REQUEST FOR COMMENTS

Guide for Respondents

- The IAASB welcomes comments on all matters addressed in ED-500, but especially those identified in the Request for Comments section. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and make specific suggestions for any proposed changes to wording. Respondents are also free to address only questions relevant to them. When a respondent agrees with proposals in ED-500, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.

- Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-500. In this regard, comments will be most helpful if they are identified with specific aspects of ED-500 and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement. When a respondent agrees with the proposals in ED-500, it will be helpful for the IAASB to be made aware of this view.

Comments are requested by April 24, 2023

Name of Respondent:	Dra. Laura Grajeda Trejo
Organization (*where relevant*):	Instituto Mexicano de Contadores Públicos, A.C./ Comisión de Normas de Auditoría y Atestiguamiento (CONAA)
Country/Region/Jurisdiction:	Mexico

Overall Questions

Response: *Nothing in particular in addition to the comments provided below. We congratulate the IAASB for taking forward this very important initiative which will benefit a great part of the business community and the practitioners.*

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 consider that ED-500 provides an appropriate principle-based framework for auditors when making judgments about audit evidence and that the relationships or links to other ISAs are clear and appropriate.

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 consider that the proposed revisions will help to better understand and evaluate the audit evidence obtained; however, we do not consider it to be a significant improvement, given that the scope of the ED do not cover specific guidance or requirements on the use of technology. We consider that it is a relevant issue as the use of automated tools and techniques is increasing; therefore, we suggest the development of specific standards or guides regarding the use of technology to obtain audit evidence (see response to question 4).

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

    Response:

    We consider that, in fact, there is an adequate balance; however, it is advisable to address the concepts of "input-output model", "evidence that may be contradictory" and the new "stand back" requirement more broadly in explanatory materials. (See responses to questions 6, 8 and 10).

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:

    We consider that it should address technology in greater depth; for example, including guidance on the expected audit documentation when an automated tool or technique is used to obtain audit evidence. We suggest the IAASB to explore the need/possibility of creating a specific standard addressing the use of technology in greater depth.

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

Response:

Yes, we consider that the application material contributes to the exercise of professional skepticism.

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?

Response:

Yes, the approach that any information becomes audit evidence after applying audit procedures is appropriate.

We consider that the concepts of input and output should be explained in more detail in a guidance or explanatory material for the first year of implementation, so that it can be used as support and training material.

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

Response:

Yes, we consider that the application material describes appropriately 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?

Response:

Even when the application material already points out the evaluation of relevance and reliability in the audit evidence, we suggest the IAASB to prepare more explanatory material regarding what is considered contradictory evidence, examples of what could be contradictory evidence and how to approach it, including examples of the use of professional judgment.

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:

Yes, we agree.

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 stand-back requirement; however, we consider relevant that the IAASB clarifies, in the explanatory material, that the "stand-back" is not to be done on an individual basis (i.e. for each audit procedure), but considering the complete aggregate evidence obtained during the audit.

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:

See suggestions in questions 6, 8 and 10, in relation to the advisability of addressing more broadly the concepts of "input-output model", "contradictory evidence" and the new "stand back" requirement in the explanatory material.

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.

   Response:

   We do not anticipate translation problems.

   (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. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.

   Response:

   We agree with the effective date.