

# Supplement 1 to Agenda Item 7

## Reconciliation of Issues Presented to the Board in June 2019 to Issues Presented to Stakeholders for Purposes of Targeted Outreach Activities

This paper presents the reconciliation of the audit evidence issues (51) presented to the Board in June 2019 with the issues presented to stakeholders in the [Background Paper](#) as part of the targeted outreach activities of the AEWG. This paper is **for reference only**.

To summarize:

- 35 of the 51 issues were incorporated in the Background Paper. The 35 issues presented to the Board in June 2019 were combined into 15 issues in the Background Paper;
- 10 of the 51 issues were incorporated in the Technology Workstream Plan;
- 4 of the 51 issues were excluded as the AEWG concluded they represented non-core audit evidence issues that may be considered in the IAASB forward work-plan; and
- 2 of the 51 issues were excluded from the Background Paper as they either represented an issue related to a recently completed project or an active project at the time.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 500, Audit Evidence</b>				
1	Questions have arisen about the purpose of ISA 500 in the context of the other ISAs, in particular whether ISA 500 is intended to be a performance standard. <sup>1</sup>	4		

<sup>1</sup> For example, the objective of ISA 500 indicates that “the objective of the auditor is to design and perform audit procedures”, and paragraph 6 requires the auditor to “design and perform audit procedures.”

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
2	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> has resulted in descriptions in ISA 500 becoming outdated, <sup>2</sup> and raised questions as to whether ISA 500 should be updated to reflect new technology and information sources.	12(a)		
<b>Audit procedures</b>				
3	New <b>technologies</b> have given rise to confusion about whether certain technological tools are audit procedures in their own right, or whether they provide information that the auditor performs audit procedures on (e.g., pictures from a drone) (i.e., a lack of clarity on the difference between “information (to be used as audit evidence)”, “evidence” in general as used in IAASB standards other than the ISAs, “audit evidence” and “audit procedures”).	12(b)		
4	New <b>technologies</b> have raised questions about where audit procedures performed using new technologies fit within: <ul style="list-style-type: none"> <li>• The categories of audit procedures (i.e., inspection, observation, inquiry etc.); and</li> <li>• The nature of audit procedures (i.e., risk assessment, tests of controls, tests of details).</li> </ul>	12(c)		
5	The use of new <b>technology</b> to perform audit procedures has raised questions about whether an audit procedure can be both a risk assessment procedure and a substantive procedure at the same time, i.e., a procedure that serves a dual purpose. This is particularly the case for certain data analytic tools.	12(d)		

<sup>2</sup> For example, paragraph 5(a) of ISA 500 describes accounting records as the records of initial accounting entries and supporting records, such as checks and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
6	The use of new <b>technology</b> to perform audit procedures has raised questions about the auditor’s evaluation of whether the audit procedure is designed in a manner that provides the audit evidence needed about the relevant assertion being tested. For example, there may be overreliance on an audit procedure because of the use of technology in performing the procedure (i.e., a lack of due care or objectivity that impairs the exercise of professional skepticism).	12(e)		
<b>Sufficient appropriate audit evidence</b>				
7	Auditors are required to exercise professional judgment in concluding whether sufficient appropriate audit evidence has been obtained, and, if not, when to seek further evidence from additional sources. Given concerns about auditors appropriately exercising <b>professional skepticism</b> , questions have arisen about whether ISA 500 could more robustly address the need for professional skepticism when making such judgments.	1		
8	<p>The evolution in the number and nature of sources of <b>information</b> and use of <b>technology</b> to perform audit procedures have raised questions about the factors that are considered by the auditor in concluding whether sufficient appropriate audit evidence has been obtained. It brings into question:</p> <p>(a) Whether the definitions of appropriateness of audit evidence and sufficiency of audit evidence<sup>3</sup> are appropriate.</p> <p>(b) What factors are considered by the auditor in concluding whether sufficient appropriate audit evidence has been obtained.</p>	5		

<sup>3</sup> Paragraph 5(e) of ISA 500 describes the sufficiency of audit evidence as the measure of the quantity of audit evidence.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>Information to be used as audit evidence</b>				
9	Auditors are required to exercise professional judgment in considering the reliability of information to be used as audit evidence. Given concerns about auditors appropriately exercising <b>professional skepticism</b> , questions have arisen about whether ISA 500 could more robustly address the need for professional skepticism when making such judgments.	2		
10	The evolution in the nature and number of sources of <b>information</b> has brought into question the appropriateness of certain statements in the standards about information obtained internally and externally. <sup>4</sup> In some instances, there may be overreliance on certain information sources without appropriate <b>professional skepticism</b> being exercised.	6(a)		
11	Questions have arisen regarding whether all <b>information</b> to be used as audit evidence should be subject to the same rigor when considering the relevance and reliability of such information. For example, should information to be used in risk assessment procedures be subject to the same level of consideration as information to be used in a substantive analytical procedure?	6(b)		
12	The evolution in technology and the nature and number of sources of <b>information</b> has created challenges in considering the reliability of internal and external information. For example: <ul style="list-style-type: none"> <li>• Considering the reliability of information from an external source is challenging in certain circumstances given access issues.</li> </ul>	6(c)		

<sup>4</sup> For example, paragraph A31 of ISA 500 includes statements that may no longer be appropriate in today's environment, including statements such as:

- The reliability of audit evidence is increased when it is obtained from independent sources outside the entity.
- The reliability of audit evidence that is generated internally is increased when the related controls, including those over its preparation and maintenance, imposed by the entity are effective.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	<ul style="list-style-type: none"> <li>• There may be confusion as to when the information source is a service organization, and therefore when ISA 402<sup>5</sup> applies. For example, in the case of information generated through a blockchain, questions have arisen about whether the blockchain could be considered a third-party service organization and whether it forms part of the entity's information system relevant to financial reporting.</li> <li>• Auditors lack appropriate expertise in the algorithms underlying new technology that is used to generate information.</li> </ul>			
13	The evolution in the nature and number of sources of <b>information</b> has brought into question the differentiation in work effort regarding the reliability of information between information produced by the entity and other information sources. <sup>6</sup>	6(a)		
14	The evolution in the nature and number of sources of <b>information</b> has brought into question the auditor's responsibilities in circumstances when there is information that contradicts management's assertions but the reliability of that information may not be determinable, for example, because of its source (e.g., social media).	6(d)		

<sup>5</sup> ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

<sup>6</sup> Paragraph 7 of ISA 500 indicates that when designing and performing audit procedures, the auditor shall **consider the relevance and reliability** of the information to be used as audit evidence. However, paragraph 9 imposes additional responsibilities when using information produced by the entity; it requires the auditor **to evaluate whether the information is sufficiently reliable** for the auditor's purposes. It is also notable that paragraph 5(b) of ISA 520 requires the auditor to **evaluate the reliability of data** from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
15	The factors considered in the evaluation of the reliability of <b>information</b> are different in ISA 500 compared to ISA 520, <sup>7</sup> which creates confusion about the attributes of information that affect the reliability of information. <sup>8</sup>	6(e)		
16	The increasing use of <b>information</b> generated by the client's IT applications in performing audit procedures has raised questions about the extent of understanding and testing needed of general IT controls and application controls, and the impact of deficiencies in general IT controls and application controls on the reliability of that information.			X <sup>9</sup>
17	The standards use the <b>terms "information" and "data"</b> , and this raises questions about whether they are different and should be subject to different considerations.	6(f)		
<b>Use of a Management's Expert</b>				
18	The evolution in the nature and number of sources of <b>information</b> and introduction of new application material dealing with external information sources has raised questions about the distinction between a management's expert and an external information source.	7		

<sup>7</sup> ISA 520, *Analytical Procedures*

<sup>8</sup> Paragraph 9 of ISA 500 requires the auditor to evaluate whether the information is sufficiently reliable for the auditor's purposes, including, as necessary in the circumstances (a) obtaining audit evidence about the accuracy and completeness of the information; and (b) evaluating whether the information is sufficiently precise and detailed for the auditor's purposes. Paragraph 5(b) of ISA 520 describes the evaluation of the reliability of data as taking account of source, comparability, and nature and relevance of information available, and controls over preparation.

<sup>9</sup> The issue has been considered by the ISA 315 Task Force as part of the revision of ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>Selecting items for testing</b>				
19	The use of new <b>technologies</b> brings into question whether the requirements and application material dealing with the selection of items for testing are relevant and appropriate for certain types of audit procedures.	13		
<b>Inconsistency in audit evidence</b>				
20	Continued audit failures highlight concerns about the extent of <b>professional skepticism</b> exercised by auditors. This includes concerns about the auditor's professional skepticism and bias towards seeking evidence to support management's assertions (consistent or corroborating evidence) rather than evidence that is inconsistent with management's assertions.	3		
<b>ISSUES IN OTHER ISAs RELATED TO AUDIT EVIDENCE AND TECHNOLOGY</b>				
<b>ISA 200, OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING</b>				
21	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> raises questions about whether ISA 200 should be updated to reflect new technology and information sources. For example, the application material related to control risk, inherent risk and detection risk could discuss factors arising from technology that affect these risks.	8		
<b>ISA 210, AGREEING THE TERMS OF AUDIT ENGAGEMENTS</b>				
22	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> raises questions about whether ISA 210 should be updated to reflect new technology and information sources. For	9		

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	example, the application material discussing the content of the engagement letter could include technology-related issues, such as the availability of algorithms and audit trails, access to key sources of internal and external data, security over data and arrangements with service providers (e.g., data warehouses).			
<b>ISA 230, AUDIT DOCUMENTATION</b>				
23	<p>Evolution in <b>technology</b> raises questions about whether ISA 230 should be updated to reflect new technology. For example:</p> <ul style="list-style-type: none"> <li>• The definition of audit file may be outdated.</li> <li>• Descriptions about the form, content and extent of audit documentation could include examples more reflective of technological tools.</li> </ul>		X <sup>10</sup>	
24	<p>The emergence of <b>new technologies</b> has given rise to questions about the auditor's documentation, including:</p> <ul style="list-style-type: none"> <li>• How the auditor is expected to document the procedures performed in order that the documentation test is met (i.e., an experienced auditor having no connection with the audit is able to understand how the technology operated). This includes, for example: <ul style="list-style-type: none"> <li>○ How to document iterations of an analytical tool, e.g., when the test is refined.</li> <li>○ How to document in circumstances when machine learning is used by an entity and/or the auditor.</li> <li>○ How to document the algorithms supporting the technology (e.g., AI's "black box").</li> </ul> </li> </ul>		X <sup>10</sup>	

<sup>10</sup> Issues regarding how technology may affect the auditor's documentation have been included in the Technology Workstream Plan (see topic 2)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	<ul style="list-style-type: none"> <li>○ Documentation expectations related to testing the information or underlying data.</li> <li>• Documentation challenges arising from the client's use of technology, for example, in circumstances when the client's information may only be available for a short period of time (e.g., in the case of many AI related applications).</li> </ul>			
<b>ISA 240, THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS</b>				
25	<p>Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> raises questions about whether ISA 240 should be updated to reflect new technology and information sources. For example:</p> <ul style="list-style-type: none"> <li>• The manner in which fraud takes place, as described in paragraphs A3–A5 could include fraud arising from the entity's use of technology.</li> <li>• The audit procedures responsive to fraud, as described in paragraph A37 could include examples of audit procedures that are performed using technology.</li> <li>• The examples of fraud risk factors in Appendix 1 of the standard could include fraud risk factors arising from the entity's use of technology or new information sources (e.g., complexity of the algorithms, a lack of management's understanding of technology used across the entity, unreliable source data).</li> <li>• The examples of audit procedures to address the risks of material misstatement due to fraud in Appendix 2 of the standard could include audit procedures that are performed using technology.</li> </ul>		<b>X<sup>11</sup></b>	

<sup>11</sup> Questions about how the evolution in technology and the increase in sources of information may affect the auditor's consideration of fraud were included in the Technology Workstream Plan (see topic 5). In addition, the IAASB is considering a separate workstream in relation to fraud.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 265, COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT</b>				
26	Evolution in <b>technology</b> raises questions about whether ISA 265 should be updated to reflect new technology. For example, the application material addressing examples of significant deficiencies and indicators of significant deficiencies could include examples related to the entity's use of technology.			X <sup>12</sup>
<b>ISA 300, PLANNING AN AUDIT OF FINANCIAL STATEMENTS</b>				
27	<p>Evolution in <b>technology</b> raises questions about whether ISA 300 should be updated to reflect new technology. For example:</p> <ul style="list-style-type: none"> <li>The standard could address the timing of planning given the effect of technology, including the need to plan the engagement early in circumstances when the entity's use of technology is pervasive and information may only be available for short time periods.</li> <li>The standard could address the need for planning in circumstances when the auditor may embed the auditors' technology in the client's systems in order to extract data for audit purposes.</li> <li>Paragraph A8 and the appendix could be expanded to discuss the need for technological and intellectual resources on the engagement, including the need for human resources with technological expertise</li> </ul>		X <sup>13</sup>	

<sup>12</sup> The AEWG is of the view that this is not a core audit evidence issue and it may be considered in the IAASB's forward work-plan.

<sup>13</sup> Questions about how the evolution in technology may affect the auditor's planning in relation to ISA 300 were incorporated in the Technology Workstream Plan (see topic 8, 2<sup>nd</sup> bullet)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 320, MATERIALITY IN PLANNING AND PERFORMING AN AUDIT</b>				
28	Evolution in <b>technology</b> used to perform audit procedures has raised questions about the concept of performance materiality in circumstances when 100% of the population is tested, or a significant portion.		X <sup>14</sup>	
<b>ISA 330, THE AUDITOR'S RESPONSES TO ASSESSED RISKS</b>				
29	Evolution in <b>technology</b> has increased the risk of auditors over-relying on controls over the preparation of information and heightened the need for the standard to emphasize considerations about the relevance and reliability of information used in performing audit procedures.	14(a)		
30	Evolution in <b>technology</b> has increased the risk of auditors over-relying on technology used to perform audit procedures, and heightened the need for the standard to emphasize that the auditor should consider whether the audit procedures are responsive to the risks of material misstatement and the assertions being tested.	14(b)		
31	The use of <b>technology</b> that enables the analysis of larger populations has raised questions about whether the auditor is required to follow up all exceptions identified, or whether the auditor is able to perform further testing only on a selection of exceptions, provided that the risk of material misstatement in the remaining population is at an acceptably low level. (See item 41)	14(c)		
32	Evolution in <b>technology</b> raises questions about whether ISA 330 should be updated to reflect new technology. For example:	14(d)		

<sup>14</sup> Questions about how the evolution in technology may affect the concept of performance materiality in circumstances when 100% of the population, or a significant portion thereof, is tested, were incorporated in the Technology Workstream Plan (see topic 7)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	<ul style="list-style-type: none"> <li>• Paragraphs A4–A8 could be enhanced to describe how technology may affect the nature, timing and extent of further audit procedures.</li> <li>• Paragraph A24 could be updated to include more modern examples of when substantive procedures alone may not provide sufficient appropriate audit evidence.</li> <li>• The requirement in paragraph 10 regarding the nature and extent of tests of controls to obtain evidence about the operating effectiveness of controls may need updating for an automated environment, and may need to include factors such as the underlying data used to support the functioning of the control and the algorithms used in the technology.</li> <li>• Paragraph A29 dealing with the consistency of IT processing may be outdated.</li> <li>• The requirements and application material dealing with audit evidence obtained in previous audits may need reconsideration, in particular the requirement in paragraph 13 that describes the factors to be considered in determining whether it is appropriate to use previous evidence.</li> </ul>			
33	Evolution in <b>technology and the nature and number of sources of information</b> has given rise to questions about the testing of information used by the auditor in performing audit procedures to respond to the risk of material misstatement. (See item 11)	14(e)		
34	Refer to items 7–8 regarding sufficient appropriate audit evidence – these considerations also apply to paragraphs 25-27 of ISA 330.	1 & 5		

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 402, AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A SERVICE ORGANIZATION</b>				
35	<p>Evolution in <b>technology and the nature and number of sources of information</b> raises questions about whether ISA 402 should be updated to reflect new technology and information sources, for example:</p> <ul style="list-style-type: none"> <li>Clarifying the scope of the standard regarding the entity’s use of IT, including providing examples of when the use of technology by an entity or the use of new types of information sources may be considered a service organization (paragraphs A3 and A4). For example, is the use of a public blockchain considered a service organization, and if so, who is the service provider in such cases (e.g., the developer of the blockchain, or the parties processing transactions in the blockchain)? (See item 12)</li> <li>Addressing practical challenges of obtaining an understanding of service organizations and updating the standard to reflect matters that may be considered in the context of technology.</li> <li>Updating paragraph A1 to include other types of information sources that may exist in today’s world.</li> </ul>	6(c)		
<b>ISA 501, AUDIT EVIDENCE—SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS</b>				
36	<p>Evolution in <b>technology and the nature and number of sources of information</b> raises questions about whether ISA 501 should be updated to reflect new technology and information sources, for example:</p> <ul style="list-style-type: none"> <li>Paragraph 4 requires attendance at physical inventory counting, which may, in some circumstances, be undertaken remotely using new technology, such as drones. The application material also appears outdated in this regard.</li> </ul>	15		

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	<ul style="list-style-type: none"> <li>New types of information sources may provide information about litigation and claims, and the procedures described in paragraph 9 may inadvertently limit the extent to which auditors seek information from other sources.</li> </ul>			
<b>ISA 505, EXTERNAL CONFIRMATIONS</b>				
37	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> has raised questions about whether the definition of external confirmations remains appropriate. For example, there may be circumstances when a transaction is confirmed using technology through a counterparty or the confirmation is built into technology (e.g., confirmation in a blockchain).	17		
38	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> has resulted in descriptions in ISA 505 becoming outdated. For example, paragraph A12 refers to facsimile or electronic mail.	17		
<b>ISA 510, INITIAL AUDIT ENGAGEMENTS – OPENING BALANCES</b>				
39	Evolution in technology used by auditors to perform audit procedures has raised questions about the ability of a successor auditor to fulfill the requirements of ISA 510 in relation to opening balances, in particular reviewing the predecessor auditor's working papers in circumstances when the predecessor auditor used proprietary technology to perform the procedures.			X <sup>15</sup>

<sup>15</sup> The AEWG is of the view that this is not a core audit evidence issue and it may be considered in the IAASB forward work-plan.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 520, ANALYTICAL PROCEDURES</b>				
40	<p>Evolution in <b>technology and</b> the nature and number of sources of <b>information</b>, in particular the use of data analytic tools, raises questions about whether ISA 520 should be updated to reflect the use of new technology and information sources in performing analytical procedures. For example, technology and information sources raises questions about:</p> <ul style="list-style-type: none"> <li>• The scope of the standard, such as whether it should more broadly apply to all analytical procedures, including those performed to identify risks (which may be dual purpose in some cases).</li> <li>• What is meant by the term “expectation,” which could include amounts, ratios or trends.</li> <li>• The requirement to determine the amount of any difference of recorded amounts from expected values, as this requirement could be perceived as limiting in the context of the varying types of analytical procedures that may be performed and the expectations that are developed.</li> <li>• Whether the application material should include more modern examples of data analytic tools, and how these relate to the consideration factors. For example, the application material could address the use of visualization and how the proportion of graphs could impact the auditor’s judgments.</li> </ul>			X <sup>16</sup>
41	The use of <b>technology</b> in performing analytical procedures has raised questions about whether the auditor is required to follow up all exceptions identified, or whether the auditor is able to perform	14(c)		

<sup>16</sup> Although specific aspects of ISA 520 have been included in Appendix 4 (see items 41 and 42), this issue questions whether ISA 520 as a whole should be updated. As noted in the Issues Paper (Section V), the AEWG is of the view that more fundamental revisions to other standards (including ISA 520) should be deferred.

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	further testing only on a selection of exceptions, provided that the risk of a material misstatement in the remaining population is at an acceptably low level. (See item 31)			
42	The factors considered in the evaluation of the <b>reliability of information</b> are different in ISA 500 and ISA 520, which creates confusion about the attributes of information that affect the reliability of information. (See item 15)	6(e)		
<b>ISA 550, RELATED PARTIES</b>				
43	<p>Evolution in <b>technology and</b> the nature and number of sources of <b>information</b> raises questions about whether ISA 550 should be updated to reflect new technology and information sources, for example:</p> <ul style="list-style-type: none"> <li>• The application material could recognize the use of technology to assist in identifying related party relationships and transactions, for example, data analytic tools may be able to analyze large volumes of data and may highlight trends that may indicate such relationships.</li> <li>• The application material could recognize the use of technology to test related party transactions, for example, tools that can compare the terms of transactions to arm's length transactions, or that analyze the population of transactions for authorization.</li> </ul>		<b>X<sup>17</sup></b>	
44	Evolution in <b>technology</b> may create new risks regarding related parties. For example, with the use of blockchain, there may be new risks regarding unidentified related parties.		<b>X<sup>17</sup></b>	

<sup>17</sup> Issues regarding the impact of technology on ISA 550 were incorporated in the Technology Workstream Plan (see topic 8, 3<sup>rd</sup> bullet)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 560, SUBSEQUENT EVENTS</b>				
45	<p>Evolution in <b>technology and the nature and number of sources of information</b> raises questions about whether ISA 560 should be updated to reflect new technology and information sources, for example:</p> <ul style="list-style-type: none"> <li>The audit procedures described in paragraph A8 could include new types of procedures that use technology, for example, data analytic tools that are able to analyze information and identify any subsequent events.</li> <li>New types of information sources may provide information about subsequent events (e.g., social media).</li> </ul>	10		
<b>ISA 570 (REVISED), GOING CONCERN</b>				
46	<p>Evolution in <b>technology and the nature and number of sources of information</b> raises questions about whether ISA 570 (Revised) should be updated to reflect new technology and information sources, for example:</p> <ul style="list-style-type: none"> <li>The audit procedures described in paragraph A16 could include new types of procedures that use technology, for example, AI tools that are able to predict outcomes using a variety of data inputs, both internal and external, or tools that are able to read contracts to verify the terms and conditions of contracts have been met.</li> <li>New types of information sources that may provide an indication of whether events or conditions exist that could cast doubt on the entity's ability to continue as a going concern.</li> </ul>	11 <sup>18</sup>		

<sup>18</sup> Although this issue was included in Appendix 4, the IAASB is also considering a separate workstream in relation to ISA 570 (Revised)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
<b>ISA 600, SPECIAL CONSIDERATIONS—AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)</b>				
47	<p>Evolution in <b>technology</b>, and the extent to which it is used by the entity and the auditor, raises questions about whether ISA 600 should be updated to reflect the special considerations in, for example:</p> <ul style="list-style-type: none"> <li>Using technology to understand the group, its components and their environments and to identify risks of material misstatement.</li> <li>The entity's use of technology, or the auditor's automated tools and techniques, in determining the most appropriate responses to assessed risks of material misstatement, including procedures to be performed with respect to different components.</li> <li>The effect of technology on controls (including group-wide controls).</li> <li>The use of multiple IT systems across the group, including the effect of technology on the entity's financial reporting process (e.g., understanding and testing the consolidation process).</li> </ul>			X <sup>19</sup>
<b>ISA 620, USING THE WORK OF AN AUDITOR'S EXPERT</b>				
48	Evolution in <b>technology</b> , and the extent to which it is used by the entity and the auditor, has raised questions about:		X <sup>20</sup>	

<sup>19</sup> As ISA 600 is under revision, it was agreed that issues related to this standard are excluded as the impact of technology was considered by the ISA 600 Task Force.

<sup>20</sup> Issues regarding the impact of technology on ISA 620 were incorporated in the Technology Workstream Plan (see topic 8, 5<sup>th</sup> bullet)

#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	<ul style="list-style-type: none"> <li>Who is considered an auditor's expert and whether they fall within the scope of ISA 620, or whether they are considered a member of the engagement team. (See item 18)</li> <li>The practicalities of the auditor having an understanding of the field of expertise of the auditor's expert, as required by paragraph 10, given the complexity of technology (e.g., the complexity of the algorithms used).</li> </ul>			
<b>ISA 701, COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR'S REPORT</b>				
49	In describing how a key audit matter was addressed in the audit, expectation gaps may be created on how much audit evidence has been obtained and the level of assurance provided, because auditors may indicate that "100% of the population was tested" when using technology on the audit.		X <sup>21</sup>	
50	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> raises questions about whether ISA 701 should be updated to reflect new technology. For example, the application material describing how the auditor may determine key audit matters could include examples about technology related issues (e.g., audit of crypto assets or higher risks associated with technology such as the use of an AI tool).		X <sup>21</sup>	
<b>ISA 705 (REVISED), MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT</b>				
51	Evolution in <b>technology</b> and the nature and number of sources of <b>information</b> raises questions about whether ISA 705 (Revised) should be updated to reflect new technology. For example, the			X <sup>22</sup>

<sup>21</sup> Issues regarding the impact of technology on ISA 701 were incorporated in the Technology Workstream Plan (see topic 8, 4<sup>th</sup> bullet)

<sup>22</sup> The AEWG is of the view that this is not a core audit evidence issue and may be considered in the IAASB forward work-plan. In addition, ISA 705 (Revised) is included in the IAASB's Auditor Reporting Implementation Monitoring Project.

Audit Evidence: Reconciliation of Issues  
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#	Description of Issue in June 2019	Allocated to Consolidated Issues in Appendix 4 of Issues Paper	Issue allocated to the <a href="#">Technology Workstream Plan</a>	Other
	application material addressing examples of limitation of scope could include examples when the auditor was unable to obtain sufficient appropriate audit evidence given limitations on the availability of information generated by technology, or limitations on determining the reliability of information used as audit evidence.			