

Agenda Item

7–A

ISA 500 Series – Explanation of Significant Changes

This Agenda Item explains the significant changes, and the rationale for those changes, made to the drafts for Proposed ISA 501 (Revised)¹ as it relates to inventory, Proposed ISA 505 (Revised)² and the significant proposed conforming and consequential amendments, presented in **Agenda Items 7–B, 7–C and 7–D**, respectively. The changes have been based on the Board’s comments, discussions with Project Board Members and additional stakeholder outreach.

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
General	- Based on comments from the Technology Consultation Group, the ISA 500 Series Project Team (Project Team) considered whether the term “technological tools” is used appropriately in the in-scope-standards, or whether the broader term “technological resource” would be more appropriate. In doing so, the Project Team considered: - The proposed amendments to ISQM 1³ (paragraph A99A) developed by the Audit Evidence and Risk Response project; and - The guidance in Proposed ISA 500 (Revised)⁴ (Appendix 1, paragraph 6). Given that: - The proposed amendments to ISQM 1 describe technological tools as tools that “facilitate the design or performance of engagement procedures in obtaining evidence;” and - Proposed ISA 500 (Revised) explains that “technological tools may include live video, screensharing or video footage from a remote observation tool (e.g., a drone),”

¹ Proposed International Standard on Auditing (ISA) 501, *Audit Evidence—Specific Considerations for Selected Items*

² Proposed ISA 505 (Revised), *External Confirmations*

³ International Standard on Quality Management (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁴ Proposed ISA 500 (Revised), *Audit Evidence*

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	the Project Team is of the view that the term “technological tools” is appropriately used in Proposed ISA 501 (Revised) because the term is used in the context of tools that facilitate the design and performance of the required further audit procedures, specifically in attending an entity’s inventory count remotely.
Paragraph 2	Effective Date The Project Team updated the effective date to distinguish between the effective date for the inventory section and the effective date applicable to the sections on litigation and claims and segment information.
Paragraph 3A	Requirement - See Agenda Item 7, paragraphs 10–20. Application Material - The Project Team relocated the application material to improve the flow of the standard. - Based on feedback from outreach with inventory subject-matter experts from firms, the Project Team added paragraph A0B explaining that the manner in which entities verify the existence and condition of inventory may vary. - Based on feedback from outreach with inventory subject-matter experts from firms, the Project Team updated paragraph A0C to clarify that the auditor takes into account the understanding of the manner in which the entity verifies the existence and condition of inventory obtained in accordance with ISA 315 (Revised 2019)⁵ in determining an appropriate testing approach under paragraphs 3A(a)–3A(c). - The Project Team relocated paragraph A0D. In extant ISA 501,⁶ this paragraph was linked to the requirement in paragraph 4 but because of the move of the conditionality of the requirement from paragraph 4 to paragraph 3A, the related application material was moved too. In updating this paragraph, the Project Team: - Added the nature of the entity’s inventory as a relevant matter.

⁵ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

⁶ ISA 501, *Audit Evidence—Specific Considerations for Selected Items*

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	○ Deleted the following matters because they were viewed as duplicative of matters already addressed within the requirements: ▪ Whether adequate procedures are expected to be established and proper instructions are issued for physical inventory counting. ▪ The timing of physical inventory counting. ○ Clarified that the involvement of individuals with specialized skills or knowledge or an auditor's expert may be necessary to assist the auditor in obtaining sufficient appropriate audit evidence. This is in response to the Board's direction that there is a distinction between individuals with specialized skills or knowledge who are part of the engagement team and an auditor's expert engaged under ISA 620⁷ that could either be an internal or external expert. • Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team added paragraph A0E to provide examples of risks associated with inventory at multiple locations. • Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team added paragraph A0F. This change is also in response to the Board's direction to consider whether the proposed drafting sufficiently reflects the role of internal controls in determining the nature, timing and extent of further audit procedures. • The Project Team streamlined paragraph A0G to avoid duplicating matters already addressed in Proposed ISA 330 (Revised)⁸ and by retaining the inventory-specific guidance in the third bullet point.
<i>Testing the Entity's Full Inventory Count or Cycle Counts</i>	
Paragraph 4	Requirement • The changes to the lead-in of the requirement relate to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraph 21.

⁷ ISA 620, *Using the Work of an Auditor's Expert*

⁸ Proposed ISA 330 (Revised), *The Auditor's Responses to Assessed Risks*

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	- In paragraph 4(b), the Project Team clarified the intent of the requirement: comparing the inventory records at the entity's count date with the results of the entity's inventory count. Application Material - The Project Team moved the last sentence of paragraph A2 of extant ISA 501 to paragraph A0H and enhanced the application material by clarifying that the further audit procedures required by paragraph 4 may be performed as tests of controls, substantive procedures, or a combination of both. This is intended to assist auditors in applying the requirements consistently with Proposed ISA 330 (Revised).⁹ - Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team clarified in paragraph A0I that attendance at the entity's inventory count may be undertaken physically or remotely through the use of technological tools or other technological resources. The Project Team is of the view that the standard should not imply that attendance necessarily requires the auditor to be physically present at the inventory location. This aligns with the Board's decision that Proposed ISA 501 (Revised) should focus on obtaining sufficient appropriate audit evidence rather than prescribing a particular mode of attendance at the entity's inventory count. - The Project Team deleted paragraph A1 of extant ISA 501 because the guidance provided therein is now addressed in paragraph A0B. - The Project Team deleted the first sentence of paragraph A2 of extant ISA 501 because the guidance provided therein was duplicative of matters already addressed in the requirement in paragraph 4(a). In addition, the Project Team moved the last sentence of paragraph A2 of extant ISA 501 to paragraph A0H. - Based on a proposal in Agenda Item 4–A of the June 2026 meeting and input obtained from Board comments, the Project Team included in paragraph A3A examples of circumstances in which physical attendance may provide more persuasive audit evidence than remote attendance. - The Project Team added in paragraph A3B a reference to Appendix 3 of Proposed ISA 500 (Revised)¹⁰ to direct auditors to relevant guidance relating to the auditor's considerations for using technological tools when designing

⁹ Proposed ISA 330 (Revised), paragraph 7(b)

¹⁰ Proposed ISA 500 (Revised)

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	and performing audit procedures to obtain audit evidence. - Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team deleted references to the term “physical” in paragraphs A4 and A6–A8, consistent with the changes in the relevant requirements, which is intended to allow greater flexibility in how auditors could attend at the entity’s inventory count. This change aligns with the Board’s decision to remove the reference to “physical” inventory counting in Proposed ISA 501 (Revised) and clarify through application material that attendance may occur either in person or through technological means. - The addition of paragraph A4A relates to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraph 21(c). - Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team highlighted in paragraph A8A the requirement in Proposed ISA 500 (Revised) that applies if information intended to be used as audit evidence is information produced by the entity. This is intended to reinforce the auditor’s responsibility in such circumstances to evaluate, to the extent necessary, the accuracy and completeness of the information.
<i>Full Inventory Count</i>	
Paragraph 5	Requirement - The changes to the requirement relate to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraph 24. Application Material - Based on a proposal in Agenda Item 4–A of the June 2026 meeting, the Project Team provided in paragraph A9A examples of audit procedures auditors may perform to obtain audit evidence about whether changes in inventory between the entity’s count date and the date of the financial statements are properly recorded. This is intended to provide useful inventory-specific guidance on applying the requirements in Proposed ISA 330 (Revised)¹¹ addressing audit procedures performed at an interim date.

¹¹ Proposed ISA 330 (Revised), paragraphs 12 and 21

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
Paragraph 6	Requirement - The Project Team clarified and expanded the requirement because paragraph 6 of extant ISA 501 was not sufficiently clear about what “making or observing some counts on an alternative date and performing audit procedures on intervening transactions” entails. The Project Team is of the view that the matters in paragraphs 6(a) to 6(d) are the audit procedures the auditor is expected to perform if the auditor is unable to attend the entity’s full inventory count due to unforeseen circumstances. Application Material - In paragraph A9B, the Project Team provided examples of “unforeseen circumstances” to clarify what they are and how they may be different from when it is “impracticable” to attend an inventory count (also see the explanation for paragraph 7 below). This is in response to the Board’s direction to consider whether more fundamental changes to concepts or terminology (e.g., “attendance,” “unless impracticable,” “unforeseen circumstances”) are needed.
<i>Cycle Counts</i>	
Paragraph 6A	Requirement and Application Material The changes to the requirement and application material relate to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraphs 23–27.

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
<i>Testing How the Entity Addresses the Existence and Condition of Inventory Where the Entity Does Not Conduct a Full Inventory Count or Cycle Counts</i>	
Paragraph 6B	Requirement and Application Material The changes to the requirement and application material relate to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraphs 28–33.
<i>Attendance at the Entity’s Full Inventory Count or Cycle Counts Is Impracticable</i>	
Paragraph 7	Requirement - The changes to the first sentence of the requirement relate to the restructuring of Proposed ISA 501 (Revised) – see Agenda Item 7, paragraph 22. - The Project Team moved the last sentence of paragraph 7 to paragraph 8A. See the explanation for paragraph 8A. Application Material - In paragraph A12, the Project Team provided examples of when it is “impracticable” to attend an inventory count to clarify what is meant by “impracticable” and how they may be different from “unforeseen circumstance” (also see the explanation for paragraph 6 above). This is in response to the Board’s direction to consider whether more fundamental changes to concepts or terminology (e.g., “attendance,” “unless impracticable,” “unforeseen circumstances”) are needed. In addition, the Project Team moved the last 2 sentences of paragraph A12 of extant ISA 501 to paragraph A12A. - In paragraph A13, the Project Team provided further guidance on when alternative audit procedures may provide sufficient appropriate audit evidence. - In paragraph A14, the Project Team provided further guidance on when alternative procedures may not provide sufficient appropriate audit evidence.

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
<i>Inventory Under the Custody and Control of a Third Party</i>	
Paragraph 8	Requirement - Similar to paragraph 3A, the conditionality of the requirement was changed. See the explanation for paragraph 3A. - In response to a comment from the Board, the Project Team removed the reference to “one or both of the following” from the lead-in of the requirement and replaced it by inserting “or” between paragraphs 8(a) and 8(b). Given that only extant ISA 501 uses this construct, this change now aligns with the Complexity, Understandability, Scalability, and Proportionality (CUSP) Drafting Principles and Guidelines (Section 5.1.7, of the CUSP guide explains that “or” means either A or B (i.e., an exclusive “or”), or it means A or B, or both (A and B) (i.e., an inclusive “or”). - The Project Team clarified paragraph 8(b) so that reference to the types of procedures (e.g., inspection) and the categories of audit procedures (e.g., substantive procedures or tests of controls) within the requirement are not conflated. This change is intended to align with the distinction between types of procedures and categories of audit procedures in Proposed ISA 500 (Revised). Application Material - In response to Board comments, the Project Team clarified in paragraph A14B that the matters described in paragraph A0D are also relevant in designing and performing further audit procedures that address inventory held by third parties. The Project Team also emphasized that the restrictions imposed by third-party arrangements may prevent the auditor from obtaining sufficient appropriate audit evidence, and therefore, should be addressed as a potential scope limitation under ISA 705 (Revised).¹² This is intended to highlight the implications of third-party access restrictions on the audit. - The Project Team updated and streamlined the examples in paragraph A14D. - The Project Team aligned the lead-in of paragraph A14F to the relevant changes in paragraph 8(b) (see the explanation for paragraph 8(b) above). With respect to the threshold used in the first bullet, the Project Team is of

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

A. Proposed ISA 501 (Revised) – Inventory (Ref: Agenda Item 7–B)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	the view that for inventory under the custody and control of a third party where the inherent risk is not on the lower end of the spectrum of inherent risk, it is ordinarily appropriate to perform inspection or other types of procedures. The Project team selected this threshold to include inherent risks that are in the middle and at the higher end of the spectrum of inherent risk given the public interest issues identified for this project (i.e., overreliance on performing external confirmation procedures as the sole audit procedure to obtain sufficient appropriate audit evidence for the existence and condition of inventory held under the custody and control of third parties). The Project Team is of the view that this precondition will steer auditors to perform inspection or other types of procedures appropriate in the circumstances. In response to Board comments, the Project Team expanded the examples in paragraph A14G.
<i>Unable to Obtain Sufficient Appropriate Audit Evidence</i>	
Paragraph 8A	Requirement The Project Team moved the last sentence of the requirement in paragraph 7 of extant ISA 501 to the new paragraph 8A because the requirement to modify the opinion in the auditor's report in accordance with ISA 705 (Revised)¹³ also applies if the auditor is unable to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory under the custody and control of a third party.

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
<i>Introduction</i>	
Paragraphs 2–3	The Project Team made various changes to align these paragraphs with the wording in Proposed ISA 330 (Revised)

¹³ ISA 705 (Revised), paragraph 13

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	and Proposed ISA 500 (Revised). In addition, the Project Team streamlined the references to Proposed ISA 330 (Revised) and Proposed ISA 500 (Revised) to focus on matters specific to the use of external confirmations and avoid repeating other standards.
<i>Definitions</i>	
Paragraph 6	The Project Team added “directly or through an intermediary” throughout the definitions in response to Board comments on the definition of confirming party (i.e., in the case of an intermediary, the confirmation may not be sent to the confirming party directly).
Paragraph 6(aA)	The Project Team moved the sentence “An intermediary is not a confirming party.” from the definition of a confirming party to the definition of an intermediary. The Project Team deemed the placement in the definition of an intermediary more appropriate as the sentence is about an intermediary.
Paragraph 6(a)	The Project Team streamlined the definition of an external confirmation as “confirming party” is now a defined term (see paragraph 6(aA)).
Paragraph 6(aC)	The Project Team added the definition of external confirmation procedures in response to Board comments suggesting to consider defining “external confirmation procedures” or “external confirmation process.” The Project Team believes that adding the definition of external confirmation procedures is appropriate and consistent with CUSP as the term is fundamental to understanding the requirements of the ISA. In drafting the definition, the Project Team leveraged of the definition in the American Institute of Certified Public Accountants’ (AICPA) confirmation standard.
Paragraph 6(aD)	- In response to comments from the Board, the Project Team clarified the definition of an intermediary by clarifying that an intermediary: - Is a service provider; and - Facilitates digital external confirmation requests. This makes the definition less broad.

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
Paragraph 6(d)	The Project Team clarified that if a response is not received in written form, it will be considered a non-response as an external confirmation is an audit evidence obtained as a written response (see definition of external confirmation).
<i>External Confirmations for Cash and Cash Equivalents and Accounts Receivable</i>	
Paragraph 6A	Requirement and Application Material The Project Team moved the requirement and related application material to Proposed ISA 330 (Revised). Also see Agenda Item 7, paragraphs 40–41.
<i>External Confirmation Procedures</i>	
Paragraph 7	Application Material - Based on a proposal in Agenda Item 4–C of the June 2026 meeting, the Project Team enhanced paragraph A4 to reinforce that the use of an intermediary doesn't diminish the auditor's responsibility to maintain control over the external confirmation process. - Based on a proposal in Agenda Item 4–C of the June 2026 meeting, the Project Team added paragraph A4A to clarify that external confirmation procedures may not, on their own, provide sufficient appropriate audit evidence for all relevant assertions. Two examples were added to further clarify this. - The Project Team removed the last sentence of paragraph A5 as it was seen as contrary to the purpose of the application material (e.g., steering auditors to send blank confirmation requests in certain instances).
<i>Using an Intermediary</i>	
Paragraph 7A	Requirement The Project Team revised the introduction of the requirement to reinforce the linkage with Proposed ISA 500 (Revised).

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	Application Material - Based on a proposal in Agenda Item 4–C of the June 2026 meeting, the Project Team added paragraphs A7A–A7C to: - Clarify that an intermediary is a service provider under ISQM 1; - Provide guidance on how the information obtained through the firm's policies or procedures established in accordance with ISQM 1 or through procedures performed at the engagement level may assist the auditor in evaluating the implications of using an intermediary; and - Provide guidance on circumstances when the use of an intermediary could adversely affect the reliability of the information intended to be used as audit evidence.
<i>Negative Confirmation Requests</i>	
Paragraph 7B	Requirement - The Project Team noted that there was an inconsistency between the requirement and the application material. The requirement stated that: "Negative confirmation requests provide less persuasive audit evidence than positive confirmation requests," while the application material (paragraph A7E) stated that "a failure of a confirming party to respond to a negative confirmation request provides <i>significantly</i> less persuasive audit evidence than does a response to a positive confirmation request." Based on Board comments, previous Board deliberations and outreach, the Project Team is of the view that negative confirmation requests provide significantly less persuasive audit evidence and hence aligned the requirement with the application material. - The Project Team deleted the second part of paragraph 7B(b)(i) as it noted that it does not work with the threshold included in the first part of the sentence (if the inherent risk is at the lower end of the spectrum, there is no need for the auditor to test controls). The Project Team considered alternatives (i.e., changing the threshold in the first part of the sentence) but is of the view that the proposed option is clearest for auditors and in line with the fact that negative confirmations provide significantly less pervasive audit evidence and the Board's view that they should only be used in limited circumstances.

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	Application Material The Board questioned whether the example in paragraph A7F was realistic. The Project Team discussed an alternative example but concluded to remove the example to not encourage the use of negative confirmation requests.
<i>Reliability of Responses to Confirmation Requests</i>	
Paragraph 9A	Requirement - The Board was of the view that the construct used (“the auditor becomes aware of”) was too passive. Therefore, the Project Team searched other standards for more active constructs and replaced “become aware of” with “shall remain alert.” This wording is used in various places in the ISAs, including recently revised standards such as ISA 220 (Revised),¹⁴ ISA 240 (Revised),¹⁵ ISA 250 (Revised)¹⁶ and ISA 570 (Revised 2024).¹⁷ - In response to a Board comment, the Project Team revised paragraph 9A(b) to refer to “not be authentic” instead of “intercepted or altered”. It was noted that this change would align the bullet point with Proposed ISA 500 (Revised) which includes authenticity as an attribute of reliability. Application Material - The Project Team added paragraph A10A to highlight possible sources of information that call into question the credibility of a selected confirming party.
Paragraph 10	Requirement

¹⁴ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

¹⁵ ISA 240 (Revised), *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

¹⁶ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

¹⁷ ISA 570 (Revised 2024), *Going Concern*

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
	- In response to Board comments, the Project Team added the word “determine” to clarify the work effort. Application Material - Paragraph A10B used to be application material to paragraph 15. Given the Board’s decision to remove paragraph 15, the Project Team discussed whether the related application material should be deleted or retained. The Project Team considered the application material to be useful because it: - Encourages a skeptical mindset by the auditor; - Relates specifically to external confirmations; and - Links well with the requirement about doubts about the reliability of a response to a confirmation request as it addresses evaluating the results of external confirmation requests. - The Project Team revised the lead-in of paragraph A11 to align with Proposed ISA 500 (Revised). In addition, two factors that may indicate doubts about the reliability of a response were added. These examples are based on examples from the AICPA’s standard on external confirmation procedures.
<i>Non-Responses</i>	
Paragraph 12	Application Material - Based on a proposal in Agenda Item 4–C of the June 2026 meeting, the Project Team added paragraph A17A to provide guidance in case of a non-response to a confirmation request. - In paragraph A18, the Project Team enhanced the examples of alternative procedures for different accounts balances using examples from the Public Company Accounting Oversight Board’s standard on external confirmation procedures. - Based on a proposal in Agenda Item 4–C of the June 2026 meeting, the Project Team enhanced paragraph A19 to highlight factors that may affect the nature, timing and extent of alternative audit procedures.
<i>Exceptions</i>	

B. Proposed ISA 505 (Revised) (Ref: Agenda Item 7–C)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
Paragraph 14	Application Material - To reinforce the linkage with ISA 240 (Revised), the Project Team added a sentence at the end of paragraph A21. - The Project Team also added paragraph A22A to reinforce the linkage with ISA 265¹⁸ when exceptions identified indicate deficiencies in the entity's system of internal control.
<i>Evaluating the Evidence Obtained</i>	
Paragraph 16	Requirement - In the June 2026 Board meeting, the Board decided to remove this requirement on the basis that: - It is redundant given that Proposed ISA 330 (Revised) already includes an overarching stand-back requirement to evaluate whether the audit evidence obtained from further audit procedures is sufficient and appropriate in responding to the assessed risks of material misstatement. - Retaining the stand-back requirement in proposed ISA 505 (Revised) could create unnecessary duplication and confusion. Application Material - The Project Team moved paragraph A24 to paragraph A10B (see explanation related to paragraph A10B). - The Project Team removed paragraph A25 as it was linking the stand-back requirement in ISA 505 with the stand-back requirement in ISA 330.

¹⁸ ISA 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*

C. Significant Proposed Conforming and Consequential Amendments (Ref: Agenda Item 7–D)	
Reference	Explanation of Significant Changes and the Rationale for the Changes Made
<i>Proposed ISA 330 (Revised)</i>	
Paragraph 11	Application Material - In June 2026, the Board directed the Project Team to clarify that direct access to information maintained by a knowledgeable external source is not an external confirmation procedure. Given that decision, the Project Team is of the view that this clarification is best placed in Proposed ISA 330 (Revised) because: - Directly accessing information maintained by a knowledgeable external source (for example, through an open banking Application Programming Interface or bank portal) represents another means by which the auditor may obtain audit evidence. Accordingly, the clarification relates more directly to the auditor's selection and design of further audit procedures, which is addressed in Proposed ISA 330 (Revised). - Proposed ISA 505 (Revised) applies when the auditor has decided to perform external confirmation procedures and addresses the auditor's design and performance of those procedures. The Project Team added a new paragraph (paragraph A37A) in Proposed ISA 330 (Revised) clarifying that directly accessing information maintained by a knowledgeable external source is not an external confirmation procedure.
Paragraph 11A	Requirement and Application Material See Agenda Item 7, paragraphs 40–44.