

April 24, 2022  
Ref.: SEC/020/23 - DN

**International Assurance and Auditing Standards Board for Accountants (IAASB)**  
545 Fifth Avenue, 14th Floor.  
New York, NY 10017  
USA

Dear Sirs,

We, Ibracon – Instituto de Auditoria Independente do Brasil (Institute of Independent Auditing of Brazil), appreciate the opportunity to comment on the Exposure Draft: Proposed International Standard on Auditing 500 (Revised) Audit Evidence. See our comments below.

### **Overall Questions**

**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?**

*Yes for (a) and (b). As ED-500 is an overarching standard related to audit evidence, it provides an appropriate principles-based framework to auditors and linkages with other ISAs through application material. However, we believe that further guidance is needed related to the applicability of the attributes and how scalability can be applied.*

**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?**

*There is a concern around the extent of documentation. Thus, we would like to suggest that an emphasis on professional judgment should be made, especially when considering the use of ATT.*

*In addition, paragraph 9(b) of ED-500 is not clear around what the auditors need to consider 'given the intended purpose of the audit procedures' to evaluate the attributes of relevance and reliability.*

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

*The balance is appropriate. However, it is important to clarify that audit evidence can serve different purposes and can drive different audit procedures, by including additional examples as guidance for more complex areas and ATT.*

**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?**

*We believe that some improvements need to be made regarding the principles to what constitutes and how to evaluate audit evidence in this environment. The use of ATT can help design and perform an audit procedure that serves multiple purposes, since they often mix different kinds of audit procedures. The suitability of an audit procedure to achieve its intended purpose is more important than its specific type.*

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

*We agree with the proposed requirements and AM but suggest enhancing the linkage with the auditor's responsibilities related to fraud under ISA 240 in paragraph 4 of ED-500 mentioning the management override of controls and by emphasizing in the AM the importance of maintaining professional skepticism when there are doubts about the reliability or when there are inconsistencies of information intended to be used as audit evidence.*

**Specific Questions**

**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?**

*Yes, as the previous definition was obsolete. Regarding information in paragraph 7, the audit procedures that the auditor applies to information as audit evidence can vary from simple to extensive. For external information, the auditor mainly evaluates its relevance and reliability, including the source's credibility. For information prepared by the entity, the auditor may need more extensive audit procedures, such as tests of internal control, to assess its accuracy and completeness. In some cases, the lack of information can also be audit evidence and the auditor may try to find out if such information existed.*

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

*Yes. However, the concept of persuasiveness should be included in paragraph 7 of ED-500 to have the appropriate linkage to AM and assure the consistency of application by auditors.*

**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?**

*Yes, however there is a concern over the practical impact of the change in terminology that can lead to inconsistency in application by auditors. Thus, following the CUSP principles, we suggest changing the word 'evaluate' to 'consider' in paragraph 9 as was in the extant ISA 500. In addition, more guidance on the nature, timing and extent of procedures to evaluate the relevance and reliability of the information intended to be used as audit evidence should be included in AM.*

**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?**

*Despite the fact that the attributes of accuracy and completeness were in the extant version of ISA 500 and are usually mentioned in inspection findings from regulators, we believe that the paragraph 10 should be clearer around the application of professional judgement in evaluating the attributes more generally, as other attributes may also be relevant in the circumstances.*

**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?**

*The “stand back” requirement aligns with a common theme in other ISAs and allows auditors to evaluate if the audit evidence fulfills the original purpose for which it was obtained. We suggest the IAASB to consider further guidance regarding the documentation of how the auditor has complied with this requirement.*

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.

No.

**Request for General Comments**

12. 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 comments*

**(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.

*Agree with the 18 months period, however, given the timeline in 2024, with the approval in September and publication in October, the effective date would be 14 months.*

Best Regards,

  
**Valdir Renato Coscodai**  
President

  
**Rogério Lopes Mota**  
Technical Director