

Audit Evidence and Risk Response (AE&RR)

Agenda Item 2

IAASB June 2026 Meeting



Summary of Outreach Activities



90+

Hours of Engagement
with Diverse Stakeholder
Groups



48

Project Specific
Meetings and
Stakeholder Events



19

Jurisdictions
Covering All Global
Geographical Regions



160+

Questions Asked
Covering a Wide Range
of **Topics**



**Focused Discussions with Users of
Financial Statements**



Deep-Dive Sessions with MG Members



**Engagement with Regulators and
Audit Oversight Authorities**



Input from JSS and PAO



**Individual meetings with Accounting
Firms, engagement with FoF and GPPC**



Engagement with the SMPAG



**Input from roundtable with diverse
stakeholder representation**

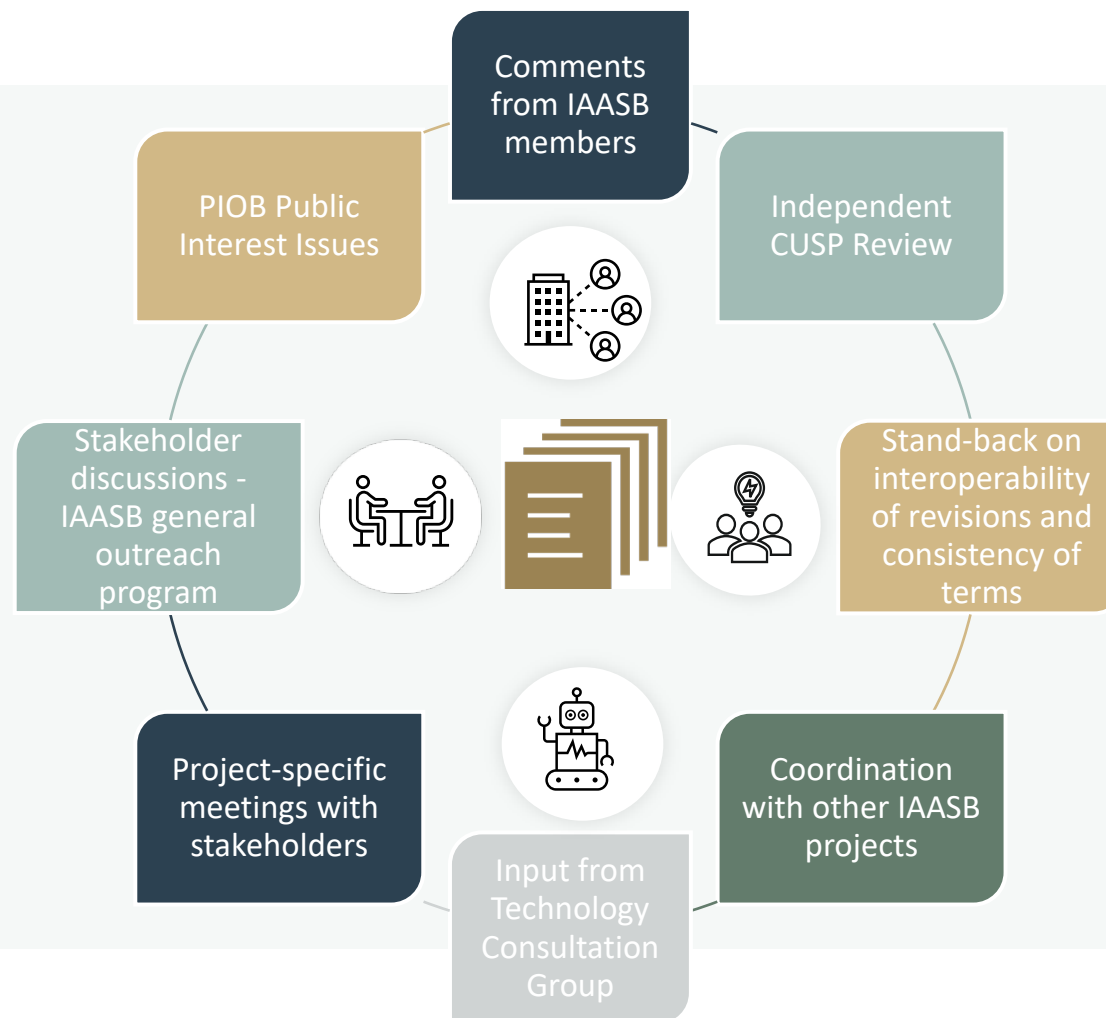


IAASB

International Auditing and Assurance Standards Board
AN IFEA BOARD

Sources of Input and Drivers for Changes since March 2026

Input from a wide range of sources, including meetings and discussions with Project and Other Board Members

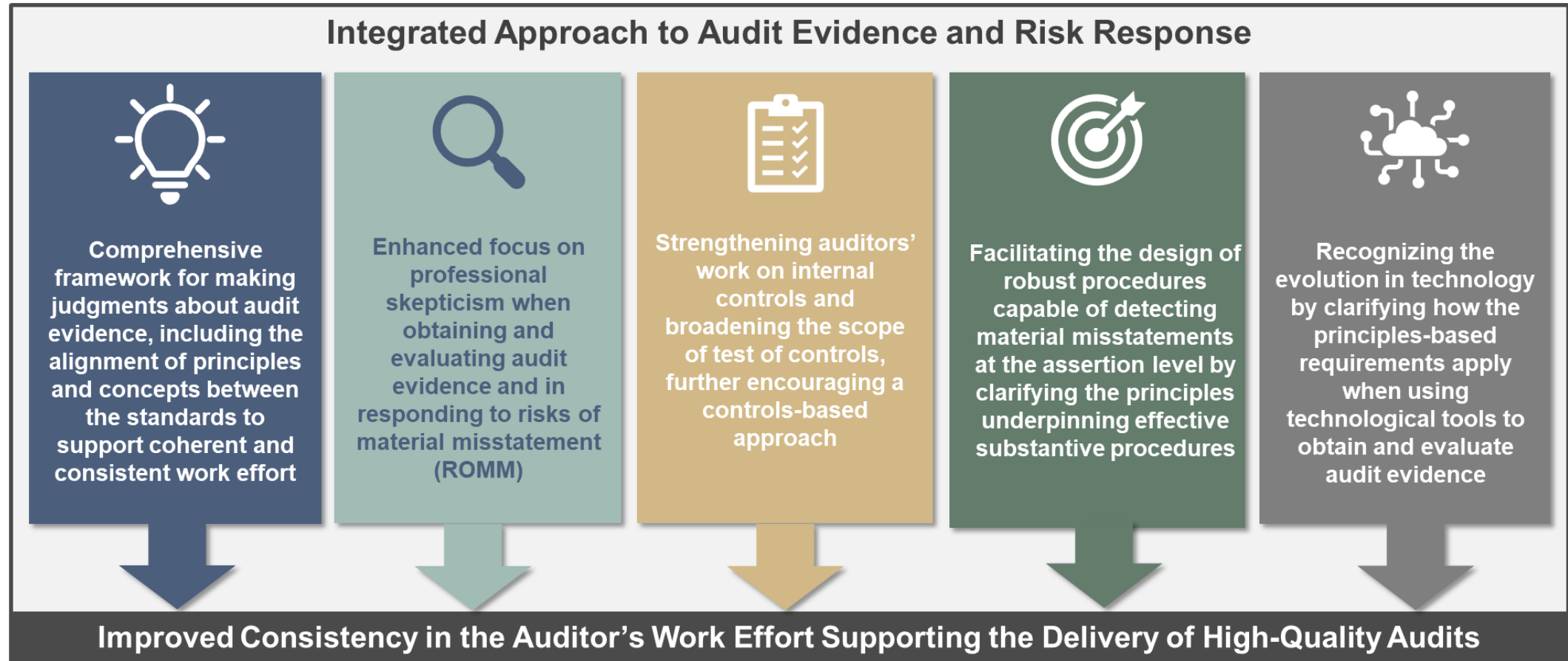


Discussion with IOSCO in June 2026

- Concerns over a **tests of controls alone** approach
 - Questions around whether the revisions can support appropriate and consistent judgment to be made by auditors
- Mixed views over proposals for **paragraph 18 of extant ISA 330**
 - Concerns about unintended consequences
 - Inspection finding relating to the auditor's risk assessment work

Key Outcomes of the Proposed Revisions

STANDING BACK ON THE PROPOSALS AS A WHOLE



Walkthrough of Proposed Standards

Walkthrough of the Proposed Standards



Follow the order outlined in **Appendix 2 of Agenda Item 2**



Comments on the requirements and related application material



Matters for the IAASB Considerations

- 1(a).The Board is asked for its views on Proposed ISA 330 (Revised) as presented in **Agenda Item 2–B**, including on the matters discussed in paragraphs 25–30 in Section I of **Agenda Item 2**.
- 1(b).The Board is asked for its views on Proposed ISA 500 (Revised) as presented in **Agenda Item 2–C**, including on the matters discussed in paragraphs 31-35 of in Section I of **Agenda Item 2**.
- 1(c).The Board is asked for its views on Proposed ISA 520 (Revised) as presented in **Agenda Item 2–D**.
2. The Board is asked for its views on the proposed conforming and consequential amendments as presented in **Agenda Item 2–E**.



Proposed ISA 330 (Revised)

Standing Back on Proposed ISA 330 (Revised)

KEY CHANGES FROM EXTANT ISA 330 IN PROPOSED ISA 330 (REVISED)

Enhanced alignment with ISA 315 (Revised 2019)

Recognition that in performing robust risk assessment procedures the auditor obtains audit evidence, at the assertion level, that provides a basis for:

- (1) The identification and assessment of inherent risk (IR)
- (2) The identification of certain controls, the evaluation of their design + determination of implementation
- (3) The assessment of control risk (CR) for controls that the auditor plans to test *[otherwise CR assessment is such that ROMM = IR]*

Clarified that the persuasiveness of audit evidence necessary to respond to assessed ROMMs at the assertion level varies with the assessment of inherent risk.



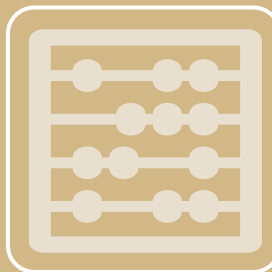
Facilitated the use of tests of controls as a source of audit evidence

Revised **definition** of tests of controls in ISAs to support use of TOCs to evaluate reliability of information.

Clarification that TOCs are required when assessed ROMM is reduced by the assessment of CR - whether by choice or necessity.

Explicit **recognition**, with guardrails, that tests of controls alone may provide sufficient appropriate audit evidence at the assertion level.

Enhanced the focus on robust responses to assessed risks of material misstatement



Emphasized importance of focusing on the **intended purpose** of audit procedures and providing clarity through revised or new definitions for substantive procedures and test of details.

Clarify that, irrespective of the materiality of a COTABD, there is **no requirement to perform substantive procedures** related to an assertion of that COTABD if the auditor has obtained audit evidence that provides a basis for: (1) Not having identified any inherent risks related to the assertion; or (2) Assessing inherent risk for identified risks at the assertion level related to that COTABD as being acceptably low.

New **stand-back evaluation** on whether the audit evidence obtained from the further audit procedures is sufficient and appropriate in responding to the assessed ROMM.

Walkthrough of Proposed ISA 330 (Revised)

1						
Ref: Agenda Item 2–B		Requirements	Application Material	Related Para. in Agenda Item 2 Section I		
Introduction; Objective; Definitions; Overall Responses		1–5	A0A–A3A	-		
Audit Procedures Responsive to the Assessed ROMM at the Assertion Level; Responding to Assessed ROMM in an Unbiased Manner		6–7B	A4A–A19ABa	Section I, Para. 25–30		
Designing and Performing Test of Controls		8–9A	A19ABb–A25aa	Para. 18–24		

Walkthrough of Proposed ISA 330 (Revised)

2

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objective; Definitions; Overall Responses	1–5	A0A–A3A	–
Audit Procedures Responsive to the Assessed ROMM at the Assertion Level; Responding to Assessed ROMM in an Unbiased Manner	6–7B	A4A–A19ABa	Para. 25–30
Designing and Performing Test of Controls	8–9A	A19ABb–A25aa	Para. 18–24

Walkthrough of Proposed ISA 330 (Revised)

3

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objective; Definitions; Overall Responses	1–5	A0A–A3A	-
Audit Procedures Responsive to the Assessed ROMM at the Assertion Level; Responding to Assessed ROMM in an Unbiased Manner	6–7B	A4A–A19ABa	Section I, Para. 25–30
Designing and Performing Test of Controls	8–9A	A19ABb–A25aa	Para. 18–24

Walkthrough of Proposed ISA 330 (Revised)

4

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Nature and Extent of Tests of Controls; Timing of Tests of Controls; Using Audit Evidence Obtained in a Previous Audit	10–14	A25A–A40	-
Evaluating the Operating Effectiveness of Controls; Results of Tests of Controls	16–17A	A41–A42B	-
Substantive Procedures; Selecting Items for Testing	18A–23A	A45–A60A	Para. 25–30

Walkthrough of Proposed ISA 330 (Revised)

5

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Nature and Extent of Tests of Controls; Timing of Tests of Controls; Using Audit Evidence Obtained in a Previous Audit	10–14	A25A–A40	-
Evaluating the Operating Effectiveness of Controls; Results of Tests of Controls	16–17A	A41–A42B	-
Substantive Procedures; Selecting Items for Testing	18A–23A	A45–A60A	Para. 25–30

Walkthrough of Proposed ISA 330

6

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Nature and Extent of Tests of Controls; Timing of Tests of Controls; Using Audit Evidence Obtained in a Previous Audit	10–14	A25A–A40	-
Evaluating the Operating Effectiveness of Controls; Results of Tests of Controls	16–17A	A41–A42B	-
Substantive Procedures; Selecting Items for Testing	18A–23A	A45–A60A	Para. 25–30

Walkthrough of Proposed ISA 330 (Revised)

7

Ref: Agenda Item 2–B	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Adequacy of Presentation of Financial Statements; Evaluating the Sufficiency and Appropriateness of Audit Evidence; Documentation	23B–30	A60B–A65	-



Proposed ISA 500 (Revised)

Standing Back on Proposed ISA 500 (Revised)

KEY CHANGES FROM EXTANT ISA 500 IN PROPOSED ISA 500 (REVISED)

Enhanced principle-based reference-framework for making judgments about audit evidence throughout the audit

- Comprehensive consideration of all audit evidence, irrespective of its source
- Embraced the notion that it is the cumulative body of evidence that contribute to its sufficiency and appropriateness
- Revised definition of audit evidence, based on the “input-output model”
- Clarified the interrelationship among “appropriateness (of audit evidence)” and of “sufficiency (of audit evidence)” with the notion of persuasiveness of audit evidence

Enhanced focus on professional skepticism when obtaining and evaluating audit evidence

- Emphasis on the critical role of professional skepticism when obtaining and evaluating audit evidence
- Overarching requirement to design and perform audit procedures in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory
- Clarified work effort for authenticity of information when it is of significance in the circumstances to meet the intended purpose(s) of the audit procedures

Strengthened evaluation of the relevance and reliability of information

- Overarching requirement to evaluate the relevance and reliability of information by considering the source of the information and the attributes of reliability that are of significance in the circumstances
- Retained the requirement from extant for accuracy and completeness if the information is from sources internal to the entity
- New requirement to support evaluating the reliability of information through test of controls or other procedures

Encouraging and facilitating the user of technological tools

- New application material in the form of an Appendix to provide guidance on considerations for using technological tools in obtaining audit evidence
- Recognized as the complexity of the IT environment and technology used to produce information increases, it is less likely for the auditor to evaluate the reliability of information without testing the operating effectiveness of controls.

Walkthrough of Proposed ISA 500 (Revised)

1

Ref: Agenda Item 2–C	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objective; Definitions; Designing and Performing Audit Procedures to Obtain Sufficient Appropriate Audit Evidence	1–8A	A4A–A26B	-
Evaluating the Relevance and Reliability of Information	9–9A	A4Aa–A4Ad; A35–A56L, Appendix 4	Para. 31–35
Evaluating the Reliability of Information	10B	A65Oa–A65Qb	-

Proposed ISA 500 Paragraph 9A

INFORMATION FROM SOURCES INTERNAL TO THE ENTITY

AM Paragraph A40A	Examples	Current Scope of Paragraph 9A	Intended Scope
Information from sources internal to the entity	Trial balances, subledgers, listings of transactions and roll forward schedules	✓	✓
	System-generated reports, custom reports from report writers and spreadsheets used for cost allocations or computations	✓	✓
	Budgets, forecasts, minutes of meetings and internal audit reports	✓	✓
	Reconciliations, queries and marketing information (e.g., sales data used as an assumption for warranty provisions)	✓	✓
	Information from a management's expert	✓	✓
Information that the entity has obtained from external sources	Information from, for example, the entity's customers, suppliers, banks, consultants, legal counsel that has been incorporated into the entity's information system relevant to the preparation of the financial statements	✓	

Walkthrough of Proposed ISA 500 (Revised)

2

Ref: Agenda Item 2–C	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objective; Definitions; Designing and Performing Audit Procedures to Obtain Sufficient Appropriate Audit Evidence	1–8A	A4A–A26B	-
Evaluating the Relevance and Reliability of Information	9–9A	A4Aa–A4Ad; A35–A56L, Appendix 4	Para. 31–35
Evaluating the Reliability of Information	10B	A65Oa– A65Qb	-

Walkthrough of Proposed ISA 500 (Revised)

3

Ref: Agenda Item 2–C	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objective; Definitions; Designing and Performing Audit Procedures to Obtain Sufficient Appropriate Audit Evidence	1–8A	A4A–A26B	-
Evaluating the Relevance and Reliability of Information	9–9A	A4Aa–A4Ad; A35–A56L, Appendix 4	Para. 31–35
Evaluating the Reliability of Information	10B	A65Oa– A65Qb	-

Walkthrough of Proposed ISA 500 (Revised)

4

Ref: Agenda Item 2–C	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Using Audit Evidence Prepared by a Management’s Expert; Doubts About the Relevance and Reliability of Information; Inconsistencies in Audit Evidence	11–14	A66–A90B	-
Relationship with Other ISAs and Types of Audit Procedures; Selecting Items for Testing; Considerations for Using Technological Tools	-	Appendices 1–3	-

Walkthrough of Proposed ISA 500 (Revised)

5

Ref: Agenda Item 2–C	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Using Audit Evidence Prepared by a Management’s Expert; Doubts About the Relevance and Reliability of Information; Inconsistencies in Audit Evidence	11–14	A66–A90B	-
Relationship with Other ISAs and Types of Audit Procedures; Selecting Items for Testing; Considerations for Using Technological Tools	-	Appendices 1–3	-



Proposed ISA 520 (Revised)

Standing Back on Proposed ISA 520 (Revised)

KEY CHANGES FROM EXTANT ISA 520 IN PROPOSED ISA 520 (REVISED)



Clarified how the auditor achieves the purpose of substantive analytical procedures

- Defined the term “substantive analytical procedure,” separately from “analytical procedures”
- Clarified the differences between substantive analytical procedures and tests of details



Strengthened principles supporting robust substantive analytical procedures

Revised the requirements, addressing:

- The level of precision of the auditor’s expectation
- The threshold, not exceeding performance materiality, that requires investigation by the auditor
- Reliability of the information used in designing and performing the procedure



Embedded a framework to support the auditor’s professional judgment when using audit evidence from analytical procedures

- New requirement for the auditor to determine the effect of the results of risk assessment analytical procedures
- Explicit recognition that the auditor may use analytical procedures in combination with tests of controls or tests of details when designing and performing further audit procedures

Walkthrough of Proposed ISA 520 (Revised)

1

Ref: Agenda Item 2–D	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objectives; Definitions; Results of Analytical Procedures Performed as Risk Assessment Procedures	1–4A	A0–A3C	-
Substantive Analytical Procedures	5	A4–A16F	-
Analytical Procedures that Assist When Forming and Overall Conclusion	6–7	A17–A21A	-

Walkthrough of Proposed ISA 520 (Revised)

2

Ref: Agenda Item 2–D	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objectives; Definitions; Results of Analytical Procedures Performed as Risk Assessment Procedures	1–4A	A0–A3C	-
Substantive Analytical Procedures	5	A4–A16F	-
Analytical Procedures that Assist When Forming and Overall Conclusion	6–7	A17–A21A	-

Walkthrough of Proposed ISA 520 (Revised)

3

Ref: Agenda Item 2–D	Requirements	Application Material	Related Para. in Agenda Item 2 Section I
Introduction; Objectives; Definitions; Results of Analytical Procedures Performed as Risk Assessment Procedures	1–4A	A0–A3C	-
Substantive Analytical Procedures	5	A4–A16F	-
Analytical Procedures that Assist When Forming and Overall Conclusion	6–7	A17–A21A	-

Proposed Conforming and Consequential Amendments to ISQMs and Other ISAs

Walkthrough of Proposed Conforming and Consequential Amendments

1

Ref: Agenda Item 2–E

ISQMs; ISA 200 to ISA 250 (Revised)

ISA 315 (Revised 2019)

ISA 320 to IAPN 1000

Walkthrough of Proposed Conforming and Consequential Amendments

2

Ref: Agenda Item 2–E

ISQMs; ISA 200 to ISA 250 (Revised)

ISA 315 (Revised 2019)

ISA 320 to IAPN 1000

Walkthrough of Proposed Conforming and Consequential Amendments

3

Ref: Agenda Item 2–E

ISQMs; ISA 200 to ISA 250 (Revised)

ISA 315 (Revised 2019)

ISA 320 to IAPN 1000

Due Process Matters

Due Process Matters



Exposure Period

Early August 2026 to December 2026 (Approx. 130 days)



Proposed Implementation Period

Approx. 18 months after the targeted completion of the project by the end of 2027



Consideration of Due Process

- Significant matters have all been brought to the attention of the IAASB
- Plan for further outreach during the exposure period is being developed
- Welcome field testing of (certain) proposals by auditors or others

Matter for IAASB Consideration



Question in Agenda Item 2

3. The Board is asked whether there are any other matters the project team should consider in respect to the matters described in Section II of Agenda Item 2, including the due process matters set out in paragraphs 36–42.

Matters for the Explanatory Memorandum(s)

Approach and Structure of the Explanatory Memorandum(s) (EMs)

Cover EM, addressing:

- Background to the project and drivers for the revisions
- Interrelationship among the in-scope standards and the key outcomes
- How the proposed revisions support achieving the project objectives
- Conforming and consequential amendments

[specific questions on overarching matters]



EM for Proposed ISA 330
(Revised)

[specific questions]



EM for Proposed ISA 500
(Revised)

[specific questions]



EM for Proposed ISA 520
(Revised)

[specific questions]

Matter for IAASB Consideration



Question in Agenda Item 2

4. The Board is asked whether there are any key matters, other than those discussed in Section III of Agenda Item 2, that should be addressed in the Cover EM and the separate EMs for the in-scope standards.

Next Steps

Next Steps This Week

Targeted Matters for
Discussion *[if applicable]*

Wednesday, June
17, 2026
9:30 – 10:00

Updated Drafts

By Wednesday,
June 17, 2026
13:30

Targeted Approval
Session

Thursday, June 18,
2026
10:00 – 10:30



IAASB

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