

Targeted Standards in the ISA 500 Series¹ – Benchmarking to Analogous Auditing Standards

This Agenda Item sets out a comparison of the requirements in the targeted standards of the ISA 500 Series with corresponding auditing standards issued by certain Jurisdictional Standard Setters (JSS).

Section I – Introduction

1. A benchmarking analysis was undertaken to compare the specific considerations for inventory in ISA 501, external confirmations in ISA 505 and audit sampling in ISA 530 with equivalent auditing standards issued by certain JSS to identify key differences in the requirements among these analogous standards.
2. In determining the standards for comparison, Staff considered analogous standards of those JSS where recent revisions were made, or are being considered, to their equivalent national auditing standards to identify any notable differences.
3. **Appendices 1–3** to this Agenda Item set out comparison tables for each standard of the ISA 500 Series benchmarked against the equivalent auditing standards. **Sections II–IV** below highlight the key differences noted as a result of the comparison.

Section II – Specific Considerations for Inventory

Analogous Auditing Standards Benchmarked

4. The benchmarking analysis presented in **Appendix 1** compares relevant paragraphs for the specific considerations for inventory in ISA 501 to the relevant provisions of the Public Company Accounting Oversight Board (PCAOB) – [Auditing Standard \(AS\) 2510, Auditing Inventories](#) ('AS 2510').²

Highlights of the Benchmarking Analysis

5. The box below highlights the key differences between the specific considerations for inventory in ISA 501 and the relevant provisions in AS 2510:

Physical Inventory Counting

- The requirements in AS 2510 to attend the physical inventory count apply when 'inventory quantities are determined solely by means of an inventory count' *versus* those in ISA 501 that require physical attendance based on 'when inventory is material to the financial statements.'
- AS 2510 requires the auditor to make, or observe some physical counts, for the auditor to be satisfied as to inventory quantities. In AS 2510, sole reliance on tests of accounting records will not be sufficient

¹ The targeted standards in the ISA 500 Series include: the specific considerations for inventory in the International Standard on Auditing (ISA) 501, *Audit Evidence—Specific Considerations for Selected Items*, ISA 505, *External Confirmations*, and ISA 530, *Audit Sampling*.

² The PCAOB currently has a project on their agenda to consider updates to AS 2510 in connection with their Interim Standards project to reflect changes in the auditing environment.

for the auditor to become satisfied as to inventory quantities *versus* ISA 501 that allows alternative procedures if physical attendance is impracticable.

Inventory Under the Custody and Control of a Third Party

- AS 2510 requires auditors to always obtain written confirmation from custodians. In addition, if such inventories represent a significant portion of current or total assets, AS 2510 also requires performance of additional procedures. In contrast, if inventory is material to the financial statements, ISA 501 requires auditors to perform one or both of the following: (i) request third-party confirmations; and/or (ii) perform inspection or other procedures.

Other Matters

- The following matters are addressed in AS 2510, while not being covered by the requirements of ISA 501: (i) perpetual inventory systems; (ii) inventory controls or other methods of determining inventories, including statistical sampling, that produce results substantially the same as an annual physical count; and (iii) testing of prior inventories in comparable periods, provided that the auditor is satisfied as to the current inventory.

Section III – External Confirmations

Analogous Auditing Standards Benchmarked

6. The benchmarking analysis presented in **Appendix 2** compares relevant paragraphs of ISA 505 to the relevant provisions of the following analogous auditing standards:³
- PCAOB – [AS 2310, The Auditor's Use of Confirmation](#) ('AS 2310'), released in September 2023.
 - American Institute of Certified Public Accountants (AICPA) – [Statement on Auditing Standards \(SAS\) AU-C Section 505, External Confirmations](#) ('AU-C Section 505'), or as applicable, [Exposure Draft of Proposed SAS, External Confirmations](#), in particular with respect to the proposed amendments to AU-C Section 505, External Confirmations ('ED-SAS AU-C Section 505'), issued in February 2025.
 - Financial Reporting Council (FRC) – [International Standard on Auditing \(UK\) 505 \(Revised October 2023\), External Confirmations](#) ('ISA (UK) 505 (Revised October 2023)').

Highlights of the Benchmarking Analysis

7. The box below highlights the key differences between ISA 505 and the relevant provisions in AS 2310, AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable), and ISA (UK) 505 (Revised October 2023):

³ In addition, Staff notes that while there are no notable differences between ISA 505 and the provisions of the Australian Auditing and Assurance Standards Board (AUASB) – [Auditing Standard ASA 505, External Confirmations](#) ('ASA 505'), approved in March 2020, ASA 505 is supplemented with guidance on bank confirmations ([Guidance Statement GS 016, Bank Confirmation Requests](#)) that was revised in June 2022 to address electronic confirmations performed using a service provider.

Introductory Material

- The introductory material of AS 2310 explains *both* the relationship of the confirmation process to the auditor's: (i) identification and assessment of risks of material misstatement; and (ii) responses to assessed risks. In contrast, ISA 505 is focused mainly on the relationship to responses to assessed risks.
- While the introductory material in ED-SAS AU-C Section 505 is substantially aligned with ISA 505, it also highlights the relevant requirements in AU-C Section 330 to use external confirmation procedures for cash and accounts receivable (where there are no equivalent provisions in ISA 330⁴ nor in ISA 505).

Objective

- The objective of ISA 505 is focused on designing and performing external confirmation procedures to obtain relevant and reliable audit evidence. The objective of AS 2310 expands further by indicating the source of the relevant and reliable audit evidence (i.e., from a knowledgeable external source) and specifying what the audit evidence relates to (i.e., one or more relevant financial statement assertions of a significant account or disclosure).

Definitions

- Additional terms are defined in certain analogous auditing standards when benchmarked to ISA 505, such as 'confirmation process,' 'external confirmation procedures,' 'confirmation request,' 'confirming party' or 'intermediary.'
- Differences are noted in how certain terms are defined in ISA 505 (e.g., confirmation response/ external confirmation response/ external confirmation, and non-response) and equivalent terms used in AS 2310, ED-SAS AU-C Section 505 or ISA (UK) 505 (Revised October 2023).

External Confirmation Procedures

- AS 2310 and ED-SAS AU-C Section 505 clarify that the auditor is required to maintain control over the confirmation process 'to minimize the likelihood that information exchanged between the auditor and the confirming party is intercepted or altered.' In addition, AS 2310 and ISA (UK) 505 (Revised October 2023) clarify how to design confirmation requests.
- When using an intermediary, AS 2310 and ED-SAS AU-C Section 505 include specific requirements to evaluate the implications of using such intermediary on the reliability of confirmation requests and responses, that are not specifically addressed in ISA 505.
- AS 2310 requires auditors to 'evaluate the reliability of confirmation responses' in all cases. In contrast, ISA 505 requires auditors to only 'resolve doubts about reliability of responses to confirmation requests' if they identify factors giving rise to such doubts.

Non-Responses and Exceptions

- For non-responses, AS 2310 does not default to requiring auditors to perform alternative procedures

⁴ ISA 330, *The Auditor's Responses to Assessed Risks*

as ISA 505. Instead, AS 2310 requires the auditor to *first* follow up with the confirming party. AS 2310 also includes conditional requirements (not specifically addressed in ISA 505) based on its expanded definition of the term ‘non-response.’ AS 2310 also provides expanded examples from those addressed in ISA 505 for alternative procedures to non-responses.

- For exceptions, ISA 505 requires auditors to investigate whether exceptions are indicative of misstatements. AS 2310 and ISA (UK) 505 (Revised October 2023) expand beyond ISA 505 by requiring auditors when investigating exceptions to also consider whether they are indicative of fraud, suspected fraud or deficiencies in internal controls.

Use of Negative Confirmations

- The approach regarding the use of negative confirmations to address an assessed risk of material misstatement at the assertion level varies in analogous standards. For example:
 - ISA 505 and AU-C Section 505 permit their use as sole substantive procedure *only* when all specified factors in the standard are present.
 - AS 2310 permits their use *only* in combination with other substantive procedures.
 - ISA (UK) 505 (Revised October 2023) prohibits the use of negative confirmations.

Evaluating the Evidence Obtained

- AS 2310 builds on the PCAOB’s requirements in AS 2810⁵ regarding the auditor’s *evaluation of audit results* and determination of whether the auditor has obtained sufficient appropriate audit evidence. In performing such evaluation, AS 2310 requires the auditor to take into account all relevant audit evidence provided by: (i) confirmation procedures, (ii) alternative procedures, and (iii) other procedures, to determine whether sufficient appropriate audit evidence has been obtained about the relevant financial statement assertions. In contrast, ISA 505 requires auditors to evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence.

Considerations About the Need to Perform External Confirmation Procedures

- While ISA 505 highlights foundational requirements of ISA 330 to consider whether external confirmation procedures are to be performed as substantive audit procedures, AS 2310 mandates performing, and ED-SAS AU-C Section 505 highlights relevant requirements in AU-C Section 330 to use, external confirmation procedures for specific matters (e.g., cash and accounts receivable, or terms of certain other transactions).

Communicating with Audit Committees

- For significant risks associated with either cash or accounts receivable, AS 2310 requires the auditor to communicate with the audit committee when the auditor did not perform confirmation procedures or otherwise obtain audit evidence by directly accessing information maintained by a knowledgeable external source. This matter is not specifically addressed in ISA 505.

⁵ AS 2810, *Evaluating Audit Results*

Section IV – Audit Sampling

Analogous Standards Benchmarked

8. The benchmarking analysis presented in **Appendix 3** compares relevant paragraphs of ISA 530 to the relevant provisions of the following analogous auditing standards:
- PCAOB – [AS 2315, Audit Sampling](#) ('AS 2315').
 - AICPA – [SAS AU-C 530, Audit Sampling](#) ('AU-C Section 530').

Highlights of the Benchmarking Analysis

9. The box below highlights the key differences between ISA 530 and the relevant provisions in AS 2315 and AU-C Section 530:

Definitions

- AS 2315 includes 'descriptions' for common terms that are conceptually aligned with the relevant 'definitions' in ISA 530 (e.g., audit sampling, population, sampling risk, non-sampling risk, statistical sampling, tolerable misstatement and tolerable rate of deviation).
- The definitions in AU-C Section 530 are consistent with those in ISA 530, except for not having a definition for an 'anomaly' and a difference in their definition of 'audit sampling' that was revised to (i) focus on conclusions about the population; and (ii) include the fundamental concept of representativeness.

Sample Design, Size and Selection of Items for Testing

- For designing an audit sample, AS 2315 sets out requirements to: (i) consider tolerable misstatement and the auditor's allowable risk of incorrect acceptance for tests of details; and (ii) the maximum rate of deviations and the auditor's allowable risk of assessing control risk too low for tests of controls. These matters are addressed in application material of ISA 530.
- For determining sample sizes, AS 2315 explicitly states factors influencing sample sizes for both tests of details and tests of controls within the requirements of the standard. These matters are currently addressed in Appendices 2–3 of ISA 530 that form part of the application material of the standard.
- For selecting samples for testing, the requirements in AS 2315 and AU-C Section 530 focus on selecting samples that are 'representative' of the population *versus* having a 'chance of selection' as stated in ISA 530.

Performing Audit Procedures

- AS 2315 includes specific requirements that go beyond the conditional requirements in ISA 530 which apply: (i) if the audit procedure is not applicable to the selected item; or (ii) if the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to a selected item.

Nature and Cause of Deviations and Misstatements

- Both AS 2315 and AU-C Section 530 do not include requirements addressing anomalies.
- AS 2315 also addresses matters which are beyond the requirements of ISA 530 when investigating

the nature and cause of deviations and misstatements by expanding on specific factors to consider in the work effort (e.g., frequency and amounts of monetary misstatements/ frequency of deviations from pertinent procedures; and whether misstatements/ deviations are differences in principle or in application, are errors or are caused by fraud, or are due to misunderstanding of instructions or to carelessness).

Projecting Misstatements

- Both AS 2315 and AU-C Section 530 address matters which are beyond the requirements of ISA 530 on projecting misstatements. AS 2315 includes specific requirements outlining several acceptable ways to project misstatements from a sample, while AU-C Section 530 broadened their requirement to project the results of audit sampling to also include tests of controls and tests of compliance (i.e., not only for tests of details).

Evaluating Results of Audit Sampling

- Both AS 2315 and AU-C Section 530 address matters beyond those addressed in the requirements of ISA 530, as follows:
 - AS 2315 includes specific requirements when evaluating results of audit sampling, including evaluating the impact on risk assessments, and on the nature, timing and extent of substantive procedures and considering in the aggregate projected misstatement results for all audit sampling applications and all known misstatements from non-sampling applications.
 - In addition to the requirements in ISA 530, AU-C Section 530 requires the auditor to evaluate sampling risk.

Appendix 1

Benchmarking Analysis for the Specific Considerations for Inventory in ISA 501

The table below compares relevant paragraphs for the specific considerations for inventory in ISA 501 to the relevant provisions of the PCAOB's AS 2510.

Specific Considerations for Inventory in ISA 501	AS 2510
<i>Physical Inventory Counting</i>	
Paragraph 4 – Requires the auditor to attend physical inventory counting ‘if inventory is material to financial statements,’ unless impracticable.	Paragraph .09 – Ordinarily necessary for the auditor to be present during the count ‘when inventory quantities are determined solely by means of a physical count.’
Paragraph 7 – Requires the auditor to perform alternative procedures, ‘if attendance at physical inventory counting is impracticable.’	Paragraph .12 – States that tests of the accounting records alone will not be sufficient for the auditor to become satisfied as to quantities; it will always be necessary for the auditor to make, or observe, some physical counts of the inventory and apply appropriate tests of intervening transactions.
<i>Inventory Under the Custody and Control of a Third Party</i>	
<p>Paragraph 8 – If inventory under the custody and control of a third party is material to the financial statements, requires the auditor to perform one or both of the following:</p> <ul style="list-style-type: none"> • Request confirmation from the third party. • Perform inspection or other procedures. 	<p>Paragraph .14 – Requires the auditor to obtain written direct confirmation from the custodian in all cases. In addition to a written direct confirmation, if such inventories represent a significant portion of current or total assets, requires the auditor to apply one or more of the following specified procedures:</p> <ul style="list-style-type: none"> • Test the owner’s procedures for investigating and evaluating the warehouseman.

Specific Considerations for Inventory in ISA 501	AS 2510
	<ul style="list-style-type: none"> Obtain an independent accountant's report on the warehouseman's control procedures relevant to the custody of the goods or apply alternative procedures. Observe physical inventory counts, if practical and reasonable. Confirm pledged warehouse receipts with lenders (on a test basis, if appropriate).
<i>Other Matters – Perpetual Inventory Systems</i>	
<p><i>[Note: While ISA 501 does not include specific requirements addressing this matter, it provides guidance that:</i></p> <ul style="list-style-type: none"> <i>Paragraph A3 – Matters relevant in planning attendance at physical inventory counting (or in designing and performing audit procedures pursuant to paragraphs 4–8 of ISA 501) include, among other matters, whether the entity maintains a perpetual inventory system.</i> <i>Paragraph A9 – Physical inventory counting may be conducted at a date, or dates, other than the date of the financial statements, irrespective of whether management determines inventory quantities by an annual physical inventory counting or maintains a perpetual inventory system.</i> <i>See also relevant guidance in paragraphs A1 and A10–A11.]</i> 	<p>Paragraph .10 – When perpetual inventory records are checked by the client periodically by comparisons with physical counts, requires the auditor to perform observation procedures either during or after the end of the period under audit.</p>
<i>Other Matters – Inventory Controls or Methods of Determining Inventories, Including Statistical Sampling</i>	
<p><i>[Note: While there are no specific requirements in ISA 501 addressing this matter, ISA 530 applies when the auditor has decided to use audit sampling in performing audit procedures,</i></p>	<p>Paragraph .11 – Requires the auditor to satisfy himself that the client's procedures or methods of determining inventories, including statistical</p>

Specific Considerations for Inventory in ISA 501	AS 2510
<i>including the auditor's use of statistical and non-statistical sampling].</i>	sampling, are sufficiently reliable to produce results substantially the same as those which would be obtained by a count of all items each year.
Other Matters – Testing of Prior Inventories in Comparable Periods	
<i>[Note: While there are no specific requirements in ISA 501 addressing this matter, ISA 710, Comparative Information—Corresponding Figures and Comparative Financial Statements, deals with the auditor's responsibilities relating to comparative information in an audit of financial statements].</i>	Paragraph .13 – Requires the auditor to satisfy himself about prior inventories in comparable periods by performing appropriate procedures, such as tests of prior transactions, reviews of the records of prior counts, and the application of gross profit tests, provided that he has been able to become satisfied as to the current inventory.

Appendix 2

Benchmarking Analysis for ISA 505

The table below compares relevant paragraphs for external confirmations in ISA 505 to the relevant provisions of AS 2310, AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable), and ISA (UK) 505 (Revised October 2023).

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
<i>Introductory Material</i>			
Paragraphs 2 to 3 – Establish linkages to relevant ISAs, including those that recognize the importance of external confirmations as audit evidence (e.g., ISA 500, ⁶ ISA 330 and ISA 240 ⁷). Also highlight the relevant requirement in ISA 330 to consider whether external confirmation procedures are to be performed as substantive procedures.	Paragraphs .03 to .06 – Explain the relationship of the confirmation process to the auditor's identification and assessment of and response to the risks of material misstatement. Highlight that using confirmation may address the assessed risks of material misstatement for certain relevant assertions of significant accounts and disclosures. Also provide examples of financial statement	Proposed Amendments to Paragraphs .02 to .03 – Substantially aligned with ISA 505 by establishing linkages to relevant standards, including those that recognize the importance of external confirmations as audit evidence (e.g., AU-C Section 500, ⁸ AU-C Section 330 ⁹ and AU-C Section 240 ¹⁰). Also highlight the relevant requirements in AU-C Section 330 to consider whether external confirmation procedures	Paragraphs 2 to 3 – Consistent with ISA 505.

⁶ ISA 500, *Audit Evidence*

⁷ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁸ AU-C Section 500, *Audit Evidence*

⁹ AU-C Section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*

¹⁰ AU-C Section 240, *Consideration of Fraud in a Financial Statement Audit*

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	assertions for which the confirmation process, when properly designed and executed, can provide relevant and reliable audit evidence.	are to be performed as substantive procedures to respond to the assessed risks of material misstatement and to use external confirmation procedures for cash and accounts receivable.	
<i>Objective</i>			
Paragraph 5 – The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.	Paragraph .02 – The objective of the auditor in designing and executing the confirmation process is to obtain relevant and reliable audit evidence from a knowledgeable external source about one or more relevant financial statement assertions of a significant account or disclosure.	Extant Paragraph .05 – Consistent with ISA 505.	Paragraph 5 – Consistent with ISA 505.
<i>Definitions</i>			
Paragraph 6 – Includes definitions for the following terms: <ul style="list-style-type: none"> • External confirmation. • Positive confirmation request. 	Appendix A – Definitions: <ul style="list-style-type: none"> • Includes terms not defined in ISA 505 (e.g., confirmation process, confirmation request and confirming party). 	Proposed Amendments to Paragraphs .06 to .07: <ul style="list-style-type: none"> • Includes terms not defined in ISA 505 (e.g., confirmation request, confirming party, external confirmation) 	<ul style="list-style-type: none"> • Paragraph 6(a) – Clarifies the definition of the term ‘external confirmation’ by indicating what ‘electronic or other medium’ could include.

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
<ul style="list-style-type: none"> Negative confirmation request. Non-response. Exception. 	<ul style="list-style-type: none"> Includes differences from how certain common terms are defined in ISA 505 (e.g., confirmation response (external confirmation in ISA 505) and non-response). 	<p>procedures and intermediary).</p> <ul style="list-style-type: none"> Includes differences from how certain common terms are defined in ISA 505 (e.g., external confirmation response (external confirmation in ISA 505). 	<ul style="list-style-type: none"> Paragraph 6(c) – Highlights that the use of negative confirmations is prohibited in an audit conducted in accordance with ISAs (UK).
<i>External Confirmation Procedures</i>			
<p>Paragraph 7: Requires auditors to maintain control over external confirmation requests, including determining the information to be confirmed; selecting the appropriate confirming party; designing the confirmation requests; and sending/ following-up the requests.</p>	<ul style="list-style-type: none"> Paragraph .14 – Clarifies that the auditor is required maintain control over the confirmation process ‘to minimize the likelihood that information exchanged between the auditor and the confirming party is intercepted or altered.’ Paragraphs .15 to .16 – Requires the auditor to select items to be confirmed, send confirmation requests, and receive confirmation responses, directly to and from the confirming party. 	<p>Proposed Amendments to Paragraph .10: Substantially aligned with ISA 505 but clarifies that the auditor is required to maintain control over confirmation requests ‘to minimize the likelihood that information exchanged between the auditor and the confirming party is intercepted or altered.’</p>	<p>Paragraph 7 – Consistent with ISA 505, except for paragraph 7(c) as noted below.</p>

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	Paragraphs .08 to .11 – Clarify how to design confirmation requests, including identifying information to confirm and identifying confirming parties.		Paragraph 7(c): Clarifies that designing the confirmation requests include determining that requests 'are appropriately designed to provide evidence relevant to the assertions identified in accordance with ISA (UK) 330 (Revised July 2017). ¹¹
Management's Refusal to Allow the Auditor to Send a Confirmation Request			
<p>Paragraphs 8 to 9 – Include conditional requirements that apply:</p> <ul style="list-style-type: none"> • If management refuses to allow the auditor to send a confirmation request. • If the auditor concludes that management's refusal to allow the auditor to send a confirmation request is unreasonable, or the auditor is unable to obtain relevant and reliable audit evidence from alternative audit procedures. 	No equivalent provisions.	Extant Paragraphs .08 to .09 – Consistent with ISA 505.	Paragraphs 8 to 9 – Consistent with ISA 505.

¹¹ ISA (UK) 330 (Revised July 2017), *The Auditor's Responses to Assessed Risks*

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
Using an Intermediary			
No equivalent provision.	Paragraph .17 and Appendix B – Require the auditor to evaluate the implications of using an intermediary on the reliability of confirmation requests and responses.	Proposed Amendments to New Paragraph .11 – When determining whether to use an intermediary, the auditor is required to evaluate the implications on the reliability of confirmation requests and external confirmation responses. If the auditor determines that an intermediary will not be used, then the auditor is required to send confirmation requests without using the intermediary, or if the auditor is unable to do so, the auditor is required to perform alternative procedures.	No equivalent provision.
Reliability of Responses to Confirmation Requests			
Paragraph 10 – Includes a conditional requirement that applies <i>only</i> if the auditor identifies factors that give rise to doubts about the reliability of responses to confirmation requests.	Paragraph .18 – Requires the auditor to evaluate the reliability of confirmation responses, taking into account any information about events, conditions, or other information that the auditor becomes aware of that: (i) is contradictory to information used when selecting the confirming	Proposed Amendments to Paragraph .12 – Consistent with ISA 505.	Paragraph 10 – Consistent with ISA 505.

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	party; or (ii) indicates intercepted and altered confirmation requests or responses.		
Paragraph 11 – If the auditor determines that responses to confirmation requests are not reliable, the auditor is required to evaluate the implications on: (i) the assessment of relevant risks of material misstatement, including the risk of fraud; and (ii) the nature, timing and extent of other audit procedures.	Paragraph .19 – If the auditor is unable to determine that the confirmation response is reliable, the auditor is required to evaluate the implications for the auditor’s assessment of relevant risks of material misstatement, including fraud risk. Also, the standard highlights that performing other audit procedures may be necessary.	Proposed Amendments to Paragraph .13 – Consistent with ISA 505.	Paragraph 11 – Consistent with ISA 505.
<i>Non-Responses</i>			
No equivalent provisions.	Paragraph .22 – Includes conditional requirements that apply: <ul style="list-style-type: none"> • If a confirmation response is returned by the confirming party to anyone other than the auditor. • If the auditor does not subsequently receive a confirmation response from 	No equivalent provisions.	No equivalent provisions.

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	the intended confirming party.		
Paragraph 12 – In the case of each non-response, the auditor is required to perform alternative audit procedures to obtain relevant and reliable audit evidence.	Paragraph .23 – In the case of a nonresponse or an incomplete response, the auditor is required to perform alternative procedures for the selected item in accordance with Appendix C.	Extant Paragraph .12 – Consistent with ISA 505.	Paragraph 12 – Consistent with ISA 505.
Paragraph 13 – If the auditor has determined that a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence <i>and</i> does not obtain such confirmation, the auditor is required to determine the implications for the audit and the auditor’s opinion in accordance with ISA 705 (Revised). ¹²	Paragraph .21 – If the auditor does not receive a confirmation response to a positive confirmation request, the auditor is required to: <ul style="list-style-type: none"> Follow up with the confirming party; and Evaluate any confirmation response subsequently and any confirmation exception. 	Proposed Amendments to Paragraph .15 – Consistent with ISA 505.	Paragraph 13 – Consistent with ISA 505.
Exceptions			
Paragraph 14 – Requires the auditor to investigate exceptions	Paragraph .20 – Requires the auditor to evaluate exceptions	Extant Paragraph .14 – Consistent with ISA 505.	Paragraph 14 – Consistent with ISA 505.

¹² ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
to determine whether or not they are indicative of misstatements.	and determine whether they, individually or in the aggregate, indicate: (i) a misstatement; (ii) a deficiency in internal controls; (iii) or both.		
No equivalent provisions.		No equivalent provisions.	Paragraph 14-1 – Requires the auditor to consider specified factors (including whether the exception is indicative of fraud, suspected fraud or a deficiency in internal controls) when determining the timing and extent of any additional audit procedures to investigate exceptions.
<i>Use of Negative Confirmations</i>			
Paragraph 15 – Permits the use of negative confirmations as sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level but only when all specified factors as per the standard are present.	Paragraphs .12 and .13 – Permit the use of negative confirmations <i>only</i> in combination with other substantive procedures. Also emphasize that the use of negative confirmation requests alone does not provide sufficient appropriate audit evidence for addressing the risk of material misstatement at the assertion level.	Extant Paragraph .15 – Consistent with ISA 505.	Paragraph 6(b) – Prohibits the use of negative confirmations in an audit conducted in accordance with ISAs (UK). Consequently, the requirement in paragraph 15 and related application material are not applicable.

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
<i>Evaluating the Evidence Obtained</i>			
Paragraph 16 – Requires the auditor to: (i) evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence; or (ii) whether further audit evidence is necessary.	Paragraph .31 – Includes linkages to AS 2810 that establishes requirements regarding the auditor's evaluation of audit results and determination of whether the auditor has obtained sufficient appropriate audit evidence. The auditor is also required to take into account all relevant audit evidence provided by: (i) confirmation procedures; (ii) alternative procedures; and (iii) other procedures, to determine whether sufficient appropriate audit evidence has been obtained about the relevant financial statement assertions.	Extant Paragraph .16 – Consistent with ISA 505.	Paragraph 16 – Consistent with ISA 505.
<i>Considerations About the Need to Perform External Confirmation Procedures</i>			
Paragraph 3 – Highlights that ISA 330 requires the auditor to consider whether external confirmation procedures are to be performed as substantive audit procedures.	<ul style="list-style-type: none"> Paragraph .24 – Requires the auditor to perform confirmation procedures for cash held by third parties and accounts receivable; and includes a new 	Proposed Amendments to Paragraph .03 – Highlights the relevant requirements in AU-C Section 330 to consider whether external confirmation procedures are to be performed as substantive	Paragraph 3 – Consistent with ISA 505.

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	<p>provision that the auditor may otherwise obtain audit evidence by directly accessing information maintained by a knowledgeable external source for cash and accounts receivable.</p> <ul style="list-style-type: none"> Paragraphs .29 and .30 – Carry forward an existing requirement to consider confirming the terms of certain other transactions. 	<p>procedures to respond to the assessed risks of material misstatement and to use external confirmation procedures for:</p> <ul style="list-style-type: none"> Accounts receivable, except when one or more of the specified factors is applicable. Cash and cash equivalents held by third parties except when: (i) prohibited by law or regulation; or (ii) the auditor has determined that the confirming party will not respond to confirmation requests as a matter of policy or practice. 	
<i>Communicating with the Audit Committee</i>			
No equivalent provision.	Paragraph .28 – For significant risks associated with either cash or accounts receivable, requires the auditor to communicate with the audit committee when the auditor did not perform confirmation procedures or otherwise obtain audit evidence by directly accessing information	No equivalent provision.	No equivalent provision.

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IAASB Main Agenda (December 2025)

ISA 505	AS 2310	AU-C Section 505 or ED-SAS AU-C Section 505 (as applicable)	ISA (UK) 505 (Revised October 2023)
	maintained by a knowledgeable external source.		

Appendix 3

Benchmarking Analysis for ISA 530

The table below compares relevant paragraphs for audit sampling in ISA 530 to the relevant provisions of AS 2315 and AU-C Section 530.

ISA 530	AS 2315	AU-C Section 530
<i>Definitions</i>		
<p>Paragraph 5 – Includes definitions for the following terms:</p> <ul style="list-style-type: none"> • Audit sampling. • Population. • Sampling risk. • Non-sampling risk. • Anomaly. • Sampling unit • Statistical sampling. • Stratification. • Tolerable misstatement. • Tolerable rate of deviation. 	<p>AS 2315 includes descriptions for the following common terms that are conceptually aligned with the relevant definitions in ISA 530:</p> <ul style="list-style-type: none"> • Paragraph .01 – Audit sampling. • Paragraphs .16 and .31 – Population. • Paragraphs .10 and .12 to .14 – Sampling risk. • Paragraph .11 – Non-sampling risk. • Paragraph .46 – Statistical sampling. • Paragraph .18 – Tolerable misstatement. • Paragraph .34 – Tolerable rate [of deviation]. <p>AS 2315 does not include descriptions for the following terms defined in ISA 530:</p> <ul style="list-style-type: none"> • Anomaly. 	<p>Paragraph .05 – Consistent with ISA 530, except for:</p> <ul style="list-style-type: none"> • Audit sampling – defined as “the selection and evaluation of less than 100 percent of the population of audit relevance such that the auditor expects the items selected (the sample) to be representative of the population and, thus, likely to provide a reasonable basis for conclusions about the population. In this context, representative means that evaluation of the sample will result in conclusions that, subject to the limitations of sampling risk, are similar to those that would be drawn if the same procedures were applied to the entire population.” • The concept of ‘Anomaly’ – not addressed in AU-C Section 530.

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	<ul style="list-style-type: none"> • Sampling unit. • Stratification. 	
<i>Sample Design, Size, and Selection of Items for Testing</i>		
<p>Paragraph 6 – When designing an audit sample, the auditor is required to consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn.</p>	<p>For sampling in substantive tests of details:</p> <ul style="list-style-type: none"> • Paragraph .16 – Requires auditors to consider: (i) relationship of the sample to the relevant objective; (ii) tolerable misstatement; (iii) the auditor's allowable risk of incorrect acceptance; and (iv) characteristics of the population. See paragraphs .17 to .22 for relevant requirements that further expand on the core requirement in paragraph .16. <p>For sampling in for tests of controls:</p> <ul style="list-style-type: none"> • Paragraph .31 – Requires auditors to consider: (i) relationship of the sample to the objective of test of controls; (ii) the maximum rate of deviations; (iii) the auditor's allowable risk of assessing control risk too low; and (iv) characteristics of the population. See paragraphs .32 to .37 for relevant requirements that further expand on the core requirement in paragraph .31. 	<p>Paragraph .06 – Consistent with ISA 530.</p>

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<p>Paragraph 7 – Requires the auditor to determine a sample size sufficient to reduce sampling risk to an acceptably low level.</p>	<p>For sampling in substantive tests of details:</p> <ul style="list-style-type: none"> Paragraph .23 – Requires auditors to take into account: (i) tolerable misstatement for the population; (ii) the allowable risk of incorrect acceptance (based on the assessments of inherent risk, control risk, and the detection risk related to the substantive analytical procedures or other relevant substantive tests); and (iii) the characteristics of the population, including the expected size and frequency of misstatements. <p>For sampling in tests of controls:</p> <ul style="list-style-type: none"> Paragraph .38 – Requires auditors to consider: (i) the tolerable rate of deviation from the controls being tested; (ii) the likely rate of deviations; and (iii) the allowable risk of assessing control risk too low. 	<p>Paragraph .07 – Consistent with ISA 530.</p>
<p>Paragraph 8 – Requires the auditor to select items for the sample in such a way that each sampling unit in the population has a chance of selection.</p>	<p>For sampling in substantive tests of details and tests of controls:</p> <ul style="list-style-type: none"> Paragraphs .24 and .39 – Require sample items be selected in such a way that the sample can be expected to be representative of the population. 	<p>Paragraph .08 – Requires the auditor to select items for the sample in such a way that the auditor can reasonably expect the sample to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population.</p>

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<i>Performing Audit Procedures</i>		
Paragraph 9 – Requires the auditor to perform audit procedures, appropriate to the purpose, on each item selected.	<p>For sampling in substantive tests of details and tests of controls:</p> <ul style="list-style-type: none"> Paragraphs .25 and .40 – Require that auditing procedures that are appropriate to the particular audit objective be applied to each sample item. 	Paragraph .09 – Consistent with ISA 530.
Paragraph 10 – If the audit procedure is not applicable to the selected item, requires the auditor to perform the procedure on a replacement item.	<p>For sampling in substantive test of details:</p> <p>Paragraph .25 – Includes specific requirements addressing the auditor's treatment of unexamined items depending on their effect on the evaluation of the sample:</p>	Paragraph .10 – Consistent with ISA 530.
Paragraph 11 – If the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to a selected item, requires the auditor to: (i) treat that item as a deviation from the prescribed control, in the case of tests of controls; or (ii) a misstatement, in the case of tests of details.	<ul style="list-style-type: none"> If the auditor's evaluation of the sample results would not be altered by considering those unexamined items to be misstated, it is not necessary to examine the items. If considering those unexamined items to be misstated would lead to a conclusion that the balance or class contains material misstatement, requires the auditor to: <ul style="list-style-type: none"> Consider alternative procedures that would provide sufficient evidence to form a conclusion. 	Paragraph .11 – Consistent with ISA 530.

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	<ul style="list-style-type: none"> ○ Evaluate whether the reasons for inability to examine the items have: (i) implications in relation to risk assessments (including the assessment of fraud risk); (ii) implications regarding the integrity of management or employees; and (iii) possible effects on other aspects of the audit. <p>For sampling in tests of controls:</p> <ul style="list-style-type: none"> • Paragraph .40 – If the auditor is not able to apply the planned audit procedures or appropriate alternative procedures to selected items, the auditor is required to consider the reasons for this limitation, and ordinarily consider those selected items to be deviations from the prescribed policy or procedure for the purpose of evaluating the sample. 	
<i>Nature and Cause of Deviations and Misstatements</i>		
Paragraph 12 – Requires the auditor to investigate the nature and cause of any deviations or misstatements identified, and evaluate their possible effect on the purpose	<p>For substantive tests of details and tests of controls:</p> <p>Paragraphs .27 and .42 – Require the auditor to:</p>	Paragraph .12 – Consistent with ISA 530.

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of the audit procedure and on other areas of the audit.	<ul style="list-style-type: none"> Evaluate the frequency and amounts of monetary misstatements/ frequency of deviations from pertinent procedures. Consider the qualitative aspects of the misstatements/ deviations. These include: (i) the nature and cause of misstatements/ deviations, such as whether they are differences in principle or in application, are errors or are caused by fraud, or are due to misunderstanding of instructions or to carelessness; and (ii) the possible relationship of the misstatements/ deviations to other phases of the audit. The discovery of fraud/ irregularity ordinarily requires a broader consideration of possible implications than does the discovery of an error. 	
Paragraph 13 – Addresses extremely rare circumstances when the auditor considers a misstatement or deviation discovered in a sample to be an anomaly.	No equivalent provisions.	No equivalent provisions.
<i>Projecting Misstatements</i>		
Paragraph 14 – For tests of details, requires the auditor to project misstatements found in the sample to the population.	<p>For sampling in substantive tests of details:</p> <p>Paragraph .26 – Requires the auditor to project the misstatement results of the sample to the items from which the sample was</p>	Paragraph .13 – Requires the auditor to project the results of audit sampling to the population.

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	selected. Also includes specific requirements outlining several acceptable ways to project misstatements from a sample.	
<i>Evaluating Results of Audit Sampling</i>		
<p>Paragraph 15 – Requires the auditor to evaluate:</p> <ul style="list-style-type: none"> • The results of the sample; and • Whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested. 	<p>For sampling in substantive tests of details:</p> <ul style="list-style-type: none"> • Paragraph .28 – If the sample results suggest that the auditor's planning assumptions were incorrect, the auditor is required to take appropriate action: (i) considering whether to alter risk assessments; or (ii) considering whether to modify the other audit tests that were designed based upon the inherent and control risk assessments. • Paragraph .29 – Requires the auditor to relate the evaluation of the sample to other relevant audit evidence when forming a conclusion about the related account balance or class of transactions. • Paragraph .30 – Projected misstatement results for all audit sampling applications and all known misstatements from non-sampling applications should be considered in the aggregate along with other relevant audit evidence when the auditor 	<p>Paragraph .14 – In addition to those required in ISA 530, requires the auditor to evaluate sampling risk.</p>

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	<p>evaluates whether the financial statements taken as a whole may be materially misstated.</p> <p>For sampling in tests of controls:</p> <ul style="list-style-type: none"> Paragraph .43 – If the auditor concludes that the sample results do not support the planned assessed level of control risk for an assertion, the auditor is required to reevaluate the nature, timing, and extent of substantive procedures based on a revised consideration of the assessed level of control risk for the relevant financial statement assertions. 	