

International Auditing and Assurance Standards Board  
International Federation of Accountants  
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Via IAASB website at [www.iaasb.org](http://www.iaasb.org)

Dear Board Members and Staff:

Grant Thornton International Ltd appreciates the opportunity to provide input on the International Auditing and Assurance Standard Board's (IAASB) Exposure Draft Proposed International Standard on Auditing 500 (Revised), Audit evidence and Proposed Conforming and Consequential Amendments to Other ISAs (ED-500).

We welcome the efforts to revise ISA 500 to clarify its purpose and scope and to modernize the standard to be adaptable to the current business and audit environment. However, we are concerned that the amendments proposed in ED-500 do not achieve the intended objectives of the project and question whether they will significantly enhance audit quality or change auditor behaviour. Further we are concerned that additional amendments may result from future standard-setting projects to achieve the desired enhancement of audit quality and change in auditor behaviour. For example, the IAASB's Proposed Strategy and Work Plan includes a potential technology targeted or omnibus project to undertake a targeted or broad-spectrum update of the ISAs for the impact of technology. This project could result in additional amendments to ED-500 subsequent to its approval.

### **Purpose and scope of ED-500**

We support the efforts to set a principle-based framework for auditors when making judgments about audit evidence throughout the audit. However, as we elaborate in our detailed response, the proposed amendments to the definition of audit evidence in combination with a focus on the information intended to be used as audit evidence and the manner in which the requirements are written has created circularity and confusion, which may detract from achieving audit quality. In this regard, we recommend that consideration is given to amendments to ED-500 to refocus the definition of audit evidence and the proposed requirements towards the auditor's responsibilities to evaluate all information and the results of audit procedures performed in forming a conclusion over the sufficiency and the appropriateness of the audit evidence obtained.

## Technology

We appreciate the enhanced guidance over the use of automated tools and techniques (ATT) in obtaining audit evidence, particularly the examples of how ATT may be used in an audit. However, we are of the view that ED-500 only addresses ATT and not audit data analytics (ADA), which we view as being a type of ATT. Accordingly, more is needed in ED-500 to provide guidance on how ADA are used in an audit engagement. For example, whether ADA may be used to inform risk assessment, as a risk assessment tool or as a substantive audit procedure, and if a substantive analytical procedure, the criteria that need to be satisfied for the ADA to provide substantive evidence. While we appreciate the recognition that technology is continually changing and that standards need to be principles-based, we recommend that consideration is given to including such guidance in an appendix to the proposed standard, given an appendix will likely be easier to update as technology progresses.

## Relevance and reliability of information to be used as audit evidence

We appreciate the efforts to develop a principles-based framework with which to evaluate the relevance and reliability of information intended to be used as audit evidence. However, as we elaborate further in our detailed response, we are of the view that specific emphasis on the auditor's evaluation of the reliability of information produced by the entity continues to be necessary in the requirements section to address issues that have been identified in practice in this area. We are of the view that, if ED-500 is not amended to incorporate a specific requirement to evaluate the accuracy and completeness of information produced by the entity, similar to the requirement currently in extant ISA 500, audit quality will be detrimentally impacted.

The proposed amendments in ED-500 have created the expectation that all attributes of relevance and reliability are equal for all information sources, which in practice is not so. Further, by introducing a requirement for the auditor to consider the attributes in evaluating the relevance and reliability of information to be used as audit evidence, an implied documentation requirement has also been created to provide evidence about the consideration of each of the attributes. We do not agree that it is necessary or appropriate to document the auditor's consideration of all attributes for all pieces of information intended to be used as audit evidence. Therefore, additional application guidance may be necessary to clarify the expectations of documentation in this regard.

We also are of the view that the manner in which these requirements are drafted should be reconsidered. Improving the clarity of the requirements may also have the effect of reducing the volume of the application material needed to support the requirements and consequently help to address the imbalance between the requirements and the application material in ED-500.

## Evaluating the audit evidence obtained

We do not agree with the introduction of a stand back requirement in ED-500, particularly as written. We find the level at which the stand back is to be performed is unclear and, therefore, has the potential to be duplicative of stand back requirements already included in ISA 330,<sup>1</sup> which forms part of the auditor's conclusions over the financial statements as a whole, and ISA 700 (Revised)<sup>2</sup>, which requires the auditor to consider whether sufficient appropriate audit evidence has been obtained when forming the conclusion on the audit.

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<sup>1</sup> ISA 330, *The Auditor's Responses to Assessed Risks*

<sup>2</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statement*

We respectfully submit our detailed responses to the ED-500, which elaborate on the points highlighted above. We would be pleased to discuss our comments with you. If you have any questions, please contact Sara Ashton at [sara.ashton@gti.gt.com](mailto:sara.ashton@gti.gt.com) or at +1 331 2132523.

Sincerely,

A handwritten signature in black ink that reads "R. Trent Gazzaway". The signature is written in a cursive, flowing style.

R. Trent Gazzaway  
Grant Thornton International, Global Leader – Service Line Capabilities and Quality

Enc: Appendix A: Responses to Exposure Draft Proposed International Standard on Auditing 500 (Revised), *Audit Evidence* and Proposed Conforming and Consequential Amendments to Other ISAs

## The IAASB's Exposure Draft Proposed International Standard on Auditing 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs

The following provides our detailed response to the IAASB's request for comments to Exposure Draft Proposed International Standard on Auditing 500 (Revised), *Audit Evidence* and Proposed Conforming and Consequential Amendments to Other ISAs.

### OVERALL QUESTIONS

#### 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?

The proposed standard sets out a framework whereby information (the "input") needs to be subject to audit procedures to become audit evidence (the "output"). While this is generally true in an audit, it is not always the case. Audit evidence needs to encompass all information, whether obtained from audit procedures designed and performed by the auditor, or obtained from other sources, and that is used by the auditor in arriving at the conclusions on which the auditor's opinion is based.

While we generally agree with the fundamental principles of ED-500, we are of the view that the definition of audit evidence combined with the manner in which the requirements are written creates circularity, as well as confusion, which may detract from achieving audit quality. In particular, the manner in which the concept of "information intended to be used as audit evidence" has been introduced distracts from the auditor's responsibilities to evaluate information and the results of audit procedures to form a conclusion. The focus of the standard has become the information and not audit evidence itself.

For example, as currently drafted, ED-500 implies that the following information would need to be subject to audit procedures to establish its reliability before additional procedures are performed to turn it into audit evidence:

- Information obtained to perform risk assessment analytical procedures, such as interim financial information for purposes of performing risk assessment analytical procedures. In this example, the results of the risk assessment analytical procedures provide audit evidence. However, this audit evidence has not been obtained by performing procedures on the interim financial information to turn that information into audit evidence.
- All invoices inspected as part of performing a test of details or test of controls. In this example, audit evidence is obtained by inspecting source documents, not by performing procedures on the source documents to turn that information into audit evidence.

Typically, in practice, these audit procedures, to establish relevance and reliability and to turn information intended to be used as audit evidence into audit evidence, would be performed concurrently, i.e., one audit procedure could be designed to achieve two objectives. In this example, audit evidence is obtained by inspecting source documents, not by performing procedures on the source documents to turn that information into audit evidence.

Accordingly, in an audit, information may be used in, and may also be obtained from, performing audit procedures. Such information may be internal (that is, prepared by the entity) or from external information sources. We agree that the auditor needs to take into account the relevance and reliability of such information and that the attributes facilitate the auditor's consideration of relevance and reliability. However, the use of the phrase "intended to be" introduces unnecessary complexity in understanding the auditor's responsibilities based on the

various scenarios that may arise. This phrase infers the specific identification of information as well as the separate performance and documentation of procedures related to the relevance and reliability of such information, even though procedures may be performed concurrently to obtain sufficient appropriate audit evidence, as described in paragraph A37 of ED-500. We propose the IAASB eliminate the use of the phrase “intended to be” throughout ED-500.

Further, based on the definition of audit evidence, which indicates that audit evidence is all the information “to which audit procedures” have been applied, we believe the requirement in paragraph 14 of ED-500 might be misapplied in practice. The definition of audit evidence needs to more clearly include both information used by the auditor that is supportive and corroborative as well as contradictory. As currently written, if an auditor receives or obtains certain information but does not to perform procedures on that information to turn it into audit evidence, the requirement in paragraph 14 of ED-500 could be inappropriately viewed as not relevant, even if the information obtained is contradictory to other audit evidence. For example, while performing certain inquiries, the auditor is informed about a suspected fraud by an employee of the entity. This information may result in audit evidence that is consistent with other audit evidence, or it may result in audit evidence that is inconsistent. However, if the auditor does not perform audit procedures on that information, that information will not become audit evidence and the auditor will never make a determination of whether that audit evidence is inconsistent with other audit evidence obtained, therefore the proposed requirement in ED-500 will not be considered by the auditor.

To address the circularity that may be created by the proposed definition of audit evidence, we recommend that the definition be amended based on the description of audit evidence included in the Public Company Accounting Oversight Board (PCAOB)’s Audit Evidence<sup>3</sup> standard as follows:

All the information, whether obtained from audit procedures or other sources ~~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. Audit evidence consists of both information that corroborates and contradicts management’s assertions regarding the financial statements.

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

The linkages and relationships to other ISAs are clear and appropriate.

**Q2. 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 question whether the proposed revisions in ED-500 will collectively lead to enhanced auditor judgments or changes in practice when obtaining and evaluating audit evidence. In particular, we have the following concerns regarding the proposed revisions:

*Responding to changes in the information that is being used by auditors, including the nature and the source of the information* – we are of the view that the reliability attributes of completeness and accuracy of information need to be more closely linked with the auditor’s consideration of the reliability of information produced by the entity. We have elaborated on this in our response to question 8.

*Modernizing and supporting a principles-based standard that recognizes the evolution in technology* – we are of the view that the amendments to the standard have fallen short of the needs of the profession in this area with regard to understanding the different types of ATT,

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<sup>3</sup> AS 1105: Audit Evidence

and specifically ADA, and how they may be used in an audit. We have elaborated on this further in our response to question 4.

*Fostering the maintenance of professional skepticism when making judgments about information intended to be used as audit evidence and sufficient appropriate audit evidence* – we support the revisions made throughout ED-500 to add examples about the application of professional judgment in areas such as, evaluating whether information is to be considered as external information source, or when assessing the attributes of relevance and reliability, and are of the view that these proposed amendments will enhance auditor judgments in these areas. However, it is important to distinguish between information produced by the entity and external information sources as it is fundamental to the nature and extent of audit procedures performed to obtain audit evidence. We are of the view that the benefit of including these additional examples is somewhat diluted by relocating the description of an external information source from the definitions to application material and by the proposed amendments to the auditor's evaluation of the relevance and reliability of information intended to be used as audit evidence.

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

ED-500 includes only seven requirements but some 93 paragraphs of application material. According to the Complexity, Understandability, Scalability and Proportionality (CUSP) Principles and Guidelines, the purpose of application material is to support the proper application of the requirements and should not impose additional requirements. It further states that not all requirements need application material. We note that all requirements in ED-500 have multiple application material paragraphs supporting the requirement. Whilst we appreciate one of the purposes of the application material is to explain more precisely what a requirement means or is intended to cover, the requirements themselves need to be clear on what the auditor is required to do. As such, we are of the view that the application material paragraphs are too extensive as compared to the requirement paragraphs. We therefore recommend that consideration is given to the following:

- Enhancing the clarity of the existing requirement paragraphs;
- Reviewing the application material for 'hidden requirements' or guidance that should be made a requirement. For example, paragraph A63 explains that the attributes of accuracy and completeness ordinarily will be applicable for information generated internally from the entity's information system. This may be considered a requirement as it creates an expectation that auditors will perform audit procedures to address these attributes when information is produced by the entity or document why such procedures have not been performed; and
- Considering whether certain application material paragraphs may be better placed in an appendix. For example, guidance about the attributes of relevance and reliability is a very thorough discussion spanning some 12 application material paragraphs. Consequently, this may appear overwhelming to auditors and may result in application material later in ED-500 losing prominence or being overlooked. Whilst this guidance is helpful, it may be better to present the detailed discussion and examples relating to the attributes of relevance and reliability to an appendix.

**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 agree that ED-500 reinforces a principles-based approach to the auditor's use of technology by emphasising the importance and relevance of the use of ATT as a means to

obtain evidence in an audit. We are also of the view that an appropriate balance is struck between the use of ATT and manual procedures in an audit by recognising that, depending on the form of the underlying information, ATT may provide more persuasive audit evidence or that it may not be possible to perform the audit procedures manually. We also find the examples such as the use of ATT to perform observation procedures during the physical inventory counting, to be helpful guidance as these techniques are becoming more prevalent in the current environment.

However, as we noted in our response to question 2 above, we are of the view that the proposed amendments fall short of the needs of the profession. In particular, we highlight the following:

- ATT encompasses a broad range of procedures from the automation of audit procedures through to the performance of data analytics. In practice, ATT and ADA are often conflated. Guidance in the standard that explains the range and examples of procedures that comprise ATT would help alleviate this confusion. As such, we recommend that this is included in an appendix to the standard.
- The use of ADA is becoming more prominent in an audit; however, some auditors are reluctant to use ADA given the lack of clarity about the type of procedure and the level of evidence obtained from its performance. For example, if an auditor performs an ADA and that ADA does not result in 'notable items' or 'outliers' being identified, it is unclear what evidence the auditor has obtained from the procedure and how this impacts the evaluation of whether sufficient appropriate audit evidence has been obtained. Clarity is needed as to whether ADA can be a risk assessment procedure, a substantive procedure, or both and, if both, the respective criteria it needs to satisfy. Additionally, examples about how ADA may be used as a risk assessment analytical procedure and as a substantive procedure would be helpful.

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

We are supportive of the enhanced emphasis related to the exercise of professional skepticism in ED-500 and the connection made to ISA 200<sup>4</sup>. However, we question whether the emphasis being placed on professional skepticism deemphasises the exercise of professional judgment. Further we question whether too much focus is given to automation bias to the detriment of other biases that the auditor may experience. We recommend that consideration is given to whether the guidance around automation bias could be streamlined.

**SPECIFIC QUESTIONS**

**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?**

We do not support the definition of audit evidence in ED-500, as explained in our response to question 1 above. We are of the view that the definition of audit evidence incorrectly focuses on the information intended to be used as audit evidence and consequently this information can only be used in drawing conclusions that form the basis of the auditor's opinion, if audit procedures are applied to it.

We are also of the view that the meaning of audit procedures will not be interpreted as intended by the standard. We understand that the intention of ED-500 is that an audit procedure can be

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<sup>4</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

any action performed by the auditor on information intended to be used as audit evidence. For example, comparing two pieces of information as suggested in paragraph A37. However, as detailed in the appendix to ED-500, the types of audit procedures are typically understood by auditors to be actions such as inspection, observation, confirmation and so on. If the intent of ED-500 is to include any action performed by the auditor as an audit procedure, we recommend that this is clarified, and that consideration is given to enhancing the Appendix to ED-500 in this respect.

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

We support the inclusion of application material to describe the interrelationship of sufficiency, appropriateness, and persuasiveness of audit evidence and the way in which application material describes of these concepts. However, we recommend reconsideration of the organisation of ED-500 as follows:

- Paragraph A5 of ED-500 includes discussion about concluding whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330<sup>5</sup>. This is actually considered in ED-500 in paragraph 13, not paragraph 2 (with which this application material paragraph is associated). Further it is somewhat duplicative of the application material included in paragraph A85, which is associated with paragraph 13.
- Paragraphs A6 – A9 discuss the interrelationship of the sufficiency, appropriateness, and persuasiveness of audit evidence, yet the appropriateness of audit evidence and the sufficiency of audit evidence are not discussed until paragraphs A13 and A14.

Consideration of the organisation of the application material in this area may help to streamline the application material and address the imbalance of application material compared to requirements.

**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 note that the proposals in ED-500 include a requirement in paragraph 9(b) to consider the attributes of relevance and reliability that are applicable in the circumstances, and a requirement in paragraph 10 to obtain audit evidence about the accuracy and completeness of information where those attributes are considered applicable.

Overall, we are concerned that these requirements have:

- Created the expectation that all attributes are equal, which we believe is incorrect. For example, ISA 200<sup>6</sup> paragraph A23 and ISA 240<sup>7</sup> paragraph 14 states that “the auditor may accept records and documents as genuine” unless conditions are identified during the audit that “cause the auditor to believe that a record or document may not be authentic...” The auditing standards do not similarly allow the auditor to accept information as complete, unless conditions are identified during the audit that would cause the auditor to believe the information is incomplete.
- Created an expectation that all the attributes of relevance and reliability will need to be evaluated for all information intended to be used as audit evidence through the requirement to consider those attributes as part of the auditor’s evaluation.

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<sup>5</sup> ISA 330, *The Auditor’s Response to Assessed Risks*

<sup>6</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

<sup>7</sup> ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*



- Diluted the extant requirement to evaluate accuracy and completeness when using information produced by the entity.<sup>8</sup> We note that the auditor's evaluation of the completeness and accuracy of information produced by the entity continues to be a common issue for regulators when inspecting audit engagements due to the lack of evidence of testing in this area. Therefore, we are of the view that generalising this requirement will not address the need to improve audit procedures over information produced by the entity and, consequently, will adversely impact audit quality.
- Disproportionately increased the associated documentation requirements. Whilst we acknowledge that paragraph A40 of ED-500 explains that the auditor is not required to document considerations of every attribute of relevance and reliability of information and refers to ISA 230<sup>9</sup> for guidance about the form, content, and extent of audit documentation, we are of the view that by requiring the auditor to consider the elements of relevance and reliability as part of the evaluation of the information intended to be used as audit evidence, under CUSP Principles and Guidelines a work effort of 'consider' leads to documentation of the auditor's significant considerations.

We, therefore, recommend that the following actions are considered in finalising the revised standard:

- Reinstating the requirement to consider the completeness and accuracy of information produced by the entity.
- Revisiting the requirement to 'consider' attributes of relevance and reliability as part of the auditor's 'evaluation' of the relevance and reliability of information intended to be used as audit evidence.
- Adding clarity over the attributes of relevance and reliability that are applicable in the circumstances. For example, completeness of information becomes less applicable if the information is obtained from an external source.
- Adding clarity over the documentation requirements. For example, whether, and what, documentation is expected when an attribute is considered to be applicable and also when an attribute is not considered to be applicable.

**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 a requirement that addresses the completeness and accuracy of information to be used as audit evidence. As noted in our response to question 8 above, the evaluation of the completeness and accuracy of information to be used as audit evidence continues to be an area that generates audit inspection findings. However, as we also note in our response above, we are of the view that, consistent with the extant standard, this should be more closely linked to the reliability of information produced by the entity.

**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 do not support the addition of the stand back requirement in ED-500. In the first instance, the level at which the stand back is expected to be performed is not clear and may result in inconsistent application. For example, it is unclear whether the expectation is for a stand back analysis to be performed for every audit procedure performed and at the level of the procedure

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<sup>8</sup> Extant ISA 500, paragraph 9

<sup>9</sup> ISA 230, *Audit Documentation*

or performed over related procedures and related areas of the audit, such as an evaluation of all audit evidence obtained for revenue and accounts receivable. We are of the view that a stand back at the audit procedure level would be too detailed and would create an onerous requirement that would not necessarily improve audit quality.

If the stand back analysis is intended to be performed at the same level as already required by ISA 330, we are of the view that this results in unnecessary duplication across standards and also may create confusion by creating an expectation that a different level of evaluation is expected by this requirement. Should additional evaluation procedures be required by this proposed requirement, we are of the view that this would be better dealt with as a consequential or conforming amendment to ISA 330. This may also help to address the imbalance of application material to requirements in ED-500.

Further, ISA 700<sup>10</sup> also requires the auditor to consider whether sufficient appropriate audit evidence has been obtained when forming the conclusion on the audit. This conclusion is formed taking into account the auditor's conclusion in accordance with ISA 330. We note that no conforming amendment has been proposed to take into account this new proposed stand back, which suggests that the stand back is performed at some undetermined level below that required by ISA 330.

We recommend that consideration is given to removing this stand back requirement from ED-500 before the final standard is approved.

**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 have identified the following additional matters in relation to ED-500:

- External information source – we note that the definition of external information source has been relocated from the definition section of the extant standard to a description in paragraph A48 of ED-500 in accordance with the CUSP Principles and Guidelines. However, we are of the view that it would be beneficial to retain this as a definition in ED-500 given an external information source may be used in the generation of audit evidence. Additionally, we are of the view that once reinstated as a definition in ED-500, further guidance is required to establish clearly the responsibilities of the auditor with regards to an external information source and information produced by the entity.
- Conforming amendment to ISA 200 – ED-500 removes the definition of audit evidence from ISA 200. We recommend that, as ISA 200 is a foundational standard, the definition of audit evidence remain in the definitions section of ISA 200.
- Exercise of professional judgment – as noted in our response to question 5, we question whether the emphasis being placed on professional skepticism is deemphasising the exercise of professional judgment. For example, ED-500 paragraph 4 reminds us that ISA 200<sup>11</sup> requires auditors to exercise professional judgment and maintain professional skepticism. However, it then goes on to explain how ED 500 emphasises maintaining professional skepticism but makes no reference to how it emphasises exercising professional judgment. We therefore recommend that consideration is given to the balance within ED-500 between professional skepticism and professional judgment.

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<sup>10</sup> ISA 700, *Forming an Opinion and Reporting on Financial Statements*

<sup>11</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)*

- Test of details definition – we are of the view that the restructuring of ED-500 has made it less clear what is considered a test of details, as such, we recommend that ED-500 include a definition of ‘test of details’.

#### REQUEST FOR GENERAL COMMENTS

#### 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 the ED-500.**

We did not identify any specific translation issues.

- b) **Effective Date – Recognizing that ED-600 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 are of the view that any proposed effective date needs to take into consideration the number of foundational and other standards that have recently been, or are in the process of being, revised. Firms, and others in the financial reporting eco-system are currently devoting extensive resources to the understanding, implementing, and providing training on, ISA 315 (Revised 2019)<sup>12</sup>, ISA 220 (Revised)<sup>13</sup>, ISQM 1<sup>14</sup>, ISQM 2<sup>15</sup>, and ISA 600 (Revised)<sup>16</sup>. To maintain high quality audits, we are of the view that time is needed for the firms to properly embed these standards into their respective methodologies before ED-500 becomes effective. Anticipating finalisation of ED-500 in the first half of 2024<sup>17</sup>, we agree with the proposed 18-month implementation period. This would provide the necessary time for firms to implement all the recently revised standards without the potential detriment to audit quality.

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<sup>12</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>13</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

<sup>14</sup> ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

<sup>15</sup> ISQM 2, *Engagement Quality Reviews*

<sup>16</sup> ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>17</sup> IAASB Proposed Strategy and Work Plan for 2024-2027