

Agenda Item 6(g).2  
AUASB Meeting 7-8 September 2009  
Marked Up Version

**ASA 505**  
(October 2009)

**Auditing Standard ASA 505**  
***External Confirmations***  
**(Revised and Redrafted)**

Issued by the Auditing and Assurance Standards Board

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This Auditing Standard is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au).

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## PREFACE

### **Reasons for Issuing Auditing Standard ASA 505** ***External Confirmations*** ~~(Revised and Redrafted)~~

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard ASA 505 *External Confirmations* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Australian Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the [International Auditing and Assurance Standards Board \(IAASB\)](#) for the revision and enhancement of the [International Standards on Auditing \(ISAs\)](#) and to make appropriate consequential amendments to the Australian Auditing Standards. Accordingly, the AUASB has decided to revise and redraft the Australian Auditing Standards using the equivalent redrafted ISAs.

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## Main Features

This Auditing Standard establishes ~~mandatory~~ Requirements and provides Application and Other Explanatory Material regarding the ~~independent~~ auditor's use of external confirmation procedures to obtain audit evidence.

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This Auditing Standard:

- (a) Describes the procedures the auditor shall follow to maintain control over external confirmation requests;
- (b) Describes the ~~responsibilities~~ requirements of the auditor when management refuses to allow the auditor to send a confirmation request; and
- (c) Details the ~~requirements~~ relating to the results of external confirmation procedures.

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### **AUASB Information Note**

~~The IAASB has announced completion of the "Clarity" project. While all conforming amendments known at the time of issuing the Exposure Draft are incorporated into the proposed Auditing Standard, readers are advised that the AUASB may decide to make further conforming amendments and other editorial changes.~~

### **AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 505 *External Confirmations* ~~(Revised and Redrafted)~~ pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to Australian Auditing Standards*, which sets out the intentions of the AUASB on how the Australian Auditing Standards operative for financial reporting periods commencing on or after 1 January 2010 are to be understood, interpreted and applied. [This Auditing Standard is to be read also in conjunction with ASA 200 \*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards\*.](#)

AUASB

Dated 27 October 2009

M H Kelsall  
Chairman - AUASB

## AUDITING STANDARD ASA 505

### *External Confirmations* ~~(Revised and Redrafted)~~

#### Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
  - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

#### Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010.

#### Introduction

##### Scope of this [ASA Auditing Standard](#)

1. This Auditing Standard deals with the auditor's use of external confirmation procedures to obtain audit evidence in accordance with the requirements of [ASA 330 ~~\(Revised and Redrafted\)~~](#)<sup>1</sup> and [ASA 500 ~~\(Revised and Redrafted\)~~](#).<sup>2</sup> It does not address enquiries regarding litigation and claims, which are dealt with in [ASA 5082 ~~\(Revised and Redrafted\)~~](#).<sup>3</sup>

<sup>1</sup> See [ASA 330 ~~\(Revised and Redrafted\)~~](#) *The Auditor's Responses to Assessed Risks*.

<sup>2</sup> See [ASA 500 ~~\(Revised and Redrafted\)~~](#) *Audit Evidence*.

<sup>3</sup> See [ASA 5082 ~~\(Revised and Redrafted\)~~](#) *Audit Evidence—Specific Considerations for Litigation and Claims*.

**External Confirmation Procedures to Obtain Audit Evidence**

2. ASA 500 ~~(Revised and Redrafted)~~ indicates that the reliability of audit evidence is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained.<sup>4</sup> That Auditing Standard also includes the following generalisations applicable to audit evidence:<sup>5</sup>

- 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 reliable than evidence generated internally by the entity. This Auditing Standard is intended to assist the auditor in designing and performing external confirmation procedures to obtain relevant and reliable audit evidence.

3. Other ~~Australian~~ Auditing Standards recognise the importance of external confirmations as audit evidence, for example:

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- ASA 330 ~~(Revised and Redrafted)~~ discusses the auditor's responsibility to design and implement overall responses to address the assessed risks of material misstatement at the financial statement level, and to design and perform further audit procedures whose nature, timing and extent are based on, and are responsive to, the assessed risks of material misstatement at the assertion level.<sup>6</sup> In addition, ASA 330 ~~(Revised and Redrafted)~~ requires that, irrespective of the assessed risks of material misstatement, the auditor designs and performs substantive procedures for each material class of transactions, account balance, and disclosure. The auditor is also required to consider whether external

<sup>4</sup> See ASA 500, ~~(Revised and Redrafted)~~ paragraph A5.

<sup>5</sup> See ASA 500, ~~(Revised and Redrafted)~~ paragraph A31.

<sup>6</sup> See ASA 330, ~~(Revised and Redrafted)~~ paragraphs 5-6.

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confirmation procedures are to be performed as substantive audit procedures.<sup>7</sup>

- ASA 330 ~~(Revised and Redrafted)~~ requires that the auditor obtain more persuasive audit evidence the higher the auditor's assessment of risk.<sup>8</sup> To do this, the auditor may increase the quantity of the evidence or obtain evidence that is more relevant or reliable, or both. For example, the auditor may place more emphasis on obtaining evidence directly from third parties or obtaining corroborating evidence from a number of independent sources. ASA 330 ~~(Revised and Redrafted)~~ also indicates that external confirmation procedures may assist the auditor in obtaining audit evidence with the high level of reliability that the auditor requires to respond to significant risks of material misstatement, whether due to fraud or error.<sup>9</sup>
- ASA 240 ~~(Revised and Redrafted)~~ indicates that the auditor may design confirmation requests to obtain additional corroborative information as a response to address the assessed risks of material misstatement due to fraud at the assertion level.<sup>10</sup>
- ASA 500 ~~(Revised and Redrafted)~~ 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.<sup>11</sup>

**Effective Date**

4. [Deleted by the AUASB. Refer Aus 0.3]

**Objective**

5. The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.

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<sup>7</sup> See ASA 330 ~~(Revised and Redrafted)~~ paragraphs 18-19.

<sup>8</sup> See ASA 330 ~~(Revised and Redrafted)~~ paragraph 7(b).

<sup>9</sup> See ASA 330 ~~(Revised and Redrafted)~~ paragraph A53.

<sup>10</sup> See ASA 240 ~~(Revised and Redrafted)~~ *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, paragraph A37.

## **Definitions**

6. For the purposes of the Australian Auditing Standards, the following terms have the meanings attributed below:
- (a) External confirmation means audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.
  - (b) Positive confirmation request means a request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.
  - (c) Negative confirmation request means a request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.
  - (d) Non-response means a failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.
  - (e) Exception means a response that indicates a difference between information requested to be confirmed, or contained in the entity's records, and information provided by the confirming party.

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<sup>11</sup> See ASA 500, ~~(Revised and Redrafted)~~ paragraphs A8-A9.

## **Requirements**

### **External Confirmation Procedures**

7. When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including:
- (a) Determining the information to be confirmed or requested; (Ref: Para. A1)
  - (b) Selecting the appropriate confirming party; (Ref: Para. A2)
  - (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (Ref: Para. A3-A6)
  - (d) Sending the requests, including follow-up requests when applicable, to the confirming party. (Ref: Para. A7)

### **Management's Refusal to Allow the Auditor to Send a Confirmation Request**

8. If management refuses to allow the auditor to send a confirmation request, the auditor shall:
- (a) Enquire as to management's reasons for the refusal, and seek audit evidence as to their validity and reasonableness; (Ref: Para. A8)
  - (b) Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and (Ref: Para. A9)
  - (c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence. (Ref: Para. A10)
9. If the auditor concludes that management's refusal to allow the auditor to send a confirmation request is unreasonable, or the auditor is unable to obtain relevant and reliable audit evidence from alternative audit procedures, the auditor shall communicate with those charged with governance in accordance with ASA 260

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~~(Revised and Redrafted)~~.<sup>12</sup> The auditor also shall determine the implications for the audit and the auditor's opinion in accordance with ASA 705 ~~(Revised and Redrafted)~~.<sup>13</sup>

**Results of the External Confirmation Procedures**

*Reliability of Responses to Confirmation Requests*

10. If the auditor identifies factors that give rise to doubts about the reliability of the response to a confirmation request, the auditor shall obtain further audit evidence to resolve those doubts. (Ref: Para. A11-A16)
11. If the auditor determines that a response to a confirmation request is not reliable, the auditor shall evaluate the implications on the assessment of the relevant risks of material misstatement, including the risk of fraud, and on the related nature, timing and extent of other audit procedures. (Ref: Para. A17)

*Non-Responses*

12. In the case of each non-response, the auditor shall perform alternative audit procedures to obtain relevant and reliable audit evidence. (Ref: Para A18-A19)

*When a Response to a Positive Confirmation Request Is Necessary to Obtain Sufficient Appropriate Audit Evidence*

13. If the auditor has determined that a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence, alternative audit procedures will not provide the audit evidence the auditor requires. If the auditor does not obtain such confirmation, the auditor shall determine the implications for the audit and the auditor's opinion in accordance with ASA 705 ~~(Revised and Redrafted)~~. (Ref: Para A20)

*Exceptions*

14. The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements. (Ref: Para. A21-A22)

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<sup>12</sup> See ASA 260 ~~(Revised and Redrafted)~~ *Communication with Those Charged with Governance*, paragraph 16.

<sup>13</sup> See ASA 705 ~~(Revised and Redrafted)~~ *Modifications to the Opinion in the Independent Auditor's Report*.

**Negative Confirmations**

15. Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present: (Ref: Para. A23)
- (a) The auditor has assessed the risk of material misstatement as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion;
  - (b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions;
  - (c) A very low exception rate is expected; and
  - (d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.

**Evaluating the Evidence Obtained**

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

\* \* \*

## **Application and Other Explanatory Material**

### **External Confirmation Procedures**

#### *Determining the Information to Be Confirmed or Requested* (Ref: Para. 7(a))

- A1. External confirmation procedures frequently are performed to confirm or request information regarding account balances and their elements. They may also be used to confirm terms of agreements, contracts, or transactions between an entity and other parties, or to confirm the absence of certain conditions, such as a “side agreement.”

#### *Selecting the Appropriate Confirming Party* (Ref: Para. 7(b))

- A2. Responses to confirmation requests provide more relevant and reliable audit evidence when confirmation requests are sent to a confirming party the auditor believes is knowledgeable about the information to be confirmed. For example, a financial institution official who is knowledgeable about the transactions or arrangements for which confirmation is requested may be the most appropriate person at the financial institution from whom to request confirmation.

#### *Designing Confirmation Requests* (Ref: Para. 7(c))

- A3. The design of a confirmation request may directly affect the confirmation response rate, and the reliability and the nature of the audit evidence obtained from responses.
- A4. Factors to consider when designing confirmation requests include:
- The assertions being addressed.
  - Specific identified risks of material misstatement, including fraud risks.
  - The layout and presentation of the confirmation request.
  - Prior experience on the audit or similar engagements.
  - The method of communication (for example, in paper form, or by electronic or other medium).

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- Management’s authorisation or encouragement to the confirming parties to respond to the auditor. Confirming parties may only be willing to respond to a confirmation request containing management’s authorisation.
  - The ability of the intended confirming party to confirm or provide the requested information (for example, individual invoice amount versus total balance).
- A5. A positive external confirmation request asks the confirming party to reply to the auditor in all cases, either by indicating the confirming party’s agreement with the given information, or by asking the confirming party to provide information. A response to a positive confirmation request ordinarily is expected to provide reliable audit evidence. There is a risk, however, that a confirming party may reply to the confirmation request without verifying that the information is correct. The auditor may reduce this risk by using positive confirmation requests that do not state the amount (or other information) on the confirmation request, and ask the confirming party to fill in the amount or furnish other information. On the other hand, use of this type of “blank” confirmation request may result in lower response rates because additional effort is required of the confirming parties.
- A6. Determining that requests are properly addressed includes testing the validity of some or all of the addresses on confirmation requests before they are sent out.

*Follow-Up on Confirmation Requests* (Ref: Para. 7(d))

- A7. The auditor may send an additional confirmation request when a reply to a previous request has not been received within a reasonable time. For example, the auditor may, having re-verified the accuracy of the original address, send an additional or follow-up request.

**Management’s Refusal to Allow the Auditor to Send a Confirmation Request**

*Reasonableness of Management’s Refusal* (Ref: Para. 8(a))

- A8. A refusal by management to allow the auditor to send a confirmation request is a limitation on the audit evidence the auditor may wish to obtain. The auditor is therefore required to enquire as to the reasons for the limitation. A common reason advanced is the existence of a legal dispute or ongoing negotiation with the intended confirming

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party, the resolution of which may be affected by an untimely confirmation request. The auditor is required to seek audit evidence as to the validity and reasonableness of the reasons because of the risk that management may be attempting to deny the auditor access to audit evidence that may reveal fraud or error.

*Implications for the Assessment of Risks of Material Misstatement*  
(Ref: Para. 8(b))

- A9. The auditor may conclude from the evaluation in paragraph 8(b) that it would be appropriate to revise the assessment of the risks of material misstatement at the assertion level and modify planned audit procedures in accordance with ASA 315 ~~(Revised and Redrafted)~~.<sup>14</sup> For example, if management's request to not confirm is unreasonable, this may indicate a fraud risk factor that requires evaluation in accordance with ASA 240 ~~(Revised and Redrafted)~~.<sup>15</sup>

*Alternative Audit Procedures* (Ref: Para. 8(c))

- A10. The alternative audit procedures performed may be similar to those appropriate for a non-response as set out in paragraphs A18-A19 of this Auditing Standard. Such procedures also would take account of the results of the auditor's evaluation in paragraph 8(b) of this Auditing Standard.

**Results of the External Confirmation Procedures**

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

- A11. ASA 500 ~~(Revised and Redrafted)~~ indicates that even when audit evidence is obtained from sources external to the entity, circumstances may exist that affect its reliability.<sup>16</sup> 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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<sup>14</sup> See ASA 315 ~~(Revised and Redrafted)~~ *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, paragraph 31.

<sup>15</sup> See ASA 240 ~~(Revised and Redrafted)~~ paragraph 24.

<sup>16</sup> See ASA 500 ~~(Revised and Redrafted)~~ paragraph A31.

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- A12. Responses received electronically, for example by facsimile or electronic mail, involve risks as to reliability because proof of origin and authority of the respondent may be difficult to establish, and alterations may be difficult to detect. A process used by the auditor and the respondent that creates a secure environment for responses received electronically may mitigate these risks. If the auditor is satisfied that such a process is secure and properly controlled, the reliability of the related responses is enhanced. An electronic confirmation process might incorporate various techniques for validating the identity of a sender of information in electronic form, for example, through the use of encryption, electronic digital signatures, and procedures to verify web site authenticity.
- A13. If a confirming party uses a third party to coordinate and provide responses to confirmation requests, the auditor may perform procedures to address the risks that:
- (a) The response may not be from the proper source;
  - (b) A respondent may not be authorised to respond; and
  - (c) The integrity of the transmission may have been compromised.
- A14. The auditor is required by ASA 500 ~~(Revised and Redrafted)~~ to determine whether to modify or add procedures to resolve doubts over the reliability of information to be used as audit evidence.<sup>17</sup> 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.
- A15. On its own, an oral response to a confirmation request does not meet the definition of an external confirmation because it is not a direct written response to the auditor. However, upon obtaining an oral response to a confirmation request, the auditor may, depending on the circumstances, request the confirming party to respond in writing directly to the auditor. If no such response is received, in

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<sup>17</sup> See ASA 500, ~~(Revised and Redrafted)~~ paragraph 11.

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accordance with paragraph 12, the auditor seeks other audit evidence to support the information in the oral response.

- A16. A response to a confirmation request may contain restrictive language regarding its use. Such restrictions do not necessarily invalidate the reliability of the response as audit evidence.

*Unreliable Responses* (Ref: Para. 11)

- A17. When the auditor concludes that a response is unreliable, the auditor may need to revise the assessment of the risks of material misstatement at the assertion level and modify planned audit procedures accordingly, in accordance with ASA 315 ~~(Revised and Redrafted)~~.<sup>18</sup> For example, an unreliable response may indicate a fraud risk factor that requires evaluation in accordance with ASA 240 ~~(Revised and Redrafted)~~.<sup>19</sup>

*Non-Responses* (Ref: Para. 12)

- A18. Examples of alternative audit procedures the auditor may perform include:

- For accounts receivable balances – examining specific subsequent cash receipts, shipping documentation, and sales near the period-end.
- For accounts payable balances – examining subsequent cash disbursements or correspondence from third parties, and other records, such as goods received notes.

- A19. The nature and extent of alternative audit procedures are affected by the account and assertion in question. A non-response to a confirmation request may indicate a previously unidentified risk of material misstatement. In such situations, the auditor may need to revise the assessed risk of material misstatement at the assertion level, and modify planned audit procedures, in accordance with ASA 315 ~~(Revised and Redrafted)~~.<sup>20</sup> For example, fewer responses to confirmation requests than anticipated, or a greater number of responses than anticipated, may indicate a previously unidentified

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<sup>18</sup> See ASA 315 ~~(Revised and Redrafted)~~ paragraph 31.

<sup>19</sup> See ASA 240 ~~(Revised and Redrafted)~~ paragraph 24.

<sup>20</sup> See ASA 315 ~~(Revised and Redrafted)~~ paragraph 31.

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fraud risk factor that requires evaluation in accordance with ASA 240 ~~(Revised and Redrafted)~~.<sup>21</sup>

*When a Response to a Positive Confirmation Request Is Necessary to Obtain Sufficient Appropriate Audit Evidence* (Ref. Para. 13)

- A20. In certain circumstances, the auditor may identify an assessed risk of material misstatement at the assertion level for which a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence. Such circumstances may include where:
- The information available to corroborate management's assertion(s) is only available outside the entity.
  - Specific fraud risk factors, such as the risk of management override of controls, or the risk of collusion which can involve employee(s) and/or management, prevent the auditor from relying on evidence from the entity.

*Exceptions* (Ref. Para. 14)

- A21. Exceptions noted in responses to confirmation requests may indicate misstatements or potential misstatements in the financial statements. When a misstatement is identified, the auditor is required by ASA 240 ~~(Revised and Redrafted)~~ to evaluate whether such misstatement is indicative of fraud.<sup>22</sup> Exceptions may provide a guide to the quality of responses from similar confirming parties or for similar accounts. Exceptions also may indicate a deficiency, or deficiencies, in the entity's internal control over financial reporting.
- A22. Some exceptions do not represent misstatements. For example, the auditor may conclude that differences in responses to confirmation requests are due to timing, measurement, or clerical errors in the external confirmation procedures.

**Negative Confirmations** (Ref. Para. 15)

- A23. The failure to receive a response to a negative confirmation request does not explicitly indicate receipt by the intended confirming party of the confirmation request or verification of the accuracy of the information contained in the request. Accordingly, a failure of a confirming party to respond to a negative confirmation request provides significantly less persuasive audit evidence than does a

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<sup>21</sup> See ASA 240 ~~(Revised and Redrafted)~~ paragraph 24.

<sup>22</sup> See ASA 240 ~~(Revised and Redrafted)~~ paragraph 35.

response to a positive confirmation request. Confirming parties also may be more likely to respond indicating their disagreement with a confirmation request when the information in the request is not in their favour, and less likely to respond otherwise. For example, holders of bank deposit accounts may be more likely to respond if they believe that the balance in their account is understated in the confirmation request, but may be less likely to respond when they believe the balance is overstated. Therefore, sending negative confirmation requests to holders of bank deposit accounts may be a useful procedure in considering whether such balances may be understated, but is unlikely to be effective if the auditor is seeking evidence regarding overstatement.

**Evaluating the Evidence Obtained** (Ref: Para. 16)

- A24. When evaluating the results of individual external confirmation requests, the auditor may categorise 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.
- A25. The auditor's evaluation, when taken into account with other audit procedures the auditor may have performed, may assist the auditor in concluding whether sufficient appropriate audit evidence has been obtained or whether further audit evidence is necessary, as required by ASA 330 ~~(Revised and Redrafted)~~.<sup>23</sup>

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<sup>23</sup> See ASA 330, ~~(Revised and Redrafted)~~ paragraphs 26-27.

### **Conformity with International Standards on Auditing**

This Auditing Standard conforms with International Standard on Auditing ISA 505 *External Confirmations* ~~(Revised and Redrafted)~~, issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

Compliance with this Auditing Standard enables compliance with ISA 505.