

# Agenda Item 11–E (Supplemental)

## Targeted Standards in the ISA 500 Series<sup>1</sup> – Other Research Activities

This Agenda Item provides an overview of other research activities undertaken by Staff to date to identify and understand the main drivers that provide a basis for a project to revise the targeted standards in the ISA 500 Series.

### Previous IAASB Consultation Papers and Exposure Drafts

1. Staff analyzed stakeholder feedback from the following prior IAASB consultation papers and exposure drafts (and the associated board papers incorporating staff and task force analysis of responses):
  - (a) [Exposure Draft of Proposed ISA 500 \(Revised\), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs](#) (ED-500).
  - (b) [Consultation Paper for The IAASB's Proposed Strategy and Work Plan for 2024–2027](#).
  - (c) [Survey Consultation on the IAASB's Work Plan for 2022–2023](#).
  - (d) [Exposure Draft of Proposed ISA 240 \(Revised\), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements and Proposed Conforming and Consequential Amendments to Other ISAs](#) (ED-240).
  - (e) [Discussion Paper, Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit](#).

### Audit Inspection Reports

2. Staff undertook a review of recent audit inspection reports from a wide range of jurisdictions, including:
  - (a) Canadian Public Accountability Board (CPAB), [2022 Annual Inspections Results, March 2023](#), [2023 Interim Inspections Results, October 2023](#), [2023 Annual Inspections Results, March 2024](#), [2024 Interim Inspections Results, October 2024](#), [2024 Annual Inspections Results, March 2025](#), and [2025 Interim Inspections Results, October 2025](#).
  - (b) India's National Financial Reporting Authority (NFRA), [Inspection Reports from 2022 and 2023](#).
  - (c) International Forum of Independent Audit Regulators (IFIAR), [Survey of Inspection Findings 2022](#), [Survey of Inspection Findings 2023](#) and [Survey of Inspection Findings 2024](#).
  - (d) Japan's Certified Public Accountants and Auditing Oversight Board (CPAFOB), [Case Report from Audit Firm Inspection Results, July 2023](#) and [Case Report from Audit Firm Inspection Results, July 2024](#).

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<sup>1</sup> The targeted standards in the ISA 500 Series include: the considerations in respect of 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*.

- (e) Kingdom of Saudi Arabia's Capital Market Authority (CMA), [Most Prominent Observations on Listed Companies Financial Statements Disclosures for the Years 2020 and 2021](#) and [The Most Prominent Observations of the Supervision on Registered Accounting Firms for the Years 2020 and 2021](#).
- (f) Securities Commission Malaysia's Audit Oversight Board (AOB), [Annual Inspection Report 2022](#), [Annual Inspection Report 2023](#) and [Annual Inspection Report 2024](#).
- (g) Singapore's Accounting and Corporate Regulatory Authority (ACRA), [Audit Regulatory Report 2023](#) and [Audit Regulatory Report 2024](#).
- (h) South Africa's Independent Regulatory Board for Auditors (IRBA), [2022 Public Inspections Report on Audit Quality](#), [2023 Public Inspections Report on Audit Quality](#) and [2024 Public Inspections Report on Audit Quality](#).
- (i) United Kingdom's Financial Reporting Council (UK FRC), [Tier 1 Firms – Overview, Audit Quality Inspection and Supervision Report, July 2022](#), [Tier 1 Firms – Overview, Audit Quality Inspection and Supervision Report, July 2023](#), [Tier 2 and Tier 3 Audit Firms – Audit Quality Inspection and Supervision, December 2023](#), [Tier 2 and Tier 3 Audit Firms – Audit Quality Inspection and Supervision, December 2024](#), [Annual Review of Audit Quality, July 2024](#), [Annual Review of Audit Quality, July 2025](#) and [Key Findings and Good Practice Report, October 2025](#).
- (j) United States' Public Company Accounting Oversight Board (US PCAOB), [Spotlight – Staff Update on 2023 Inspection Activities, August 2024](#) and [Spotlight – Staff Update on 2024 Inspection Activities, March 2025](#).

### Non-Authoritative Guidance and Other Literature

- 3. Staff undertook a review of the following IAASB issued non-authoritative guidance and other literature issued by other standard-setting bodies or regulators on relevant topics:
  - (a) IAASB: [Frequently Asked Questions \(FAQ\) on Investigating Exceptions and Relevance of Performance Materiality When Using ATT](#) (February 2023).
  - (b) IAASB: [Staff Audit Practice Alert - Emerging Practice Issues Regarding the Use of External Confirmations in an Audit of Financial Statements](#) (November 2009).
  - (c) IFIAR: [Use of technology in audits – observations, risk and further evolution – 2025](#).
  - (d) Australia's Auditing and Assurance Standards Board (AUASB): [Guidance Statement \(GS\) 016, Bank Confirmation Requests \(June 2022\)](#). The AUASB GS016 on Bank Confirmation was updated in 2022 to modernize the guidance on bank confirmation requests to respond to changes in the way in which bank confirmations are performed.
  - (e) Canada's CPAB: [CPAB Risk Alert, Third party involvement in the inventory management process](#) (December 2024).
  - (f) China's Chinese Institute of Certified Public Accountants (CICPA): [Bank Confirmation Guidance](#) (2024) – In Mandarin.

- (g) Japan's Japanese Institute of Certified Public Accountants (JICPA): [Remote Work Series No.2 – Considerations in Relation to Remote Attendance at Physical Inventory Counting](#) (December 2020).
- (h) Netherlands' [NBA Data Analysis Guide](#) published in June 2019, which is intended to answer questions from practice about the application of data analysis – In Dutch.
- (i) South Africa's IRBA: [South African Auditing Practice Statement \(SAAPS\) 4 \(Revised 2019\). Letters of Specific Inquiry to the Entity's External Legal Practitioner Regarding Litigation and Claims Involving the Entity.](#)
- (j) South Africa's IRBA: [SAAPS 6. External Confirmations from Financial Institutions](#) (July 2013).
- (k) UK FRC: [Thematic Review of Audit Sampling](#) (November 2023).
- (l) US PCAOB: [Spotlight: Data and Technology Research Project Update](#) (May 2021). This Spotlight discusses, among other things, the use of technology in the confirmation process.
- (m) US PCAOB: [Spotlight: Observations and Reminders on the Use of a Service Provider in the Confirmation Process](#) (March 2022). This Spotlight specifically discusses observations and reminders on the use of a service provider in the confirmation process.
- (n) US PCAOB: [Standards and Emerging Issues Advisory Group \(SEIAG\) Meeting – Briefing Paper, November 2, 2023](#) for the part relating to 'Auditing Inventory.' Inventory is currently an active project of the PCAOB.