

Audit Evidence Update

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Evidence Task Force Chair*

IAASB CAG Meeting
March 9, 2021



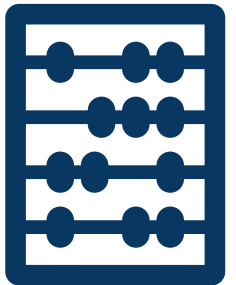
Previous CAG Discussion

- September 2020 IAASB CAG Meeting
 - Project update
 - Consideration of audit evidence project proposal
- Board approved project proposal in December 2020

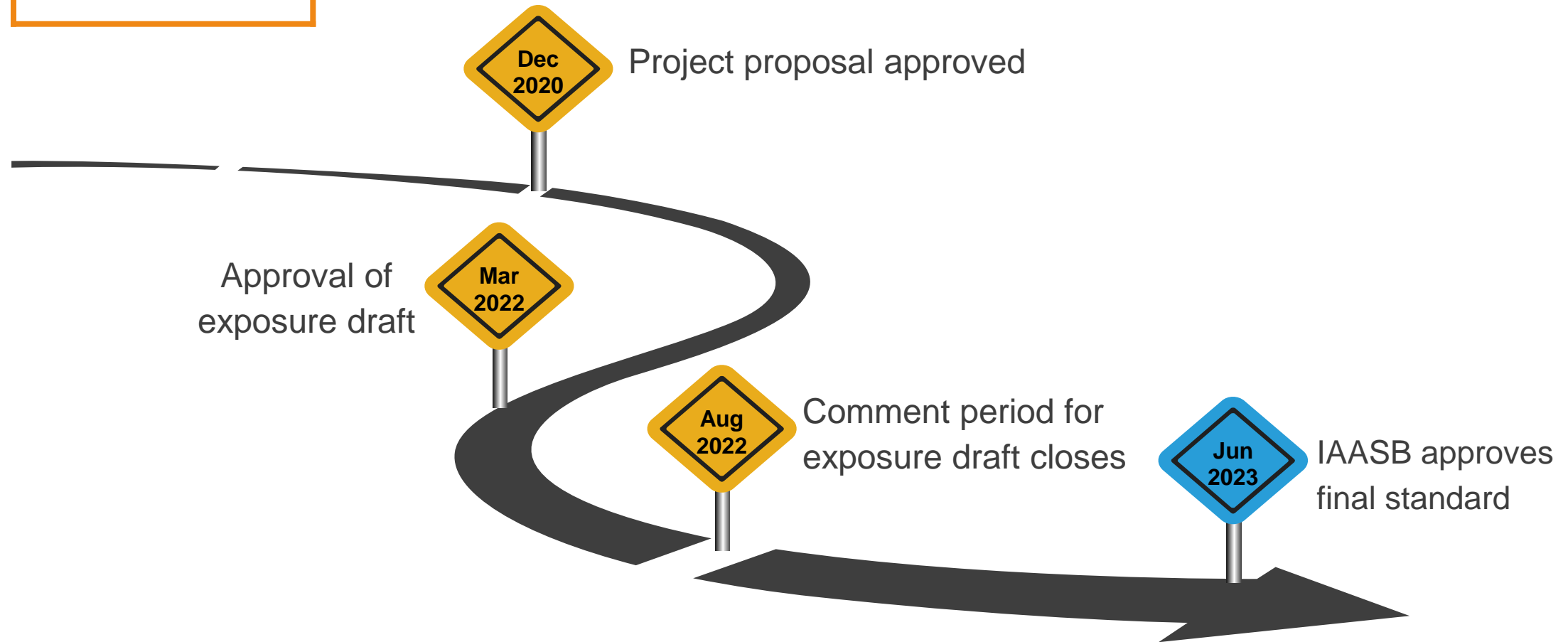


Project Proposal: Highlights

- What are the public interest issues we are addressing?
 - Changes in information used by auditors
 - Modernize the standard and address technology
 - Fostering professional skepticism
- What do we aim to achieve?
 - Clarify the purpose of the standard, and relationship to other ISAs
 - Clarify auditor responsibility regarding information used as audit evidence
 - Adapt to a principles-based approach suitable and appropriate for all information
 - Recognize technology
 - No intention to be prescriptive about the use of technology; instead accommodate its use
 - Clarify the concept of sufficient appropriate audit evidence
 - Emphasize professional skepticism



Project Proposal: Timeline for Audit Evidence



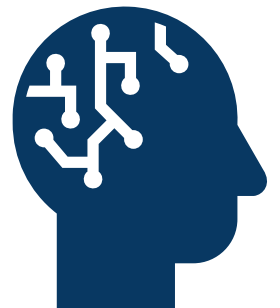
Progress on Key Issues

- December 2020 IAASB meeting: discussed key issues and initial direction
 - Purpose and scope of standard
 - Concept and evaluation of sufficient appropriate audit evidence – including persuasiveness of audit evidence
 - Information to be used as audit evidence
 - Principles-based approach in considering relevance and reliability of information to be used as audit evidence – applicable to all information irrespective of its source
 - Sources of information
 - Varying degree of work effort in considering information to be used as audit evidence



Progress on Key Issues

- March 2021 IAASB meeting: continue to discuss key issues and initial direction
 - Clarify definition of audit evidence – issues to explore:
 - Does information need to be subject to audit procedures to become audit evidence?
 - What is the meaning of “audit procedures”?
 - Is audit evidence the input to the audit procedures, or the output?
 - Consider relevance and reliability of information, and evaluate whether it is sufficiently relevant and reliable for auditor’s purposes:
 - More principles-based requirement that applies to all information
 - Application material:
 - Attributes of relevance and reliability
 - Factors that affect which attributes apply, the degree to which the attributes apply, and extent of auditor’s work effort in considering relevance and reliability



Progress on Key Issues

- March 2021 IAASB meeting: continue to discuss key issues and initial direction
 - Sufficient appropriate audit evidence
 - Three factors affecting auditor's consideration of sufficient appropriate audit evidence:
 - Assessed risks of material misstatement and results of audit procedures
 - Information to be used as audit evidence
 - Effectiveness of audit procedures and whether audit procedures have been appropriately applied
 - Modernization: examples in application material to demonstrate how principles apply when information is in digital form, client uses technology or auditor uses technology



Questions or Comments?





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