

Audit Evidence – Question 10

10. Do you agree with the new “stand back” requirement for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained?

Q10 - Agree**2. Regulators and Audit Oversight Authorities****Botswana Accountancy Oversight Authority (BAOA)**

Yes, we agree with the new “stand back” requirement as it promotes a holistic assessment of the audit evidence obtained at different levels of the audit process (planning, substantive testing and completion) before concluding on whether sufficient and appropriate audit evidence has been obtained. This will assist the Auditor in forming an appropriate opinion.

Financial Reporting Council (FRC)

We are supportive of the new “stand back” requirement.

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

We are supportive of including a stand back requirement in ED-500 and agree with the proposed paragraph 13. This requirement paragraph is specific to how the auditor evaluates and considers all audit evidence.

Japanese Institute of Certified Public Accountants (JICPA)

Yes, we agree.

Public Accountants and Auditors Board Zimbabwe (PAAB)

PAAB agrees with the stand back requirement and its appropriateness as the auditor after corroborating and contradicting the audit evidence available will be able to make a concise conclusion on its consistence, relevance, accuracy and appropriateness.

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

We agree with the inclusion of the “stand back” requirement and recognise that including this requirement is consistent with including the requirement in our recent new and revised standards.

5. Public Sector Organizations**Provincial Auditor of Saskatchewan (PAS)**

Yes, paragraph 13 makes an auditor pause and consider if audit evidence obtained is sufficient and appropriate.

Swedish National Audit Office (SNAO)

Paragraph 13

Yes.

6. Member Bodies and Other Professional Organizations

Federation of Accounting Professions of Thailand (FAPT)

Yes, we agree.

Institute of Certified Public Accountants of Uganda (ICPAU)

As shown in the survey results below, we agree with the new “stand back” requirement for the auditor to evaluate audit evidence obtained from audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained. We strongly agree that this requirement will serve the intended purpose of emphasising exercise of professional scepticism in their overall assessment of the sufficiency and appropriateness of audit evidence.

Institute of Chartered Accountants of Nigeria (ICAN)

In line with the terms of re-evaluation of audit evidence obtained in accordance with ISA 330 to ascertain collaboration or inconsistency, we agree with the new “stand back” requirement for concluding that sufficient appropriate audit evidence has been obtained.

Malaysian Institute of Certified Public Accountants (MICPA)

We agree with the proposed requirement, as Paragraph 13 of ED-500 and Paragraph 26 of ISA 300 provide an important link to ISA 700 (Revised) when forming an opinion on the financial statements.

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.

Q10 - Agree with comments

1. Monitoring Group

International Organization of Securities Commission (IOSCO)

Additionally, with regard to the new “stand back” requirements (ED 500.13-.14) for the auditor to evaluate audit evidence obtained, while we support the requirement, we believe it is more aligned with the objectives of ISA 330.

We recommend the Board similarly provide guidance and examples related to maintaining professional skepticism when performing the following:

Evaluating the relevance and reliability of information intended to be used as audit evidence.

Considering all audit evidence obtained, whether consistent or inconsistent with other audit evidence and regardless of whether it appears to corroborate or contradict the assertions in the financial statements, as a basis for concluding whether sufficient appropriate audit evidence has been obtained.

3. National Audit Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

The AUASB generally supports the new “stand back” requirement in paragraph 13 as an effective tool to use when evaluating if auditors have sufficient appropriate audit evidence. The AUASB note that there is some duplication of stand back requirements appearing in ED ISA 500 and ISA 330 and suggest further

consideration is given so there are no unintended consequences with regard to the auditors work effort required. It may be more effective to reference ISA 330 paragraphs 25-27.

The AUASB also considers that the IAASB may want to review paragraphs 13(a) and (b) and whether they should be in the opposite order so 13(b) where the auditor considers all audit evidence and assertions etc would come before the auditor evaluates the audit evidence obtained, meets the intended purpose of the audit procedures in 13(a). Usually the auditor would first determine the assertions to be tested, prior to determining audit procedures, so it may more closely reflect the work flow if the stand-back works in the same order.

Hong Kong Institute of Certified Public Accountants (HKICPA)

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

The new “stand back” requirement.

We agree with the new “stand back” requirement which is consistent with the approach of ISA 315 (Revised 2019) and ISA 540 (Revised), ensuring the coherence among ISAs. However, the application materials do not provide guidance on how to demonstrate auditor’s thought process in reaching the conclusion in the audit documentation. We recommend that the application material be expanded to address the nature and extent of documentation required in relation to the stand back provision.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

General consensus is that a stand-back is an effective tool to use when evaluating if auditors have obtained sufficient appropriate audit evidence.

We do note some concern with the duplication of stand-back’s appearing in ED 500 and ISA 330, and suggest further consideration is given to this so there are no unintended consequences – e.g., the unlikely event that regulators requiring auditors to prepare two stand-back documents to satisfy both ED 500 and ISA 330 requirements. An option may be to simply include a reference to ISA 500 at para 25-27 of ED 330. Paras 13-14 of ED 500 could then be incorporated with the contents of ISA 330, paragraphs 25-27 (“Evaluating the Sufficiency and Appropriateness of Audit Evidence”).

We recommend that paragraphs 13 (a) and (b) should swapped around so the content of 13 (b) becomes 13 (a), and vice-versa. This would mean that an auditor would firstly Consider all evidence obtained and the consistencies and corroboration with assertions and then Evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures. Usually the auditor would first determine the assertions to be tested, prior to determining audit procedures, so it makes sense that this stand-back works in the same order.

We note, the potential for bias to be introduced when auditors return to their original judgment. Anchoring bias, where auditors over-weigh their initial judgment when ‘standing back’ and reflecting on that judgment may be particularly troublesome in this setting. We encourage the IAASB to explicitly make reference back to the discussion of biases in paragraph A19 – A23 when revising the application material relating to the stand back requirements in paragraph 13, and to present a more complete coverage of biases that may threaten the quality of audit evidence. See also our response to Question 8.

We noted some concern regarding the duplication of stand-backs now appearing in ED-500 and ISA 330, and the potential for it to require further unnecessary work. It would be more efficient for there to be only one stand-back in the suite of auditing standards relating to evaluating the sufficiency and appropriateness of audit evidence.

Royal Dutch Institute of Chartered Accountants (NBA)

The NBA agrees that the approach taken in ED-500 appropriately reinforces professional skepticism. With respect to the evaluation of audit evidence (paragraph 13 and 14), the NBA would suggest that the auditor not only considers whether audit evidence obtained is indicative of inconsistencies with other evidence. NBA suggests to clarify that other information that would be indicative of inconsistencies should be subjected to audit procedures including to assess its relevance and reliability. This results in this other information being elevated to audit evidence, which then is covered by the evaluations required by paragraphs 13 and 14.

Further, the NBA notes that neither paragraph 12 nor paragraph 14 refer to skepticism, which is striking since these two paragraphs do have a very clear relationship with skepticism.

The NBA would suggest to clarify that any information indicative of potential inconsistencies, will be subjected to audit procedures so that it is used in the step back requirements. Please refer to our response to Question 5 for more details.

We observe that the ISAs include a number of other stand back requirements as well. This may reduce the effectiveness of each individual stand back requirement, and it may lead to additional burden and confusion. While we agree with the notion conveyed in the ED-500 as regards stepping back to assess all evidence, we urge IAASB to integrate the various ‘stand backs’.

As noted in our response to Question 6, we would suggest to clarify that any relevant information should be subjected to audit evidence and this included in the stand back assessment.

Finally, ED-500 is unclear on the extent of documentation of this evaluation, and hence we urge IAASB to clarify the expectations regarding documentation.

4. Accounting Firms

BDO International (BDO)

As noted in our opening comments, we agree with the new “stand back” requirement for auditors to reconsider whether their evaluation of the audit evidence is appropriate before drawing a final conclusion. In addition, the “stand back” requirement reinforces a consistent thematic concept applied in other ISAs and provides another opportunity for auditors to reflect on whether the audit evidence meets the original purpose for which it has been obtained. This is a welcome improvement within ED-500.

In respect of the above, we recommend that ED-500 to include guidance regarding the documentation of how the auditor has complied with stand back requirements. For example, specific guidance on the documentation of:

The evaluation of the audit evidence to ensure it meets the intended purpose of the audit procedures.

How the auditor has considered all audit evidence obtained, including consistent/inconsistent audit evidence and audit evidence that appears to corroborate/contradict the assertions in the financial statements.

KPMG International Limited (KPMG)

We are supportive of the inclusion of a “stand back” requirement, at paragraph 13, for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330.26. We note that the concept of a standback has been introduced into a number of other revised ISAs in recent years, and we consider the concept to be applicable here on a similar basis.

In connection with the linkage of the standback requirement to ISA 330.26, we support the IAASB's decision to include wording regarding whether the audit evidence appears to corroborate or contradict the assertions in the financial statements in both ED-500.13(b) and ISA 330.26, as, although somewhat duplicative, this is an important requirement that should be part of both ISA 330 as a specific standard addressing procedures performed to respond to assessed risks, as well as in ED-500, as the overarching standard addressing audit evidence. The inclusion also provides an important link to ISA 700 regarding forming an opinion on the financial statements, as noted by the IAASB. We recommend that this linkage be strengthened by the inclusion of a specific cross-reference here to ISA 700.11, and we also recommend that the standard explicitly clarify that the overarching requirement at ISA 500.13(b) is met through complying with the requirements at ISA 330.26 and ISA 700.11.

We also agree with the IAASB's observation that the inclusion of a standback requirement helps to close the loop regarding the requirement at paragraph 8b) for the auditor to design and perform audit procedures that are appropriate in the circumstances to provide audit evidence to meet the intended purpose of those procedures, and therefore also provides a stronger linkage to ISA 315.35. We recommend that the standard also provide a specific cross-reference to ISA 315.35, for clarity.

We support the IAASB's stated aim that the standback requirement emphasises the importance of the exercise of professional skepticism, as the auditor is required to consider all audit evidence obtained, including inconsistent audit evidence/ evidence that appears to contradict the assertions in the financial statements. We suggest, however, that the emphasis on professional skepticism could be strengthened here by explicit reference to professional skepticism, as well as professional judgement, in the application material.

Mo Chartered Accountants (MCA)

The stand-back provision is another opportunity for the Auditor to evaluate (take stock) and assess the quality and sufficiency of the audit evidence obtained. It does not end with simply collecting information, evaluating for relevance and reliability and then reporting but rather should involve the auditor critically evaluating the audit evidence and concluding if the evidence supported the conclusions reached. To this end the stand-back requirement is positive.

In closing the loop does entail the auditor also considering the design and performance of appropriate audit procedures? What may be required is a principle-based, tailored checklist approach across all material line items. Does this need to be documented and what form will it take. Without encouraging tick-box adoption at this stage the auditor could evaluate upon planning and gathering information and also at the finalisation stage.

PKF International Limited (PKF)

We agree that it is appropriate to have a "stand back" requirement within the proposed ED-500 but we would recommend that the IAASB provides more extensive guidance to help auditors apply this requirement in practice.

Specifically, we would like the IAASB to clarify whether requirement 13(b) applies to all audit evidence gathered and evaluated at the end of the audit or whether it is intended to apply to the audit evidence obtained from each specific audit procedure performed.

Where this requirement is to be addressed at the end of the audit, we would recommend that the IAASB includes more guidance to help the auditor understand how to apply this requirement in practice. Given that audit evidence will already have been evaluated when performing specific audit procedures, we would

recommend that the IAASB provides more examples of procedures that may be performed to evaluate the overall audit evidence obtained.

Alternatively, if the IAASB intends this requirement to apply only to the evidence obtained from specific audit procedures, we would recommend that they clarify how this differs from requirement 9.

5. Public Sector Organizations

Office of the Auditor General of Canada (OAG)

Yes, we agree with the concept of the new “stand back” requirement for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained.

We note this requirement already exists under ISA 330. If further sub-requirements or clarification are needed, it would be more practical to add it to ISA 330. If the stand back requirement is added under ISA 500, examples of how this requirement should be applied in practice, above and beyond what is already expected from other ISAs would be beneficial.

U.S. Government Accountability Office (GAO)

We believe that the concept of a “stand back” requirement for an engagement is useful and beneficial to the overall quality of the engagement. To specifically include a stand back requirement as part of the evidence standard may duplicate guidance in other stand back requirements. We believe that paragraph 13(a) should focus on whether the overall results of the audit procedures performed have enabled the auditor to conclude on whether sufficient appropriate audit evidence has been obtained.

6. Member Bodies and Other Professional Organizations

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

should emphasise and provide a more complete coverage of the biases that may threaten the effectiveness of the stand back requirements (see our response to Question 10), and

We agree with the stand back requirement but believe that its effectiveness needs to be reinforced with a more complete coverage of the biases that may impact judgments associated with the stand back.

We agree with the stand back requirements expressed in paragraph 13 in that research (Zimbelman 2022) highlights the merit in auditors making a second judgment (i.e., drawing on the crowd within – Vul and Pashler 2008). In making a second judgment, individuals apply their knowledge differently, thereby reducing noise and potential bias (Herzog and Hertwig 2009). We note, however, the potential for bias to be introduced when auditors return to their original judgment. Anchoring bias, where auditors over-weigh their initial judgment (Tversky and Kahneman 1974) when ‘standing back’ and reflecting on that judgment may be particularly troublesome in this setting. Similarly, we note in response to Question 6 that an information choice effect (e.g., Smith et al. 2016) may lead auditors to be overconfident in the evidence that they have generated which, in turn, may limit the effectiveness of the stand back requirements.

We therefore encourage the IAASB to explicitly make reference back to the discussion of biases in paragraph A19 – A23 when revising the application material relating to the stand back requirements in paragraph 13, and to present a more complete coverage of biases that may threaten the quality of audit evidence. See also our response to Question 2.

Botswana Institute of Chartered Accountants (BICA)

We agree with the new “stand back” requirement which is consistent with the approach of ISA 315 (Revised) and ISA 540 (Revised), which ensures consistency among ISAs. However, the Board may consider providing guidance on how to demonstrate auditor’s thought process in reaching the conclusion in the audit documentation.

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

The input-output models together with the stand back approach will lead to an increased reliability of the audit work, but also to a greater amount of work for both the auditor and the audited entity, besides higher risks of objections to the work carried out, raised by authorities, regulators and judicial bodies.

We generally agree. Specifically, paragraph 13 emphasizes the exercise of professional skepticism requiring the auditor to “consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements”. However, such requirement will oblige to employ more resources to obtain both corroborating and contradictory audit evidence. Also in this case, we suggest considering that the auditor does not have enforcing powers and then could not be able to obtain such audit evidence.

CPA Australia (CPAA)

Overall, we are supportive of the new “stand back” requirement. We are of the view that auditors should “stand-back” and have checkpoints throughout the planning and performance of the audit. However, we are concerned about the potential duplication of work effort and documentation as a result of the “stand back” requirements in ISA 330 and as proposed in ED-500. Additionally, ED-500 does not include requirements and guidance about the form, content and extent of audit documentation required to meet the new “stand back” requirement. Further consideration of this issue and clarification is crucial to avoid duplicated work effort. Similar to our response to Question 8, we recommend that the IAASB clarifies its expectation in relation to the “stand back” requirement in the AM.

European Federation of Accountants and Auditors for SMEs (EFEAA)

We generally agree with the new “stand back” requirement.

We are concerned about the level of documentation that will be required by practice inspectors. We suggest that the IAASB clearly indicate the amount of documentation that is expected so as to moderate the expectations of inspectors.

Institute of Singapore Chartered Accountants (ISCA)

We are supportive of the new “stand back” requirement, which serves as an important reminder for auditors to exercise professional skepticism in their overall assessment of whether sufficient appropriate audit evidence has been obtained. However, one concern expressed by auditors is the nature and extent of documentation required to demonstrate that the “stand back” requirement has been sufficiently addressed. While it would not be value adding to simply include a statement to indicate that the “stand back” assessment has been performed, it would also not be practical for the auditor to describe the entire thought process to arrive at such a conclusion. In view of the above, it would be helpful for the standard to clarify what would be the extent of documentation considered adequate, under normal circumstances, to show that the stand back procedure has been performed before concluding on the evaluation of audit evidence. By the

same token, it would be useful to also clarify under what circumstances would more extensive documentation be needed.

Instituto de Auditoria Independente do Brasil (IBRACON)

The “stand back” requirement aligns with a common theme in other ISAs and allows auditors to evaluate if the audit evidence fulfills the original purpose for which it was obtained. We suggest the IAASB to consider further guidance regarding the documentation of how the auditor has complied with this requirement.

Instituto Mexicano de Contadores Publicos (IMCP)

We agree with the stand-back requirement; however, we consider relevant that the IAASB clarifies, in the explanatory material, that the “stand-back” is not to be done on an individual basis (i.e. for each audit procedure), but considering the complete aggregate evidence obtained during the audit.

Korean Institute of Certified Public Accountants (KICPA)

According to paragraph 60 of the explanatory memorandum of ED-500, the IAASB makes it clear that the evaluation prescribed in paragraph 13 of ED-500 is intended to be performed at the same level as the auditor’s conclusion on whether sufficient appropriate audit evidence has been obtained in accordance with paragraph 26 of ISA 330. The KICPA agrees with the “stand back” requirement, as long as no additional burden is imposed on the auditor as described by the IAASB.

Malaysian Institute of Accountants (MIA)

We agree with the new “stand back” requirement. Auditors should reassess the appropriateness and sufficiency of audit evidence obtained to determine whether they meet the intended purpose of the audit procedures. This concept is consistent with the principles of risk assessment in ISA 315 (Revised) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment. The recent ISA projects have consistently highlighted the importance for auditors to take a ‘stand-back’ approach. This is consistent with the objectives of a financial statements audit. Based on our feedback, some auditors are finding it challenging to understand how to approach their audits in a holistic manner and what weight to put on various/diverse audit evidence obtained during the audit process. Further, the evaluation of the sufficiency of this ‘stand-back’ approach can be difficult to document as it relies heavily on professional judgment and experience – factors that are not necessarily tangible but vital to a quality audit. We propose more non-authoritative guidance materials to be developed in this area to assist auditors. Of pertinent interest will be examples of how the work performed based on the various ISAs interact with one another and the overall conclusion that can be derived from the ensuing results obtained.

Pan-African Federation of Accountants (PAFA)

We generally agree with the new “stand back” requirement and have noted that there has been a trend in the latest ISA projects to include stand-back requirements. We are concerned that this may create a risk of auditors overlooking information that contradicts the audit evidence when standing back to assess the overall persuasiveness of the evidence gathered to address assertion-level risks. It may be helpful for the board to enhance the documentation requirements and provide more detailed application guidance regarding the auditor's conclusions reached during the implementation of the new "stand back" requirement.

South African Institute of Chartered Accountants (SAICA)

Yes, we agree with the proposed inclusion of the new “stand back” requirement. ED-500 makes the distinction of the quality of audit evidence depending on the relevance and reliability of the information

intended to be used as audit evidence. In addition, paragraph 9 and A14 speaks to the sufficiency of the audit evidence leading to the persuasiveness of the audit evidence making it an alternative process.

However to avoid mis-interpretation, we are of the view that clarity needs to be provided as to what is the objective of the stand back and what type of information should the auditor consider when applying the stand back requirement.

Wirtschaftsprüferkammer (WPK)

However, we see a risk that the documentation effort with regard to audit evidence (as opposed to the effort in obtaining and assessing audit) may increase in a disproportionate degree (e.g. by fulfilling the new “stand back” requirement). This should be avoided, especially when auditing small and medium-sized entities.

We agree in principle. However, we see a risk that the documentation effort will disproportionately increase by fulfilling the new “stand back” requirement. This should be avoided, especially when auditing small and medium-sized entities.

In addition, we believe that the auditor has already evaluates audit evidence in the past, even without an explicit “stand back” requirement. Against this background, we do not expect any additional benefit from this.

7. Individuals and Others

Altaf Noor Ali (ANA)

10.1 “Stand back” may be new term used. However the requirement for the auditor to evaluate audit evidence to conclude if sufficient appropriate audit evidence has been obtained is not new. A sensible auditor cannot proceed to conclude without considering the work performed. The work performed includes the design of the audit procedures and its application through the audit procedures.

10.2 The term ‘stand back’ is used only 4 times in the whole document and that too in the Explanatory Memorandum only. Not mentioned once in the ISA or application material.

10.3 We fully support the Board on a formal requirement that the auditor needs to ‘review’ and evaluate the audit evidence collected in the process of audit to conclude if sufficient appropriate audit evidence has been collected.

10.4 The stand back requirement allows auditors to reflect on work performed , the appropriateness of risk assessment and whether they have obtained unbiased sufficient appropriate audit evidence in total. See Guide to ISA 540 (Revised) Auditing Accounting Estimates and Related Disclosures (effective for financial statements starting on or after 15 Dec 2019).

Shuichiro Tsumagari (ST)

I agreed with the new “stand back” requirement for the auditor to evaluate audit evidence obtained.

However, this requirement in ISA 500 will affect the same requirements prescribed in other ISAs such as ISA330 and ISA540, as well as other ISAs which do not have specific stand back requirements. Therefore, why stand back is important should be stated clear. ISA 315 stated why Obtaining Audit Evidence in an Unbiased Manner Is Important.

In carrying out the evaluation in accordance with ED 500.13(a), the depth of evaluation and degree of documentation might be different depending on the cases such as when auditors could not obtain audit evidence expected in the audit planning stage but obtained alternative audit evidence on the field, and when

auditors could obtain audit evidence as scheduled. In the former case, auditor might have to exercise more professional judgment, evaluate audit evidence more skeptically and document more. In the latter case, simpler evaluation and documentation (just stating that the audit evidence meets our purpose) might be sufficient or specific documentation might not be necessary. To ensure scalability, it is recommended that the above explanation be added in 500. A85.

Q10 - Disagree

1. Monitoring Group

International Forum of Independent Audit Regulators (IFIAR)

Documentation

We recommend that ED-500's documentation requirements be strengthened to include the following:

Conclusions reached when performing the new “stand back” requirement of paragraph 13;

Breadth of the evaluation contemplated by the IAASB in the new stand back requirement

We are concerned that the stand-back requirement proposed by the IAASB, specifically paragraph 13(b), could be interpreted by auditors to mean that they would be justified in disregarding information obtained during the audit that is intended to be used as audit evidence (i.e., which is not yet evidence because it has not been subjected to audit procedures) that is inconsistent with audit evidence and/or contradicts assertions in the financial statements. The stand back requirement should be broadened to include consideration by auditors of all information, not limited to audit evidence, obtained during the audit.

2. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

9. However, we wish to express our concerns on the proposed ED as we disagree with various proposals.

Evaluating the Audit Evidence Obtained

32. In light of the distinction between ‘information’ and ‘audit evidence’, we suggest clarifying that all information that the auditor has obtained should be assessed in light of the requirements in paragraph 13(b) and 14 of the ED. We strongly feel that even information on which no audit procedures are performed, should be assessed for consistency, and follow up should be done on any inconsistencies between audit procedures and any other information in the hands of the auditor.

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

No. We are concerned that auditors might exclude information that contradicts audit evidence when standing back to evaluate the persuasiveness of evidence obtained to respond to assertion-level risks. This exclusion could be justified by the IAASB's proposed stand-back requirement in paragraph 13(b), which might be misinterpreted. It is important to note that this information would not yet be audit evidence, as it would not have been subjected to audit procedures. We then suggest that the stand-back requirement be expanded to include all information obtained during the audit, and not be limited to just audit evidence, i.e. information that has been subjected to audit procedures.

If the IAASB retains the new stand-back requirement, the documentation requirements and application guidance about the conclusions reached by the auditor when performing this requirement should be clarified.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Evaluating the Audit Evidence Obtained

In light of the distinction between 'information' and 'audit evidence', we suggest clarifying that all information should be assessed in light of the requirements in paragraph 13(b) and 14 of the ED. Even information on which no audit procedures are performed should be assessed for consistency, and follow up should be done on any inconsistencies identified between audit evidence and other information known by the auditor.

However, we wish to express our concerns on the proposed ED as we disagree with various proposals.

3. National Audit Standard Setters

American Institute of Certified Public Accountants (AICPA)

Linkage with ISA 330 (see question 10)

It is unclear how requirement 13(a) interacts with the overall requirement in ISA 330 for the auditor to conclude whether sufficient appropriate audit evidence has been obtained.

We are concerned with how the requirement in paragraph 13(a) is articulated and the linkage with ISA 330. When the auditor is making judgments as to whether sufficient appropriate audit evidence has been obtained to comply with the requirement in paragraph 28 of ISA 330, the auditor will be looking collectively at all the audit evidence that has been obtained to determine whether the assessed risk of material misstatement has been addressed. We believe the focus in paragraph 13(a) should not be on whether the intended purpose of the audit procedures has been met, but rather on whether the results of the totality of the audit procedures that have been performed enable the auditor to conclude whether sufficient appropriate audit evidence has been obtained. Accordingly, we suggest the following changes:

13. As a basis for concluding whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330 In evaluating the audit evidence obtained, the auditor shall consider:

(a) Evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures Whether the results of all audit procedures that have been performed provide an appropriate basis for the conclusion required by ISA 330; and

(b) Consider aAll audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

As an example of potential duplication, we believe that paragraph 13 regarding the stand-back requirement is not needed in ED-500 as this is redundant to ISA 330.26. Where would be the difference in audit procedures to the stand back requirement in ED-500.13?

No. This requirement should be built into the continuous audit work, review and supervision rather than to include this in separate revised standards. We would like to refer to our answer to question 1.

We also do not see the need for another stand-back requirement.

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

While we understand that ISA 500 is an umbrella standard with a specific objective of linking to other ISAs, we believe it is important to avoid overlap and duplication with other standards.

As an example of potential duplication, we believe that paragraph 13 regarding the stand back requirement is not needed in ISA 500. Indeed, we believe that the stand back of paragraph 13 of ED-500, is redundant with the stand back of paragraph 26 of ISA 330 (see below question 10).

Indeed, it may be difficult for the auditor to differentiate the fact of standing back on the audit evidence obtained as required by ISA 500 and the fact of standing back on whether he/she has obtained sufficient appropriate audit evidence as required by ISA 330.

And this without speaking of the stand back of ISA 700, which requires to stand back on whether the financial statements give a true and fair view in light of the auditor's knowledge of the entity acquired during the audit.

Ideally there should be a maximum of two stand backs; one on whether the auditor has obtained sufficient appropriate audit evidence and one on whether the financial statements give a true and fair view of the financial position and operations of the entity.

We agree with the concept that the auditor shall take a step back in evaluating all audit evidence obtained before concluding.

However, as mentioned above, we believe that there are already other stand back requirements in other ISAs that convey the same objective; therefore, adding a new requirements in ED-500 may not be necessary and we believe that amending ISA 330 (paragraph 26) would be a more appropriate option.

It is also likely to be misunderstood by auditors and regulators because, as drafted, it seems to imply that a list of all audit evidence collected should be compiled.

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

We note that paragraphs 35 and 37 of ISA 315 (Revised 2019) already require a stand-back and therefore paragraph 13 is limited to ISA 330. On this basis, such a stand-back that is directly related to only ISA 330 and not ISA 315 ought to be placed in ISA 330 – not in ISA 500. It really ought to be placed just prior to paragraph 26 of ISA 330. This applies particularly to the requirement in paragraph 13 (a) of the draft. It seems to us that paragraph 13 (b) is redundant, since it is already covered, at least in part, by the second sentence of paragraph 26 of ISA 330. For these reasons, we believe that both 13 (a) and 13 (b) ought to be incorporated into ISA 330 at the noted places.

In line with our second issue in our response to Question 5, we note that in 13 (b) the wording can be reduced to consistent or inconsistent without reference to corroborate or contradict.

4. Accounting Firms

Baker Tilly International (BTI)

The new “stand back” requirement in paragraph 13 is drafted generically, and its interaction with that in paragraph 6 of ISA 330 is unclear.

In our view “stand back” is more about evaluating if the risks identified have been addressed properly by the audit procedures performed and audit evidence obtained (being part of these procedures) and not just about sufficiency.

Paragraph A86 suggests that paragraph 13 is aimed particularly at situations where more than one test is performed to obtain audit evidence over an assertion, in which there is a need to consider the results of all such tests in reaching a conclusion regarding the sufficiency and appropriateness of the audit evidence in respect of that assertion. If so, then this should be brought out more clearly in the wording of the requirement paragraph. The inclusion of an example in the application material would also be beneficial.

Crowe LLP (CROWE LLP)

A: Paragraph 13 of the Proposed Standard requires an evaluation of the audit evidence obtained as a basis for concluding whether sufficient appropriate audit evidence has been obtained in accordance with paragraph 26 of ISA 330. Paragraph 60 of the Explanatory Memorandum notes that this evaluation is intended to be performed at the same level as the auditor’s conclusion on whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330. We are not clear what the incremental requirement is in paragraph 13(a) of the Proposed Standard, and therefore it is not clear what the auditor is expected to document to evidence compliance with this requirement. We believe there is an unintended consequence for an expectation for the auditor to document the conclusions required by paragraph 13 at the audit procedure / audit evidence level.

Deloitte Touche Tohmatsu Limited (DTTL)

DTTL appreciates the intent of the stand back requirement as a means to enhance professional skepticism in line with the project objective. However, in consideration of the stand back requirements included in ISA 315, paragraph 35, related to audit evidence obtained in risk assessment, as well as ISA 330 paragraph 26, which addresses the auditor’s responsibility to conclude whether sufficient appropriate audit evidence has been obtained, DTTL believes the inclusion of paragraphs 13 and 14 in the proposed standard is therefore redundant and we recommend they be deleted.

Ernst & Young Global Limited (EY)

The evaluation of audit evidence as proposed in paragraph 13 of ED-500 and the existing requirements for related evaluations in paragraph 35 of ISA 315 (Revised 2019), paragraph 26 of ISA 330 and paragraph 11 of ISA 700 (Revised). Refer to our response to Q10 for further discussion and recommended clarifications.

We understand the rationale for the new “stand back” requirement in paragraph 13 of ED-500; however, for us to support the new “stand back”, we believe the relationships among the “stand back” requirements in ISA 315 (Revised 2019), ISA 330, ISA 700 (Revised) and this new “stand back” need to be clarified to achieve consistency in implementation. Currently:

Paragraph 35 of ISA 315 (Revised 2019) requires the auditor to evaluate whether the audit evidence obtained from risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement.

Paragraph 26 of ISA 330 requires the auditor to evaluate whether sufficient appropriate audit evidence has been obtained.

Paragraph 11 of ISA 700 (Revised) requires the auditor to take into account the conclusion made in accordance with ISA 330.26 when concluding whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement.

We do not believe that the new ED-500 “stand back” should have what currently appears to be an overlapping purpose with the existing ISA 330 “stand back”. Instead, we believe that ISA 500 should have the overarching “stand back” evaluation on whether sufficient appropriate audit evidence has been obtained, rather than ISA 330. We have outlined our thought process on how the “stand back” requirements could work together, including suggested changes to achieve a clearer linkage among them:

The current requirement in ISA 315 (Revised 2019) remains appropriate (i.e., whether audit evidence obtained from risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement).

We suggest a conforming change to ISA 330 be made to recast the evaluation in ISA 330 to be whether sufficient appropriate audit evidence has been obtained to respond to the assessed risks of material misstatement, which is consistent with the objective of ISA 330.

We then suggest that the overarching “stand back” evaluation in ISA 500 would be whether sufficient appropriate audit evidence has been obtained, which takes into account both audit evidence obtained from risk assessment procedures to provide an appropriate basis to identify and assess risks of material misstatement (ISA 315 (Revised 2019)) and the audit evidence obtained to respond to assessed risks of material misstatement (ISA 300).

Paragraph A85 of ED-500 should then recognize that the auditor’s evaluation required by paragraph 13 (a) of ED-500 is made in the context of the requirements of ISA 315 (Revised 2019) and ISA 330 (rather than only in the context of the requirements of ISA 330). The absence of reference to ISA 315 (Revised 2019) here is inconsistent with the explanation in paragraph A84 of ED-500 that audit evidence is also obtained from risk assessment procedures.

The auditor’s conclusion from the overarching requirement in ISA 500 would then be considered as part of the evaluation in ISA 700 (Revised) to form the auditor’s opinion (i.e., a conforming change would also be needed to ISA 700 (Revised) to refer to ISA 500, rather than ISA 330).

While our suggested approach requires conforming amendments to ISA 330 and ISA 700 (Revised), we believe it is a clearer and more appropriate evaluation framework to support the conclusion that sufficient appropriate audit evidence has been obtained.

Grant Thornton International Limited (GT)

Evaluating the audit evidence obtained

We do not agree with the introduction of a stand back requirement in ED-500, particularly as written. We find the level at which the stand back is to be performed is unclear and, therefore, has the potential to be duplicative of stand back requirements already included in ISA 330, which forms part of the auditor’s conclusions over the financial statements as a whole, and ISA 700 (Revised), which requires the auditor to consider whether sufficient appropriate audit evidence has been obtained when forming the conclusion on the audit.

We do not support the addition of the stand back requirement in ED-500. In the first instance, the level at which the stand back is expected to be performed is not clear and may result in inconsistent application. For example, it is unclear whether the expectation is for a stand back analysis to be performed for every audit procedure performed and at the level of the procedure or performed over related procedures and related areas of the audit, such as an evaluation of all audit evidence obtained for revenue and accounts receivable. We are of the view that a stand back at the audit procedure level would be too detailed and would create an onerous requirement that would not necessarily improve audit quality.

If the stand back analysis is intended to be performed at the same level as already required by ISA 330, we are of the view that this results in unnecessary duplication across standards and also may create confusion by creating an expectation that a different level of evaluation is expected by this requirement. Should additional evaluation procedures be required by this proposed requirement, we are of the view that this would be better dealt with as a consequential or conforming amendment to ISA 330. This may also help to address the imbalance of application material to requirements in ED-500.

Further, ISA 700 also requires the auditor to consider whether sufficient appropriate audit evidence has been obtained when forming the conclusion on the audit. This conclusion is formed taking into account the auditor's conclusion in accordance with ISA 330. We note that no conforming amendment has been proposed to take into account this new proposed stand back, which suggests that the stand back is performed at some undetermined level below that required by ISA 330.

We recommend that consideration is given to removing this stand back requirement from ED-500 before the final standard is approved.

Mazars (MZ)

No, we do not agree with the new "stand back" requirement as it is not clear. The EM suggests these procedures (ED-500 para. 13) are at the same level as the auditor's conclusion on whether sufficient appropriate audit evidence has been obtained in accordance with paragraph 26 of ISA 330. However, the use of different contexts is confusing and if intentional, then redundant.

The introduction of para. 13 refers to para. 26 of ISA 330, which relates to whether sufficient appropriate audit evidence was obtained in forming an opinion. Para. 13 (a) requires the auditor to evaluate whether the audit evidence obtained meets the intended purpose of the audit procedure and therefore supports the conclusions in ISA 330.

Removing the precise reference to ISA 330 para 26 and changing para 13 introduction to be more broadly about evaluating the audit evidence obtained may resolve the inconsistency.

MNP LLP (MNP)

We would appreciate clarification on the intent of the "stand back" requirement as the new requirement in Paragraph 13(b) is largely a duplication of ISA 330, Paragraph 26 as well as ISA 700 Paragraph 11(a). Maybe it is not necessary to add this "stand back" requirement here if it is already stated elsewhere in the standards.

If the requirements and the corresponding application material stay, we also recommend that in paragraph A86, that the word "significant" be added in front of "class of transactions, account balance or disclosure" so that it is consistent with paragraph A85.

PriceWaterhouseCoopers (PwC)

We support paragraph 13(b), which reminds the auditor that all audit evidence obtained, whether corroborative or contradictory, needs to be evaluated, as an important professional scepticism safeguard.

However, further to our comments in response to question 1(b) with regard to paragraph 8(b), we do not believe paragraph 13(a) is necessary as it appears duplicative with the requirement in ISA 330 and requirements in other subject matter specific ISAs. The relationship between the evaluation of audit evidence obtained required in this requirement and the auditor's evaluation of whether sufficient appropriate audit evidence has been obtained in ISA 330 is not clear.

The ISAs already have a number of stand back assessments, including the requirement in ISA 315 (Revised 2019) to evaluate whether the audit evidence obtained from risk assessment procedures provides an appropriate basis for the auditor's risk assessment, and the requirement in ISA 540 to evaluate whether sufficient appropriate audit evidence has been obtained with respect to the entity's accounting estimates. Together with the core requirement in ISA 330 to evaluate whether sufficient appropriate audit evidence has been obtained, we believe the ISAs contain sufficient "checkpoints". Paragraphs A84 and A85 (excluding the final sentence) of the application material effectively make this argument. We did not find the final sentence of paragraph A85 to provide clarity on what was expected in complying with paragraph 13(a). We recommend paragraph 13(a) is deleted.

If the Board determines that additional guidance is needed to support the auditor's professional judgements about whether sufficient appropriate audit evidence has been obtained, we recommend that the appropriate location for this is in ISA 330, where the requirement to make that judgement is located. As we described in our response to the "Proposed Strategy and Work Plan for 2024-2027", we do not believe there is a compelling need for ISA 330 to be revised at this time. Consequently, if the Board decides that further guidance is warranted on this matter, we recommend that the Board consider only a narrow scope amendment project on ISA 330.

Intended purpose of audit procedures and stand-back

We believe the intent of paragraph 8(b) (how the auditor designs and performs appropriate procedures), and how it relates to concepts addressed in ISA 330, lacks clarity. Specifically, we believe the proposed phrase "the intended purpose of those audit procedures" is subject to varying interpretations and, therefore, the intent of the requirement is not easily understood.

Overall, we do not believe there is a gap in the requirements of ISA 315 (Revised 2019) and ISA 330, in identifying relevant assertions for which there is a risk of material misstatement, designing responses to those assessed risks, and subsequently assessing whether sufficient appropriate audit evidence has been obtained, that creates a compelling need for the requirement proposed in paragraph 8(b). We recommend this paragraph be deleted.

We support paragraph 13(b), which reminds the auditor that all audit evidence obtained, whether corroborative or contradictory, needs to be evaluated, as an important professional scepticism safeguard. However, related to our observations on paragraph 8(b), we do not support proposed paragraph 13(a) that requires the auditor to evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures. We believe that this introduces confusion between the purpose of ISA 500 and the requirements of ISA 330 as they relate to evaluating the sufficiency and appropriateness of audit evidence obtained. We do not believe paragraph 13(a) will be consistently understood and applied in practice and recommend that this be deleted.

If the Board determines that additional guidance is needed to support the auditor’s professional judgements about whether sufficient appropriate audit evidence has been obtained, we recommend that the appropriate location for this is in ISA 330, where the requirement to make that judgement is located. As we described in our response to the “Proposed Strategy and Work Plan for 2024-2027”, we do not believe there is a compelling need for ISA 330 to be revised at this time. Consequently, if the Board decides that further guidance is warranted on this matter, we recommend that the Board consider only a narrow scope amendment project on ISA 330.

RSM International Limited (RSM)

In general, we agree with the requirement for auditors to stand back and assess the evidence that they have gathered.

However, we do not believe the stand back requirement in the proposal in ED-500 is necessary. This type of stand back is already included in ISA 330.26 and in ISA 700.06 and therefore the proposal in ED-500 is duplicative and potentially confusing.

It is unclear whether this is a different stand back requirement or merely a reinforcement of the existing requirements. In addition, we are unsure whether this stand back is intended to introduce a documentation requirement and, if so, what documentation would be expected.

6. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

No, we believe that this requirement is redundant. There is already a stand back requirement with the same objective in paragraph 26 of ISA 330 and this, together with the stand-back requirement in ISA 700 on whether the financial statements give a true and fair view, helps the auditor meet the intended objectives of ED-ISA 500.

As noted above, we believe that ISAs should be viewed as a single set of professional standards whose requirements and related objectives are considered as a whole by the auditor.

Similarly, the stand-back requirement increases the risk of over-documentation and seems redundant when ISAs are considered as a single set of professional standards.

Center for Audit Quality (CAQ)

ISA 330, The Auditor’s Responses to Assessed Risks

As discussed in our response to Q10, we believe the new “stand back” requirement included in paragraph 13(a) of ED-500 and the related language in paragraph 60 of the Explanatory Memorandum introduce confusion between the purpose of ED-500 and the requirement described in paragraph 26 of ISA 330, The Auditor’s Responses to Assessed Risks (ISA 330). As a result, we do not believe paragraph 13(a) of ED-500 will be consistently understood and applied in practice. If the intention is that the requirements described in ED-500 and ISA 330 are not expected to be performed at the same level, we believe that the final ISA 500(R) should be clarified to better distinguish the level at which these requirements are intended to be performed. Alternatively, if the intention is that the requirements are expected to be performed at the same level, we believe the inclusion of paragraphs 13 and 14 in ED-500 is redundant and recommend that this requirement be excluded from the final ISA 500(R). We do not object to a new requirement in a final ISA 500(R) to “evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures and consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the

assertions in the financial statements” as described in paragraph 13(a) and (b). However, it seems that the “level” at which to evaluate the audit evidence of the audit procedure is at a lower level than compared with ISA 330.

It is useful to include relationships to, or linkages with, other ISAs to promote holistic consideration of the standards; however, we have identified a few areas of concern where the duplication of other ISAs’ requirements may not be necessary and could lead to misinterpretation or misapplication of the final ISA 500(R).

We believe the new proposed “stand back” requirement included in paragraph 13(a) of ED-500 and the related language in paragraph 60 of the Explanatory Memorandum introduce confusion between the purpose of ED-500 and the requirement described in paragraph 26 of ISA 330. As a result, we do not believe paragraph 13(a) of ED-500 will be consistently understood and applied in practice. The requirement in paragraph 13(a) of ED-500 specifies the auditor must, “[e]valuate whether the audit evidence obtained meets the intended purpose of the audit procedures,” (emphasis added). However, paragraph 60 of the Explanatory Memorandum indicates, “this evaluation [in paragraph 13 of ED-500] is intended to be performed at the same level as the auditor’s conclusion on whether sufficient appropriate audit evidence has been obtained in accordance with paragraph 26 of ISA 330.” Paragraph 26 of ISA 330 refers to the conclusion of obtaining sufficient appropriate audit evidence in the context of forming an audit opinion. As paragraph 13 of ED-500 centers on evaluating audit evidence to meet the objective(s) of an audit procedure(s), we believe this creates confusion and will result in paragraph 13(a) being inconsistently understood and applied in practice. As discussed in our response to Q1(b), if the intention is that the requirements are not expected to be performed at the same level, we believe that the final ISA 500(R) should be clarified to better distinguish the level at which these requirements are intended to be performed. Alternatively, if the intention is that the requirements are expected to be performed at the same level, we believe the inclusion of paragraphs 13 and 14 in ED-500 is redundant and recommend that this requirement be excluded from the final ISA 500(R). We do not object to a new requirement in a final ISA 500(R) to “evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures and consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements” as described in paragraph 13(a) and (b). However, it seems that the “level” at which to evaluate the audit evidence of the audit procedure is at a lower level than compared with ISA 330.

Chamber of Auditors of the Czech Republic (CA CR)

As an example of potential duplication, we believe that paragraph 13 regarding the stand back requirement is not needed in ISA 500 as it duplicates the stand back requirement of paragraph 26 of ISA 330 (see also response to Question 10 below).

NO.

We believe that the stand back requirements in ISA 330 and ISA 700 are sufficient and we can not imagine situation where there will be different outcomes from performing stand back according to ISA 330 and ED-ISA 500. Therefore, this stand back requirement in ED-ISA 500 is redundant. We believe that amending ISA 330 (paragraph 26), if considered by IAASB as necessary, would be a more appropriate option. Should this stand back requirement remain part of the ISA 500, we recommend the application material includes an example of the scenario in which the auditor concludes that the audit evidence meets the intended purpose (ISA 500 stand back) but it is not sufficient and appropriate (ISA 330 stand back) or vice versa.

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

We recognise the nature of ISA 500 as an overarching standard and ED-500 does make the linkages with other ISAs clearer than the extant standard, however, the need to refer back and forth remains quite complex to follow. Furthermore, we note duplication in some instances, such as the stand back requirement in para 13, which, in our view is not necessary given the stand back requirement in para 26 of ISA 330 and in other standards.

No, as noted in our response to Q1, we believe that the stand back requirement in para 26 of ISA 330 has the same objective and therefore, adding a new requirement in ED-500 is not likely to achieve any change in behaviour while duplicating the requirements for auditors. We recommend that para 13 be removed.

Chartered Accountants Ireland (CAI)

While we support the concept that the auditor has to take a stand back view and form an overall conclusion, we have concern regarding this new “stand back” requirement. We believe there are different possible interpretations of the wording used in paragraph 13, which we are concerned will result in inconsistent application. We believe it is not clear whether auditors are being asked to perform the stand back on each piece of evidence for the purpose of the particular audit procedures or is it a holistic view at the end of the audit in forming the audit opinion? Paragraph 13 (a) seems to imply that you need to look at every piece of audit evidence and assess whether it meets the intended purpose of the procedure. We don’t believe that paragraph 13, as drafted, reflects the Board’s intent that this should be performed at an overall level. 13 (a) should be reworded to say; “Evaluate whether the audit evidence obtained meets the intended purpose of the audit.”

Furthermore, there are already stand back requirements in place in ISA 315, paragraph 35 and in ISA 330 paragraph 26, which use the same wording. Therefore, we believe that the addition of the stand back requirement in ISA 500 is duplicative and potentially redundant here.

IFAC SMP Advisory Group (SMPAG)

We do not agree that the new “stand back” requirement is needed in ISA 500 (Revised) given the stand back in para. 26 of ISA 330, The Auditor’s Responses to Assessed Risks, which could be duly amended instead. There has been a trend in the latest ISA projects to include stand-back requirements. We are concerned that practitioners may be challenged when taking a holistic approach to all of them and trying to understand how they are supposed to work together in practice. We believe there should be a maximum of two stand backs – one on whether the auditor has obtained sufficient appropriate audit evidence and one on whether the financial statements are prepared in all material respects in accordance with the requirements of the applicable financial reporting framework (as required by para.12 ISA 700 (Revised) Forming an Opinion and Reporting on Financial Statements).

There are significant concerns about the increased level of documentation that will be required by practice inspectors. We suggest that the IAASB to be clear on what amount of documentation is expected, so that inspectors are not expecting extensive documentation notes to support how it has been considered.

Further, there are a lot of cross-references to other standards. For example, in A84-A88 there are references to five other ISAs and these are mentioned eleven times. When the Board considers the clarity, understandability and practicality of application of the requirements and application material it may want to consider whether the current approach has the right balance and whether all are needed, particularly given

the use of ‘evaluate’ in para. 13, as there could be challenges for practitioners understanding how much work effort and documentation is required.

Institute of Chartered Accountants in England and Wales (ICAEW)

No. It is unlikely that the ‘stand back’ requirement in paragraph 13(a) will change current auditor behaviour as it is a duplicate of the extant requirement within ISA 330, we therefore suggest removing it. Any additional ‘stand back’ requirements should be addressed within ISA 330, and a plurality of ‘stand back’ requirements should be avoided.

The requirement in paragraph 13(b) should remain to emphasise consideration of non-corroborating or contradictory audit evidence. This requirement could be added to paragraph 14 for simplification

The proposals will lead to enhanced consideration of the relevant attributes of information intended to be used as audit evidence. This will have a direct impact on audit quality and will enhance auditor focus in this area. However, the proposals have introduced some new concepts which may not have a direct impact on audit quality as they may not produce a material change in behaviour, such as the ‘stand back’ proposal that is discussed in our response to question 10 below.

Institute of Chartered Accountants of Scotland (ICAS)

We question whether this new “stand back” is actually required as the stand back requirement in ISA 330 already appears to address this point.

Yes, generally the relationships to, or linkages with, other ISAs are clear and appropriate. However, the proposed stand-back for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained, appears duplicative to what is already required by ISA 330.

Nordic Federation of Public Accountants (NRF)

No. Although we appreciate the concept and benefits of stand-back assessments in audit procedures, we do not support the proposal of adding a stand back requirement in ED-500.

We believe that the stand back requirement in paragraph 26 of ISA 330 combined with the one in paragraph 12 in ISA 700 are sufficient.

Also, as drafted, we have concerns about the expected work effort and documentation in this regard, especially since the related application material includes several references to many other standards.

In general, we believe that paragraphs A84-A86 are good examples of the drafting approach with many cross-references both to other ISAs and to other application material within ED-500. We are not convinced whether this approach is helpful and if it increases clarity and understandability. To some extent we believe the cross-references are a consequence of the volume of the application material, which is another reason for why the IAASB should reconsider what content in the application material could be moved to other documents such as the Basis for Conclusion.

We do have some recurring concerns regarding clarity matters. Therefore, in particular, we believe that the stand back requirement should be deleted and that further clarifications are needed in terms of how the revisions will impact documentation requirements.

The Malta Institute of Accountants (TMIA)

The “stand back” requirement is already an integral procedure done by the auditor when concluding on the sufficiency and appropriateness of the audit evidence obtained on the different financial statement line items. This is usually performed through the Overall Conclusion Analytics. In addition to potentially creating duplication of work, such new requirement could create a challenge to the audit teams on how to document procedures required through the “stand back” over and above the procedures already performed. This requirement also poses the risk of over-documentation.

Q10 - No specific comments

3. National Audit Standard Setters

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

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

Thomson Reuters (TR)