

April 21, 2023

IAASB

Online submission

Dear Mr. Botha:

RE: IAASB Exposure Draft, *Proposed International Standard on Auditing 500 (Revised) Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs*

The Canadian Auditing and Assurance Standards Board (AASB)¹ is pleased to comment on the IAASB's Exposure Draft, *Proposed International Standard on Auditing 500 (Revised) Audit Evidence* and the related *Proposed Conforming and Consequential Amendments to Other ISAs* (ED-500). In our response, "we" refers to the AASB.

In developing this response letter, we considered feedback from interested and affected parties in Canada. These parties included:

- auditors from large accounting firms;
- auditors from small-medium firms;
- public sector auditors;
- financial statement preparers;
- provincial accounting bodies;
- academics;
- regulators; and
- others.

Our outreach on ED-500 included roundtable discussions, special purpose meetings, field testing of the proposals and written responses received in response to our exposure draft.

¹ The AASB operates as an independent decision maker with the authority and responsibility for setting standards for quality management, audit, sustainability assurance, other assurance and related services engagements and guidance in Canada.

Our comments are set out under the following main headings:

- A. [Overall Comments](#)
- B. [Responses to Overall Questions in the ED](#)
- C. [Responses to Specific Questions in the ED](#)
- D. [Responses to General Questions in the ED](#)

If you have any questions or require additional information, please contact me at bbosshard@asbcanada.ca or Karen DeGiobbi at kdegiobbi@asbcanada.ca.

Yours very truly,



Bob Bosshard, CPA, CA, ICD.D

Chair, Auditing and Assurance Standards Board (Canada)

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Julie Corden, FCPA, FCA, IAASB Member

Eric Turner, FCPA, FCA, IAASB Member

A. Overall Comments

We congratulate the IAASB in its efforts to modernize how the auditor considers the collection and evaluation of audit evidence. Generally, we support the revisions to this standard and the clarity added to how auditors obtain and evaluate audit evidence. We believe the principles-based approach in this standard will allow auditors to adapt the requirements to audits of all sizes, complexities, and whether technology is used by an auditor or not. However, for the standard to better reflect the digital era and incorporate the evolution in the business and audit environment, we believe the following enhancements are necessary:

Technology

A specific requirement to address the use of automated tools and techniques

ED-500 is technology neutral. By adopting this neutral approach, the requirements are not explicitly clear on what is expected when auditors use automated tools and techniques to perform procedures. Just as there is an explicit requirement when using information prepared by a management's expert, there should be an explicit requirement when the auditor plans to use an automated tool and technique. While this may be implicitly covered by the proposed requirements in ED-500, having an explicit requirement will help to build consistent practice and address or mitigate common deficiencies noted by regulators.

With adding an explicit requirement, we believe ISA 500 (Revised) can still be technology neutral as the requirement would only be applicable when the auditor plans to use an automated tool and technique. We suggest a requirement, such as the following, which we based on the guidance in ISQM 1, paragraph A100:

Sub-heading: When Using Automated Tools and Techniques

When the auditor plans to use an automated tool and technique, the auditor shall:

- a. consider the need for specialized skills to utilize the automated tool and technique effectively, including the training of individuals who will use the automated tool and technique;*
- b. in accordance with paragraph 9, as part of the auditor's evaluation of the relevance and reliability of the information intended to be used as audit evidence, consider:*
 - i) the data inputs to the automated tool and technique; and*
 - ii) whether the automated tool and technique operates as designed and achieves the purpose for which it is intended; and*

- c. *in accordance with paragraph 13(a), evaluate whether the outputs of the automated tool and technique meet the intended purpose of the audit procedure.*

Add a definition for “automated tools and techniques”

Currently, the term “automated tools and techniques” is used in application material in ED-500 and in other ISAs. However, the term is not defined in the Handbook. To promote a consistent understanding of this term, it should be defined in ISA 500 (Revised), especially if the IAASB agrees to add a new requirement that refers to this term, as recommended above.

We believe the description contained on the IAASB’s Technology Focus page could be used as the starting point for this definition. It provides clarity on what automated tools and techniques are but also remains flexible as technology evolves. It states:

“What are Automated Tools and Techniques?”

Automated tools and techniques is a broad term describing the tools and techniques used by auditors in performing audit procedures. The term is deliberately broad because technologies and related audit applications will continue to evolve, such as artificial intelligence applications, robotics automation processes and others.”

If the term is not defined in the standard, the term should be described in the first application material paragraph where it is used.

Non-authoritative guidance related to technology

We heard in our outreach that effective implementation of ED-500 requires timely non-authoritative guidance to accompany the final standard. In particular, in addition to the need for a specific requirement to address the use of automated tools and techniques, auditors need practical guidance for how to apply the standard based on common technology tools used by entities and auditors today.

We believe the IAASB should commit to developing this non-authoritative guidance. Such guidance would support consistency across all jurisdictions and assist practitioners in the effective and efficient application of the standard. This will require the IAASB to dedicate additional resources and time to developing this material, since the current and future workplan does not identify any such activities, and this endeavor is different from what we understand is contemplated for the technology omnibus project.

The non-authoritative guidance should address topics such as:

- evaluating relevance and reliability when entities or auditors use technology such as machine learning, blockchain, cloud computing, or reliance on service providers;

- what audit procedures may be appropriate if a System and Organization Controls (SOC) Report is not available or if the service organization has outsourced the relevant processes to another service organization;
- what audit procedures may be appropriate if the auditor is using audit software, such as MindBridge;
- examples of specific tools or technologies used by entities;
- examples of specific tools or technologies that could be used by auditors at various phases of the audit to gather and evaluate audit evidence, especially for practitioners in small to medium-sized practices;
- examples of how the auditor may deal with testing exceptions; and
- examples that would be relevant to IT auditors, and in particular general IT controls and information processing controls since they are an integral part of the financial statement audit.

We recognize that some of the topics mentioned above also link to other recent projects, such as ISQM 1 when evaluating audit software, and ISA 315 when discussing risks arising from the use of IT and general IT controls. These topics have been summarized here because they culminate in obtaining audit evidence that is sufficient and appropriate to support the auditor’s conclusion. In addition, these topics also directly link to the key public interest considerations identified for this project, in particular:

- Responding to changes in the information that is being used by auditors, including the nature and source of the information; and
- Modernizing and supporting a principles-based standard that recognizes the evolution in technology.

By developing this non-authoritative guidance outside of the standard, it could be revisited every 3-4 years to update it as technology evolves and trends change. The non-authoritative guidance can also present more detailed examples and case studies to help practitioners understand how the principles in ED-500 would be operationalized.

Other significant comment

First-time implementation guidance on proposed definition of audit evidence

We support the definition of “audit evidence” as “information, to which audit procedures have been applied, that the auditor uses to draw conclusions that form the basis for the auditor’s opinion and report.” However, as discussed in our response to question 6, during our outreach, we received several inquiries about:

- the application of the proposed definition to contradictory information coming to the auditor's attention; and
- the extent of audit procedures required for information to become audit evidence.

Overall, we believe the IAASB has considered the issues noted during its drafting of the definition and has provided appropriate principles-based guidance in ED-500. We are comfortable with the proposed definition. However, these inquiries indicate that further clarity is needed, and this topic should be considered for first-time implementation guidance. The issues noted may be best addressed by providing a plain language explanation in the first-time implementation guidance issued with the final standard.

B. Responses to Overall Questions in the ED

Q1. *Is the purpose and scope of ED-500 clear? In this regard:*

(a) Does ED-500 provide an appropriate principles-based reference framework for auditors when making judgments about audit evidence throughout the audit?

(b) Are the relationships to, or linkages with, other ISAs clear and appropriate?

We support the clarified scope and purpose outlined in ED-500. We found the relationship and linkages to other ISAs appropriate and clearly articulated in ED-500.

To enhance the clarity of the objective of ED-500, we recommend splitting paragraph 6(b) into two separate evaluations since the purpose of each evaluation is different. The evaluation of information intended to be used as audit evidence is done for the purpose of determining whether the information is relevant and reliable for the auditor's use, while the evaluation of the audit evidence obtained is done for the purpose of reaching a conclusion on whether the auditor has sufficient appropriate audit evidence. By including both of these items in a single sub-paragraph, some participants in our outreach found this confusing and indicated the nuance in the purpose may be lost.

Q2. *What are your views about whether the proposed revisions in ED-500, when considered collectively, will lead to enhanced auditor judgments when obtaining and evaluating audit evidence?*

Many participants in our outreach believe the proposed changes articulate good practice and what many auditors are already following when conducting audits today.

We support the proposed application material which provides guidance that will assist auditor's in applying professional judgment when obtaining and evaluating audit evidence.

Q3. *What are your views about whether ED-500 has an appropriate balance of requirements and application material?*

We support the balance of requirements and application material contained in ED-500.

Q4. Do you agree that ED-500 is appropriately balanced with respect to technology by reinforcing a principles-based approach that is not prescriptive but accommodates the use of technology by the entity and the auditor, including the use of automated tools and techniques?

We support a principles-based approach to address technology in ED-500. While we agree that the standard should not mandate the use of technology, the standard should recognize the evolution in the business and audit environment towards an increasing use of technology. To modernize the standard for the digital era, we have identified a number of areas where further requirements and guidance are needed.

A specific requirement to address the use of automated tools and techniques

We believe an explicit requirement on what is expected when the auditor plans to use automated tools and techniques is required. Just as there is an explicit requirement when using information prepared by a management's expert, there should be an explicit requirement when the auditor plans to use an automated tool and technique. This will help to build consistency in practice and to mitigate common deficiencies noted by regulators. For example, the Canadian Public Accountability Board noted in their 2022 inspection results report that a common inspection finding for all firms was "insufficient testing of the data inputs and outputs of automated tools used to evaluate revenue"².

We suggest a requirement, such as the following, which we based on the guidance in ISQM 1, paragraph A100:

Sub-heading: When Using Automated Tools and Techniques

When the auditor plans to use an automated tool and technique, the auditor shall:

- a. consider the need for specialized skills to utilize the automated tool and technique effectively, including the training of individuals who will use the automated tool and technique;*
- b. in accordance with paragraph 9, as part of the auditor's evaluation of the relevance and reliability of the information intended to be used as audit evidence, consider:*
 - i) the data inputs to the automated tool and technique; and*

² CPAB Regulatory Oversight Report: 2022 Annual Inspections Results, page 9.

- ii) *whether the automated tool and technique operates as designed and achieves the purpose for which it is intended; and*
- c. *in accordance with paragraph 13(a), evaluate whether the outputs of the automated tool and technique meet the intended purpose of the audit procedure.*

With the addition of this requirement, we believe a definition for the term “automated tools and techniques” should also be added to the standard. See our comments in response to question 6 for more detail on this recommendation.

Non-authoritative guidance related to technology

In addition to the need for a specific requirement to address the use of automated tools and techniques, we also believe non-authoritative guidance is needed to explain how to apply the standard when technology is used by the audited entity or the auditor. In our outreach, we have heard a consistent appeal for more detailed examples of obtaining audit evidence using various technology tools. We recognize that this type of guidance would not be suitable in the standard, but most appropriate for non-authoritative guidance.

In the IAASB’s Framework for Activities (May 2021), the IAASB recognized that it “has a responsibility to help with facilitating that the changes from new and revised standard(s) are consistently and properly implemented”. As part of the Audit Evidence project, the IAASB contemplated the development of non-authoritative guidance to address technology (as discussed in IAASB papers for July 2021, March 2022, June 2022). Specifically, in March 2022, the issues paper noted:

“The Audit Evidence Task Force (AETF) intends to develop a non-authoritative publication that includes examples to more specifically address technology, i.e., how the principles of ISA 500 may apply when using technology. In particular, the AETF noted that locating such examples outside of the standard may be necessary because examples that refer to specific types of technology may easily become redundant or out of date. These examples will be explored further by the AETF in coordination with the Technology Consultation Group, taking into account the feedback from the Board in March 2022. The AETF intends to update the Board on its progress in June 2022. The AETF also notes that this non-authoritative support material falls under Component IV of the IAASB’s Framework for Activities and will coordinate with senior IAASB staff in

terms of the process for the development and clearance for issuance of the technology examples in accordance with the Framework.”

This matter was unresolved in September 2022, when ED-500 was approved. We believe the IAASB is best positioned to develop non-authoritative guidance. Such guidance will support auditors around the globe in consistently interpreting the standard when using technology to gather and evaluate information to be used as audit evidence. As the pace of change related to technology is fast, we recommend the IAASB dedicate additional resources and time to develop this material and plan for regular updates to ensure it remains current and relevant.

The non-authoritative guidance should address topics such as:

- evaluating relevance and reliability when entities or auditors use technology such as machine learning, blockchain, cloud computing, or reliance on service providers;
- what audit procedures may be appropriate if a System and Organization Controls (SOC) Report is not available or if the service organization has outsourced the relevant processes to another service organization;
- what audit procedures may be appropriate if the auditor is using audit software, such as MindBridge;
- examples of specific tools or technologies used by entities;
- examples of specific tools or technologies that could be used by auditors at various phases of the audit to gather and evaluate audit evidence, especially for practitioners in small to medium-sized practices;
- examples of how the auditor may deal with testing exceptions; and
- examples that would be relevant to IT auditors, and in particular general IT controls and information processing controls since they are an integral part of the financial statement audit.

Although some of the topics mentioned above also link to other recent projects (such as ISQM 1 when evaluating audit software, and ISA 315 when discussing risks arising from the use of IT and general IT controls) they all culminate in obtaining audit evidence that is sufficient and appropriate to support the auditor’s conclusion. These topics also directly link to the key public interest considerations identified for this project, in particular:

- Responding to changes in the information that is being used by auditors, including the nature and source of the information; and

- Modernizing and supporting a principles-based standard that recognizes the evolution in technology.

By developing this non-authoritative guidance outside of the standard, it could be revisited every 3-4 years to update it as technology evolves and trends change. The non-authoritative guidance can also present more detailed examples and case studies to help practitioners understand how the principles in ED-500 would be operationalized.

Comments related to application material

In addition, we recommend revisions to the following application material in ED-500:

- While we agree that paragraphs A22-A23 should highlight automation bias when using technology in the audit, these paragraphs may be interpreted as discouraging the use of technology. We suggest the following revision to paragraph A23 to balance the content:

A23. Paragraphs A3-A4 explain that the use of automated tools and techniques may be more effective or provide more persuasive audit evidence than performing audit procedures manually. However, the use of automated tools and techniques may also give rise to a risk of unconscious biases, including automation bias. The auditor considers the benefits of using automated tools and techniques and through awareness of possible biases, takes Possible actions that the auditor may take to mitigate the risks, such as the following to address ~~of~~ automation bias when using automated tools and techniques include:

- The machine learning example provided in paragraph A42, 2nd bullet does not align with the statement that it is meant to support. We suggest the following revisions to add an appropriate example for the current statement, and an additional statement to explain the current example:

A42. 2nd bullet:

- *Information may be available only at certain points or periods in time, or it may be destroyed after a specific period of time. The auditor may need to design and perform the audit procedures at particular points in time or request retention of some information to facilitate the performance of audit procedures. For example, the entity may overwrite log files after a certain period or, the entity may use technology that adapts over time, such as machine learning technology to predict the recoverability of accounts*

receivable, which is periodically updated (e.g., for changes in payment history, customer credit scores or economic factors). In these cases, the auditor may need to perform the audit procedures close to the financial reporting date when the information generated is current, since performing audit procedures at an earlier or later date may render a different outcome or the information upon which they are performing the audit procedures may not be relevant for the current audit period. For example, if the auditor is performing the procedures after year end, the log files or machine learning logic may no longer relate to the period being audited.

- Paragraph A42 should also highlight an example of risks associated with using digital information. We suggest adding the following example:

A42. The form, availability, accessibility and understandability of the information intended to be used as audit evidence may affect the design and performance of the audit procedures in which the information will be used and may also affect the auditor's evaluation of the relevance and reliability of the information.

Examples:

- Screenshots from IT applications provided by management may not be sufficient if the auditor cannot determine when the screenshot was taken.
- Paragraph A56 lists authorization as a feature of authenticity. To highlight the risks related to this feature when considering authenticity of information coming from the IT environment, we recommend adding a new application material paragraph, as suggested below:

A57A. When considering authenticity as an attribute of reliability, the auditor may consider inquiring with the individual or organization providing the information or understanding controls over authorizing information.

Q5. Do the requirements and application material in ED-500 appropriately reinforce the exercise of professional skepticism in obtaining and evaluating audit evidence?

We support how professional skepticism is highlighted throughout the standard.

We recommend clarifying paragraph A19 to better align with current academic research that indicates it is not possible to eliminate all biases since some are unconscious. It's our understanding through our outreach that academic studies conclude it is only

possible to reduce or minimize biases once you are aware of them. As such, we recommend the following revision to paragraph A19:

A19. ISA 220 (Revised)²² explains that unconscious or conscious auditor biases may affect the engagement team’s professional judgments in designing and performing audit procedures. While it may not be possible to eliminate biases, the auditor actively works towards mitigating or reducing known biases. ~~And~~ ISA 220 (Revised) provides examples of biases that may impede the exercise of professional skepticism. An awareness of such biases when designing and performing audit procedures may help to mitigate impediments to the auditor’s exercise of professional skepticism in critically assessing audit evidence and determining whether sufficient appropriate audit evidence has been obtained for the auditor’s purposes. Such awareness may also enable the auditor to design and perform audit procedures that seek to avoid:

C. Responses to Specific Questions in the ED

Q6. Do you support the revised definition of audit evidence? In particular, do you agree with the “input-output model” that information can become audit evidence only after audit procedures are applied to it?

Audit Evidence definition and input/output model

We support the ‘input/output’ model used to define “audit evidence”. However, during our outreach, several issues were raised which we believe could be addressed through the IAASB’s first-time implementation guidance. These issues included:

- Whether auditors will consider ‘contradictory information coming to their attention’ as audit evidence because they have not performed audit procedures on it; and
- The definition may lead to a more onerous interpretation of the work required to “perform audit procedures” for the information to become audit evidence. In some cases, all that may be required is evaluating the independence of the source of the information for the auditor to use it as audit evidence.

We believe the IAASB has considered the issues, mentioned above, during its drafting of the definition. As such, we support developing first-time implementation guidance to provide further explanation of how the definition is applied in different scenarios, in particular, to the audit circumstances outlined above.

Revision to paragraph A2

It is not clear whether the auditor’s evaluation of relevance and reliability is considered “other audit procedures”. While paragraph A2 states what are “audit procedures” under the standard, and paragraph A38 provides further examples, such examples do not provide this clarity. We recommend this example be added to paragraph A2, as follows:

A2. 3rd bullet:

- Other audit procedures that are performed to comply with the ISAs. *For example, the auditor’s evaluation of the relevance and reliability of information intended to be used as audit evidence in accordance with this standard or evidence obtained from the acceptance or continuance of the client relationship or engagement.*

Add a definition for “automated tools and techniques”

As noted in the Overall Comments (section A), we believe a definition for “automated tools and techniques” should be added to ED-500. Currently, this term is used in application material in ED-500 and in other ISAs. However, the term is not defined in the Handbook. To promote a consistent understanding of this term, especially if the IAASB agrees to add a new requirement that refers to this term, a definition is needed.

The definition could be based on the description contained on the IAASB’s Technology Focus page. It provides clarity on what automated tools and techniques are but also remains flexible as technology evolves. It states:

“What are Automated Tools and Techniques?”

Automated tools and techniques is a broad term describing the tools and techniques used by auditors in performing audit procedures. The term is deliberately broad because technologies and related audit applications will continue to evolve, such as artificial intelligence applications, robotics automation processes and others.”

If the term is not defined in the standard, at a minimum, the term should be described in the first application material paragraph where it is used.

Q7. Does the application material appropriately describe the interrelationship of the sufficiency, appropriateness and persuasiveness of audit evidence?

We support retaining the concepts of “sufficiency” and “appropriateness” and agree with bringing in the concept of “persuasiveness”.

As part of the Canadian Exposure Draft, we shared a diagram illustrating key concepts from ED-500 and their interrelationship. We received very positive feedback on this

diagram, with further suggestions for improvement. A majority of the participants in our outreach recommended including a diagram in the implementation guidance issued with the final standard as it can be a valuable tool for auditors to understand the standard.

We suggest the IAASB consider including a diagram as part of the first-time implementation guidance issued with ISA 500 (Revised).

Q8. Will the requirements and application material in ED-500 support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence?

We believe ED-500 supports an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence.

We suggest a few small revisions to the application material to assist in clarifying concepts included on relevance and reliability as follows:

- As noted in our response to question 6 above, clarity is needed regarding whether the auditor's evaluation of relevance and reliability is considered to be an 'other audit procedure'. In addition to the revision proposed to paragraph A2 noted above in question 6, we suggest an edit to the first sentence in paragraph A37, to align these paragraphs. Suggested revision is shown below in the edits to A37.
- ED-500 provides examples of how the auditor can assess many of the attributes of reliability. However, there is no example for credibility. We suggest adding an example to paragraph A37 of what is expected when evaluating the credibility of a source, such as the following:

A37. The evaluation of relevance and reliability may be performed concurrently with ~~the~~ other audit procedures applied to the information. For example, when the purpose of the audit procedure is to test the valuation of investments using pricing information from an external source, the auditor also considers the credibility of the source and whether it is free from bias, such as checking the independence and reputation of the source. In some circumstances, the audit procedures to evaluate relevance and reliability may be straightforward (e.g., comparing the interest rate on a loan that is based on the prime rate established by a central bank of the jurisdiction to published information from the central bank). In other circumstances, audit procedures, including tests of controls, may be performed to evaluate the reliability of information (e.g., the accuracy and

completeness of information generated internally from the entity's information system).

Q9. Do you agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances?

We agree with the proposal to evaluate accuracy and completeness, if the auditor determines these attributes are relevant when evaluating the relevance and reliability of information intended to be used as audit evidence.

Q10. Do you agree with the new "stand back" requirement for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained?

We are supportive of including a stand back requirement in ED-500 and agree with the proposed paragraph 13. This requirement paragraph is specific to how the auditor evaluates and considers all audit evidence.

Q11. Are there any other matters you would like to raise regarding ED-500? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.

We note the following other matters for the IAASB's consideration to improve clarity and consistency in the application of the standard:

- Adding an example of when accuracy and completeness may not be applicable to paragraph A64, as follows:

A64. As explained in paragraph A58, the intended purpose of the audit procedure affects the auditor's professional judgment about the attributes of relevance and reliability that are applicable in the circumstances. The attributes of accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system used in performing further audit procedures but may not always be applicable when performing risk assessment procedures, for example when other corroborative audit evidence is available.

- Adding an explanation in paragraph A78 of how the scenario described results in a control deficiency, such as:

A78. Based on the auditor's understanding of how information prepared by the

management's expert has been used by management in the preparation of the financial statements, the auditor may identify a deficiency in internal control. For example, the control deficiency may be due to management not assessing whether the information is appropriate for their intended purpose. ISA 265³⁸ deals with the auditor's responsibility to communicate deficiencies in internal control to those charged with governance and management.

- Explaining in first-time implementation guidance that the requirements in paragraph 11 build on paragraph 8 as well as paragraph 9. The guidance could explain that the auditor is required to understand that the information prepared by management's expert must be appropriate in the circumstances to provide audit evidence that meets the intended purpose of the audit procedure (in accordance with the requirement in paragraph 8(b)).
- For the proposed conforming and consequential amendment to paragraph 3 of ISA 505, *External Confirmations*, we suggest a revision to this paragraph to align with guidance in ED-500 paragraph A24 which states: "Inspection or external confirmation procedures may provide more persuasive audit evidence than inquiry". See our suggestion below:
 - ISA 500 (Revised) indicates that corroborating information obtained from a source independent of the entity, such as external confirmations, may provide more persuasive audit evidence than ~~increase the assurance the auditor obtains from evidence existing within the~~ accounting records or ~~from~~ representations made by management.

D. Responses to General Questions in the ED

Q12. *The IAASB is also seeking comments on the matters set out below:*

(a) *Translations—Recognizing that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-500.*

No issues were noted with the French translation of the Exposure Draft.

(b) Effective Date—Recognizing that ED-500 is a substantive revision, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of a final ISA. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.

We agree that an appropriate effective date for the standard would be for financial reporting periods beginning at least 18 months after the approval of a final standard. An implementation period of at least 18 months assists those jurisdictions, such as ours, where translations of the standard and any related implementation guidance is required.