



**INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OF UGANDA**

Our Ref: STA/001

23 April 2023

International Auditing and Assurance Standards Board (IAASB)  
529 Fifth Avenue, 6<sup>th</sup> Floor,  
New York, NY 10017  
United States of America

Submitted via website: [www.iaasb.org](http://www.iaasb.org)

Dear Sir/Madam,

**EXPOSURE DRAFT- PROPOSED INTERNATIONAL STANDARD ON AUDITING 500  
(REVISED), AUDIT EVIDENCE AND PROPOSED CONFORMING AND CONSEQUENTIAL  
AMENDMENTS TO OTHER ISAs**

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to the **Exposure Draft- Proposed International Standard 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to other ISAs.**

In a bid to collect views from our members in respect to the subject line, ICPAU conducted a survey on key issues addressed by the Exposure Draft. We herein attach our comments to the Exposure Draft (Appendix I) and survey results (Appendix II) for your consideration. We hope you will find our comments helpful.

For any inquiries relating to this comment letter, kindly contact us at [standards@icpau.co.ug](mailto:standards@icpau.co.ug).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Charles Lutimba', with a circular stamp or mark to the right of the signature.

CPA Charles Lutimba  
**MANAGER STANDARDS AND TECHNICAL SUPPORT**  
For: **SECRETARY/CEO**

*Appendix: Comments to the Exposure Draft: Proposed International Standard on Auditing 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to other ISAs*

EK/...

## **APPENDIX I: ICPAU'S COMMENTS ON THE IAASB EXPOSURE DRAFT- PROPOSED INTERNATIONAL STANDARD ON AUDITING 500 (REVISED), AUDIT EVIDENCE AND PROPOSED CONFORMING AND CONSEQUENTIAL AMENDMENTS TO OTHER ISAs**

### **Overall Questions**

**Question 1: Is the purpose and scope of ED-500 clear? In this regard:**

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

#### **Comment:**

We believe that the ED-500 provides an appropriate principle- based framework for auditors when making judgments about audit evidence throughout the audit especially in regards to:

- Use of technological tools and techniques when gathering audit evidence.
- Evaluation of the sources of audit evidence and how they affect the relevance and reliability of the audit evidence.
- The appropriateness of the design and performance of the audit procedures

However, we are of the view that additional application material is necessary to enable users of the standard appreciate the attributes of persuasive audit evidence.

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

#### **Comment:**

We believe that the ED-500 relationships to, or linkages with other ISAs are clear and appropriate. However, the requirements and application material of the ED- 500 should be enhanced to stress the overall linkage to ISA 330 requirement to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks. During the execution of the audit engagement, the goal is to consider the relevance and reliability of audit evidence in addressing the risks of material misstatement.

**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?**

#### **Comment:**

We believe that the proposed revisions in ED-500 when considered collectively will lead to enhanced auditor judgments when obtaining and evaluating audit evidence. We are particularly appreciative of the reinforcement of the application of professional scepticism and the

principles-based approach when making judgments about information to be used as 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)?**

**Comment:**

Besides our comments in relation to the need for additional application material in relation to evaluation of relevance and reliability of audit evidence as well as the attributes of persuasive audit evidence, we believe that the ED-500 has an appropriate balance of the requirements and application material.

**Question 4: Do you agree that ED-500 is appropriately balanced with respect to technology by reinforcing a principle- 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.**

**Comment:**

We agree that the ED-500 is appropriately balanced with respect to the use of technology in audits. However, we recommend inclusion of additional application material in regard to the use of technology at each phase of audit. The principles- based approach would be further supported when auditors have a clear appreciation of an entity's use of technology in the financial reporting processes.

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

**Comment:**

We believe that the requirements and application material in ED-500 appropriately reinforce the exercise of professional scepticism in obtaining and evaluating audit evidence. However, we also believe that additional application material is necessary to evaluate inconsistencies in audit evidence as well as information obtained from multiple sources.

### **Specific Questions**

**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?**

**Comment:**

As indicated in the survey report below, we support the revised definition of audit evidence as it's the performance of the audit procedures that makes the information useful to an audit engagement and thus worth being labelled as audit evidence, for example mere acquisition of a bank confirmation in itself does not qualify it as audit evidence until specific audit procedures are performed on it. Even oral representations would require to be corroborated with some sort of audit procedures before being considered as audit evidence. Therefore, we agree that information qualifies as audit evidence when audit procedures are performed on it that the auditor uses to draw conclusions that form the basis for the auditor's opinion and report.

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

**Comment:**

We believe that the application material appropriately describes the interrelationship of the sufficiency and appropriateness of audit evidence. We are however of the view that additional material is necessary to enable auditors appreciate the characteristics of persuasive audit evidence. This would further support the use of professional scepticism in the process of obtaining audit evidence.

**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?**

**Comment:**

To a large extent, we believe that the requirements and application material in ED- 500 will support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence. However, we feel that some kind of weightage should be attached to the attributes in paragraph A56 to ease the process of 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?**

**Comment:**

We agree with the conditional requirement to obtain audit evidence about the accuracy and completeness of information produced by the entity's information system. This is because additional considerations such as business and its environment, applicable financial reporting

framework and tests of controls over the systems of internal control would affect the relevance and reliability of such information.

**Question 10: Do you agree with the new “stand back” requirement for 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?**

**Comment:**

As shown in the survey results below, we agree with the new “stand back” requirement for the auditor to evaluate audit evidence obtained from audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained. We strongly agree that this requirement will serve the intended purpose of emphasising exercise of professional scepticism in their overall assessment of the sufficiency and appropriateness of audit evidence.

**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.**

**Comment:**

No additional comments.

## **APPENDIX II: SURVEY REPORT ABOUT ICPAU’S CONSULTATION ON THE PROPOSED INTERNATIONAL STANDARD ON AUDITING (ISA) 500 (REVISED), AUDIT EVIDENCE**

### **1.0 Introduction**

The Institute of Certified Public Accountants of Uganda (ICPAU) carried out a survey about the Exposure Draft of the proposed International Standard on Auditing (ISA) 500 (Revised), Audit Evidence. The survey was administered via email to members between February and April 2023.

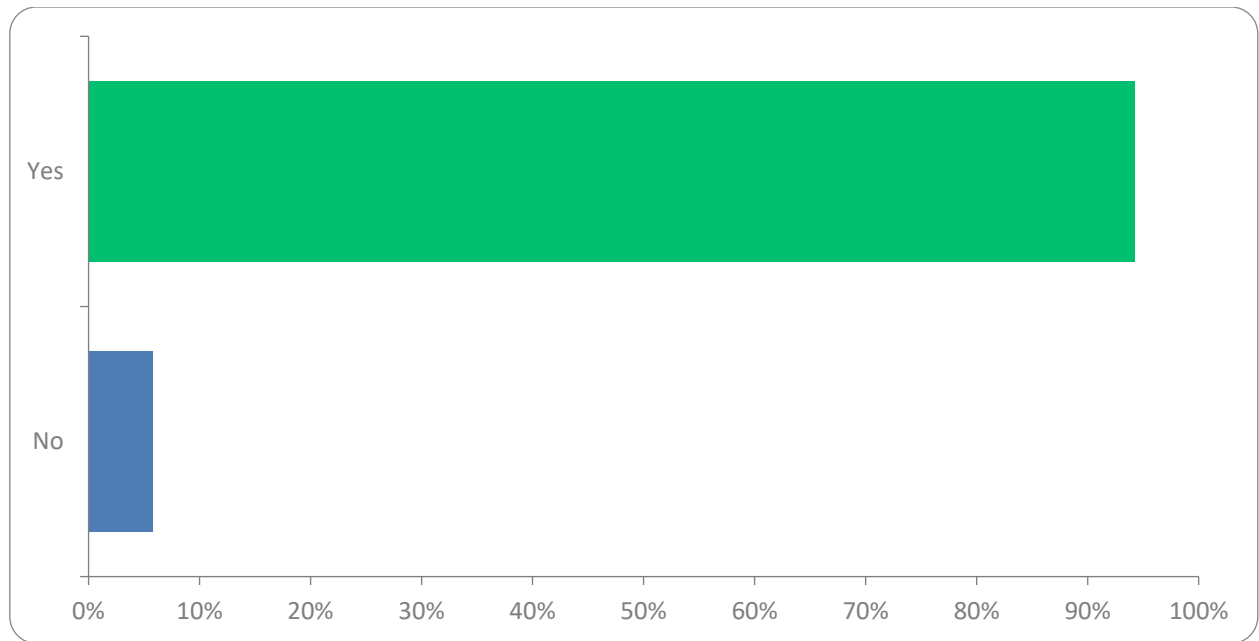
52 responses were obtained and analysed. This survey report describes member responses, based on the survey results.

The report is presented according to the issues below:

- Definition of Audit Evidence
- Evaluation of Audit Evidence
- Additional Information

### **2.0 Definition of Audit Evidence**

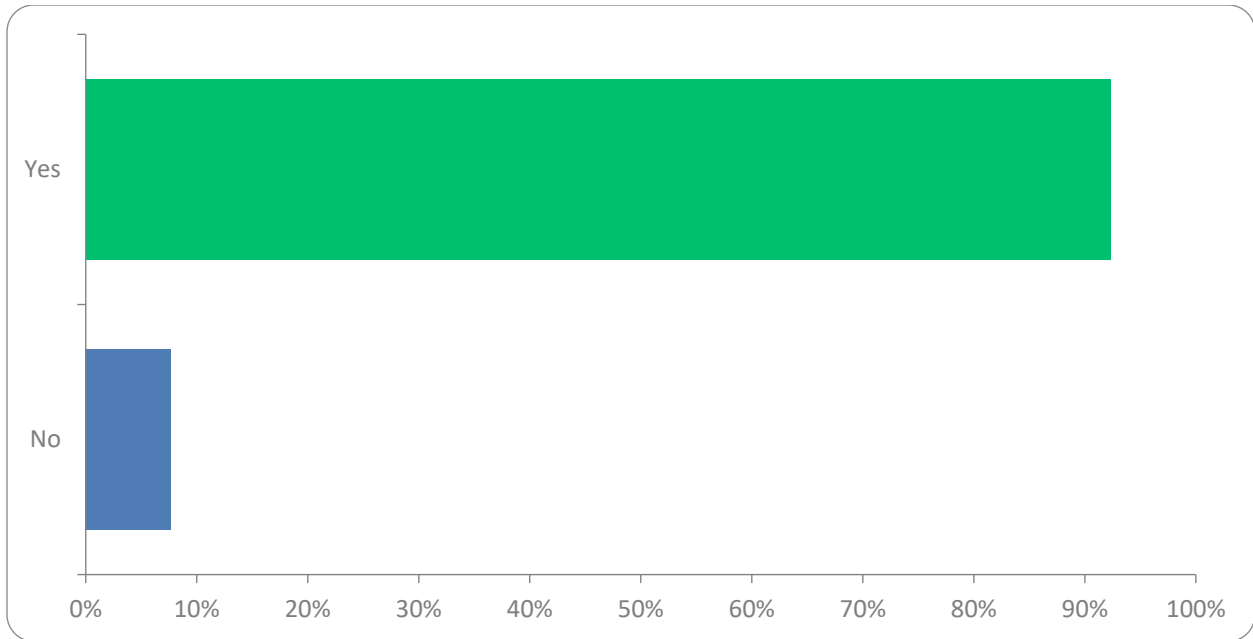
The Exposure Draft 500 (ED-500) proposes an amendment to the definition of audit evidence to be information to which audit procedures have been applied, that the auditor uses to draw conclusions that form the basis for the auditor’s opinion and report. The survey results indicated a favourable reception to this revision as over 90% of the respondents supported this revision (See the graph below for detailed responses).



*Qtn: The extant ISA 500 defines audit evidence as information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. The IAASB is proposing to change this definition to “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.” Do you support the revised definition of audit evidence? Survey responses collected between February - April 2023, from ICPAU members, n=53.*

### 3.0 Evaluation of Audit Evidence

ISA 500 requires auditors to evaluate the sufficiency and appropriateness of audit evidence obtained during audit engagements. The IAASB proposes a number of factors that auditors may rely on when making judgments about “how much evidence is enough.” The survey results indicated that the respondents overwhelmingly agreed with the proposed factors in the evaluation of the sufficiency and appropriateness of audit evidence. Over 90% of the respondents agreed with the proposed factors as shown in the graph below:



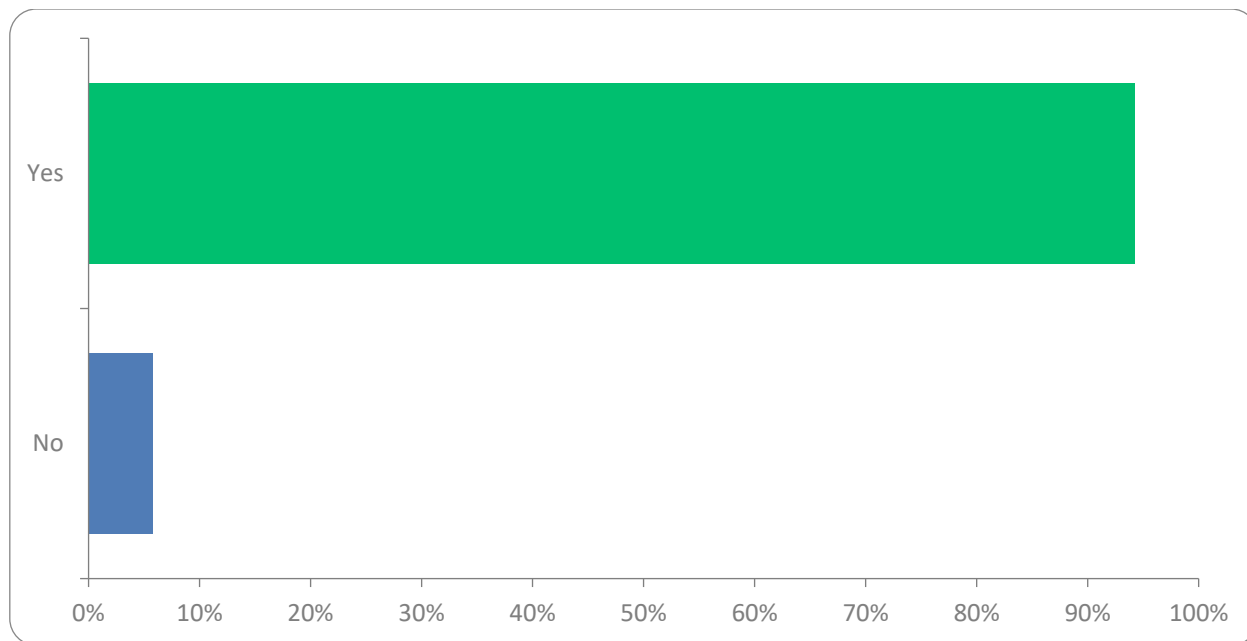
*Qtn: The IAASB lists the following as factors that affect the sufficiency and appropriateness of audit evidence and therefore its persuasiveness:*

- a) The information intended to be used as audit evidence, including the auditor’s consideration of the attributes of relevance and reliability of the information. The information intended to be used as audit evidence may come from internal sources such as accounting records, management reports, etc. or from external sources such as customers, suppliers, bankers, lawyers and service organisations.*
- b) Whether the information is from a single source or multiple sources*
- c) The design and performance of audit procedures, i.e., whether they are appropriate in the circumstances and have been appropriately applied.*
- d) Whether there are inconsistencies between multiple sources of audit evidence.*

*Do you agree that the above factors are sufficient in the evaluation of the sufficiency and appropriateness of audit evidence and therefore its persuasiveness? Survey responses collected on February - April 2023, from ICPAU members, n= 53.*

The respondents further overwhelmingly agreed with the proposed factors to be considered when evaluating the attributes of relevance and reliability of information that is intended to be used as audit evidence (as shown in the graph below).



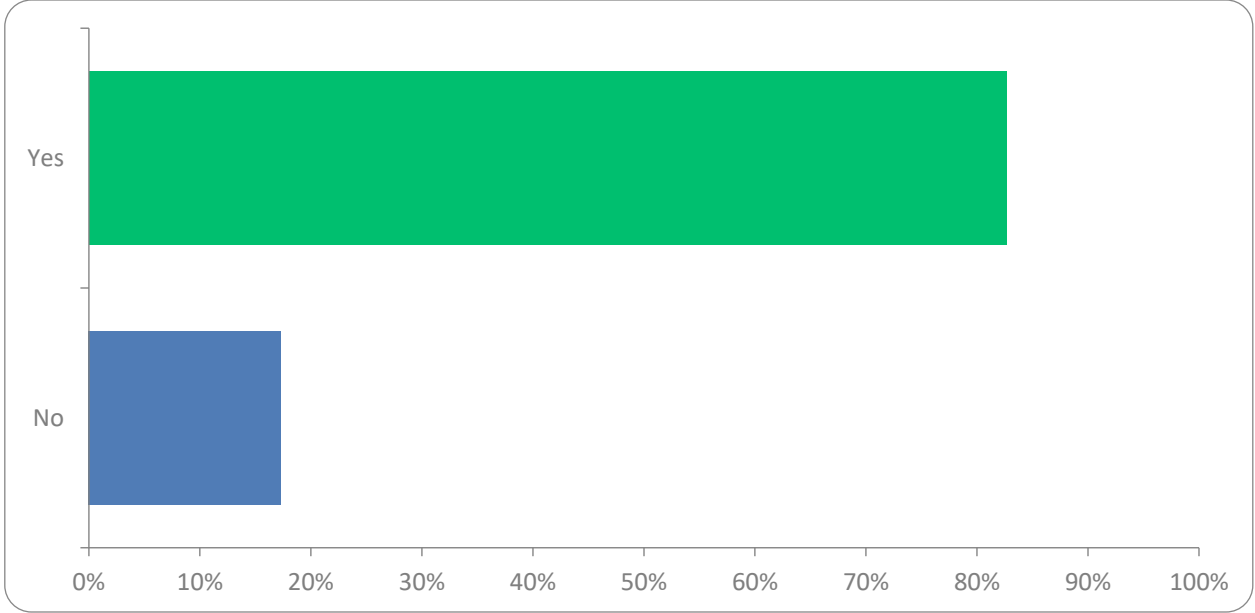


*Qtn: During the evaluation of the relevance and reliability of information intended to be used as audit evidence, the IAASB is proposing that the auditor considers:*

- a) The source of the information;*
- b) The attributes of the relevance and reliability that are applicable in the circumstances, given the intended purpose of the audit procedures;*
- c) The accuracy and completeness of the information generated internally from the entity's information systems.*

*Do you agree that these proposals will lead to enhanced judgments when obtaining audit evidence? Survey responses collected on February - April 2023, from ICPAU members, n = 53.*

To further emphasise the exercise of professional scepticism during the evaluation of the sufficiency and appropriateness of audit evidence, the IAASB is proposing a new “stand back” requirement. According to the survey results, majority of the respondents agreed with this new requirement with over 80% stating so. Refer to the graph below for details.



*Qtn: The IAASB is proposing a new “stand back” requirement for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis of evaluating whether sufficient appropriate audit evidence was obtained in accordance with ISA 330. Do you agree with this new “stand back” requirement. Survey responses collected on February - April 2023, from ICPAU members, n = 53.*