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24 April 2023

Mr Tom Seidenstein,
Chair,
International Auditing and Assurance Standards Board,
529 Fifth Avenue, 6th Floor,
New York,
NY 10017,
USA

Dear Mr Seidenstein

Exposure Draft Proposed ISA 500 (Revised) *Audit Evidence*

Crowe Global is delighted to present a comment letter on Exposure Draft Proposed ISA 500 (Revised) *Audit Evidence*. Crowe Global is a leading global network of audit and advisory firms, with members in over 140 countries.

We agree with the overall approach of the Exposure Draft. The revision of ISA 500 is much needed, particularly to recognised to increasing role of technology in the performance of audit. Our detailed comments are presented in the appendix to this letter.

We trust that our comments assist IAASB in the exercise to determine its plans for the coming years. We shall be pleased to discuss our comments further with you.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read "David Chitty".

David Chitty
International Accounting and Audit Director

Appendix – Response to Questions for Respondents Exposure Draft Proposed ISA 500 (Revised) *Audit Evidence*

Question	Comment
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?	A principles-based approach is essential for the performance of an audit in the public interest. The approach to obtaining audit evidence should reflect the outcome of the risk assessment. Therefore, the body of the standard should reflect more the linkage with ISA 315 (Revised 2019) and ISA 330. We acknowledge the references in the application material, but this acknowledgement and linkage is important in the main body of the standard.
(b) Are the relationships to, or linkages with, other ISAs clear and appropriate?	As noted above, we should like to see more linkage in the main body of the standard with ISA 315 (Revised 2019) and ISA 330.
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?	We believe that the overall approach of the proposed revisions results in a much-needed modernisation of ISA 500 that results in enhanced auditor judgments when obtaining and evaluating audit evidence.
3. What are your views about whether ED-500 has an appropriate balance of requirements and application material?	We would like to see more requirements to provide clear practical support for auditors as to what is expected of them. Some of this can be achieved by linkages.
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?	The recognition of the role of technology in obtaining audit evidence is important and welcome. This is a difficult area to achieve the right balance with because of the pace of change. We encourage the IAASB to use a Post Implementation Review to determine whether the approach adopted has proved to be appropriate, and to be open to supplementing the standard in recognition of the outcome of this review.
5. Do the requirements and application material in ED-500 appropriately reinforce the exercise of professional scepticism in obtaining and evaluating audit evidence?	The requirements and application material appropriately reinforce the exercise of professional scepticism. As noted above, we feel that the requirements should be more comprehensive, and doing so

	reinforces what auditors are expected to do to exercise professional scepticism.
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?	We agree with the revised definition of “audit evidence”. However, we believe that there is a potential unintended consequence of stating that “information can become audit evidence only after audit procedures are applied to it” of a perception that the auditor has to apply audit procedures as described in the Appendix of the Proposed Standard, in order to satisfy this requirement. Our concern is increased by the content in Paragraph A34, which states “information can become audit evidence only after audit procedures are applied to it, <i>including</i> evaluating its relevance and reliability.” In many cases, we believe that procedures performed to evaluate the relevance and reliability of information obtained can <i>alone</i> be sufficient to turn it into audit evidence without applying additional audit procedures. Our recommendation is to instead utilise language requiring the auditor to “evaluate the information, taking into account the relevance and reliability, including its source, as necessary in the circumstances.”
7. Does the application material appropriately describe the interrelationship of the sufficiency, appropriateness, and persuasiveness of audit evidence?	The application material does appropriately describe the interrelationship of the sufficiency, appropriateness, and persuasiveness of audit evidence.
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?	There is a risk that the proposed standard may unintentionally encourage a checklist approach by referring in Paragraph 9(b) to “attributes that are <i>applicable</i> in the circumstances” and providing a tabular list of specific attributes of relevance and reliability.
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?	We agree with this separate conditional requirement.

<p>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?</p>	<p>We agree with the inclusion of the “stand back” requirement and recognise that including this requirement is consistent with including the requirement in our recent new and revised standards.</p>
<p>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.</p>	<p>We have no others matters to raise.</p>
<p>Request for General Comments</p>	
<p>The IAASB is also seeking comments on the matters set out below:</p>	
<p>(a) Translations—Recognising 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.</p>	<p>We have not identified any issues that could impact upon the translation of the proposed standard.</p>
<p>(b) Effective Date—Recognising 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.</p>	<p>We agree that having an eighteen-month period between the approval of the standard and its effective date is right in the public interest.</p>