



IAASB

International Auditing and Assurance Standards Board  
AN IFEA BOARD

# Targeted Standards in the ISA 500 Series

## Agenda Item 6

June 2025 IAASB Meeting



# Meet the Team

## IAASB Staff



**Kalina Shukarova  
Savovska**  
Director



**Hankenson Jane  
Talatala**  
Principal



**Nathalie  
Baumgaertener  
Dutang**  
Senior Manger

## Project Board Members

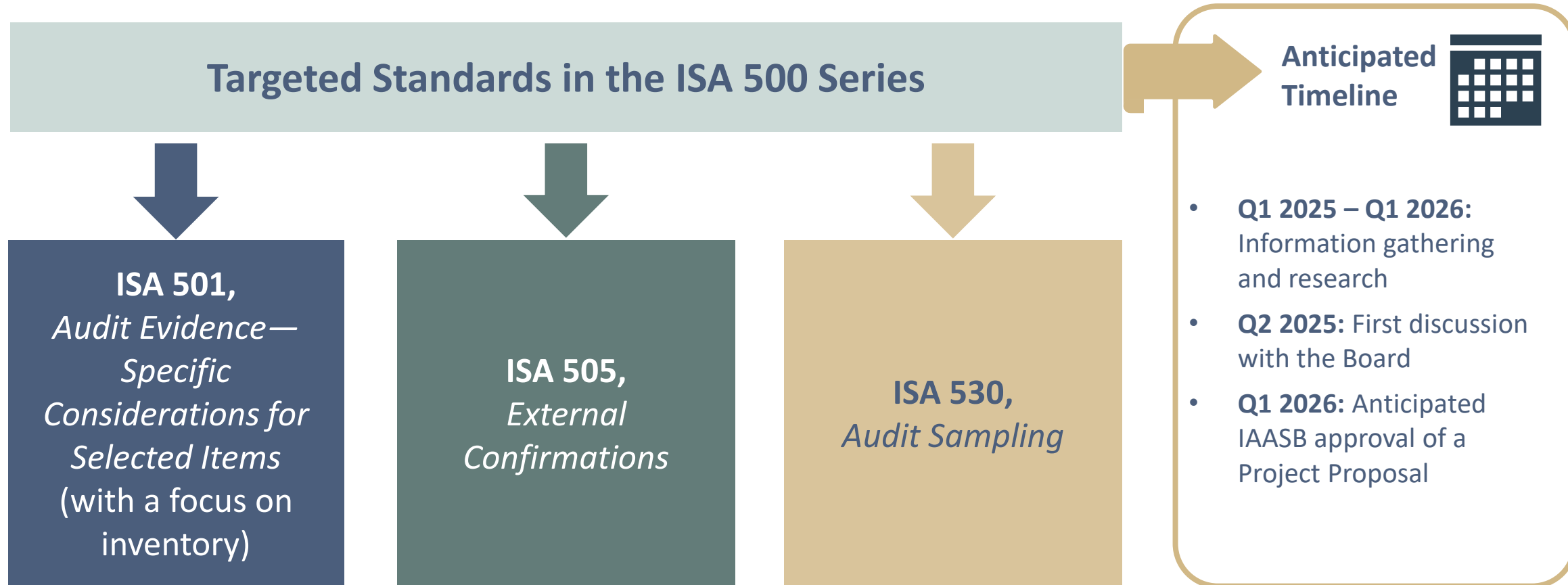


**Josephine Jackson**  
IAASB Vice-Chair



**Greg Schollum**  
IAASB Member

# Overview



# Information Gathering to Date



Review of  
responses to  
prior IAASB  
consultations



Analysis of  
initial selection  
of recent  
inspection  
reports



Benchmarking  
with analogous  
jurisdictional  
standards



Review of non-  
authoritative  
guidance and  
other materials

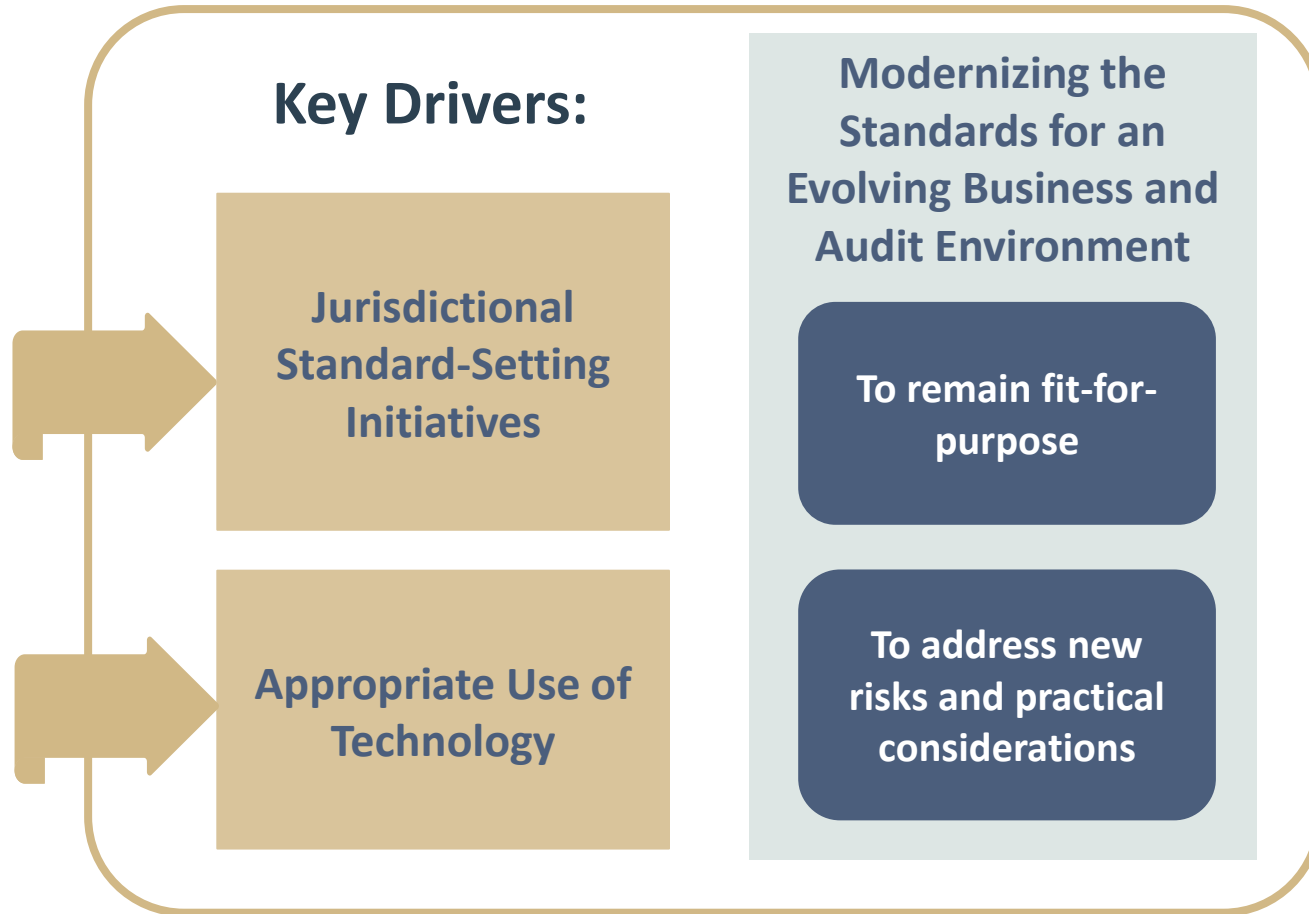


Monitoring  
jurisdictional  
developments  
and input from  
jurisdictional  
standards  
setters (JSS)



Discussions with  
stakeholders,  
including audit  
firms, regulators  
and others

# Development of Project Proposal



**Anticipated full-scope revisions of ISA 501, ISA 505 and ISA 530**

**Considerations relating to ISA 501:**

- Focus on inventory
- Continue to gather feedback on whether there are other significant issues related to litigation and claims, and segment information





# Matter for IAASB Consideration

## Question 1:

The Board is asked of their views on the approach to the development of a project proposal described in **Section II**

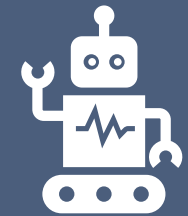
# Addressing the Increased Use of Technology in Entity's Management of, and Audit of Inventories

## Issue #1

- Evolving inventory systems used by entities introduce new or changing risks of material misstatement (ROMMs)

## Issue #2

- Appropriate use of technology for remote inventory observations of the existence and condition of inventory





# Matters for IAASB Consideration

## Question 2:

The Board is asked for their views on whether:

- a) The issues identified in **Section III-A** related to addressing the increased use of technology in entity's management of, and audit of inventories are matters that should be explored in the revision of ISA 501
- b) They are aware of other issues that should be explored related to addressing the increased use of technology in entity's management of, and audit of inventories



# Clarifying or Enhancing the Auditor's Work Effort Relating to the Existence and Condition of Inventory

## Issue #3

- Auditor's responsibilities regarding the existence and condition of inventory under the custody and control of a third party

## Issue #4

- Challenges in obtaining sufficient and appropriate audit evidence (SAAE) regarding the existence and condition of inventory





# Matters for IAASB Consideration

## Question 3:

The Board is asked for their views on whether:

- a) The issues identified in **Section III-B** related to clarifying or enhancing the auditor's work relating to the existence and condition of inventory are matters that should be explored in the revision of ISA 501
- b) They are aware of other issues that should be explored related to clarifying or enhancing the auditor's work effort relating to the existence and condition of inventory

# Addressing the Increased Use of Technology in External Confirmation Procedures

## Issue #5

- Implications of using technology-enabled means, including third-party intermediaries, in external confirmation procedures for the requirement in ISA 505 to maintain control over the confirmation process





# Matters for IAASB Consideration

## Question 4:

The Board is asked for their views on whether:

- a) The issue identified in **Section IV-A** related to addressing the increased use of technology in external confirmation procedures is a matter that should be explored in the revision of ISA 505
- b) They are aware of other issues that should be explored related to addressing the increased use of technology in external confirmation procedures

# Clarifying or Enhancing the Auditor's Work Effort Relating to External Confirmation Procedures

## Issue #6

- Concern over the use of negative confirmations in the current environment

## Issue #7

- Using external confirmation procedures alone does not provide SAAE for all assertions

## Issue #8

- Challenges over the reliability of responses to confirmation requests



# Clarifying or Enhancing the Auditor's Work Effort Relating to External Confirmation Procedures (cont.)

## Issue #9

- Considerations about the need to perform external confirmations procedures

## Issue #10

- Clarifying the auditor's work effort when addressing non-responses and exceptions in external confirmation procedures





# Matters for IAASB Consideration

## Question 5:

The Board is asked for their views on whether:

- a) The issues identified in **Section IV-B** related to clarifying or enhancing the auditor's work effort relating to external confirmation procedures are matters that should be explored in the revision of ISA 505
- b) They are aware of other issues that should be explored related to clarifying or enhancing the auditor's work effort relating to external confirmation procedures

# Addressing the Increased Use of Technology to Facilitate Audit Sampling

Issue  
#11

Implications of using technology-facilitated sampling tools







# Matters for IAASB Consideration

## Question 6:

The Board is asked for their views on whether:

- a) The issue identified in **Section V-A** related to addressing the increased use of technology to facilitate audit sampling, is a matter that should be explored in the revision of ISA 530
- b) They are aware of other issues that should be explored related to the use of technology to facilitate audit sampling

# Clarifying or Enhancing the Auditor's Work Effort Relating to Audit Sampling

## Issue #12

- Applying audit sampling when investigating exceptions identified from interrogating or analyzing entire population using automated tools and techniques (ATT)

## Issue #13

- Challenges in defining the population

## Issue #14

- Challenges in determining sufficient sample sizes



# Clarifying or Enhancing the Auditor's Work Effort Relating to Audit Sampling (cont.)

## Issue #15

- Challenges in selecting items for the sample, including the use of non-statistical sampling

## Issue #16

- Challenges in investigating deviations and misstatements, including anomalies, in audit sampling

## Issue #17

- Challenges relating to documentation in audit sampling





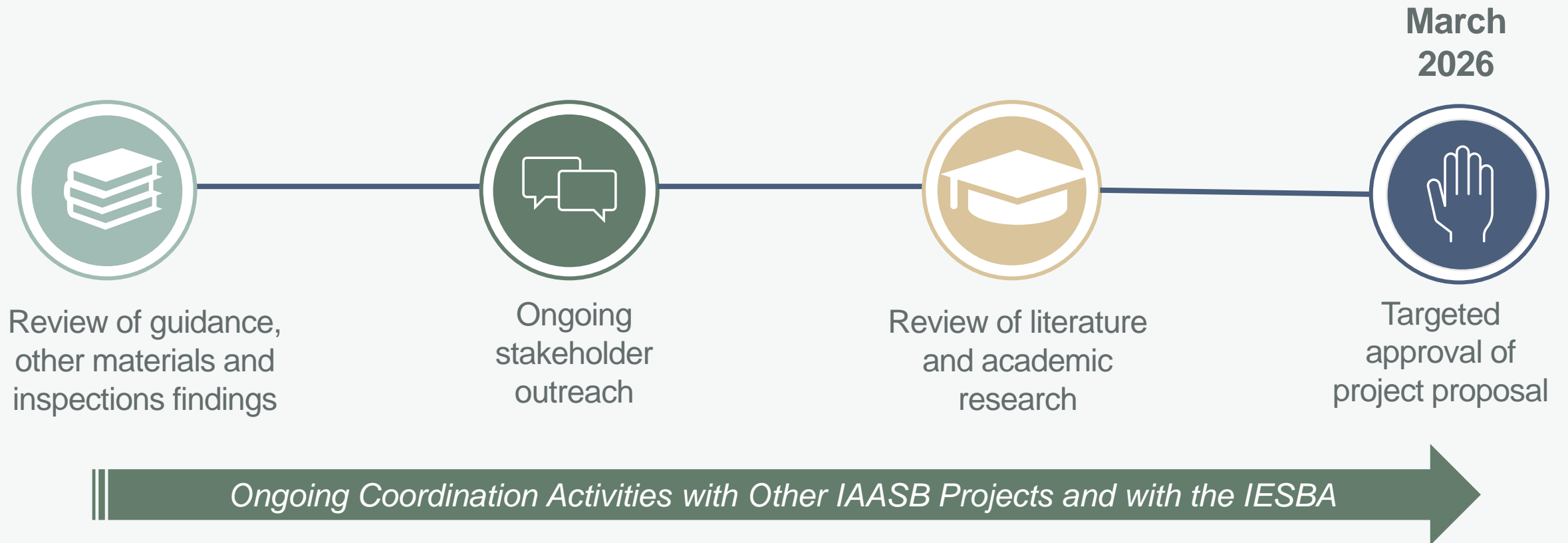
# Matters for IAASB Consideration

## Question 7:

The Board is asked for their views on whether:

- a) The issues identified in **Section V-B** related to clarifying or enhancing the auditor's work effort relating to audit sampling are matters that should be explored in the revision of ISA 530
- b) They are aware of other issues that should be explored related to clarifying or enhancing the auditor's work effort relating to audit sampling

# Way Forward



# Matter for IAASB Consideration



## Question 8:

The Board is asked for their views on whether they are aware of any initiatives not already mentioned that may be of interest for the purpose of the information gathering for the project

# Private Breakout Session

# Objective

The objective of this private breakout session is to have more in-depth discussions and obtain deeper insights on selected issues and matters identified in **Section III-V**, to contribute to the information gathering phase of the IAASB's project on the targeted standards in the ISA 500 Series





# Breakout Group Allocations

## Group 1 – Board Room

**Facilitator:**  
Josephine Jackson

**Participants:**  
Tom Seidenstein  
Neil Morris  
Antoine Boitard  
Juna Carlos Guerra  
Rene Herman  
Ana Espinal Rae  
Isabelle Raiche  
*Mark Smith*

## Group 2 – Green Room

**Facilitator:** Greg Schollum

**Participants:**  
*Sami Alshorafa*  
Amaro Gomes  
Chrystelle Richard  
Wolf Böhm  
Sachiko Kai  
Jamie Shannon  
Ida Diu  
Fadi Mansour  
Jasper van den Hout

## Group 3 – Blue Room

**Facilitators:**  
Hankenson Jane L.  
Talatala and Nathalie Baumgaertener  
Dutang

**Participants:**  
Robert Koethner  
Wendy Stevens  
Xiaoyue Sun  
Svetlana Berger  
Angelo Giardina  
Kazuko Yoshimura

## Group 4 – Committee Room

**Facilitator:** Kalina Shukarova Savovska

**Participants:**  
Hernán Casinelli  
Bill Edge  
Edo Kienhuis  
*Piyush Chhajed*  
Misha Pieters  
Wenjing Shi  
Claire Grayston

## Group 5 – Orange Room

**Facilitator:** Willie Botha

**Participants:**  
Nancy Cheng  
Vishal Doshi  
Mikiko Ono  
*Susan Jones*  
Brian Wilson  
Kevin Reinhardt  
Kristie Zhang

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