

CONFORMING AND CONSEQUENTIAL AMENDMENTS ARISING FROM THE PROPOSED REVISIONS TO ISA 500¹ – MARKED FROM EXTANT

The hardcoded changes (i.e., underline and strikethrough) shown in this Agenda Item are those arising from recent revisions to other standards (e.g., ISA 600 (Revised),² ISA 315 (Revised 2019)³ and the Quality Management standards⁴). The Task Force has proposed certain conforming amendments to these standards (shown in markup) to align with proposed ISA 500 (Revised).

INTERNATIONAL STANDARD ON AUDITING 200 – OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

Definitions

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~~13(b). Audit evidence—Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other information. For purposes of the ISAs:~~

~~(i)—Sufficiency of audit evidence is the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.~~

~~(ii)—Appropriateness of audit evidence is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.~~

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Requirements

Sufficient Appropriate Audit evidence and Audit Risk

17. To obtain reasonable assurance, the auditor shall obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the auditor's opinion and report. (Ref: Para. A30–A54)

¹ ISA 500, *Audit Evidence*

² ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

³ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

⁴ The Quality Management standards are ISQM 1, ISQM 2, *Engagement Quality Reviews*, and ISA 220 (Revised)

Application and Other Explanatory Material

Professional Skepticism (Ref: Para. 15)

A20. Professional skepticism includes being alert to, for example:

- Audit evidence that is inconsistent with ~~contradicts~~ other audit evidence obtained.
- Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.
- Conditions that may indicate possible fraud.
- Circumstances that suggest the need for audit procedures in addition to those required by the ISAs.

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A22. Professional skepticism is necessary to the critical assessment of audit evidence. This includes questioning ~~inconsistent~~contradictory audit evidence and the reliability of documents and responses to inquiries and other information obtained from management and those charged with governance. It also includes consideration of the sufficiency and appropriateness of audit evidence obtained in the light of the circumstances, for example, in the case where fraud risk factors exist and a single document, of a nature that is susceptible to fraud, is the sole supporting evidence for a material financial statement amount.

A23. The auditor may accept records and documents as genuine unless the auditor has reason to believe the contrary. Nevertheless, the auditor is required to ~~evaluate~~consider the reliability of information intended to be used as audit evidence.⁵ In cases of doubt about the reliability of information or indications of possible fraud (for example, if conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document may have been falsified), the ISAs require that the auditor investigate further and determine what modifications or additions to audit procedures are necessary to resolve the matter.⁶

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Sufficient Appropriate Audit evidence and Audit Risk (Ref: Para. 5 and 17)

Sufficiency and Appropriateness of Audit evidence

A30. Audit evidence is necessary to support the conclusions drawn that form the basis for the auditor's opinion and report. Audit evidence ~~is~~ is cumulative in nature and is primarily obtained from audit procedures performed during the course of the current-period audit. It may, however, also include information obtained from other sources such as previous audits audit evidence (provided the auditor has determined whether changes have occurred since the previous audit that may affect its relevance to the current audit⁷) or a firm's quality control procedures for client acceptance or continuance. In addition to other sources inside and outside the entity, the entity's accounting records are an important source of

⁵ ISA 500 (Revised), *Audit Evidence*, paragraphs ~~97–9~~

⁶ ISA 240, paragraph 14; ISA 500 (Revised), paragraph 11; ISA 505, *External Confirmations*, paragraphs 10–11, and 16

⁷ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, paragraph ~~169~~

audit evidence. Also, information ~~intended to that may~~ be used as audit evidence may have been prepared by an expert employed or engaged by the entity.

~~A30a. Audit evidence comprises both information that supports and corroborates management's the assertions made by management, and any information that may contradicts such assertions. In addition, in some cases, the absence of information audit evidence (for example, management's refusal to provide a requested representation) is used by the auditor, and therefore, also constitutes audit evidence. Most of the auditor's work in forming the auditor's opinion consists of obtaining and evaluating audit evidence.~~

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~~A32. The Appropriateness of audit evidence refers to is the measure of the quality of audit evidence and is affected by the ; that is, its relevance and its reliability of the information intended to be used as audit evidence. in providing support for the conclusions on which the auditor's opinion is based. The reliability of evidence is influenced by its nature, form and source of information are among the factors that affect the auditor's professional judgment regarding the attributes of relevance and reliability that are applicable in the circumstances source and by its nature, and is dependent on the individual circumstances under which it is obtained.~~

~~A32a The appropriateness of audit evidence is also affected by the effectiveness of the audit procedures applied to the information, as explained in ISA 500 (Revised).⁸~~

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ISA 220 (REVISED) – QUALITY MANAGEMENT FOR AN AUDIT OF FINANCIAL STATEMENTS

Application and Other Explanatory Material

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Definitions

Engagement Team (Ref: Para. 12(d))

A15. The engagement team may be organized in a variety of ways. For example, engagement team members may be located together or across different geographic locations and may be organized in groups by the activity they are performing. Regardless of how the engagement team is organized, any individual who performs audit procedures⁹ on the audit engagement is a member of the engagement team.

A16. The definition of an engagement team focuses on individuals who perform audit procedures on the audit engagement. Audit evidence, which is necessary to support the auditor's opinion and report, is primarily obtained from audit procedures performed during the course of the audit.¹⁰ Audit procedures

⁸ [ISA 500 \(Revised\), paragraphs A3k – A3m](#)

⁹ [ISA 500 \(Revised\), Audit Evidence, paragraph A2](#)

¹⁰ [ISA 200, paragraph A30](#)

~~may include~~~~comprise~~ risk assessment procedures,¹¹ ~~and~~ further audit procedures,¹² ~~and other audit procedures that are performed to comply with the ISAs, such as determining and applying the concepts of materiality in accordance with ISA 320.~~¹³ As explained in ISA 500 (Revised), ~~the type of audit procedure describes the actions being performed by the auditor when performing the audit procedure and may~~ audit procedures include inspection, observation, confirmation, recalculation, reperformance, analytical procedures and inquiry, often performed in some combination.¹⁴ ~~Other ISAs may also include specific procedures to obtain audit evidence, for example, ISA 520.~~¹⁵

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Leadership Responsibilities for Managing and Achieving Quality on Audits (Ref: Para. 13–15)...

Professional Skepticism (Ref: Para. 7)

A33. ...

A34. Impediments to the exercise of professional skepticism at the engagement level may include, but are not limited to:

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- Difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others, which may cause the engagement team to bias the selection of sources of information intended to be used as audit evidence and seek information audit evidence from sources that are more easily accessible.

ISA 240 – THE AUDITOR’S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS

Requirements

Evaluation of Audit Evidence (Ref: Para. A50)

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37. If the auditor identifies a misstatement, whether material or not, and the auditor has reason to believe that it is or may be the result of fraud and that management (in particular, senior management) is involved, the auditor shall reevaluate the assessment of the risks of material misstatement due to fraud and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks. The auditor shall also consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the reliability of audit evidence previously obtained. (Ref: Para. A53)

¹¹ ISA 315 (Revised 2019) provides requirements related to risk assessment procedures.

¹² ISA 330, *The Auditor’s Responses to Assessed Risks*, provides requirements related to further audit procedures, including tests of controls and substantive procedures.

¹³ ISA 320, Materiality in Planning and Performing an Audit

¹⁴ ISA 500 (Revised), paragraphs A3n14–A3o25 and the Appendix

¹⁵ ~~ISA 520, Analytical Procedures~~

Application and Other Explanatory Material

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Risk Assessment Procedures and Related Activities

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Inquiry of Management and Others within the Entity (Ref: Para. 19)

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A18. Management is often in the best position to perpetrate fraud. Accordingly, when evaluating management's responses to inquiries with an attitude of professional skepticism, the auditor may judge it necessary to obtain audit evidence to corroborate responses to inquiries, ~~with other information.~~

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Responses to the Assessed Risks of Material Misstatement Due to Fraud

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Audit Procedures Responsive to Assessed Risks of Material Misstatement Due to Fraud at the Assertion Level (Ref: Para. 31)

A38. The auditor's responses to address the assessed risks of material misstatement due to fraud at the assertion level may include changing the nature, timing and extent of audit procedures in the following ways:

- The nature of audit procedures to be performed may need to be changed to obtain audit evidence that is more appropriatereliable and relevant or to obtain additional audit evidencecorroborative information. This may affect both the type of audit procedures to be performed and their combination. For example:
 - Physical observation or inspection of certain assets may become more important or the auditor may choose to use automated tools andcomputer-assisted-audit techniques to gather more evidence about data contained in significant accounts or electronic transaction files.
 - The auditor may design procedures to obtain additional audit evidencecorroborative information. For example, if the auditor identifies that management is under pressure to meet earnings expectations, there may be a related risk that management is inflating sales by entering into sales agreements that include terms that preclude revenue recognition or by invoicing sales before delivery. In these circumstances, the auditor may, for example, design external confirmations not only to confirm outstanding amounts, but also to confirm the details of the sales agreements, including date, any rights of return and delivery terms. In addition, the auditor might find it effective to supplement such external confirmations with inquiries of non-financial personnel in the entity regarding any changes in sales agreements and delivery terms.
- ...

- The extent of the procedures applied reflects the assessment of the risks of material misstatement due to fraud. For example, increasing sample sizes or performing analytical procedures at a more detailed level may be appropriate. Also, ~~automated tools and computer-assisted audit~~ techniques may enable more extensive testing of electronic transactions and account files. Such techniques can be used to select sample transactions from key electronic files to sort transactions with specific characteristics, or to test an entire population instead of a sample.

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Evaluation of Audit Evidence (Ref: Para. 35-38)

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Consideration of Identified Misstatements (Ref: Para. 36–38)

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A53. The implications of identified fraud depend on the circumstances. For example, an otherwise insignificant fraud may be significant if it involves senior management. In such circumstances, the reliability of audit evidence previously obtained may be called into question, since there may be doubts about the completeness and truthfulness of representations made and about the genuineness of accounting records and documentation. There may also be a possibility of collusion involving employees, management or third parties.

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Appendix 2

(Ref: Para. A41)

Examples of Possible Audit Procedures to Address the Assessed Risks of Material Misstatement Due to Fraud

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Consideration at the Assertion Level

Specific responses to the auditor's assessment of the risks of material misstatement due to fraud will vary depending upon the types or combinations of fraud risk factors or conditions identified, and the classes of transactions, account balances, disclosures and assertions they may affect.

The following are specific examples of responses:

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- Performing ~~procedures using automated computer-assisted tools and~~ techniques, such as data mining to test for anomalies in a population.
- Testing the integrity of ~~computer-produced~~ records and transactions generated by automated systems.
- Seeking additional audit evidence from sources outside of the entity being audited.

Specific Responses—Misstatement Resulting from Fraudulent Financial Reporting

Examples of responses to the auditor's assessment of the risks of material misstatement due to fraudulent financial reporting are as follows:

Revenue Recognition

- Performing substantive analytical procedures relating to revenue using disaggregated data, for example, comparing revenue reported by month and by product line or business segment during the current reporting period with comparable prior periods. The use of automated tools and~~Computer-assisted audit~~ techniques may be useful in identifying unusual or unexpected revenue relationships or transactions.
- ...

Inventory Quantities

- ...
- Using automated tools and ~~computer-assisted audit~~ techniques to further test the compilation of the physical inventory counts – for example, sorting by tag number to test tag controls or by item serial number to test the possibility of item omission or duplication.

Management Estimates

- ...

Specific Responses—Misstatements Due to Misappropriation of Assets

Differing circumstances would necessarily dictate different responses. Ordinarily, the audit response to an assessed risk of material misstatement due to fraud relating to misappropriation of assets will be directed toward certain account balances and classes of transactions. Although some of the audit responses noted in the two categories above may apply in such circumstances, the scope of the work is to be linked to the specific information about the misappropriation risk that has been identified.

Examples of responses to the auditor's assessment of the risk of material misstatements due to misappropriation of assets are as follows:

- ...
- Performing an automated ~~computerized~~ match of the vendor list with a list of employees to identify matches of addresses or phone numbers.
- Performing an automated ~~computerized~~ search of payroll records to identify duplicate addresses, employee identification or taxing authority numbers or bank accounts.

Appendix 3

(Ref: Para. A50)

Examples of Circumstances that Indicate the Possibility of Fraud

The following are examples of circumstances that may indicate the possibility that the financial statements may contain a material misstatement resulting from fraud.

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Conflicting or missing evidence, including:

- ...

Problematic or unusual relationships between the auditor and management, including:

- ...
- Unwillingness to facilitate auditor access to key electronic files for testing through the use of automated tools and computer-assisted audit techniques.

ISA 300 – PLANNING AN AUDIT OF FINANCIAL STATEMENTS

Application and Other Explanatory Material

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Appendix

(Ref: Para. 7–8, A8–A11)

Considerations in Establishing the Overall Audit Strategy

This appendix provides examples of matters the auditor may consider in ~~establishing the overall audit strategy~~ managing quality at the engagement level. Many of these matters will ~~also~~ influence the auditor's overall audit strategy and detailed audit plan. The examples provided cover a broad range of matters applicable to many engagements. While some of the matters referred to below may be required by other ISAs, not all matters are relevant to every audit engagement and the list is not necessarily complete.

Characteristics of the Engagement

- ...
- The effect of information technology on the audit procedures, including the availability of data and the expected use of automated tools and computer-assisted audit techniques.
- ...

ISA 315 (REVISED 2019) – IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

Definitions

12. For purposes of the ISAs, the following terms have the meanings attributed below:

- (a) Accounting records -- The records of initial accounting entries and supporting records, such as payment records, including checks and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial

statements that are not reflected in ~~formal~~ journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.

(ab) Assertions

...

Requirements

Risk Assessment Procedures and Related Activities

13. The auditor shall design and perform risk assessment procedures to obtain audit evidence that provides an appropriate basis for: (Ref: Para. A11–A18)
- (a) The identification and assessment of risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels; and
 - (b) The design of further audit procedures in accordance with ISA 330.

The auditor shall design and perform risk assessment procedures in a manner that is not biased towards obtaining audit evidence that may ~~be corroborative~~ or towards excluding audit evidence that may ~~be contradictory, the assertions made by management.~~¹⁶ (Ref: Para. A14)

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Evaluating the Audit Evidence Obtained from the Risk Assessment Procedures

35. The auditor shall evaluate whether the audit evidence obtained from the risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement. If not, the auditor shall perform additional risk assessment procedures until audit evidence has been obtained to provide such a basis. In identifying and assessing the risks of material misstatement, the auditor shall take into account all audit evidence obtained from the risk assessment procedures, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborative or contradictory ~~these~~ assertions made by management. (Ref: Para. A230–A232)

Application and Other Explanatory Material

Risk Assessment Procedures and Related Activities (Ref: Para. 13-18)

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Sources of Audit Evidence (Ref: Para. 13)

- A15. Designing and performing risk assessment procedures to obtain audit evidence in an unbiased manner may involve obtaining evidence from multiple sources within and outside the entity. However, the auditor is not required to perform an exhaustive search to identify all possible sources of audit

¹⁶ [ISA 500 \(Revised\), paragraph 8\(a\)](#)

evidence. In addition to information from other sources,¹⁷ sources of information for risk assessment procedures may include:

- Interactions with management, those charged with governance, and other key entity personnel, such as internal auditors.
- Certain external parties such as regulators, whether obtained directly or indirectly.
- Publicly available information about the entity, for example entity-issued press releases, materials for analysts or investor group meetings, analysts' reports or information about trading activity.

Regardless of the source of information, the auditor considers the relevance and reliability of ~~the~~ information intended to be used as audit evidence in accordance with ISA 500 (Revised).¹⁸

...

Types of Risk Assessment Procedures (Ref: Para. 14)

A19. ISA 500 (Revised)¹⁹ explains the types of audit procedures that may be performed in obtaining audit evidence from risk assessment procedures and further audit procedures. The nature, timing and extent of the audit procedures may be affected by the fact that some of the accounting data and other evidence may only be available in digitalelectronic form or only at certain points in time.²⁰ The auditor may perform substantive procedures or tests of controls, in accordance with ISA 330, concurrently with risk assessment procedures, when it is efficient to do so. Audit evidence obtained that supports the identification and assessment of risks of material misstatement may also support the detection of misstatements at the assertion level or the evaluation of the operating effectiveness of controls.

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Identifying and Assessing the Risks of Material Misstatement (Ref: Para. 28-37)

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Evaluating the Audit Evidence Obtained from the Risk Assessment Procedures (Ref: Para. 35)

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The Evaluation of the Audit evidence

A231. Audit evidence from risk assessment procedures comprises both evidence that may information that supports and corroborates, the management's assertions, made by management, or evidence and any information that may contradicts such assertions.²¹

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¹⁷ See paragraphs A37 and A38.

¹⁸ ISA 500 (Revised), paragraph 97-10

¹⁹ ISA 500 (Revised), paragraphs A3n14-A3o17 and the AppendixA21-A25

²⁰ ISA 500 (Revised), paragraph A30b42

²¹ ISA 500 (Revised), paragraph 8(a)A4

Documentation (Ref: Para. 38)

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A238. ISA 230 notes that, among other considerations, although there may be no single way in which the auditor's exercise of professional skepticism is documented, the audit documentation may nevertheless provide evidence of the auditor's exercise of professional skepticism.²² For example, when the audit evidence obtained from risk assessment procedures includes evidence that both corroborates and contradicts management's assertions, the documentation may include how the auditor evaluated that evidence, including the professional judgments made in evaluating whether the audit evidence provides an appropriate basis for the auditor's identification and assessment of the risks of material misstatement. Examples of other requirements in this ISA for which documentation may provide evidence of the exercise of professional skepticism by the auditor include:

- ...
- Paragraph 35, which requires the auditor to take into account all audit evidence obtained from the risk assessment procedures, ~~whether including~~ whether including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate ~~ive~~ or contradictory ~~the~~ assertions made by management, and to evaluate whether the audit evidence obtained from the risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement; and
- ...

ISA 330 – THE AUDITOR'S RESPONSES TO ASSESSED RISKS

Application and Other Explanatory Material

Overall Responses (Ref: Para. 5)

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A2. The assessment of the risks of material misstatement at the financial statement level, and thereby the auditor's overall responses, is affected by the auditor's understanding of the control environment. An effective control environment may allow the auditor to have more confidence in internal control and the reliability of information intended to be used as audit evidence generated internally within the entity and thus, for example, allow the auditor to conduct some audit procedures at an interim date rather than at the period end. Deficiencies in the control environment, however, have the opposite effect; for example, the auditor may respond to an ineffective control environment by:

- Conducting more audit procedures as of the period end rather than at an interim date.
- ...

²² ISA 230, paragraph A7

Audit Procedures Responsive to the Assessed Risks of Material Misstatement at the Assertion Level

The Nature, Timing and Extent of Further Audit Procedures (Ref: Para. 6)

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Responding to the Assessed Risks at the Assertion Level (Ref: Para. 7(a))

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Considerations specific to public sector entities

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A16. The use of ~~automated tools and computer-assisted audit~~ techniques (~~CAATs~~) may enable more extensive testing of ~~digitalelectronic~~ transactions and account files, which may be useful when the auditor decides to modify the extent of testing, for example, in responding to the risks of material misstatement due to fraud. Such techniques can be used to select sample transactions from key ~~digitalelectronic~~ files, to sort transactions with specific characteristics, or to test an entire population instead of a sample.

Considerations specific to smaller entities

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Higher Assessments of Risk (Ref: Para 7(b))

A19. When obtaining more persuasive audit evidence because of a higher assessment of risk, the auditor may increase the quantity of the evidence, or obtain evidence that is more ~~appropriate relevant or reliable~~, for example, by placing more emphasis on obtaining third party evidence or by obtaining ~~corroborating audit~~ evidence from a number of independent sources.

Tests of Controls

Designing and Performing Tests of Controls (Ref: Para. 8)

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Timing of Tests of Controls

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Controls that have not changed from previous audits (Ref: Para. 14(b))

A39. When there are a number of controls for which the auditor intends to rely on audit evidence obtained in previous audits, testing some of those controls in each audit provides ~~audit evidence~~~~corroborating information~~ about the continuing effectiveness of the control environment. This contributes to the auditor's decision about whether it is appropriate to rely on audit evidence obtained in previous audits.

Evaluating the Operating Effectiveness of Controls (Ref: Para. 16–17)

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ISA 402 – AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A SERVICE ORGANIZATION

Application and Other Explanatory Material

Responding to the Assessed Risks of Material Misstatement (Ref: Para. 15)

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Tests of Controls (Ref: Para. 16)

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Using a Type 2 Report as Audit Evidence that Controls at the Service Organization Are Operating Effectively (Ref: Para. 17)

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A32. For certain assertions, the shorter the period covered by a specific test and the longer the time elapsed since the performance of the test, the less **relevant** audit evidence the test may provide. In comparing the period covered by the type 2 report to the user entity's financial reporting period, the user auditor may conclude that the type 2 report offers less **relevant** audit evidence if there is little overlap between the period covered by the type 2 report and the period for which the user auditor intends to rely on the report. When this is the case, a type 2 report covering a preceding or subsequent period may provide additional audit evidence. In other cases, the user auditor may determine it is necessary to perform, or use another auditor to perform, tests of controls at the service organization in order to obtain sufficient appropriate audit evidence about the operating effectiveness of those controls.

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ISA 501 – AUDIT EVIDENCE—SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS

Application and Other Explanatory Material

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Litigation and Claims

Completeness of Litigations and Claims (Ref: Para. 9)

A18. In addition to the procedures identified in paragraph 9, other relevant procedures include, for example, using **audit evidence information** obtained through risk assessment procedures carried out as part of obtaining an understanding of the entity and its environment to assist the auditor to become aware of litigation and claims involving the entity.

ISA 505 – EXTERNAL CONFIRMATIONS

Introduction

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External Confirmation Procedures to Obtain Audit Evidence

2. ISA 500 (Revised) indicates that the appropriateness of audit evidence refers to the quality of audit evidence and is affected by the relevance and reliability of the information intended to be used as audit evidence.²³ ~~is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. That ISA also includes the following generalizations applicable to audit evidence:~~²⁴

- ~~• Audit evidence is more reliable when it is obtained from independent sources outside the entity.~~
- ~~• Audit evidence obtained directly by the auditor is more reliable than audit evidence obtained indirectly or by inference.~~
- ~~• Audit evidence is more reliable when it exists in documentary form, whether paper, electronic or other medium.~~

Accordingly, depending on the circumstances of the audit, audit evidence in the form of external confirmations received directly by the auditor from confirming parties may be more appropriate reliable than evidence generated internally by the entity. This ISA is intended to assist the auditor in designing and performing external confirmation procedures to obtain relevant and reliable audit evidence.

3. Other ISAs recognize the importance of external confirmations as audit evidence, for example:
- ...
 - ISA 240 indicates that the auditor may design confirmation requests to obtain audit evidence additional corroborative information as a response to address the assessed risks of material misstatement due to fraud at the assertion level.²⁵
 - ISA 500 (Revised) indicates that corroborating information obtained from a source independent of the entity, such as external confirmations, may increase the assurance the auditor obtains from evidence existing within the accounting records or from representations made by management.²⁶

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²³ ISA 500 (Revised), paragraph A3j

~~²⁴ ISA 500 (Revised), paragraph A5~~

²⁵ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraph A38

²⁶ ISA 500 (Revised), paragraphs A20A12–A13

Requirements

External Confirmation Procedures

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Evaluating the ~~Results of the External Confirmation Procedures~~ **Evidence Obtained**

16. The auditor shall evaluate ~~whether~~ the results of the external confirmation procedures, ~~provide relevant and reliable audit evidence, or~~ **and determine** whether further audit evidence is necessary. (Ref: Para A24–A25)

Application and Other Explanatory Material

External Confirmation Procedures

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Results of the External Confirmation Procedures

Reliability of Responses to Confirmation Requests (Ref: Para. 10)

- A11. ISA 500 **(Revised)** indicates that ~~the source of information may affect the auditor's professional judgment regarding the attributes of relevance and reliability that are applicable in the circumstances, and the nature and extent of the audit procedures to evaluate whether the information intended to be used as audit evidence is relevant and reliable even when audit evidence is obtained from sources external to the entity, circumstances may exist that affect its reliability.~~²⁷ All responses carry some risk of interception, alteration or fraud. Such risk exists regardless of whether a response is obtained in paper form, or by electronic or other medium. Factors that may indicate doubts about the reliability of a response include that it:
- Was received by the auditor indirectly; or
 - Appeared not to come from the originally intended confirming party.

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- A14. The auditor is required by ISA 500 **(Revised)** to determine whether to modify or add procedures to resolve doubts ~~about~~ the ~~relevance or~~ reliability of information ~~intended~~ to be used as audit evidence.²⁸ The auditor may choose to verify the source and contents of a response to a confirmation request by contacting the confirming party. For example, when a confirming party responds by electronic mail, the auditor may telephone the confirming party to determine whether the confirming party did, in fact, send the response. When a response has been returned to the auditor indirectly (for example, because the confirming party incorrectly addressed it to the entity rather than to the auditor), the auditor may request the confirming party to respond in writing directly to the auditor.

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²⁷ ISA 500 **(Revised)**, paragraph A43~~35~~

²⁸ ISA 500 **(Revised)**, paragraph 11

Evaluating the Results of Individual External Confirmation Procedures Evidence Obtained (Ref: Para. 16)

A24. When evaluating the results of individual external confirmation requests, the auditor may categorize such results as follows:

- (a) A response by the appropriate confirming party indicating agreement with the information provided in the confirmation request, or providing requested information without exception;
- (b) A response deemed unreliable;
- (c) A non-response; or
- (d) A response indicating an exception.

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ISA 520 – ANALYTICAL PROCEDURES

Application and Other Explanatory Material

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Substantive Analytical Procedures

The Reliability of the Data (Ref: Para. 5(b))

A12. The reliability of data is influenced by the auditor's consideration of its source and the attributes of reliability that are applicable in the circumstances.²⁹ ~~nature and is dependent on the circumstances under which it is obtained.~~ Accordingly, the following are relevant when determining whether data is reliable for purposes of designing substantive analytical procedures:

- (a) Source of the information ~~available~~. For example, information may be less susceptible to management bias more reliable when it is obtained from independent sources outside the entity;³⁰
- (b) Comparability of the information ~~available~~. For example, broad industry data may need to be supplemented to be comparable to that of an entity that produces and sells specialized products;
- (c) Nature and relevance of the information ~~available~~. For example, whether budgets have been established as results to be expected rather than as goals to be achieved; and
- (d) Controls over the preparation of the information that are designed to ensure its completeness, accuracy and validity. For example, controls over the preparation, review and maintenance of budgets.

A13. ISA 500 (Revised) establishes requirements and provides guidance in evaluating whether the information intended to be used as audit evidence is relevant and reliable.³¹ The auditor may consider

²⁹ ISA 500, Audit Evidence, paragraph A43 and A52–A53

³⁰ ISA 500, Audit Evidence, paragraph A35

³¹ ISA 500 (Revised), paragraph 9

testing the operating effectiveness of controls, if any, over the entity's preparation of information used by the auditor in performing substantive analytical procedures in response to assessed risks. When such controls are effective, the auditor generally has greater confidence in the reliability of the information and, therefore, in the results of analytical procedures. The operating effectiveness of controls over non-financial information may often be tested in conjunction with other tests of controls. For example, in establishing controls over the processing of sales invoices, an entity may include controls over the recording of unit sales. In these circumstances, the auditor may test the operating effectiveness of controls over the recording of unit sales in conjunction with tests of the operating effectiveness of controls over the processing of sales invoices. Alternatively, the auditor may consider whether the information was subjected to audit procedure testing. ~~ISA 500 establishes requirements and provides guidance in determining the audit procedures to be performed on the information to be used as audit evidence to be used for substantive analytical procedures.~~³²

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Evaluation Whether the Expectation Is Sufficiently Precise (Ref: Para. 5(c))

A15. Matters relevant to the auditor's evaluation of whether the expectation can be developed sufficiently precisely to identify a misstatement that, when aggregated with other misstatements, may cause the financial statements to be materially misstated, include:

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- The availability of ~~the~~ information, both financial and non-financial. For example, the auditor may consider whether financial information, such as budgets or forecasts, and non-financial information, such as the number of units produced or sold, is available to design substantive analytical procedures. If the information is available, the auditor is required to evaluate ~~may also consider~~ the reliability of the information as discussed in paragraphs A12–A13 above.

ISA 530 – AUDIT SAMPLING

Introduction

Scope of this ISA

...

2. This ISA complements ISA 500,³³ which deals with the auditor's responsibility to design and perform audit procedures that are appropriate in the circumstances for the purpose of ~~obtaining~~ sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion and report. ISA 500 provides guidance on the means available to the auditor for selecting items for testing, of which audit sampling is one means.

Sample Design, Size, and Selection of Items for Testing

Sample Design (Ref: Para. 6)

...

³² ~~ISA 500, paragraph 10~~

³³ ISA 500, *Audit Evidence*

- A5. When designing an audit sample, the auditor's consideration includes the specific purpose to be achieved and the combination of audit procedures that is likely to best achieve that purpose. Consideration of the nature of the audit evidence sought and possible deviation or misstatement conditions or other characteristics relating to that audit evidence will assist the auditor in defining what constitutes a deviation or misstatement and what population to use for sampling. In fulfilling the requirements of paragraphs 9 and 9A of ISA 500 (Revised), when performing audit sampling, the auditor performs audit procedures to obtain evidence that the population from which the audit sample is drawn is complete.

Application and Other Explanatory Material

...

Appendix 4

(Ref: Para. A13)

Sample Selection Methods

There are many methods of selecting samples. The principal methods are as follows:

...

- (f) The application of any one or a combination of the methods in paragraphs (a) to (e) may be appropriate depending on the circumstances. The auditor may also use automated tools and techniques to identify and select items for testing. Sampling methods using automated tools and techniques may enable the auditor to select all the data or transactions within a population or data set.³⁴

ISA 540 (REVISED) – AUDITING ACCOUNTING ESTIMATES AND RELATED DISCLOSURES

Introduction

Scope of this ISA

3. This International Standard on Auditing (ISA) deals with the auditor's responsibilities relating to accounting estimates and related disclosures in an audit of financial statements. Specifically, it includes requirements and guidance that refer to, or expand on, how ISA 315 (Revised 2019),³⁵ ISA 330,³⁶ ISA 450,³⁷ ISA 500 (Revised)³⁸ and other relevant ISAs are to be applied in relation to accounting estimates and related disclosures. It also includes requirements and guidance on the evaluation of misstatements of accounting estimates and related disclosures, and indicators of possible management bias.

³⁴ ISA 500 (Revised), paragraphs A23 and A25

³⁵ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

³⁶ ISA 330, *The Auditor's Responses to Assessed Risks*

³⁷ ISA 450, *Evaluation of Misstatements Identified during the Audit*

³⁸ ISA 500 (Revised), *Audit Evidence*

...

Requirements

...

Responses to the Assessed Risks of Material Misstatement

18. As required by ISA 330,³⁹ the auditor's further audit procedures shall be responsive to the assessed risks of material misstatement at the assertion level,⁴⁰ considering the reasons for the assessment given to those risks. The auditor's further audit procedures shall include one or more of the following approaches:

- (a) Obtaining audit evidence from events occurring up to the date of the auditor's report (see paragraph 21);
- (b) Testing how management made the accounting estimate (see paragraphs 22–27); or
- (c) Developing an auditor's point estimate or range (see paragraphs 28–29).

The auditor's further audit procedures shall take into account that the higher the assessed risk of material misstatement, the more persuasive the audit evidence needs to be.⁴¹ The auditor shall design and perform ~~further such~~ audit procedures in a manner that is not biased towards obtaining audit evidence that may ~~be~~ corroborative, or towards excluding audit evidence that may ~~be~~ contradictory. assertions made by management.⁴² (Ref: Para. A81–A84)

...

Responses to the Assessed Risks of Material Misstatement

...

Other Considerations Relating to Audit Evidence

30. In obtaining audit evidence regarding the risks of material misstatement relating to accounting estimates, irrespective of the sources of information to be used as audit evidence, the auditor shall comply with the relevant requirements in ISA 500 (Revised).

When using the work of a management's expert, the requirements in paragraphs 21–29 of this ISA may assist the auditor in evaluating ~~the appropriateness of~~ the expert's work as audit evidence for a relevant assertion in accordance with paragraph 810 of ISA 500 (Revised). ~~In evaluating the work of the management's expert, the nature, timing and extent of the further audit procedures are affected by the auditor's evaluation of the expert's competence, capabilities and objectivity, the auditor's understanding of the nature of the work performed by the expert, and the auditor's familiarity with the expert's field of expertise.~~ (Ref: Para. A126–A132)

³⁹ ISA 330, paragraphs 6–15 and 18

⁴⁰ ISA 330, paragraphs 6–7 and 21

⁴¹ ISA 330, paragraph 7(b)

⁴² ISA 500 (Revised), paragraph 8

...

Overall Evaluation Based on Audit Procedures Performed

33. In applying ISA 330 to accounting estimates,⁴³ the auditor shall evaluate, based on the audit procedures performed and audit evidence obtained, whether: (Ref: Para A137–A138)
- (a) The assessments of the risks of material misstatement at the assertion level remain appropriate, including when indicators of possible management bias have been identified;
 - (b) Management's decisions relating to the recognition, measurement, presentation and disclosure of these accounting estimates in the financial statements are in accordance with the applicable financial reporting framework; and
 - (c) Sufficient appropriate audit evidence has been obtained.
34. In making the evaluation required by paragraph 33(c), the auditor shall take into account all **relevant** audit evidence obtained, ~~whether including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate~~**ive** or ~~contradictory~~ **the assertions in the financial statements**.⁴⁴ If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall evaluate the implications for the audit or the auditor's opinion on the financial statements in accordance with ISA 705 (Revised).⁴⁵

...

Application and Other Explanatory Material

Responses to the Assessed Risks of Material Misstatement

...

Obtaining Relevant Audit Evidence Whether Corroborative or Contradictory

- A82. Audit evidence comprises both ~~evidence that may~~**information that supports and corroborates management's the** assertions ~~made by management, or evidence and any information that may~~**contradicts** such assertions.⁴⁶ Obtaining audit evidence in an unbiased manner may involve obtaining evidence from multiple sources within and outside the entity. However, the auditor is not required to perform an exhaustive search to identify all possible sources of audit evidence.

...

⁴³ ISA 330, paragraphs 25–26

⁴⁴ ISA 500 (Revised), paragraph 134

⁴⁵ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

⁴⁶ ISA 500 (Revised), paragraph A8(a)5

Testing How Management Made the Accounting Estimate (Ref. Para. 22)

...

Significant Assumptions (Ref: Para. 24)

...

Relevance and reliability of the data (Ref: Para. 25(c))

A107. ~~When using information produced by the entity, ISA 500 (Revised) requires the auditor to evaluate whether the information intended to be used as audit evidence is sufficiently relevant and reliable for the auditor's purposes, taking into consideration the source of the information and the attributes of relevance and reliability that are applicable in the circumstance, including as necessary in the circumstances, to obtain audit evidence about the accuracy and completeness of the information and evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.~~⁴⁷

...

Other Considerations Relating to Audit Evidence (Ref: Para. 30)

A126. Information intended to be used as audit evidence, regarding risks of material misstatement relating to accounting estimates, may have been produced by the entity, prepared using the work of a management's expert, or provided by an external information source.

External Information Sources

A127. As explained in ISA 500 (Revised),⁴⁸ the source of the information intended to be used as audit evidence may affect the auditor's professional judgment regarding the attributes of relevance and reliability that are applicable in the circumstances, and the nature and extent of the audit procedures to evaluate whether the information is relevant and reliable. the reliability of information from an external information source is influenced by its source, its nature, and the circumstances under which it is obtained. Consequently, the nature and extent of the auditor's further audit procedures to consider the reliability of the information used in making an accounting estimate may vary depending on the nature of these factors. For example:

- ...
- When information obtained from an external information source has been developed by that source using its own model(s). ~~Paragraph A43 of ISA 500 provides relevant guidance.~~

...

A129. When information intended to be used as audit evidence is from an external information source ~~is used as audit evidence~~, a relevant consideration for the auditor may be whether information can be obtained, or whether the information is sufficiently detailed, to understand the methods, assumptions and other data used by the external information source. This may be limited in some respects and consequently influence the auditor's consideration of the nature, timing and extent of procedures to perform. For example, pricing services often provide information about their methods and

⁴⁷ ISA 500 (Revised), paragraph 9 and 9A

⁴⁸ ISA 500 (Revised), Paragraph A4335

assumptions by asset class rather than individual securities. Brokers often provide only limited information about their inputs and assumptions when providing broker indicative quotes for individual securities. Paragraph A33a of ISA 500 (Revised) provides guidance with respect to restrictions on access to placed by the external information source on the provision of supporting information.

Management's Expert

...

A131. If the work of a management's expert involves the use of methods or sources of data relating to accounting estimates, or developing or providing findings or conclusions relating to a point estimate or related disclosures for inclusion in the financial statements, the requirements in paragraphs 21–29 of this ISA may assist the auditor in applying paragraphs 9 and 108(e) of ISA 500 (Revised).

Documentation (Ref: Para. 39)

...

A152. Paragraph A7 of ISA 230 notes that, although there may be no single way in which the auditor's exercise of professional skepticism is documented, the audit documentation may nevertheless provide evidence of the auditor's exercise of professional skepticism. For example, in relation to accounting estimates, when the audit evidence obtained includes evidence that both corroborates and contradicts management's assertions, the documentation may include how the auditor evaluated that evidence, including the professional judgments made in forming a conclusion as to whether the sufficient and appropriate ness of the audit evidence has been obtained. Examples of other requirements in this ISA for which documentation may provide evidence of the exercise of professional skepticism by the auditor include:

- Paragraph 13(d), regarding how the auditor has applied an understanding in developing the auditor's own expectation of the accounting estimates and related disclosures to be included in the entity's financial statements and how that expectation compares with the entity's financial statements prepared by management;
- Paragraph 18, which requires further audit procedures to be designed and performed to obtain sufficient appropriate evidence in a manner that is not biased toward obtaining audit evidence that may be corroborative, or towards excluding audit evidence that may be contradict assertions made by management. or;
- Paragraphs 23(b), 24(b), 25(b) and 32, which address indicators of possible management bias; and
- Paragraph 34, which addresses the auditor's consideration of all relevant audit evidence obtained, whether including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradictory the assertions in the financial statements.

ISA 550 – RELATED PARTIES

Application and Other Explanatory Material

...

Responses to the Risks of Material Misstatement Associated with Related Party Relationships and Transactions (Ref: Para. 20)

...

Assertions That Related Party Transactions Were Conducted on Terms Equivalent to Those Prevailing in an Arm's Length Transaction (Ref: Para. 24)

...

A44. Evaluating management's support for this assertion may involve one or more of the following:

- Considering the appropriateness of management's process for supporting the assertion.
- Verifying the source of the internal or external data supporting the assertion, and testing the data to ~~evaluated~~ **determine** their accuracy, completeness and relevance.
- Evaluating the reasonableness of any significant assumptions on which the assertion is based.

ISA 570 (REVISED) – GOING CONCERN

Requirements

Additional Audit Procedures When Events or Conditions Are Identified

16. If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereinafter referred to as "material uncertainty") through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: Para. A16)

...

- (c) Where the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future actions: (Ref: Para. A18–A19)
 - (i) Evaluating the **relevance and** reliability of the underlying data generated to prepare the forecast; and
 - (ii) Determining whether there is adequate support for the assumptions underlying the forecast.

ISA 580 – WRITTEN REPRESENTATIONS

Requirements

Written Representations as Audit Evidence

3. Audit evidence is ~~the~~ information, to which audit procedures have been applied, that the auditor uses ~~by the auditor~~ in arriving at the conclusions that form the basis for on which the auditor's opinion and report is based.⁴⁹ Written representations are necessary information that the auditor requires in connection with the audit of the entity's financial statements. Accordingly, similar to responses to inquiries, written representations are audit evidence. (Ref: Para. A1)

...

ISA 610 (REVISED 2013) – USING THE WORK OF INTERNAL AUDITORS

Introduction

...

Relationship between ISA 315 (Revised 2019) and ISA 610 (Revised 2013)

...

7. ISA 315 (Revised 2019) addresses how the knowledge and experience of the internal audit function can inform the external auditor's understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, and identification and assessment of risks of material misstatement. ISA 315 (Revised 2019)³ also explains how effective communication between the internal and external auditors also creates an environment in which the external auditor can be informed of significant matters that may affect the external auditor's work.

...

10. There may be individuals in an entity that perform procedures similar to those performed by an internal audit function. However, unless performed by an objective and competent function that applies a systematic and disciplined approach, including quality control, such procedures would be considered internal controls and obtaining audit evidence regarding the effectiveness of such controls would be part of the auditor's responses to assessed risks in accordance with ISA 330.⁵⁰

Requirements

...

Using Internal Auditors to Provide Direct Assistance

33. ...

⁴⁹ ISA 500 (Revised), *Audit Evidence*, paragraph 57(cb)

⁵⁰ ISA 330, *The Auditor's Responses to Assessed Risks*

34. The external auditor shall direct, supervise and review the work performed by internal auditors on the engagement in accordance with ISA 220 (Revised).⁵¹ In so doing:

- (a) The nature, timing and extent of direction, supervision, and review shall recognize that the internal auditors are not independent of the entity and be responsive to the outcome of the evaluation of the factors in paragraph 29 of this ISA; and
- (b) The review procedures shall include the external auditor checking back to the underlying information~~audit evidence~~ for some of the work performed by the internal auditors.

The direction, supervision and review by the external auditor of the work performed by the internal auditors shall be sufficient in order for the external auditor to determine ~~be satisfied~~ that the internal auditors have obtained sufficient appropriate audit evidence to support the conclusions based on that work. (Ref: Para. A40–A41)

ISA 620 – USING THE WORK OF AN AUDITOR’S EXPERT

Introduction

Scope of this ISA

...

2. This ISA does not deal with:

- (a) Situations where the engagement team includes a member, or consults an individual or organization, with expertise in a specialized area of accounting or auditing, which are dealt with in ISA 220 (Revised);⁵² or
- (b) The auditor’s use of the work of an individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements (a management’s expert), which is dealt with in ISA 500 (Revised).⁵³

...

Application and Other Explanatory Material

...

Determining the Need for an Auditor’s Expert (Ref: Para. 7)

...

A8. In other cases, however, the auditor may determine that it is necessary, or may choose, to use an auditor’s expert to assist in obtaining sufficient appropriate audit evidence. Considerations when deciding whether to use an auditor’s expert may include:

⁵¹ ISA 220 (Revised), *Quality Control for an Audit of Financial Statements*

⁵² ISA 220 (Revised), *Quality Control Management for an Audit of Financial Statements*, paragraphs A19A11, A21–A23

⁵³ ISA 500 (Revised), *Audit ~~evidence~~Evidence*, paragraphs A6245–A7459

- Whether management has used a management's expert in preparing the financial statements (see paragraph A9).
- The nature and significance of the matter, including its complexity.
- The risks of material misstatement in the matter.
- The expected nature of procedures to respond to identified risks, including: the auditor's knowledge of and experience with the work of experts in relation to such matters; and the availability of alternative sources of information intended to be used as audit evidence.

A9. When management has used a management's expert in preparing the financial statements, the auditor's decision on whether to use an auditor's expert may also be influenced by such factors as:

- The nature, scope and objectives of the management's expert's work.
- Whether the management's expert is employed by the entity, or is a party engaged by it to provide relevant services.
- The extent to which management can exercise control or influence over the work of the management's expert.
- The management's expert's competence and capabilities.
- Whether the management's expert is subject to technical performance standards or other professional or industry requirements
- Any controls within the entity over the management's expert's work.

ISA 500 (Revised)⁵⁴ includes requirements and guidance regarding the evaluation effect of the competence, capabilities and objectivity of a management's experts on the reliability of audit evidence as part of the auditor's evaluation about whether the information prepared by that expert is relevant and reliable.

...

⁵⁴ ISA 500 (Revised), paragraphs 8A65–A699-10

ISA 701 – COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR’S REPORT

Application and Other Explanatory Material

...

Determining Key Audit Matters (Ref: Para. 9–10)

...

Considerations in Determining Those Matters that Required Significant Auditor Attention (Ref: Para. 9)

A16. The auditor may develop a preliminary view at the planning stage about matters that are likely to be areas of significant auditor attention in the audit and therefore may be key audit matters. The auditor may communicate this with those charged with governance when discussing the planned scope and timing of the audit in accordance with ISA 260 (Revised). However, the auditor’s determination of key audit matters is based on the results of the audit procedures performed and or audit evidence obtained throughout the audit.

ISA 805 (REVISED)

SPECIAL CONSIDERATIONS—AUDITS OF SINGLE FINANCIAL STATEMENTS AND SPECIFIC ELEMENTS, ACCOUNTS OR ITEMS OF A FINANCIAL STATEMENT

...

Application and Other Explanatory Material

...

Considerations When Accepting the Engagement

Application of ISAs (Ref: Para. 7)

...

A6. Compliance with the requirements of ISAs relevant to the audit of a single financial statement or of a specific element of a financial statement may not be practicable when the auditor is not also engaged to audit the entity’s complete set of financial statements. In such cases, the auditor often does not have the same understanding of the entity and its environment, including its internal control, as an auditor who also audits the entity’s complete set of financial statements. The auditor also does not have the audit evidence about the general quality of the accounting records or other accounting information that would be obtained~~acquired~~ in an audit of the entity’s complete set of financial statements. Accordingly, the auditor may need to perform further evidence audit procedures to obtain audit evidence to supplement the information obtained ~~to corroborate audit evidence acquired~~ from the accounting records. In the case of an audit of a specific element of a financial statement, certain ISAs require audit work that may be disproportionate to the element being audited. For example,

although the requirements of ISA 570 (Revised) are likely to be relevant in the circumstances of an audit of a schedule of accounts receivable, complying with those requirements may not be practicable because of the audit effort required. If the auditor concludes that an audit of a single financial statement or of a specific element of a financial statement in accordance with ISAs may not be practicable, the auditor may discuss with management whether another type of engagement might be more practicable.

...