do more work. Paragraph 12 establishes that in case of doubts about the relevance or reliability of information intended to be used as audit evidence, the auditor shall reconsider the procedures performed otherwise he/she could experience limitations, however we wish that IAASB will provide more specific case-studies also based on the inspection findings from audit regulators mentioned in the explanatory memorandum.

Institute of Chartered Accountants in England and Wales (ICAEW)

We have serious concerns about the ability of the auditor to obtain evidence about the accuracy and completeness of external information, when those attributes are deemed applicable. We suggest making it clearer that for external information, where accuracy and completeness are relevant, but it is not possible to obtain evidence in respect of these attributes, the auditor may focus on credibility of the external information instead.

Yes, we agree in principle that auditors should obtain audit evidence about the accuracy and completeness of information, when those attributes are applicable, regardless of whether the information comes from an internal or external source.

However, we have strong concerns over the ability of the auditor to obtain evidence about the accuracy and completeness of external information, when those attributes are deemed applicable.

We suggest adding the principles discussed within A63 to paragraph 10 of the requirements to make it clearer that alternative attributes may be more pertinent, for example the reliability, including credibility, of external information.

We also suggest that paragraph 10 of the requirements should refer to paragraph 9(a), in addition to 9(b), to highlight consideration of the source of the information.

Institute of Singapore Chartered Accountants (ISCA)

We agree with the conditional requirement included. However, similar to verifying the reliability of information, including those prepared by a management's expert, clarification on the extent that the auditor would need to verify accuracy and completeness would be helpful.

Malaysian Institute of Accountants (MIA)

We agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances. While the application material (A63-A65) is helpful, there remains a concern about how much work an auditor needs to do to test the accuracy and completeness before the information can be relied upon as audit evidence. More non-authoritative guidance materials showcasing how audit is being conducted especially in a company that highly leverages on technology and the necessary evidence parameters that are being applied (with the rationale) in the said audit will be useful.

Malaysian Institute of Certified Public Accountants (MICPA)

We agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances, ordinarily applicable for information generated internally from the entity's information system. However, we suggest to provide non-authoritative guidance pertaining to the extent of auditor's requirement to perform audit procedures on the information internally generated by the management.

Pan-African Federation of Accountants (PAFA)

In principle, we support the separate conditional requirement to obtain audit evidence on the accuracy and completeness of information those attributes are applicable in the circumstances. We are, however, concerned about the level of effort required by an auditor to verify the accuracy and completeness of information before it can be used as reliable audit evidence.

South African Institute of Chartered Accountants (SAICA)

Yes, we agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances.

The IAASB included a separate conditional requirement (paragraph 10 of ED-500) for the auditor to obtain audit evidence about the accuracy and completeness of information if such attributes are applicable in the circumstances in accordance with paragraph 9(b).

The conclusion was that the separate requirement highlights the importance of considering the accuracy and completeness of information, particularly information generated internally from an entity's information system, and is responsive to inspection findings from audit regulators.

There is also application material (paragraphs A63-A65 of ED-500) to explain circumstances in which the auditor may consider the attributes of accuracy and completeness to be applicable in the circumstances, and how audit evidence about accuracy and completeness may be obtained.

We agree with the IAASB that the inclusion of a separate conditional requirement to obtain audit evidence about accuracy and completeness of information when the attributes are applicable is appropriate, given the importance of considering if the information obtained is free from error and includes all relevant events, circumstances, and attributes, which becomes even more critical when dealing with internally generated information from the entity's information system.

We are of the view that completeness and accuracy will not always apply and will depend on the nature of the information and the circumstance. Paragraph 10 highlights this properly and, using the guidance material, the auditor is provided with further clarity and examples of when to consider these criteria. We recommend that further guidance be provided with regards to documentation to enable the auditor to apply these criteria appropriately.

The Malta Institute of Accountants (TMIA)

Given the importance of accuracy and completeness of information, it is reasonable to have a separate requirement to highlight the importance. However, there may be significant challenges on the ability of the auditor to obtain evidence about the accuracy and completeness of information obtained from sources external to the entity. When such attributes are considered applicable in the circumstances, what level (nature/extent) of evidence is needed in this regard, and if audit evidence cannot be obtained does this result in a limitation on scope?

Wirtschaftsprüferkammer (WPK)

Please see our answer to Question 2.

To avoid eventual difficulties in applying paragraphs 9 and 10 in practice regarding the evaluation of information to be used as audit evidence, we suggest further clarifications in the application material to paragraph 9 and 10 including practice examples.

We welcome the increased clarity provided by paragraph 9 and 10 for the auditor's thought process when evaluating information to be used as audit evidence.

However, we would like to point out the following difficulties that will arise when applying paragraphs 9 and 10 in practice:

When assessing the relevance and reliability of information (paragraph 9), it is required to consider whether attributes of relevance and reliability are applicable. If this is the case (and we believe this will be often the case), paragraph 10 requires the auditor to obtain additional audit evidence about the accuracy and completeness of the information.

In other words, to enable the auditor to use information as audit evidence, for this purpose, further information must be obtained, which, however, would then again be considered as audit evidence and would therefore also have to be assessed again for relevance and reliability. This iteration makes obtaining audit evidence unnecessarily complicated and may result in a "vicious circle" of obtaining information, evaluating information, obtain additional information for the purpose of evaluating audit evidence etc.

To avoid such an unnecessarily complicated approach in practice we suggest to clarify in the standard that additional information obtained for purposes of evaluating the relevance and reliability of information to be used as audit evidence is not subject to the same complex evaluation process as the information obtained in the first place.

At least we would expect that this topic is described in the application material to paragraph 9 and 10 including practice examples how this could be resolved in practice.

Q09 - Disagree

1. Monitoring Group

International Forum of Independent Audit Regulators (IFIAR)

Accuracy and completeness of information intended to be used as audit evidence when that information is produced by the entity (IPE)

Insufficient scrutiny of the reliability of IPE attracts a significant number of inspection findings by audit regulators based on IFIAR's annual Survey of Inspection Findings. We are concerned about the proposal to remove the requirement in paragraph 9(a) of extant ISA 500 which requires that the auditor evaluate whether IPE is sufficiently reliable for the auditor's purposes, including, as necessary in the circumstances, obtaining audit evidence about the accuracy and completeness of the information. The IAASB is instead proposing a principles-based requirement that would require the auditor to determine which attributes are applicable to information intended to be used as audit evidence, which may include the attributes of accuracy and completeness for IPE, based on a consideration by the auditor of the intended purpose of the audit procedure.

Although it is useful to have broad principles in the auditing standards that apply to a variety of circumstances, particularly given that auditors are using a greater variety of sources of information in their audits, we also believe that having prescriptive procedures is also warranted in certain circumstances. In addition to the possible risk of error associated with IPE, IPE may also be susceptible to being inappropriately altered by management (e.g., by overriding internal controls) and the attributes of accuracy and completeness of IPE are generally applicable when evaluating the reliability of IPE. The removal of the prescribed procedure in paragraph 9(a) of extant ISA 500 may result in less scrutiny by auditors of the reliability of IPE in circumstances where that would not be appropriate.

We further do not believe that the new conditional requirement introduced in paragraph 10 of the proposed standard is as robust as the requirement in paragraph 9(a) of extant ISA 500. The application material that relates to this requirement describes the attributes of accuracy and completeness as being "ordinarily" applicable for information generated internally from the entity's information system (i.e., which is a type of IPE). We are concerned that paragraph 10 appears to have relegated the important requirement in extant ISA-500.9(a) to the ED-500 application material.

We recommend that the IAASB clarify the meanings of some terms included in the application material related to the conditional requirement in paragraph 10 of the proposed standard. Paragraph A64 includes references to the terms 'ordinarily' and 'may not always' as follows: "The attributes of accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system used in performing further audit procedures but may not always be applicable when performing risk assessment procedures." We recognize the term 'ordinarily' is referred to in the CUSP drafting principles and guidelines document as a term that could be used to send a stronger message. However, these terms should be defined and practical examples should be added in the application material to help auditors

understand in what circumstances it would be appropriate not to test the accuracy and completeness of IPE when used to perform further audit procedures or risk assessment procedures.

International Organization of Securities Commission (IOSCO)

As it relates to the evaluation of the attributes of relevance and reliability, we question the ability for auditors to evaluate attributes whenever applicable in the circumstance, including accuracy and completeness. For example, completeness may be an applicable attribute, however, it may not represent a risk related to the reliability of the information intended to be used as audit evidence, such as with information obtained from external sources. The related application guidance describes the auditor's requirement related to the attributes of relevance and reliability based on the degree to which the attributes are applicable in the circumstances and the degree to which the auditor may depend on such information which we believe is more appropriate. In general, we believe the Board should reconsider what the appropriate "threshold" is when evaluating the attributes of relevance and reliability, such as the concept of the degree to which the attribute is applicable, in order to support a consistent and appropriate evaluation of the attributes of the relevance and reliability of information.

2. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

Information Intended to Be Used as Audit Evidence

We believe the attributes of reliability to be examined by the auditor for each type of information (i.e. accuracy, completeness, authenticity, bias, credibility as stated in paragraph A56 of the ED) should be added to the requirements of the standard and not only presented in the application material.

23. Paragraph 10 of the ED is an additional separate requirement which focuses on the importance of the attributes of completeness and accuracy compared to the three other attributes (authenticity, bias and credibility). However, the difference in the terms used in paragraph 9 of the ED (i.e. "evaluate the relevance and reliability of information intended to be used as audit evidence considering the attributes applicable in the circumstances") and paragraph 10 of the ED (i.e. "obtain audit evidence about the accuracy and completeness") is confusing and could lead to the risk that the auditor pays less attention on the three other attributes although there were also determined as applicable. We believe that if an attribute has been determined as applicable, the same level of requirements should apply.

Financial Reporting Council (FRC)

We are supportive of the material included on evaluating the relevance and reliability of information, with the exception of the separate conditional requirement relating to accuracy and completeness as discussed below.

We are also concerned about the new material relating to accuracy and completeness of information intended to be used as audit evidence. We understand that the accuracy and/or completeness of information obtained externally from reputed sources may represent a lower risk than that of information obtained from other sources, we are concerned that the current drafting of the proposed standard presents this as a binary choice between performing procedures or not. In reality the auditor should consider the amount of work required for them to be comfortable regarding the accuracy and completeness of information on a case-by-case basis, where the internal/external nature of the information is only one factor. We believe the IAASB should review this approach and consider re-drafting the relevant sections.

We are concerned about the new material relating to accuracy and completeness of information intended to be used as audit evidence, particularly paragraph 10 and the supporting material in paragraph A63. Whilst we understand that the accuracy and/or completeness of information obtained externally may ordinarily be less of a risk than that of information obtained internally from the entity themselves, we are concerned that this is presented as a binary decision in ED-500, to perform procedures or not, but we cannot envision a scenario where accuracy and/or completeness would not be important attributes on which the auditor would perform some procedures.

For example, if information is obtained externally, we would expect the auditor to consider, at the very least, the nature of the source, their reputation, and the training and qualifications of the source where it is an individual. The work effort required to ensure the information is accurate and complete is likely to be less onerous for external than internal information, but we believe it must still be considered.

As such, we do not support the wording used in paragraph 10, particularly the use of the verb ‘consider’ which is used only when a reflection by the auditor about a specific matter or relevant matters in the circumstances is required. Instead, we believe that the IAASB should introduce a more robust requirement to determine accuracy and completeness. In addition, paragraphs A1 to A4 of the extant ISA 500 have useful material which we believe could be helpfully combined with some of the new material to aid the auditor in considering accuracy and completeness.

10. If the auditor considers that the accuracy and completeness attributes are applicable in accordance with paragraph 9(b), the auditor shall obtain audit evidence about the accuracy and completeness of the information.

Independent Regulatory Board for Auditors and Institute of Chartered Accountants of Namibia (IRBA & ICAN)

The removal of the distinction between the information produced by the entity (IPE) and external information creates a problem. This will impact how the auditor determines the applicability of the attributes of relevance and reliability. We recommend that this distinction in extant ISA 500 be restored.

We are concerned about the relaxing of requirements for audits (compared to extant ISA 500), specifically with respect to making the testing of certain attributes of reliability and relevance conditional. This could have unintended consequences; auditors will have the discretion to determine the applicability of testing the accuracy and completeness of IPE, instead of being required to test these attributes. It should be clear that the attributes of accuracy and completeness are as important as authenticity, bias and credibility, and testing of these attributes should also be made a requirement. Please see our comments in paragraphs 22-27 for a further discussion in this regard.

We disagree with the separate conditional requirement for obtaining audit evidence about accuracy and completeness for IPE in ED-500. While such requirements are necessary, given the variety of information sources available to auditors, we are concerned that paragraph 10 in ED-500 relaxes the requirements in extant ISA 500, paragraph 9(a). Consequently, we suggest that paragraph 10 of ED-500 should still refer to IPE, and if auditors consider the accuracy and completeness attributes as not applicable, they should document their significant judgments in determining that certain attributes such as accuracy and completeness of IPE utilized within risk assessment or other audit procedures were not considered as applicable. Additionally, the IAASB should consider prescribing criteria for determining when accuracy and completeness are not applicable.

This proposal could result in an inappropriate reliance on IPE by auditors, which is an area that has attracted numerous inspection findings by audit regulators worldwide. We are also concerned that the IAASB views testing accuracy and completeness of IPE as burdensome and prefers a separate conditional requirement.

The importance of testing accuracy and completeness of IPE is well described in extant ISA 500.A60 and acknowledged in ED-500.A63. Retaining this requirement is crucial, and we suggest the inclusion of an explanation that it may not always apply if the information is external, which is a problem caused by the deletion of the definition of external information.

Paragraph 9 of the explanatory memorandum does not clearly articulate this key public interest issue.

Some of the terms included in the application material in relation to the conditional requirement in paragraph 10 of ED-500 require clarification. Paragraph A64 includes references to the terms “ordinarily” and “may not always”. The clarification could be done by indicating that the attributes of accuracy and completeness, ordinarily, will be applicable for information generated internally from the entity’s information system used in performing further audit procedures, but may not always be applicable when performing risk assessment procedures.

In addition, we recommend that the other attributes contained in the application material be elevated to requirements, i.e. authenticity, bias and credibility.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Information Intended to Be Used as Audit Evidence

In addition, the attributes of reliability to be examined by the auditor for each type of information (i.e. accuracy, completeness, authenticity, bias, credibility as stated in paragraph A56 of the ED) should be added to the requirements of the standard and not just included in the application material.

Paragraph 10 of the ED is a separate requirement focused on the attributes of completeness and accuracy. However, the difference in the terms used in paragraph 9 of the ED (i.e. “evaluate the relevance and reliability of information intended to be used as audit evidence considering the attributes applicable in the circumstances”) and paragraph 10 of the ED (i.e. “obtain audit evidence about the accuracy and completeness”) is confusing and could lead to the risk that the auditor pays less attention to the three other attributes (authenticity, bias and credibility). If an attribute has been determined as applicable, the same level of requirements should apply.

3. National Audit Standard Setters

American Institute of Certified Public Accountants (AICPA)

No, we think clarification is needed because the requirement may be inconsistently interpreted as requiring an onerous amount of documentation. We also have concerns about the ability of an auditor to comply with paragraph 10 in relation to information obtained from sources external to the entity when the auditor has no rights of access to obtain evidence over the accuracy and completeness of information obtained from that external source. In these circumstances, the auditor may find it sufficient to evaluate other attributes (e.g., credibility and bias) in order to evaluate the reliability of such information.

Please also see our comments above in response to question 8.

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

We do not support the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances because this requirement suffers from three flaws:

As noted in our response to Question 8 above, all of the attributes of reliability are always applicable in some way, but they are all not equally significant to the auditor's evaluation of reliability: the nature and extent of consideration depends upon their significance in the circumstances to the auditor's evaluation. Depending upon the significance of an attribute in a particular case, an auditor's consideration could range from only briefly thinking about the impact of an attribute on the evaluation to seeking further information about the impact of an attribute on the evaluation. For this reason, having a requirement state that more needs to be done (e.g., obtaining audit evidence) for particular attributes, such as accuracy and completeness, when these are applicable is not only redundant, but misleading, and is not principles-based. It seems to us that the application material should clarify the possible range of procedures that auditors can use in their consideration of attributes given their significance in the circumstances.

It is unclear to us why audit evidence should be obtained for significant or applicable attributes of accuracy and completeness, but not for other attributes. It seems to us that there is no justification for the need to obtain audit evidence for only these two attributes.

The design of the requirement in 10 together with paragraph 9 (b) leads to infinite regress (an infinite loop) to justify reliability through obtaining evidence as follows:

The auditor evaluates the reliability of information intended to be used as audit evidence under paragraph 9.

To perform this evaluation the auditor considers the attributes of reliability that are applicable in the circumstances under paragraph 9 (b).

If the auditor considers that the accuracy and completeness attributes are applicable in accordance with paragraph 9 (b), the auditor is required by paragraph 10 to obtain audit evidence about the accuracy and completeness of the information.

Audit evidence is defined as information, to which audit procedures have been applied.

Hence, before the information intended to be used as audit evidence about accuracy and completeness represents audit evidence, the auditor is required to apply paragraph 9, including considering the applicable attributes of reliability, under paragraph 9 (b), to apply audit procedures on that information.

If the auditor considers the accuracy and completeness attributes applicable, the auditor shall again under paragraph 10 obtain audit evidence about accuracy and completeness of that information.

Back to step 4 and so on, ad infinitum.

While this infinite loop is in extant ISA 500, we do not believe it to be appropriate to retain an infinite loop in standards once they have been identified because auditors will not be able to determine when they can cease obtaining audit evidence.

If the IAASB were to choose to retain paragraph 10 even though we believe it is superfluous, the infinite loop would need to be eliminated. Using our suggested wording for paragraph 9 in our response to Question 8, paragraph 10 would then read:

“If the auditor considers that the accuracy and completeness attributes are significant in accordance with paragraph 9 (b), the auditor shall obtain information about the accuracy and completeness of the information intended to be used as audit evidence.”

Royal Dutch Institute of Chartered Accountants (NBA)

The NBA wonders why this conditional requirement only addresses accuracy and completeness. It appears that it may also be relevant to obtain audit evidence about credibility and/or authenticity. Further, the NBA is concerned that there is no clarity about how to determine which attributes are relevant, and what audit evidence to obtain and document regarding the relevant attributes. The NBA suggests to include further guidance on how to determine, assess and document the relevance of these attributes, including as to whether these attributes apply to the assertion in the financial statements or at the level of information intended to be used as audit evidence.

4. Accounting Firms

Baker Tilly International (BTI)

No. Whilst we understand the desire not to dilute the extant requirement to assess the completeness and accuracy of information provided by the entity (IPE), the separate inclusion of paragraph 10 detracts from the principles-based approach of paragraph 9.

We suggest replacing “obtain audit evidence” in paragraph 10 with “evaluate”. The need to “obtain audit evidence” about completeness and accuracy appears to be a circular argument, in that the auditor is being asked to obtain audit evidence over these assertions in order to be able to assert that the information in question is relevant and reliable and can itself be used as audit evidence. It is true that the auditor needs to evaluate whether sufficient evidence has been obtained and whether the information is usable, biased in any way, relevant to the objective etc.

We agree with the premise in question 6 above but we are concerned that the attributes referred to in paragraphs 9b and 10 are to be applied equally to both IPE and information obtained externally. Completeness and accuracy of information will often be applicable regardless of the source of the information, but in practice may be impossible to evaluate, let alone obtain audit evidence about. We acknowledge that paragraph A63 tries to address this issue and should be promoted to a requirement paragraph.

Ernst & Young Global Limited (EY)

No, we do not believe the requirement should be entirely conditional, as we believe there are situations when completeness and accuracy are always relevant attributes. For example, completeness and accuracy of information must be relevant attributes when the auditor applies an audit procedure to an entire population of items representing transactions recorded by the entity, even when the information is used for risk assessment procedures, and particularly when the population represents a data extraction to which automated techniques are to be applied. In this situation, the premise is that the auditor has extracted the entire population and that the auditor has not modified the data during the extraction process. Without an entire population, the auditor may miss the identification of a risk of material misstatement.

However, we believe that there can be scalability in the persuasiveness of the evidence obtained about completeness and accuracy based on the intended purpose of the audit procedure (i.e., risk assessment v. substantive) and this scalability applies regardless of whether automated techniques are applied. We believe the guidance should acknowledge this scalability. In particular, paragraph A36 of ED-500 states that the nature, timing and extent of audit procedures to evaluate relevance and reliability of information are

influenced by the attributes applicable in the circumstances; however, this guidance does not acknowledge that those audit procedures can also be scalable based on the intended purpose of the audit procedure to which the audit evidence relates.

It is also important to acknowledge that often the use of data in an automated technique begins as a risk assessment procedure but then extends to a substantive procedure, as discussed in our response to Q8. We believe that it is important to caution the auditor on the possibility of an evolving purpose of an audit procedure when determining the nature, timing and extent of audit procedures to evaluate completeness and accuracy.

We also believe there could be more clarity and examples about the applicability of the attributes of relevance and reliability when information intended to be used as audit evidence is from an external source. In our view, the application material related to the attributes of accuracy and completeness in paragraphs A63-A65 of ED-500 are biased to information from internal sources. For example, paragraph A63 of ED-500 states that “accuracy and completeness ordinarily will be applicable for information generated internally from the entity’s information system.” This could be interpreted that such attributes do not ordinarily apply to information from external sources. We view this paragraph as one that would benefit from recognizing scalability in the nature, timing and extent of audit procedures to evaluate completeness and accuracy, as it may not be possible for the auditor to fully verify these attributes for external sources, but they remain applicable attributes in many cases. Further, when completeness and accuracy cannot be fully verified, this can result in credibility and bias becoming important attributes to evaluate as it relates to the external source. Further, the examples in A64 of ED-500 of when an auditor may consider the attributes of accuracy and completeness are all information from internal sources.

Similar to the clarifications suggested related to information from an external source, we believe clarifications on the applicability of the attributes of accuracy and the completeness for information intended to be used as audit evidence that has been prepared by a management’s expert is also needed. Paragraph 11 of ED-500 states that “as part of the auditor’s evaluation in accordance with paragraph 9, the auditor shall...”. It is unclear whether this phrase means the requirement in paragraph 9b to consider the attributes of relevance and reliability, including completeness and accuracy, applies with respect to audit evidence prepared by a management’s expert. While the application material provides examples of the consideration of certain attributes of relevance and reliability (e.g., paragraph A69 of ED-500 refers to creditability and bias), completeness and accuracy are not mentioned.

Mazars (MZ)

We agree in principle that accuracy and completeness should be considered, when applicable, regardless of the source of information. However, we have significant concerns as to how the auditor can be expected to obtain evidence about the accuracy and completeness of external information, when these attributes are applicable. It may be appropriate to give more prominence to the principles in A63 that other attributes may be more relevant for external information, such as credibility and bias, perhaps by incorporating this into paragraph 10?

Nonetheless, in reading paragraph 50 of the Explanatory Memorandum, it is our view that paragraph 10 is intended to address concerns by some stakeholders (e.g., regulators) about the robustness of ED-500 when compared extant ISA 500, i.e., a requirement to evaluate accuracy and completeness in certain circumstances. In other words, paragraph 10 of ED-500 is intended to highlight the importance of the accuracy and completeness attributes, particularly for information generated internally from the entity’s information system.

If our understanding is correct, we are not convinced that paragraph 10 (as currently drafted), addresses this objective. The requirement in paragraph 10 appears to be more prescriptive than is perhaps intended, as it gives more prominence to completeness and accuracy than other attributes, with the remaining requirements talking more widely about relevant attributes that are applicable in the circumstances.

If the intention of paragraph 10 is to require the auditor to obtain audit evidence about the accuracy and completeness of internal sources of information (intended to be used as audit evidence), then perhaps the wording could be closer aligned to the requirement in paragraph 9 of extant ISA 500.

We have significant concerns about auditors' ability to obtain evidence about the accuracy and completeness of external information when those attributes are assessed as being applicable. The standard could be clearer in setting out that other attributes may be more applicable to external information (e.g., reliability/credibility).

PKF International Limited (PKF)

In our view, the separate requirement for 'completeness' and 'accuracy' gives these attributes undue focus and attention, which may or may not be merited, depending on the nature and purpose of the audit procedure and the information being evaluated. We are concerned that this may result in auditors inadvertently paying less attention to other important attributes.

We recommend that the IAASB reconsiders their decision to have a separate conditional requirement and propose that these 2 attributes are given prominence within the application guidance (A56). They may also consider it appropriate to include examples which provide context to why 'completeness' and 'accuracy' are important and should be considered by the auditor under certain circumstances.

An alternative approach would be for the IAASB to maintain requirement 10 but to consider adding a similar paragraph which addresses the requirement to obtain audit evidence about authenticity, bias and credibility attributes.

PriceWaterhouseCoopers (PwC)

Our proposed approach to addressing accuracy and completeness

We do not support paragraph 10 in its current form, which requires the auditor to obtain audit evidence over the accuracy and completeness of information when these attributes are deemed applicable in the circumstances. We believe the expected work effort is too subjective and will lead to inconsistent interpretation and application. In particular, we have significant concerns about the ability of an auditor to comply with paragraph 10 in relation to information obtained from sources external to the entity when the auditor has no rights of access to obtain audit evidence over the accuracy and completeness of information obtained from that external source.

To address these concerns, we suggest bifurcating the requirement into two parts. Firstly, we recognise the regulatory concern in removing the existing requirement of extant ISA 500 – to obtain evidence over the accuracy and completeness of information produced by the entity – and therefore propose that this requirement be retained. Secondly, to address the challenges in obtaining evidence over accuracy and completeness of information obtained from sources external to the entity, we recommend the second element of the requirement be articulated as a required consideration by the auditor about what is necessary in the circumstances when using information from external sources. Building on our proposal for paragraph 9 for the auditor to take into account how the information will be used and its overall significance to the auditor's work, the auditor should consider whether it is necessary in the circumstances to design and perform audit procedures to evaluate the accuracy and completeness of such information. That is not to say

that if the auditor considers it necessary but is unable to obtain such evidence, the auditor can just use that information. It may be possible that information from other sources may help corroborate the accuracy and completeness of that information. However, in circumstances when the auditor cannot satisfy themselves as to the accuracy and completeness of information, when necessary to the auditor's work effort, the auditor has a limitation on scope, as described in paragraph A46 of the standard.

Our responses to question 8 and 9 in the accompanying appendix describe our detailed recommendations to clarify the intent and scope of work effort required under both paragraph 9 and 10.

We do not support the proposed requirement in its current form. We believe the expected work effort is too subjective and will lead to inconsistent interpretation and application, in particular with respect to information obtained from sources external to the entity.

As explained in our response to question 8, we believe the requirement in paragraph 9 to consider attributes of relevance and reliability of information intended to be used as audit evidence needs to primarily be driven by how the auditor intends to use that information in contributing to the audit evidence obtained and, specifically, the degree of importance of that information to the auditor's audit procedures.

We have significant concerns about the ability of an auditor to comply with paragraph 10 in relation to information obtained from sources external to the entity when the auditor has no rights of access to obtain evidence over the accuracy and completeness of information obtained from that external source.

To address these concerns, we suggest bifurcating the requirement into two parts. Firstly, we recognise the regulatory concern in removing the existing requirement of extant ISA 500 – to obtain evidence over the accuracy and completeness of information produced by the entity – and therefore propose that this requirement be retained as the first element of paragraph 10 as shown below. The corresponding application material that states that accuracy and completeness would ordinarily be applicable could therefore be deleted. This is again consistent with our observations in question 8 on the question of "applicability".

Secondly, to address the challenges in obtaining evidence over accuracy and completeness of information obtained from sources external to the entity, we recommend the second element of the requirement be articulated as a required consideration by the auditor about what is necessary in the circumstances when using information from external sources. Building on our proposal for paragraph 9 for the auditor to take into account how the information will be used and its overall significance to the auditor's work, the auditor should consider whether it is necessary in the circumstances to design and perform audit procedures to evaluate the accuracy and completeness of such information. That is not to say that if the auditor considers it necessary but is unable to obtain such evidence, the auditor can just use that information. It may be possible that information from other sources may help corroborate the accuracy and completeness of that information. However, in circumstances when the auditor cannot satisfy themselves as to the accuracy and completeness of information when necessary to the auditor's work effort, the auditor has a limitation on scope, as described in paragraph A46 of the standard.

Recommendation for paragraph 10:

"In making the evaluation in accordance with paragraph 9, the auditor shall:

Evaluate the accuracy and completeness of information produced by the entity; and

Consider whether it is necessary in the circumstances to evaluate the accuracy and completeness of information obtained from sources external to the entity."

See also our response to question 8 with respect to relevant application material. In the circumstance that an auditor considers it necessary to obtain evidence over the accuracy and completeness of information from a source external to the entity and it is not possible to do so, a supplemental requirement could be added to require the auditor to determine the implications for the audit. Such a requirement could take a similar form to paragraph 12 of ED-500, or it may simply be more appropriate for the application material to our proposed paragraph 10 to refer directly to such circumstances as being an outcome that would result in paragraph 12 being applicable.

In proposing the alternative requirement above, we have referred to “evaluating” the accuracy and completeness of information due to the inherent circularity in the requirement in ED-500 that requires the auditor to “obtain audit evidence about” information intended to be used as audit evidence. This is best illustrated by incorporating the definition of “audit evidence” into the ED-500 proposed requirement:

“If the auditor considers that the accuracy and completeness attributes are applicable in accordance with paragraph 9(b), the auditor shall obtain [information, to which audit procedures have been applied....] about the accuracy and completeness of the information.”

We believe this circularity needs to be resolved.

5. Public Sector Organizations

Swedish National Audit Office (SNAO)

Paragraph 10

Our suggestion would be to include this evaluation as part of 9b, and explicitly point out accuracy and completeness as mandatory evaluation when necessary.

See our comment, question 8.

6. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

We agree that the auditor shall perform audit procedures about the attributes of relevance and reliability that are applicable in the engagement circumstances. This is already established by paragraph 9(b) of the ED-ISA 500 and relevant application material lists several attributes, including completeness and accuracy.

However, emphasising these two attributes with a separate conditional requirement creates ambiguity. The explanatory memorandum claims that this was done as response to inspection findings from audit regulators. According to paragraph A63, these attributes will ordinarily be applicable for information generated internally from the entity’s information system. Therefore, we understand that regulators expect auditors to do more work for evaluating the audit evidence obtained from the entity’s information system. In any case, this conditional requirement should be revised by replacing “the auditor shall obtain audit evidence” with “the auditor shall perform audit procedures”. Otherwise, there will be ad infinitum evaluation of audit evidence obtained by the auditor to evaluate the reliability and relevance of audit evidence.

The examples provided in paragraph A64, we believe, do not seem to clarify this requirement and we invite the IAASB to provide more specific cases based on the inspection findings referred in the explanatory memorandum.

We also note that the term “completeness” is used in the ISAs both as an audit assertion (for example, in ISA 315 revised) and as an attribute of information to be used as audit evidence (in the ED-ISA 500). We encourage the IAASB to consider using different words to avoid potential confusion.

Center for Audit Quality (CAQ)

We believe the phrase “applicable in the circumstances” as used to describe the attributes of relevance and reliability in paragraph 9(b) of ED-500 may lead to inconsistent interpretation and application by auditors. This language may be interpreted as binary, which we do not believe to be the Board’s intention, given their objective of developing a principles-based framework. Paragraph 9 of ED-500 requires that an auditor consider the attributes of relevance and reliability of IIUAE that are applicable in the circumstances, given the intended purpose of the audit procedures. Following paragraph 10 of ED-500, an auditor may conclude that the completeness and accuracy are applicable in accordance with paragraph 9(b) of ED-500; however, directly evaluating the completeness and accuracy of such IIUAE may be outside the auditor’s control. While completeness and accuracy may be applicable attributes of the reliability of certain IIUAE, we believe there exists IIUAE which may still provide reliable audit evidence even when completeness or accuracy cannot be directly evaluated, such as when other attributes (e.g., credibility, bias) have been evaluated and/or when the IIUAE has been obtained in combination with other pieces of audit evidence. For use in audit procedures, auditors may obtain information from many sources, including securities prices, macroeconomic data, census figures, weather information, regulated data, or social media data feeds. Further, some data providers may be aggregators of data that originate such data from other sources and may process data using proprietary techniques. Thus, while the data may be otherwise relevant and reliable, it may not be possible for auditors to perform procedures to directly test a dataset’s completeness and accuracy. However, they could evaluate other attributes (e.g., credibility, bias) in order to evaluate the reliability of such data.

To foster more consistent interpretation and application of paragraphs 9 and 10 of ED-500, we recommend that the Board consider eliminating reference to “applicable in the circumstances” and, instead, use language which states, “The auditor should evaluate information to be used as audit evidence by taking into account (a) the relevance and reliability of the information, including its source, and (b) whether such information corroborates or contradicts assertions in the financial statements.”

Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants (CA ANZ & ACCA)

Conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances

We do not see a reason for emphasising the attributes of accuracy and completeness by comparison to all other attributes. Having a requirement that singles out specific attributes such as conditional requirement 10, gives more prevalence to accuracy and completeness than other attributes moving away from the principles-based approach of the proposed ED-500. We therefore suggest merging proposed requirement 10 with proposed requirement 9b) as noted in our response to Q9.

We do not see a reason for emphasising the attributes of accuracy and completeness in comparison to all other attributes. Having a requirement that singles out specific attributes such as conditional requirement 10, gives more prevalence to accuracy and completeness than other attributes, moving away from the principles-based approach of the proposed ED-500. The reference to the attributes of accuracy and completeness can be used as an example and be incorporated in requirement 9b).

Proposed 9b) wording:

The attributes of relevance and reliability that are applicable in the circumstances, given the intended purpose of the audit procedures. For example, if the auditor considers that the accuracy and completeness

attributes are applicable, the auditor shall obtain audit evidence about the accuracy and completeness of the information.

Furthermore, we remain unclear as to what ‘applicable in the circumstances’ means as this could be interpreted differently by regulators and practitioners. If accuracy and completeness are more relevant for internally generated information and authenticity and bias credibility for external information, then this should be recognised in the proposed standard.

Chartered Accountants Ireland (CAI)

We believe the ED as drafted lacks clarity in relation to when completeness and accuracy are relevant attributes of the reliability of information obtained from external sources or internal information which is used in risk assessment procedures. We understand that it is the Board’s intent to provide a principles-based reference framework to allow some flexibility that will lead to enhanced auditor judgements, but we believe that the ED has not achieved this. We would recommend the following amendments to be made to the application material paragraph A63, which would enable auditors to use professional judgement in determining which attributes are appropriate in the circumstances:

A63. The source of the information intended to be used as audit evidence may affect the auditor’s consideration of whether the attributes of accuracy and completeness are applicable in the circumstances. For example, accuracy and completeness ordinarily will be applicable for information generated internally from the entity’s information system. For information obtained from a source external to the entity, the auditor may be more focused on may consider other attributes of reliability instead to be applicable, including the credibility of the source providing the information.

IFAC SMP Advisory Group (SMPAG)

We do not see an advantage in having the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances. The relative significance of attributes can vary, and the auditor may need to consider other attributes. The application material (A63-A65) is helpful, but there remains a concern about how much work an auditor needs to do to test the accuracy and completeness before the information can be relied upon as audit evidence.

As drafted, para. 9 and 10 together require the auditor to evaluate the relevance and reliability of information intended to become audit evidence and in so doing consider which attributes are applicable in the circumstances. However, where the attributes accuracy and completeness are applicable para. 10 requires the auditor to obtain audit evidence about these attributes and thus the auditor is required to loop back to para. 9 and evaluate the relevance and reliability of information to perform procedures before this can become audit evidence, potentially considering again that accuracy and completeness of the information are applicable etc. Therefore, the auditor could potentially be required to obtain audit evidence ad infinitum (infinite regress). In our response to question 5 we suggest changes to the proposed wording of para. 10 that would address these concerns.

Instituto de Auditoria Independente do Brasil (IBRACON)

Despite the fact that the attributes of accuracy and completeness were in the extant version of ISA 500 and are usually mentioned in inspection findings from regulators, we believe that the paragraph 10 should be clearer around the application of professional judgement in evaluating the attributes more generally, as other attributes may also be relevant in the circumstances.

Nordic Federation of Public Accountants (NRF)

Given that the situation paragraph 10 aims to address is already covered by article 9(b) and hence could be viewed as being redundant, we are not convinced paragraph 10 is necessary and at least not in the way it is currently drafted.

If paragraph 10 were to remain as a stand-alone requirement, we believe more guidance is necessary, even within the requirement itself. Especially in the area of testing accuracy and completeness, there are concerns about how much work an auditor needs to do.

Also, although paragraph 10 is based upon paragraph 9 (b), which in turn addresses scalability by including “given the intended purpose of the audit procedures”, we would recommend the IAASB to add some examples regarding scalability related to the testing of accuracy and completeness.

7. Individuals and Others

Altaf Noor Ali (ANA)

Information may be relevant or irrelevant in a situation. The foremost characteristic of information is its relevance to the user (auditor).

We are not satisfied with purging of the word ‘relevant’ from the ISAs. Considering all the audit evidence is fine. However, classify audit evidence as relevant or irrelevant.

9.1 No.

9.2 Attributes that may be considered by the auditor in considering the degree to which information intended to be used as audit evidence is reliable are stated in para A56 of the Application Material provides the attributes of information.

9.3 The attributes of information are stated in the Application material A56.

9.4 These attributes as a whole forms reliable audit evidence. They are like five corners of a star for us. There may be some justification in giving a priority to accuracy and completeness for some, and none for us. When all information, whether relevant or not, corroborative or contradictory is to be considered, why not the attributes be considered the same.

Q09 - Neither agree nor disagree

4. Accounting Firms

Mo Chartered Accountants (MCA)

Internally generated audit evidence is not on the surface of it independent hence the additional scrutiny with which it is viewed. A greater degree/level/threshold of professional scepticism is required and as much as we concur with ascertaining accuracy and completeness of it, other factors like integrity of those responsible for that information and their link to management, intentional or unintentional bias and over-reliance being placed on such information could lead to material misstatements. We believe that should internally generated information be used as audit evidence, faithful presentation and prudence (particularly with estimates (goodwill, impairment, virtual currency holdings, other intangibles and items that speak to the integrity of management and those charged with governance) should be the guiding over-arching basis of judgment. In as much as accuracy and completeness are factors the underlying financial information needs to be true and fair hence the net has to be cast further afield and consideration of other factors will have to

take centre stage, with equal weight and prominence. Where internally generated information is used as audit evidence

6. Member Bodies and Other Professional Organizations

Korean Institute of Certified Public Accountants (KICPA)

Paragraph 10 of ED-500 states that if the auditor considers that the accuracy and completeness attributes are applicable, the auditor shall obtain audit evidence about the accuracy and completeness of the information. However, as described in our comments in response to Q8, it is not clear what “if the accuracy and completeness attributes are applicable” means.

Paragraph A63 of ED-500 prescribes that the accuracy and completeness are usually applicable for information generated internally from the entity’s information system and that for information obtained from a source external to the entity, the auditor may focus more on other attributes of reliability, outside accuracy and completeness. However, it does not describe clearly what is the basis for such classification. Further rationale and explanation should be provided to support such classification.

Q09 - No specific comments

5. Public Sector Organizations

Office of the Auditor General of Alberta (OAGA)

We have only answered questions 3, 4 and 8 of Exposure Draft: Proposed International Standard on Auditing 500 (Revised). Our response to questions 3, 4 and 8 of the Exposure Draft is below:

6. Member Bodies and Other Professional Organizations

Institute of Internal Auditors (IIA)

7. Individuals and Others

Shuichiro Tsumagari (ST)

Thomson Reuters (TR)