Extracts from Proposed ISA 500 (Revised), Audit Evidence

Updated based on the IAASB discussion on September 12, 2022.

Requirements

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Information Intended to Be Used as Audit Evidence

9. The auditor shall evaluate the relevance and reliability of information intended to be used as audit evidence. In making this evaluation, the auditor shall consider: (Ref. Para. A34–A46)
   (a) The source of the information; and (Ref. Para. A47–A51)
   (b) The attributes of relevance and reliability that are applicable in the circumstances, given the intended purpose of the audit procedures. (Ref. Para. A52–A61)

10. If the auditor considers determines in accordance with paragraph 9(b) that the accuracy and completeness attributes are applicable in accordance with paragraph 9(b), the auditor shall obtain audit evidence about the accuracy and completeness of the information. (Ref: Para. A62-A64)

Application and Other Explanatory Material

Information Intended to Be Used as Audit Evidence (Ref: Paras. 9–12)

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Attributes of Accuracy and Completeness (Ref: Para. 10)

A62. The source of the information intended to be used as audit evidence may affect the auditor's consideration of whether the attributes of accuracy and completeness are applicable in the circumstances. For example, accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system. For information obtained from a source external to the entity, the auditor may be more focused on other attributes of reliability, including the credibility of the source providing the information.

A63. As explained in paragraph A58, the intended purpose of the audit procedure affects the auditor's professional judgment about the attributes of relevance and reliability that are applicable in the circumstances. The attributes of accuracy and completeness ordinarily will be applicable for information generated internally from the entity’s information system used in performing further audit procedures but may not always be applicable when performing certain risk assessment procedures.

Examples of circumstances in which the auditor may determine that the attributes of accuracy and completeness are applicable in the circumstances may include:

- The price and sales volume data produced by the entity intended to be used by the auditor to develop an expectation about revenue.
- A population of items being tested for a certain characteristic, such as authorization of payment.
- Testing the appropriateness of journal entries and other adjustments.