



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. 3(e)
Meeting Date: 13 June 2018
Subject: Audit Evidence
Date Prepared: 6 June 2018

Action Required

For Information Purposes Only

AICPA Project Objective	AUASB SMEs
To assess whether revisions to AICPA AU-C section 500 <i>Audit Evidence</i> (AU- C section500) are needed to address the evolving nature of audit services including the use of emerging technologies, data analytics and external information sources.	Rene
AUASB Key Points	
Overall comments	
<p>The AICPA’s audit evidence taskforce is considering standard-setting matters related to AU-C section 500. The IAASB meeting papers have been prepared by the AICPA task force with a purpose of informing the IAASB. The chair of the AICPA’s audit evidence taskforce is the chair on the IAASB data analytics taskforce (DAWG).</p> <p>The DAWG Feedback Statement on the request for input. <i>Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics</i>, highlighted that a key message from respondents was for the IAASB to consider a project to amend ISA 500. Key issues impacting ISA 500 include: use of technology, audit data analytics, application of professional scepticism, expanding use of external information sources and more broadly the accuracy, completeness and reliability of audit evidence.</p> <p>The IAASB has commenced their project on audit evidence with an ED expected December 2020.</p> <p>Action from AUASB:</p> <p><i>The objective of this summary paper is to inform the AUASB, there are no further actions required from the AUASB at this time.</i></p>	
Key matters for noting by the AUASB as raised by the AICPA taskforce	
<ol style="list-style-type: none">The objective of ISA 500 is currently from the perspective of assessing audit evidence based on the nature of audit procedures performed (risk assessment and further procedures: controls/substantive). The taskforce is considering focussing the objective to also be focussed on whether the audit evidence as a whole is sufficient, appropriate and high quality; and establishing a framework for evaluating such audit evidence based on certain attributes.	

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2. Revisiting definitions.
 - a. accounting records – to modernise to recognise electronic data and emerging technologies
 - b. sufficiency and appropriateness – should criteria be developed as application material to aid in the evaluation of the sufficiency and appropriateness of audit quality (refer key concepts below).
 - c. audit data analytics – not currently defined, should it be, considering rapid pace of change in this space
 - d. management expert – revisit definition
3. Consideration of overarching concepts in audit evidence:
 - a. corroborative vs contradictory evidence
 - b. application of professional scepticism – challenging reliability of data
 - c. challenge of sufficiency and appropriateness of audit evidence – via a framework using qualitative attributes, sources of evidence and evaluating overall quality of audit evidence.
4. Consideration of audit procedures:
 - a. Classification of audit procedures – is the current classification of audit procedures too prescriptive. Would a framework for evaluating audit evidence based on criteria regardless of the procedures be more appropriate? The implications of this impact ISA 315 and ISA 330.
 - b. Modernisation of standard in terms of data retention/reconstruction and terminology updates.

Next steps / milestones for this project

This project is in its early stages, the AUASB technical group will continue to monitor its progression and update the AUASB as appropriate.

Material Presented

Agenda Item 3(e)	AUASB Board Meeting Summary Paper
Agenda Item 3(e)(i)	AICPA Audit Evidence Issues Paper Final
Agenda Item 3(e)(ii)	AICPA Audit Evidence IAASB Presentation