

Audit Evidence and Risk Response (AE&RR)

Agenda Item 7

IAASB March 206 Meeting

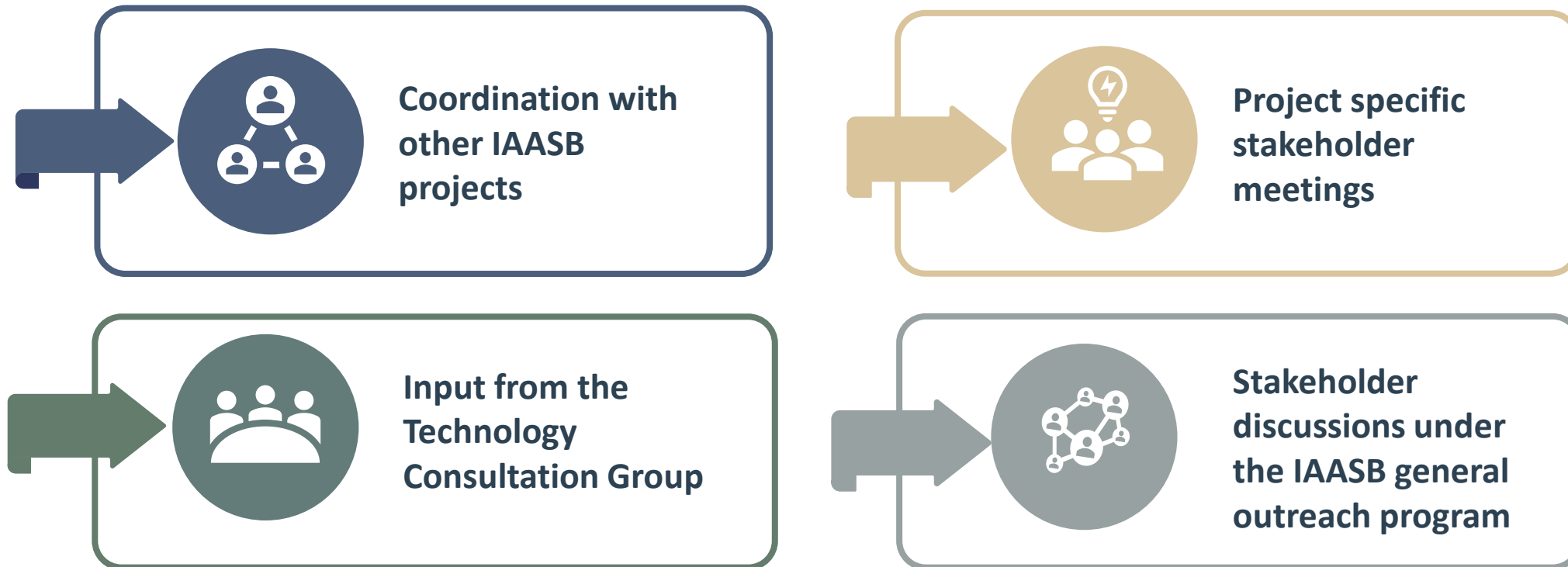


Project Team and Project Board Members

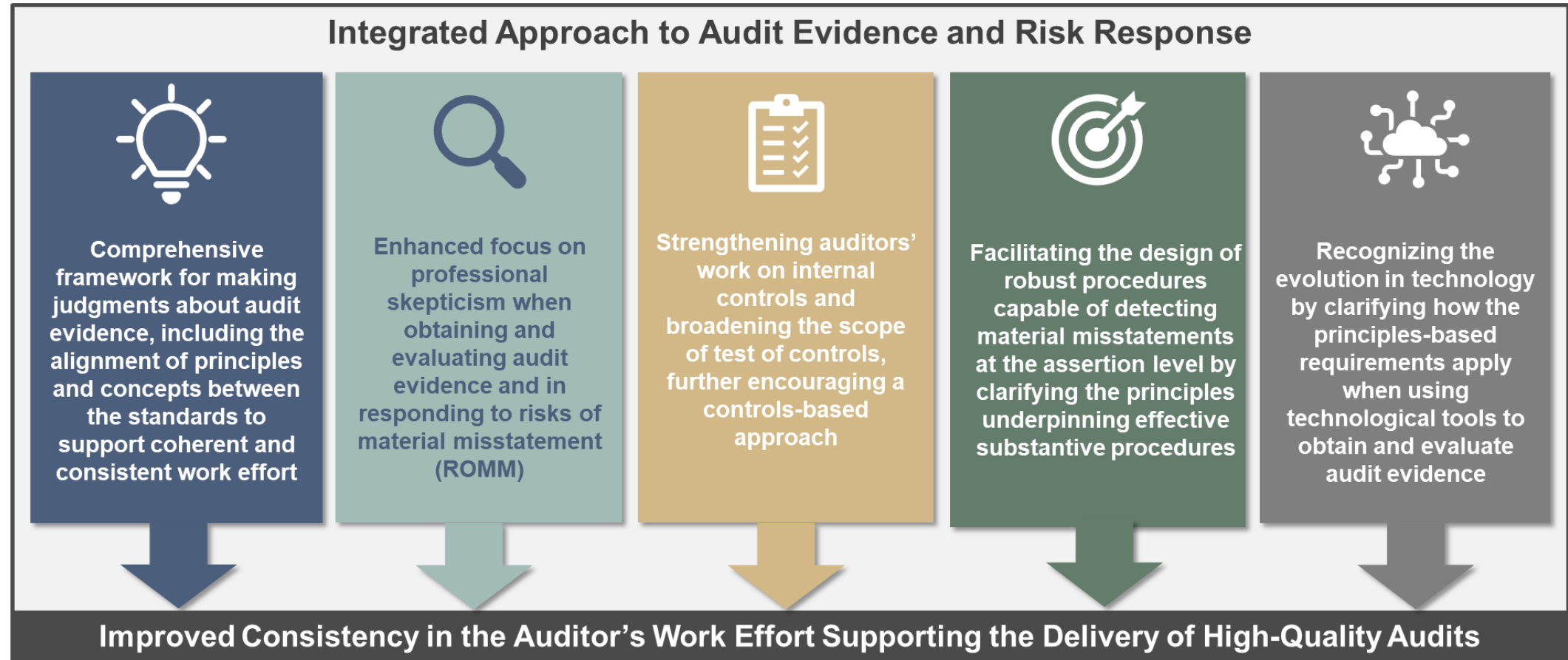
Advancing Work in New York City



Ongoing Coordination and Outreach Activities



Key Outcomes of the Proposed Revisions



Walkthrough of the Proposed Standards

Walkthrough of the Proposed Standards



Follow the order outlined in **Appendix 3 of Agenda Item 7**



Comments on the requirements and related application material



Matters for the IAASB Considerations

1. The Board is asked for its views on Proposed ISA 330 (Revised) as presented in **Agenda Item 7–B**, including on the matters discussed in paragraphs 31–45 in **Agenda Item 7**.
2. The Board is asked for its views on Proposed ISA 500 (Revised) as presented in **Agenda Item 7–C**, including on the matters discussed in paragraphs 46–57 of **Agenda Item 7**. In particular:
 - (a) Whether the application material presented in **Appendix 2** should form part of Proposed ISA 500 (Revised).
 - (b) The proposal not to pursue technology-related documentation considerations discussed in paragraphs 55–57 of **Agenda Item 7**.
3. The Board is asked for its views on Proposed ISA 520 (Revised) as presented in **Agenda Item 7–D**.



Proposed ISA 330 (Revised)

Introduction; Objective; Definitions; Overall Responses

Paragraphs in Agenda Item 7–B	
Requirements	Application Material
1 – 5	A0A – A3A



Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level

Paragraphs in Agenda Item 7–B	
Requirements	Application Material
6 – 7	A4 – A19AB



Tests of Controls

Paragraphs in Agenda Item 7–B	
Requirements	Application Material
8 – 9	A19A – A25



Nature and Extent of Tests of Controls

Paragraphs in Agenda Item 7–B		
Requirements	Application Material	Related Sections in Agenda Item 7
10	A26 – A32AB	Section II, Para. 38–39



Timing of Tests of Controls

Paragraphs in Agenda Item 7–B		
Requirements	Application Material	Related Sections in Agenda Item 7
11 – 12	A32A – A35	Section II, Para. 40–41



Using Audit Evidence Obtained in a Previous Audit

Paragraphs in Agenda Item 7–B	
Requirements	Application Material
13 – 14	A36 – A40



Evaluating the Outcome of Tests of Controls

Paragraphs in Agenda Item 7–B		
Requirements	Application Material	Related Sections in Agenda Item 7
16 – 17	A43 – A42B	Section II, Para. 42–45



Substantive Procedures; Selecting Items for Testing

Paragraphs in Agenda Item 7–B		
Requirements	Application Material	Related Sections in Agenda Item 7
18 – 23A	A41 – A60A	Section II, Para. 31–37



Adequacy of Presentation of Financial Statements; Evaluating the Sufficiency and Appropriateness of Audit Evidence; Documentation

Paragraphs in Agenda Item 7–B	
Requirements	Application Material
24 – 30	A61 – A65





Proposed ISA 500 (Revised)

Introduction; Objective; Definitions; Designing and Performing Audit Procedures to Obtain Sufficient Appropriate Audit Evidence

Paragraphs in Agenda Item 7–C

Requirements

1 – 8A

Application Material

A4A – A26B



Relevance and Reliability of Information Intended to Be Used as Audit Evidence

Paragraphs in Agenda Item 7-C		
Requirements	Application Material	Related Sections in Agenda Item 7
9 – 10C	A35 – A56L; A65N – A65R	Section II, Para. 46–48



Using Audit Evidence Prepared by a Management's Expert; Doubts About the Relevance and Reliability of Information; Inconsistencies in Audit Evidence

Paragraphs in Agenda Item 7–C

Requirements

11 – 14

Application Material

A66 – A90B



Relationship with Other ISAs and Types of Audit Procedures; Selecting Items for Testing

Paragraphs in Agenda Item 7–C

Application Material

Appendices 1–2



Technological Tools

Paragraphs in Agenda Item 7-C

Application Material

A2B–A4; A65A–A65M; Appendix 3

Related Sections in Agenda Item 7

Section II, Para. 49–57;
Appendix 2





Proposed ISA 520 (Revised)

Introduction; Objectives; Definitions

Paragraphs in Agenda Item 7–D	
Requirements	Application Material
1 – 4	A0 – A3A



Results of Analytical Procedures Performed as Risk Assessment Procedures

Paragraphs in Agenda Item 7–D	
Requirements	Application Material
4A	A3B – A3C



Substantive Analytical Procedures

Paragraphs in Agenda Item 7–D	
Requirements	Application Material
5	A4 – A16F



Analytical Procedures that Assist When Forming and Overall Conclusion

Paragraphs in Agenda Item 7–D	
Requirements	Application Material
6 – 7	A17 – A21A



Significant Consequential Amendments Proposed to Other ISAs

ISA 315 (Revised 2019) – Material COTABDs

Shift from mandatory substantive procedures for all material COTABDs, irrespective of risk, to an embedded risk-based model supported by robust evaluations and focused documentation

Remove Paragraph 18 of ISA 330 (Revised)

- Substantive procedures for every material COTABD is no longer required

Robust risk assessment

- Evaluate whether the evidence from risk assessment procedures provides an appropriate basis for the identification and assessment of risk
- Evaluate whether the determination that material but not significant COTABDs are not significant remains appropriate
- Practical guidance and examples

Documentation

- Basis for determining that material but not significant COTABDs are not significant
- Documentation not required at the assertion level for every COTABD

ISA 700 (Revised) – Conclusion about SAAE

Relocate the conclusion on whether the auditor obtained sufficient appropriate audit evidence from ISA 330 to ISA 700 (Revised)

What we proposed (Dec 2025)

- Integrated conclusions on 'SAAE obtained' with the reasonable assurance conclusion
- Closer alignment with ISA 200.5 and streamlined ISA 700 application material

What we heard

- Risk of unintentional change to the meaning of the requirements in the extant standards
- Potential confusion: one combined paragraph, multiple interpretations

What we did (Mar 2026)

- Revert to drafting proposed at the June 2025 IAASB meeting
- Position paragraph 26 of ISA 330 into a new paragraph of ISA 700 (Revised), following the reasonable assurance conclusion
- Use application material to explain the linkage to ISA 200.5

Significant Consequential Amendments Proposed to Other ISAs



Agenda Item 7–E



Matters for the IAASB Considerations

4. The Board is asked for its views on the significant consequential amendments proposed to other ISAs as presented in **Agenda Item 7–E**, including on the matters discussed in paragraphs 60–65 in **Agenda Item 7**

Other Proposed Conforming and Consequential Amendments to ISQMs and ISAs

Other Proposed Conforming and Consequential Amendments to ISQMs and ISAs

Scope

- ISA 501 and ISA 505
- International Framework for Assurance Engagements

Other Matters

- Technological tools (*including ISQM 1.A99A and ISA 220 (Revised).A64A*)
- Broadening the scope of the definition for Tests of Controls
- Drafting conventions applied
 - Audit evidence about the operating effectiveness of controls
 - Use of the term 'Reliance/Rely on Controls'
 - Electronic vs Digital information

Other Proposed Conforming and Consequential Amendments to ISQMs and ISAs

Walkthrough of Agenda Item 7–F

- ☐ Pages 1 to 23 (up to ISA 315 (Revised 2019))
- ☐ Pages 23 to 46 (up to ISA 540 (Revised))
- ☐ Pages 46 to 88



Matters for the IAASB Considerations

5. The Board is asked for its views on the proposed conforming and consequential amendments as presented in **Agenda Item 7–F**, including on the matters discussed in paragraphs 66–79 of **Agenda Item 7**.
6. Are there any other matters relevant to conforming and consequential amendments to other ISAs that should be considered in developing the explanatory memorandum that will accompany the exposure draft for Proposed ISA 330 (Revised), Proposed ISA 500 (Revised) and Proposed ISA 520 (Revised)

Next Steps

Way Forward to Exposure Drafts

