



24 April 2023

***BOTSWANA INSTITUTE OF CHARTERED ACCOUNTANTS COMMENT LETTER TO IAASB'S EXPOSURE DRAFT – PROPOSED INTERNATIONAL STANDARD ON AUDITING 500 (REVISED) AUDIT EVIDENCE AND PROPOSED CONFIRMING AND CONSEQUENTIAL AMENDMENTS TO OTHER ISAs.***

**Introduction**

The Botswana Institute of Chartered Accountants (“BICA”) is a statutory body established by Accountants Act, 2010 as amended for the regulation of the accountancy profession in Botswana. The Institute’s mission is to protect public interest through promoting the accountancy profession, supporting accountants, facilitating quality professional accountancy services through the monitoring and regulation of professional accountants.

The Institute appreciates the opportunity to contribute towards IAASB’s Exposure Draft – *Proposed International Standard on Auditing 500 (Revised) - Audit Evidence & Proposed Confirming and Consequential Amendments to Other ISAs*. We have provided our comments to each specific question as per the Exposure Draft. Should you wish to have further engagements please do not hesitate to contact the undersigned.

Yours Faithfully

*Signed electronically*

**Mosireletsi M Mogotlhwane ACA**

Manager – Technical and Public Sector Accounting Services

## **RESPONSE TO OVERALL & SPECIFIC QUESTIONS**

### **Question 1**

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?

### **Response:**

*We agree with the principles-based reference framework as this framework it makes it a requirement for auditors to evaluate the relevance and reliability of information intended to be used as audit evidence. This will also ensure that auditors perform appropriate processes when identifying and assessing information intended to be used as audit evidence thus enhancing their judgments about audit evidence.*

*The relationships to or linkages between ED-500 and other ISAs are also clear and appropriate.*

### **Question 2**

What are your views about whether the proposed revisions in ED-500, when considered collectively as explained in paragraph 10 above, will lead to enhanced auditor judgments when obtaining and evaluating audit evidence?

### **Response:**

*We agree that the proposed revisions in ED-500 collectively will lead to enhanced auditor judgments when obtaining and evaluating audit evidence.*

### **Question 3**

What are your views about whether ED-500 has an appropriate balance of requirements and application material (see paragraph 11 above)?

**Response:**

*We agree that ED-500 has an appropriate balance of requirements and application material.*

**Question 4**

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?

**Response:**

*Paragraphs A3-A4 explains that the auditor may use manual or automated tools and techniques to perform audit procedures to obtain audit evidence. The emphasis on the mix of technology and manual application is welcome.*

**Question 5**

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

**Response:**

*We agree that ED-500 has appropriately reinforced the application of professional skepticism in obtaining and evaluating audit evidence.*

**Question 6**

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?

**Response:**

*We support the revised definition of audit evidence, as it will improve the efficacy of Audit Evidence. While the definition may seem to prescribe what is being practiced, it actually makes it clear that audit procedures are key to qualification as audit evidence.*

### **Question 7**

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

#### **Response:**

*The application material does appropriately describe the interrelationship of the sufficiency, appropriateness and persuasiveness of audit evidence. However, a guiding definition of ‘persuasiveness’ should be considered as this will act as departure point when another auditor would be equally satisfied that the evidence is sufficiently persuasive.*

### **Question 8**

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?

#### **Response:**

*We agree that the requirements and application material would support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence.*

### **Question 9**

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?

#### **Response:**

*We agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information although it may be important to consider the concerns raised in paragraph A56.*

### **Question 10**

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?

**Response:**

*We agree with the new “stand back” requirement which is consistent with the approach of ISA 315 (Revised) and ISA 540 (Revised), which ensures consistency among ISAs. However, the Board may consider providing guidance on how to demonstrate auditor’s thought process in reaching the conclusion in the audit documentation.*

**Question 11**

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.

**Response:**

*We have no further matters to raise regarding ED-500.*