

Audit Evidence – Question 1.(b)

1.(b) Are the relationships to, or linkages with, other ISAs clear and appropriate?

Q01.(b) - Agree**2. Regulators and Audit Oversight Authorities****Financial Reporting Council (FRC)**

Yes, we agree that the relationships and linkages are clear and appropriate.

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

The references to ISA 315(Revised), ISA 330 and other ISAs that may require the auditor to obtain audit evidence for specific matters are clear and appropriate.

3. National Audit Standard Setters**Australian Auditing and Assurance Standards Board (AUASB)**

The relationships and linkages with other ISAs are clear and appropriate.

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

b) Yes, we consider that they are clear and adequate

Japanese Institute of Certified Public Accountants (JICPA)

Yes.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

The relationships to, or linkages with, other ISAs are clear and appropriate. We consider it reasonable and appropriate for ED-500 to link with other standards.

Public Accountants and Auditors Board Zimbabwe (PAAB)

PAAB agrees that appendix 1 is very precise on proposed amendment linkages to related standards.

4. Accounting Firms**Deloitte Touche Tohmatsu Limited (DTTL)**

DTTL is of the view that the linkages to the other ISAs and the proposed ISQMs are clear and appropriate.

Grant Thornton International Limited (GT)

The linkages and relationships to other ISAs are clear and appropriate.

MNP LLP (MNP)

We believe the relationships to, or linkages with ISA 200, ISA 315, and ISA 330 are clear and appropriate, including those ISAs referenced in the appendix.

5. Public Sector Organizations

Provincial Auditor of Saskatchewan (PAS)

Yes, relationships to, or linkages with, other ISAs are clear and appropriate.

Swedish National Audit Office (SNAO)

Yes.

U.S. Government Accountability Office (GAO)

The connection to other ISAs are clear and the linkages used throughout the application materials will help users of the ISA.

6. Member Bodies and Other Professional Organizations

Botswana Institute of Chartered Accountants (BICA)

The relationships to or linkages between ED-500 and other ISAs are also clear and appropriate.

European Federation of Accountants and Auditors for SMEs (EFEAA)

The linkages to other standards are also clear and appropriate.

Federation of Accounting Professions of Thailand (FAPT)

Yes, they are clear and appropriate.

Instituto Mexicano de Contadores Publicos (IMCP)

We consider that ED-500 provides an appropriate principle-based framework for auditors when making judgments about audit evidence and that the relationships or links to other ISAs are clear and appropriate.

Korean Institute of Certified Public Accountants (KICPA)

ED-500 address the auditor's responsibilities relating to audit evidence. It also provides an appropriate description of its linkage to ISAs 200, 315, 330 in paragraphs 2 and 3.

Malaysian Institute of Accountants (MIA)

In addition, the linkages with other ISAs are also clear.

Pan-African Federation of Accountants (PAFA)

The relationship, to and linkages with other ISAs are well articulated. Examples included to improve the understanding of the proposed changes were also found to be very effective.

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.

7. Individuals and Others

Altaf Noor Ali (ANA)

Yes.

Q01.(b) - Agree with comments

2. Regulators and Audit Oversight Authorities

Botswana Accountancy Oversight Authority (BAOA)

Yes, the purpose and scope of the ED is clear because the exposure draft does provide an appropriate principle-based reference framework for auditors when making judgements about audit evidence as it is not prescriptive, and it is more flexible and accommodative towards different circumstances i.e. it acknowledges that the landscape in which business and audit operates in, keeps evolving, particularly in the area of technology.

Conforming and consequential amendments to other ISAs have been proposed as well to align with this ED making the relationship of this ED with other ISA much clearer and more appropriate. However, we do not agree with IAASB's decision to delay certain issues, primarily those that are related to possible enhancements to other ISAs (e.g. ISA 330), as we believe enhancements to other ISAs are necessary in order to ensure uniformity across ISAs and ensuring that the linkages are clear and appropriate.

3. National Audit Standard Setters

Canadian Auditing and Assurance Standards Board (AASB)

To enhance the clarity of the objective of ED-500, we recommend splitting paragraph 6(b) into two separate evaluations since the purpose of each evaluation is different. The evaluation of information intended to be used as audit evidence is done for the purpose of determining whether the information is relevant and reliable for the auditor's use, while the evaluation of the audit evidence obtained is done for the purpose of reaching a conclusion on whether the auditor has sufficient appropriate audit evidence. By including both of these items in a single sub-paragraph, some participants in our outreach found this confusing and indicated the nuance in the purpose may be lost.

We found the relationship and linkages to other ISAs appropriate and clearly articulated in ED-500.

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

We believe the relationships and linkages with other ISAs are clear.

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.

Hong Kong Institute of Certified Public Accountants (HKICPA)

We find the relationships to or linkages between ED-500 and other ISAs are clear and appropriate.

Following the finalization of ED-500, we consider the modernization of ISA 330 on responding to assessed risks would be of prime importance to align the conceptual elements, terminologies, etc. between ED-500 and ISA 330 (e.g., guidance relating to sufficiency and appropriateness of audit evidence) and ensure the coherence of the suite of ISAs as a whole. We therefore echo IAASB's Proposed Strategy and Work Plan for 2024 – 2027 that the next major project is anticipated to be the revision of ISA 330, and support the IAASB to assume a focus on identified standards in the ISA 500 series.

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

2. The reference to paragraph A5 should be moved to paragraph 3, as paragraph 3 deals with ISA 330, as does paragraph A5.

A5. As noted in the comment to paragraph 2, the reference in this paragraph should be to paragraph 3. The reference to ISA 330 should be to paragraph A64, not A62.

Given the nature of the requirements and application material in the draft, as well as the introductory material in paragraph 2 and 3, the application material in paragraph A2, and Appendix to the draft explaining the relationship among the standards, we believe that, with the exception of the issues addressed immediately below and in our response to Question 10 below, the relationships and linkages with other ISAs are clear and appropriate.

There appears to be a disconnect between the requirement in ISA 315 (Revised 2019) paragraph 13, which requires the design and performance of risk assessment procedures to obtain audit evidence that provides an appropriate basis for 13 (a) and (b), and paragraphs 8 and 9 of the draft, which relate to sufficient appropriate evidence (in paragraph 9, in particular the appropriateness of information to be used as audit evidence through an evaluation of relevance and reliability). In particular, the concepts of sufficiency and appropriateness (relevance and reliability) apply to risk assessment procedures, but there is no link in ISA 315 between providing an appropriate basis and the sufficiency and appropriateness of the evidence for that purpose obtained through risk assessment procedures. We recognize that the IAASB sought to avoid using the term sufficient appropriate audit evidence in relation to risk assessment procedures, but that would not preclude the IAASB from addressing in ISA 315 the sufficiency and appropriateness of the audit evidence obtained for providing the appropriate basis in paragraph 13 of ISA 315.

Royal Dutch Institute of Chartered Accountants (NBA)

The NBA is worried about the lack of alignment of ED-500 with ISA240, as elaborated in our responses to questions 1(b) and 11.

We would like to bring the following key items to your attention, and ask your careful consideration of these items:

Whilst the relationships and linkages of ED-500 with other ISAs generally are clear and appropriate, the NBA would offer two suggestions for further clarification:

The NBA emphasizes the importance of explaining how the requirement in paragraph 9 of ED-500 to evaluate the relevance and reliability of information intended to be used as audit evidence, relates to the requirement in paragraph 14 of ISA240 stating that records and documents may be accepted as genuine, unless the auditor has reason to believe the contrary. The NBA is of the opinion that these two notions are inherently conflicting.

The NBA suggests to further clarify the linkage between ED-500 and ISA315 (Revised) and to clarify how risk analysis procedures can lead to audit evidence. Currently ED-500 notes this possibility, but neither ED-500 nor ISA315 clarifies how.

While ISA330 provides (to a certain extent) guidance on testing of controls, neither that standard nor ED-500 is sufficiently clear about the manner in which, and the circumstances and prerequisites for the auditor to obtain meaningful audit evidence from the testing of the effectiveness of controls.

ED-500 is a foundational standard for other ISAs in the 500-series. The NBA urges IAASB to consider how these other standards can be best updated and aligned with future ISA 500 (Revised), in particular with respect to technology.

4. Accounting Firms

Baker Tilly International (BTI)

The scope of ED 500 as set out in paragraphs 1 to 3 is clear. In this regard:

b) The wording of paragraph 13 would benefit from further clarification as to its purpose and intent, and this would help clarify the interaction with paragraph 26 of ISA 330.

BDO International (BDO)

The extension of the Objective paragraph to include evaluation of information to be used as audit evidence also makes it clear that this is an equally important consideration within the principles-based framework. However, we are concerned with the clarity of paragraph 6(b) regarding the objectives of the auditor. To improve the clarity, we recommend separating paragraph 6(b) into two points as set out below:

(b) Evaluate the relevance and reliability of information intended to be used as audit evidence to determine whether such information can appropriately be considered as audit evidence to support the conclusions that form the basis for the auditor's opinion and report, and

(c) Evaluate whether the audit evidence obtained meets the intended purpose of the audit procedure(s) performed to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained.

We also support the new restructured Requirement sections that have been included within ED-500. We believe, as set out, these requirements correlate much more closely to audit evidence considerations during the course of an engagement than the extant structure.

We believe that ED-500, including the Scope section and subsequent paragraphs 13, A2, A4, A40 and A45, provides a clear picture about how ED-500 links to other ISAs. As an 'overarching' ISA, it is inevitable that ED-500 makes reference to other ISAs (e.g., ISA 200, ISA 300 and ISA 330) throughout the requirements, the application materials and Appendix. Where these references are made, they are clear and appropriate.

Crowe Global (CROWE)

As noted above, we should like to see more linkage in the main body of the standard with ISA 315 (Revised 2019) and ISA 330.

The approach to obtaining audit evidence should reflect the outcome of the risk assessment. Therefore, the body of the standard should reflect more the linkage with ISA 315 (Revised 2019) and ISA 330. We acknowledge the references in the application material, but this acknowledgement and linkage is important in the main body of the standard.

Crowe LLP (CROWE LLP)

A: We believe that there could be an unintended consequence to expect a more consistent assessment of authenticity by the auditor, based on its inclusion in the table in paragraph A56 along with other attributes such as accuracy and completeness. As noted in paragraphs A50 and A57, ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, guides the auditor to identify risks related to authenticity of information. We believe that this attribute is generally only relevant when a specific risk exists causing the auditor to determine that authenticity needs to be addressed. Paragraph A58 also presents authenticity as a more frequently applicable or common attribute.

In addition, see our response to Question 10 below, related to the new "stand back" requirement in the Proposed Standard.

Ernst & Young Global Limited (EY)

In regard to Q1(b), we believe there should be a clearer linkage in ED-500 to:

The auditor's use of automated techniques for substantive procedures and whether the requirements of ISA 330 or ISA 520 are applicable. Refer to our response to Q8.

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 also believe that the authenticity and bias attributes need a clearer linkage with the auditor's responsibilities related to fraud under ISA 240 (refer to our response to Q5).

We support the purpose and scope of ED-500.

KPMG International Limited (KPMG)

We consider the relationships to, and linkages with, the other ISAs to be clear and appropriate, aligned with the intention that this is an overarching standard that underpins judgements made about audit evidence throughout the audit, including in respect of more specific requirements regarding audit evidence in connection with certain, specific areas of the audit, addressed in other ISAs.

In particular, we recognise the clear links to the foundational requirement at ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing, paragraph 17, for the auditor to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the audit opinion. We also consider that the inclusion of paragraph 3 in ED-500, which explains that this is an overarching standard, applicable to all audit evidence obtained during the audit, with other ISAs addressing the audit evidence to be obtained for specific matters, is helpful in clarifying this relationship. In addition, we welcome the inclusion of the Appendix to the proposed standard, which further describes the

relationship of the proposed ISA to the other ISAs and reminds auditors of material in other ISAs which addresses the audit evidence to be obtained for specific matters.

We note that paragraph 3 of ED-500 states that ISA 330, *The Auditor's Responses to Assessed Risks* deals with the auditor's overall responsibility to obtain sufficient appropriate audit evidence and to conclude whether sufficient appropriate audit evidence has been obtained. We recognise that paragraph 8b) of ED-500 builds on this as it requires the auditor to design and perform audit procedures, for the purpose of obtaining sufficient appropriate audit evidence, the nature and timing of which are appropriate in the circumstances to provide audit evidence to meet the intended purpose of those audit procedures, and paragraph 13 further develops, and closes the loop with, these requirements as it requires the auditor, as a basis for concluding whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330.26, 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. Whilst the inclusion of these requirements may be somewhat duplicative of requirements in ISA 200.17, ISA 330, and ISA 315 (Revised), we support the inclusion of these also in ED-500, given that this is a foundational standard in respect of audit evidence. We suggest that the IAASB include clearer, more specific linkage at paragraphs 8b) and 13 to the related paragraphs in ISA 200, ISA 330 and ISA 315 (Revised) by the use of specific cross-references.

We recommend that there are clearer linkages to ISA 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* regarding audit evidence to be used on group audits, including in respect of matters such as involvement of component auditors in the design of procedures to obtain sufficient appropriate audit evidence; the exercise of professional skepticism in evaluating audit evidence; the consideration of audit evidence across the group as a whole when performing the standback as described at paragraph 13 of ED-500, and the consideration of any inconsistencies in audit evidence across the group.

We also recommend, in our responses to the questions below, that clearer linkages to other ISAs be established at certain points, e.g. to ISA 580, *Written Representations* and ISA 700, *Forming an Opinion and Reporting on Financial Statements*, in respect of professional skepticism when management is unwilling to provide certain audit evidence, and, in the application material addressing the attribute of authenticity, not only to ISA 240.14, which sets out the auditor's responsibilities (and limitations to these) in respect of the authenticity of records and documents that the auditor intends to use as audit evidence, i.e. that the auditor may accept these as genuine unless they have reason to believe to the contrary, but also to the related application material at ISA 240.A10, which states that "an audit performed in accordance with ISAs rarely involves the authentication of documents, nor is the auditor trained as or expected to be an expert in such authentication."

We also recommend, in our response to Question 4, that, as part of modernising ISA 500, as the foundational standard addressing audit evidence, to recognise the evolution in technology, the IAASB explore conforming amendments to the more prescriptive requirements in respect of audit evidence in other ISAs, including ISA 315 (Revised), ISA 330, ISA 501, ISA 505 and ISA 520.

Mazars (MZ)

Yes, we believe the relationships and linkages are clear, but see our comment on the stand back requirement and the links with ISA 330.

Mo Chartered Accountants (MCA)

On the whole the linkages are well documented, clear and appropriate. ISA 240 is mentioned in the conforming and consequential amendments arising from proposed ISA 500 (revised). As is well understood, it is not the overarching and or primary objective for the auditor to detect fraud but recent scandals have brought to the fore the necessity to ensure that the auditor does some work in relation to ensuring that as a minimum the design and performance of audit procedures could be designed such that the work has some degree of focus on fraud. For example, consideration of the fraud triangle (incentive, opportunity, rationalisation) will somewhat lead an auditor toward ensuring that high risk areas in this respect are afforded adequate attention. The expectation of users is that auditors cannot wholly negate and absolve themselves from ensuring that fraud is not present. In respect of errors, these could also have characteristics of fraud laced-in and non-detection could result in the financial statements not representing a true and fair view.

It is important to note that with digital advances a clear distinction must be drawn, that not only misstatements in the financial statements may indicate the possibility of fraud or error but with the growing use of estimates, complex accounting and endless fraud schemes, the fraud could be lying in plain sight. This realisation should be front and centre at all times, for example manipulation of a system to obtain an unfair advantage. In spite of all appearing above board and following system processes the underlying basis may indicate fraud.

With regard to para 11 of the standard regarding use of the work of external or management expert the issue of independence ought to be considered strongly and whether or not there is rotation of such experts much like the ethical and independence standards guiding auditors. There may be a tendency to consider rote and trite that once evidence regarding 11 a-c is obtained, there is no need to zone in on other matters like familiarity and independence. This notion may be used on a wider scale and extended to other matters to ensure relevance, reliability and persuasiveness of audit evidence. An example of independence is pertinent in the use of experts in IFRS 17 – Insurance Contracts where the reliance placed on the output from such experts is widespread, significant and without independence and ethical boundaries a great many possibilities may arise that may impact the fair presentation of financial statements.

With regard to paragraph 12, should a certain source create doubts as to the reliability and relevance of information to be used as audit evidence, the in using this same source as future source should be viewed with professional scepticism and the auditor must be required to make a judgement as to the continued veracity and credibility of use.

Unrelated, yet relevant to the issue of audit evidence, we believe that similar to ISA 501 where certain balance/ transaction and disclosure items are explained as a rule, and audit evidence methods and expectations are given for inventory, litigation and claims and segment information similar standards can be drafted for other critical areas within and relevant to an entities financial reporting. This serves as a standard of expectation and can always be scalable, adaptable and act as a guideline for audit evidence.

PKF International Limited (PKF)

Response:

In general, we agree that ED-500 appropriately addresses the relationships with and linkages to other ISAs.

In our opinion, paragraph 2 clearly highlights the linkage between ISA 500 (Revised) and ISA 200 and helps to put the objectives of ISA 500 (Revised) into context with the overall responsibilities of the auditor.

We would propose that the IAASB also considers the following:

Paragraph 3 – Reference to specific ISAs

To help clarify the relationship between ED-500 and other ISAs and to ensure that users understand that ‘other ISAs’ may need to be applied in addition to ED-500, to appropriately address specific matters, we would propose amending the wording in this paragraph as follows:

‘This ISA is applicable to all audit evidence obtained during the audit. Other ISAs should be applied, in addition to ED-500, to address specific matters (e.g., audit evidence related to risk assessment procedures performed in accordance with ISA 315 (Revised 2019)).’

Paragraph 3 – Reference to ISA 330

For consistency, and to ensure equal prominence with the reference to ISA 200 in paragraph 2, we would propose promoting the following ISA 330 reference to combine it with paragraph 2:

‘In addition, ISA 330 deals with, among other matters, the auditor’s overall responsibility to obtain sufficient appropriate audit evidence and to conclude whether sufficient appropriate audit evidence has been obtained’.

An alternative option would be to create a separate paragraph (paragraph 3) to specifically address the above.

We have one comment for the IAASB to consider in the ‘Scope’ paragraphs:

Paragraph 1 – Placement of Application Guidance Referencing

The Application guidance (A1-4), referred to in paragraph 1, supports the auditor’s overall responsibilities relating to audit evidence and performing audit procedures. We recommend that the reference to these paragraphs is placed at the end of the first sentence, rather than at the end of the paragraph, to better reflect the overall subject matter.

We would like to raise the following matters for consideration by the IAASB:

Paragraph 6, ‘Objectives’

We would propose that the IAASB consider updating the structure and wording of the ‘Objectives’ paragraph. Objective 6(b) is a new objective and whilst we agree with its purpose, we recommend that the IAASB review the placement of this objective relative to the extant objective (6a), to ensure that the stages of an audit are represented clearly and accurately. We propose the following wording:

‘The objectives of the auditor are to:

Design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining information intended to be used as audit evidence;

Evaluate information intended to be used as audit evidence, and the audit evidence obtained, to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained; and

Draw reasonable conclusions on which to base the auditor’s opinion [and report] from the audit evidence obtained.’

PriceWaterhouseCoopers (PwC)

Principle-based requirements that support consistent professional judgements

We support the Board’s objectives of seeking to enhance the focus on the relevance and reliability of information intended to be used as audit evidence and supporting the effective exercise of professional

scepticism. To achieve those stated objectives, we believe that certain of the proposed concepts and requirements require clarification for the standard to be operable and to support auditors in making consistent professional judgements, when presented with similar facts and circumstances, about:

the nature, timing, and extent of procedures necessary to evaluate the relevance and reliability of information the auditor intends to use as audit evidence; and

documentation expectations with respect to the auditor's consideration of the attributes of relevance and reliability of such information.

The specific comments section below highlights the more significant areas where we believe revisions are necessary.

With the exception of the relationship between ISA 500 and ISA 330, we find the linkages to other ISAs to be sufficiently clear and appropriate. With respect to the relationship between ISA 500 and ISA 330, we have concerns about the proposed wording of the requirement in paragraph 8(b) and the need for the requirement in paragraph 13(a), as explained below.

We believe the intent of paragraph 8(b), 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. For example, this can be interpreted as meaning:

risk assessment procedures or further audit procedures (or both);

to obtain evidence about the operating effectiveness of controls or obtain evidence from performing substantive tests, including tests of details; or

specific evidence to be obtained over one or more relevant assertions.

If the intent is to refer to the purpose as being risk assessment or further audit procedures, we do not believe the requirement serves any meaningful purpose beyond what is addressed in ISA 315 (Revised 2019) and ISA 330. We believe the intent may be to drive the auditor to think about whether the specific type of procedure to be performed generates the audit evidence that was expected in performing that procedure. However, we find the combination of application material paragraphs in A15-A17 and A24-A33 to be confusing, as it discusses the nature, purpose, categories and types of procedure, and selection of items for testing, without a sufficiently clear linkage back to the intent of the requirement.

The intended meaning of the phrase is also confused by its use in the plural versus the singular. Explaining the intended purpose of a specific procedure may be a more easily explained and understood concept, for example obtaining evidence relating to an assumption used by management in an accounting estimate. However, referring to “the intended purposes of the audit procedures” introduces the ambiguity described above about the specific intent of the phrase as used in the requirements.

Overall, we do not believe there is a gap in the requirements of ISA 315 (Revised 2019) and ISA 330 (identifying risks 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). Indeed, there is a circularity between the opening sentence of paragraph 8 and 8(b), that arguably makes 8(b) irrelevant. Our preference, therefore, would be for requirement 8(b) to be deleted.

However, if the Board decides to retain it, we recommend that, at a minimum, paragraph 8(b) needs to be amended to more directly link to the subsequent requirements in the standard, as follows:

Recommendation for paragraph 8(b):

“The nature, timing and extent of which are appropriate in the circumstances to provide obtain relevant and reliable audit evidence to meet the intended purpose of those audit procedures.”

This would act as a bridge between the proposed new requirement to evaluate the relevance and reliability of information intended to be used as audit evidence and the need for the audit procedures to be performed to be both appropriate and effective, which together affect whether the audit evidence obtained is relevant and reliable. As explained, our preference is for paragraph 8(b) to be deleted. However, if retained, we believe this would at least be a more meaningful requirement that would be more understandable to auditors.

We believe the use of the phrase in paragraph 9(b) can also be replaced with alternative language that better explains the intent as used in the context of that requirement. We further address this matter in our response to question 8.

We do not support the related paragraph 13(a) and 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, in addition to the concerns described above. We do not believe paragraph 13(a) will be consistently understood and applied in practice. We further address this matter in our response to question 10.

RSM International Limited (RSM)

Yes, the relationships and linkages with other ISAs are clear and appropriate. As set out in our responses below, there are some overlaps, but these appear to be intentional.

5. Public Sector Organizations

Office of the Auditor General of Canada (OAG)

(b) Yes, we agree that relationships to, or linkages with, other ISAs are clear and appropriate. Paragraph 3, or the scope section of ISA 500 (Revised) could reference the Appendix directly, as this content may be overlooked. Other standards such as ISA 501 and 510 could also be mentioned in the Appendix, in order to have a more comprehensive list.

6. Member Bodies and Other Professional Organizations

Chamber of Auditors of the Czech Republic (CA CR)

The relationships or linkages to other ISAs are clear but they seem to be too repetitive and extensive. We believe that such detailed explanations should be part of explanatory materials rather than the standard itself. Examples of repetition of requirements of other ISA with no additional value are A7 or A25 and A26.

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).

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

Revision of the 500 series

Our stakeholders raised concerns that the entire 500 series was not considered as a whole at the time of revising ED-500. While we understand that the Board’s Strategy and Work Plan consultation period has only

just come to an end, we suggest that the IAASB prioritises any narrow scope amendments to the ISA 500 series and considers whether full revisions of certain standards would be necessary to meet public interest demands.

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.

Chartered Accountants Ireland (CAI)

We feel that the draft ISA does provide an appropriate framework and relationships with other ISAs are sufficiently clear except as noted below.

The definition of “Authenticity” in the application material (A56) states:

The source actually generated or provided the information, and was authorized to do so, and the information has not been inappropriately altered.

We believe that authenticity is an attribute of the information and not an attribute of the source producing the information. We would recommend this is amended for clarity. We also believe that the Board should consider adding a cross reference to ISA 240.14 which allows the auditor to accept records and documents as genuine unless the auditor has reasons to believe to the contrary.

We feel this would be clearer if it said: the source actually generated or provided the information was authorised to do so and the information has not been inappropriately altered subsequent to generation.

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

1, b) – The linkages are clear and so are the choices (mainly those related to the definitions). However, we believe that reporting the concepts of professional skepticism and professional judgment, already included in other standards, may not be useful.

Moreover, we deem necessary a coordination with the requirements 13 and 14 of ISA 240, according to which “unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine”. While, according to ED-500 it seems that the auditor is supposed to perform procedures before accepting records and documents as genuine.

CPA Australia (CPAA)

the objective of ED-500 includes the evaluation of ‘information intended to be used as audit evidence, and the audit evidence obtained, to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained’. This overlaps with the requirements in ISA 330 The Auditor's Responses to Assessed Risks (ISA 330) to evaluate and ‘conclude whether sufficient appropriate audit evidence has been obtained’. Further distinction between ED-500 and ISA 330 on this matter is recommended to avoid duplicated work effort.

IFAC SMP Advisory Group (SMPAG)

In addition, it is difficult to assess the sufficiency and appropriateness of the proposals in ED-500 as the basis for a framework standard until the proposed revisions have been made to other relevant ISAs that underpin ISA 500.

The objective of ED-500 (para 6 (b)) includes to “evaluate information intended to be used audit evidence, and the audit evidence obtained, to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained”, which overlaps with the requirements in ISA 330, The Auditors Responses to Assessed Risks (ISA 330) to evaluate and “conclude whether sufficient appropriate audit evidence has been obtained” (para.26). Further distinction between ED-500 and ISA 330 on this matter could be considered to avoid duplicated work effort.

We also note that ISA 315 (Revised 2019) para.13 may need to be subject to a conforming amendment. As it is a currently worded there is a disconnect between “audit evidence that provides an appropriate basis” required by ISA 315 (Revised 2019) para.13 for “(a) the identification and assessment of risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels; and (b) the design of further audit procedures in accordance with ISA 330” and the concepts of “sufficient appropriate audit evidence” and “relevance and reliability” of information intended to be used as audit evidence in ED ISA 500 (Revised) paras. 8 and 9, respectively. The issue that needs clarification is what makes audit evidence sufficient and appropriate to “qualify” as an appropriate basis.

Institute of Certified Public Accountants of Uganda (ICPAU)

We believe that the ED-500 relationships to, or linkages with other ISAs are clear and appropriate. However, the requirements and application material of the ED- 500 should be enhanced to stress the overall linkage to ISA 330 requirement to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks. During the execution of the audit engagement, the goal is to consider the relevance and reliability of audit evidence in addressing the risks of material misstatement.

Institute of Chartered Accountants in England and Wales (ICAEW)

Yes, the relationships to, and linkages with, other ISAs are clear and appropriate except for the ‘stand back’ requirement in relation to ISA 330 that is discussed in our response to question 10 below.

Institute of Chartered Accountants of Scotland (ICAS)

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.

Instituto de Auditoria Independente do Brasil (IBRACON)

Yes for (a) and (b). As ED-500 is an overarching standard related to audit evidence, it provides an appropriate principles-based framework to auditors and linkages with other ISAs through application material. However, we believe that further guidance is needed related to the applicability of the attributes and how scalability can be applied.

Malaysian Institute of Certified Public Accountants (MICPA)

Generally, the examples and guidance provided in the Appendix are helpful. However, we request further detailed examples and illustrations.

South African Institute of Chartered Accountants (SAICA)

Yes, SAICA noted that there was an appropriate number of references to, and extractions from, the other relevant ISAs for example ISA 330, 315 etc. We believe an experienced auditor will be able to understand the relationships and linkages to the other ISAs.

We specifically noted the decision to maintain the additional guidance for selecting items for testing in ED-500, and the link to paragraph A47 of ISA 330. This is appropriate to keep the selection of items in ED-500, provided the link from ISA 330 to ED-500 is clear, as an auditor is likely to closely associate the sample size with the design of the audit procedure. The relationships or linkages with other ISAs are clear and appropriate.

ED-500 still includes the link to other ISAs where specific matters with regards to audit evidence are considered. and the link to the auditor's overall conclusion on whether sufficient appropriate audit evidence has been obtained is also appropriately referenced in ED-500.

The Malta Institute of Accountants (TMIA)

Yes, through examples. However more examples might be needed with respect to audit evidence that satisfies the requirements of both ISA 315 (Revised 2019) and the ED ISA 500.

Q01.(b) - Disagree

1. Monitoring Group

International Organization of Securities Commission (IOSCO)

We believe the objectives of each individual standard should be sufficiently distinct from other standards to avoid overlap and confusion. In addition, while we believe linking to other standards is appropriate (rather than repeating the same requirements in various standards), such linking should be meaningful. As such, we have provided recommendations where we believe there are opportunities for improvements in this area.

Project Scope and Linkage with Other Standards

We agree with the Board that ED 500 provides important underpinning for auditors when making judgments about audit evidence throughout the audit. However, we believe the Board should take a more holistic approach when considering the project objectives in context of other relevant standards. More specifically, we do not believe that the objective of ED 500 is sufficiently distinct from the objective of ISA 330, The auditor's responses to assessed risk. The stated objective of ED 500 includes the evaluation of information intended to be used as audit evidence, and audit evidence obtained, to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained. Whereas ISA 330 also includes the evaluation of the sufficiency and appropriateness of audit evidence obtained more broadly to support conclusions made.

As a result of overlap in the objectives of ED 500 and ISA 330, we have identified some examples of duplication of requirements in the following paragraphs as it relates to the evaluation of audit evidence obtained: ED 500.1 and ISA 330.1; ED 500.6(a) and ISA 330.3; and ED 500.13(b) and ISA 330.26. 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 believe the objective of ED 500 should focus on the evaluation of information intended to be used as audit evidence and the evaluation of whether the audit evidence provides a basis for conclusion, and ISA

330 should focus on the evaluation of the sufficiency and appropriateness of audit evidence obtained to support conclusions. Therefore, we recommend the Board evaluate the areas of overlap within ED 500 and ISA 330 and potentially relocate more applicable proposed requirements to ISA 330 to better align with the objectives of each individual standard. With this in mind, we do not agree with the Board's decision to delay these and other possible enhancements to ISA 330 as we believe enhancements to ISA 330 are necessary in order to meet the Board's stated project objective to evaluate whether sufficient and appropriate audit evidence has been obtained.

2. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

5. The CEOB supports the IAASB's initiative and efforts to understand and consider issues related to audit evidence.

6. According to our CEOB findings database, audit engagement findings identified during inspections of PIE audits by regulators frequently refer to audit evidence, including ISA 500, which ranks in the top 3 of the most cited audit standards for inspection findings.

7. Furthermore, according to the mechanism put in place within the CEOB to collect standards deficiencies identified by our inspection teams, ISA 500 was flagged as requiring improvement, together with ISA 501 Audit Evidence – Specific Considerations for Selected Items, ISA 505 External Confirmations, ISA 520 Analytical Procedures, ISA 530 Audit Sampling and ISA 330 The Auditor's Responses to Assessed Risks. The assessment of the appropriateness and sufficiency of audit evidence can not be treated in isolation, and is central to the determination of the scope and extent of audit procedures required by the ISAs.

Too narrow coverage of the project

10. First, the proposed amendments are only focused on ISA 500 with minor amendments to other standards, while the level and recurrence of findings in our CEOB findings database would point out the need for an in-depth analysis of audit evidence related issues, encompassing other standards relevant to the topic.

11. The CEOB comment letter dated 3 June 2019 relating to the IAASB's proposed strategy for 2020-2023 and work plan for 2020-2021 made it clear that the audit evidence project should cover, among other things, refining the provisions on materiality, audit sampling, and analytical procedures.

12. For us, the other standards mentioned in paragraph 7 of this letter should have been considered in this project. We have included some more detailed expectations with regards to those other standards in the appendix that forms part of this comment letter.

Irish Auditing and Accounting Supervisory Authority (IAASA)

IAASA supports the IAASB's initiative and efforts to understand and consider issues related to audit evidence.

We particularly support the objectives pursued by the IAASB:

To modernise the standard to be adaptable to the current business and audit environment, in particular while considering a wide variety of circumstances regarding the use of technology by the entity and the auditor, including the use of automated tools and techniques; and

To emphasise the importance of professional scepticism of the auditor.

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

The assessment of the appropriateness and sufficiency of audit evidence cannot be treated in isolation, and is central to the determination of the scope and extent of audit procedures required by the ISAs.

According to the CEAOB findings database, audit engagement findings identified by regulators during inspections of PIE audits frequently refer to audit evidence. These findings include those relating to ISA 500, which is one of the top three most cited audit standards for inspection findings in the CEAOB database.

We further note that, based on the collation of deficiencies in the auditing standards identified by CEAOB inspection teams, ISA 500 was flagged as requiring improvement, along with ISA 501 Audit Evidence – Specific Considerations for Selected Items, ISA 505 External Confirmations, ISA 520 Analytical Procedures, ISA 530 Audit Sampling and ISA 330 The Auditor's Responses to Assessed Risks.

Narrow scope of current audit evidence project

The proposed amendments relate to ISA 500 with only minor amendments to other audit evidence standards. The level and recurrence of findings in the CEAOB findings database points to a need for an in-depth analysis of audit evidence related issues, covering all the standards on this topic.

Our comment letter dated 3 June 2019 relating to the IAASB's proposed strategy for 2020-2023 and work plan for 2020-2021 stated that the audit evidence project should cover refining the provisions on materiality, audit sampling, and analytical procedures.

The other audit evidence standards listed in paragraph 11 also required consideration. We have included some more detailed comments with regards to those other standards in the appendix

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.

With regard to linkages with other ISAs, we think more clarity is needed with respect to how the requirements in the exposure draft interplay with ISA 330. For more details, see response to question 10.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We believe there are too many links and references to other ISA and the level of detail in the implementation material is too high. The links to other ISA would be more appropriate for example in the basis for conclusion and similar documents.

While we understand that ED-500 is an umbrella standard with a specific objective of linking to other ISA, we believe it is important to avoid overlaps 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 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?

We also want to refer to the stand-back requirement in ISA 700.11a, which requires the auditor to conclude, in accordance with ISA 330, whether sufficient appropriate audit evidence has been obtained. These stand-back requirements convey the same objective; therefore, adding a new requirement in ED-500 is not necessary and we believe that amending ISA 330.26 would be a more appropriate option.

We believe that stand-back requirements in ISA 330 and ISA 700 (Revised) are sufficient.

6. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

We believe that ISAs should be viewed as a single set of professional standards. Consequently, it is not always helpful, and thus not necessary, to remind a concept (such as professional scepticism and use of professional judgement) or to repeat a requirement from a specific ISA in another standard. Auditors already shall consider and comply with all ISA requirements applicable to the engagement they conduct. Excessive cross-referencing can be distracting and increase complexity of the standard without adding any value.

In this regard, we invite IAASB to reconsider the linkages included in the ED-ISA 500 based on drafting principles and guidelines, namely principles 4.2.1 and 4.2.2.

There is also a need to explain how the evaluation requirement of paragraph of the ED-ISA 500 relates to the paragraph 13 of ISA 240 according to which records and documents may be accepted as genuine, unless the auditor has reason to believe the contrary. A57 of the ED-ISA 500 explains that ISA 240.13 is about the authenticity attribute only and auditor may or may not determine that this attribute is applicable. We would find it helpful to clearly state that in most cases, the auditor will not find authenticity applicable (i.e., unless there is a reason to believe the contrary).

Center for Audit Quality (CAQ)

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).

ISA 240, The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements

The concept of "authenticity" is introduced as a new attribute affecting the reliability of IIUAE, included in paragraphs A56 to A58 and A80 of ED-500. This concept is addressed in ISA 240, The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements (ISA 240). We believe the inclusion of this attribute in ED-500 may lead to the perception that evaluating the authenticity of IIUAE is equally as common or necessary as evaluating other attributes in the table in paragraph A56 of ED-500, such as completeness and accuracy. Paragraph 14 of ISA 240 states, "Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine. If conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the auditor, the auditor shall investigate further." Additionally, paragraph A10 of ISA 240 states, in part, "An audit performed in accordance with ISAs rarely involves the authentication of documents, nor is the auditor trained as or expected to be an expert in such authentication." Authenticity may be an important attribute to consider regarding certain IIUAE when an auditor has reason to believe it is not genuine. However, given the language in paragraphs 14 and A10 of ISA 240, we recommend the Board consider striking the reference to "authenticity" in the final ISA 500(R). Should the Board retain the reference to "authenticity" in the final ISA 500(R), we suggest that paragraph A57 within the application material be updated to more specifically reference paragraphs 14 and A10 of ISA 240. We believe this would make it more clear that evaluating the authenticity of IIUAE may not be equally as common or necessary as evaluating other attributes in the table in paragraph A56 of ED-500.

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.

Additionally, as discussed in our response to Q4, to align with the views expressed in paragraph 36 of the Explanatory Memorandum and paragraph A29 of the ED-500, we believe conforming amendments are required to paragraph 21 of ISA 330. It is our belief that the auditor’s response to an assessed risk of material misstatement should be agnostic to which category the audit procedure falls. Rigorous, properly designed audit procedures, including substantive analytical procedures and those that incorporate audit data analytics or automated tools and techniques, may be applied to an entire population of items to effectively respond to an assessed risk of material misstatement in certain situations, including in response to significant risks. While this recommendation does not relate directly to ED-500, we note that the Board may have the opportunity to address it as part of the planned project to revise ISA 330, as discussed in the strategy and work plan for 2024-2027.

Nordic Federation of Public Accountants (NRF)

ED-500 includes lots of cross-references to other standards. In our opinion they are too many. We are not convinced about how helpful this is and whether this approach clarifies the relationship with other ISAs.

Q01.(b) - No specific comments

1. Monitoring Group

International Forum of Independent Audit Regulators (IFIAR)

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

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

Institute of Chartered Accountants of Nigeria (ICAN)

Institute of Internal Auditors (IIA)

Institute of Singapore Chartered Accountants (ISCA)

Wirtschaftsprüferkammer (WPK)

7. Individuals and Others

Shuichiro Tsumagari (ST)

Thomson Reuters (TR)