Audit Evidence Information Gathering and Targeted Outreach Activities

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IFAC Member Bodies & NSS

IAASB

International Auditing and Assurance Standards Board

Introduction

About the IAASB

The International Auditing and Assurance Standards Board (IAASB) is a global independent standard-setting body that serves the public interest by setting high-quality auditing, assurance, and other related standards which are generally accepted worldwide. The IAASB also facilitates the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

Outreach Activities – Audit Evidence in an Audit of Financial Statements

Obtaining sufficient appropriate audit evidence is one of the foundations of an audit. International Standard on Auditing (ISA) 500, *Audit Evidence,* deals with the auditor's responsibilities to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion. There are also other ISAs that involve audit evidence. While ISA 500 has been in use for more than 10 years the world has evolved with rapid changes in technology and the types of information sources used by auditors.

Recognizing these changes, the IAASB formed the *Audit Evidence Working Group* (AEWG), with the purpose of identifying and exploring issues related to audit evidence throughout the ISAs. The AEWG has developed an initial listing of possible issues related to audit evidence, using information obtained from various sources, such as outreach activities and previous IAASB consultations. However, in order to progress these issues and develop recommended actions, the IAASB needs further input from various stakeholder groups, focused on gaining a better understanding of the issues and how they may be best addressed.

The IAASB is gathering this input through a variety of outreach activities. The purpose of this document is to provide background information to stakeholders participating in the outreach activities.

Why is the IAASB initiating this targeted outreach?

1. Auditors play a key role in contributing to the credibility of the financial statements on which they are reporting and are therefore crucial to supporting financial stability. However, high levels of reported poor results of external inspections and recent high-profile corporate failures in some jurisdictions have resulted in decreasing confidence and declining trust in audits. The reasons for inspection results vary, while corporate failures arise from a variety of sources.

2. As the global auditing standard setter, the IAASB has a public interest responsibility to develop standards and guidance for auditors to facilitate high-quality audits being achieved and maintained – which in turn builds public trust and confidence in financial statements and financial reporting more broadly. The IAASB recognizes the need for the International Standards on Auditing to remain relevant in the face of continually changing circumstances in diverse jurisdictions.

What does the IAASB's outreach address?

3. The IAASB is focused on the topic of audit evidence as contemplated by ISA 500, and its possible impact **throughout the ISAs**, as appropriate. ISA 500 explains what constitutes audit evidence in an audit of financial statements and sets out requirements pertaining to:

   - Sufficient appropriate audit evidence;
   - Information to be used as audit evidence;
   - Selecting items for testing to obtain audit evidence; and
   - Inconsistency in, or doubts over reliability of, audit evidence.

4. ISA 500 was issued in December 2008 as part of the IAASB's improvements to clarify the ISAs. In 2018, as part of the ISA 540 (Revised)[1] project, conforming and consequential amendments were made to ISA 500 to include material addressing external information sources. The IAASB's Handbook includes the latest version of ISA 500 that reflects these amendments.

5. While ISA 230[2] requires the documentation of audit evidence obtained, the IAASB is not exploring documentation-specific matters related to ISA 230 or any other ISAs in the context of this targeted outreach.

What does the IAASB want to learn from the outreach activities?

6. The objective of the IAASB's outreach activities is to:

   - Further explore the issues already identified by the IAASB. In particular, the IAASB would like to understand which of the issues are creating the most difficulties in practice (and the reasons for this).
   - Identify whether there are any other issues creating difficulties in practice that have not been identified by the IAASB.

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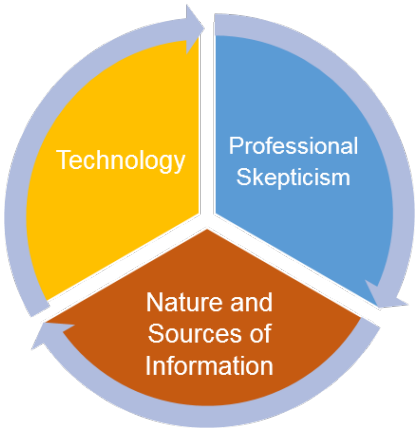
[1] ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

[2] ISA 230, *Audit Documentation*

- Explore how individual issues may be best addressed in the context of the IAASB's remit[3] (i.e., whether the IAASB can take further action, such as standard-setting or some other action, such as guidance).

What are the Issues that have been Identified by the IAASB?



7. There are three main factors that have been identified by the IAASB that are stimulating the need to consider whether enhancements to ISA 500 and possible related standards are necessary:

   (a) Professional skepticism;

   (b) Changes in the information that is being used in the audit, including the source of the information and how the information is processed, communicated and used; and

   (c) Continual developments in technology.

Professional Skepticism

8. The IAASB's standards explicitly recognize the fundamental importance of professional skepticism.[4] Professional skepticism includes being alert to, for example, audit evidence that contradicts other audit evidence obtained, or information that brings into question the reliability of documents or responses to inquiries to be used as audit evidence.

9. Some audit failures have highlighted concerns about the extent of professional skepticism exercised by auditors when making professional judgments. As a result, in 2015 the IAASB issued the Invitation to Comment, Enhancing Audit Quality in the Public Interest (ITC), to solicit input, among other matters, on how to reinforce the fundamental concept of professional skepticism throughout the audit.

10. Feedback to the ITC pertaining to professional skepticism included the following themes:

    - Professional skepticism is about the appropriate attitude of the auditor; concerns over a lack of professional skepticism in audits cannot be fixed in isolation by changing the definition of professional skepticism or making changes to the IAASB's International Standards.
    - A sufficient knowledge of the entity's business enables an auditor to ask probing questions, more effectively question management, and identify when evidence is contradictory.
    - Professional skepticism is about *behavior.* This gives rise to questions about how auditors can be encouraged to engage in behaviors that support the exercise of professional skepticism through the IAASB's International Standards. For example, could changes to certain auditing standards more effectively direct auditors to what is expected (e.g., the approach taken in ISA

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[3] Refer to IAASB website: About IAASB

[4] ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, defines professional skepticism as an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

240).[5] How does the culture of the firm influence and encourage the appropriate exercise of professional skepticism?

- Additional guidance on exercising professional skepticism in particular circumstances (e.g., when auditing highly judgmental areas) would be helpful to enhance practice.

11. Professional skepticism is a key focus area for the IAASB across all of its current projects and the IAASB's approach is to embed the expectations that underlie the exercise of professional skepticism into the requirements of the auditing standards. In the context of audit evidence, professional skepticism is exercised in:

    (a) Designing and performing audit procedures to obtain sufficient appropriate audit evidence;

    (b) Considering the relevance and reliability of information to be used as audit evidence;

    (c) Dealing with inconsistency in, or doubts about, the reliability of audit evidence; and

    (d) Concluding on whether sufficient appropriate audit evidence has been obtained to support the audit opinion.

The IAASB's Professional Skepticism Activities to Date Include:

- Feedback from the consultation on the IAASB's *Strategy for 2015-2019* and *Work Plan for 2015-2016*
- Observations of the IAASB-IAESB-IESBA Professional Skepticism Working Group (Aug 2017)
- FAQ – Professional Skepticism in an Audit of Financial Statements (Feb 2012)
- IAASB Communiqué: Professional Skepticism Lies at the Heart of a Quality Audit (Oct 2018)
- IAASB Communiqué: Focus on Professional Skepticism (Feb 2019)

IAASB's Professional Skepticism Project Page

12. Accordingly, in the spirit of the IAASB's efforts to enhance the exercise of professional skepticism throughout its standards, consideration is needed about how to reinforce professional skepticism in ISA 500 (and related ISAs, as applicable). For example, this may include how ISA 500 could address auditors bias towards obtaining audit evidence that may be corroborative and not biased towards excluding audit evidence that may be contradictory.

Nature and Sources of Information

13. The world of information is transforming at a rapid pace, largely as a result of the evolution of technology. Changes brought about by factors such as big data and social media have affected the sources and volume of information available to entities and auditors. This has impacted the manner in which entities obtain, process, manage, use and communicate information, and has also influenced how, and from where, auditors obtain audit evidence.

14. As a result, the IAASB has identified that consideration may be needed about whether ISA 500, and the extent to which it relates to other ISAs, remains fit for purpose. For example:

    (a) How the auditor considers the relevance and reliability of information may be affected by the source of the information and the underlying manner in which the information has been prepared (e.g., the use of artificial intelligence software to generate the information or use of blockchain technology).

[5] ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

(b) The increasing variety of sources of information raises questions about whether all information, irrespective of its source, should be considered for reliability, in the same manner as information produced by the entity.

(c) The availability of more information, and the ability of the auditor to use innovative audit techniques to process such information allow the auditor to process and consider increasing volumes of information and data and thus raises questions about how the auditor determines the sufficiency of audit evidence. Currently, under ISA 500, the sufficiency of audit evidence is viewed through the lens of the quantity of audit evidence.

Technology

15. Over the last decade since ISA 500 was revised, there have been significant changes in the environment in which audits are performed. Developments in technology have affected:

(a) How entities operate and process information, including the use of artificial intelligence, robotics, blockchain, cloud computing, social networks and new digital currencies and payment platforms.

(b) How audits are performed, for example, use of automated tools and techniques, such as data analytics, robotics, machine learning and artificial intelligence.

16. In 2016, the IAASB released the Request for Input, *Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics*. The paper explored various issues and challenges associated with the use of data analytics in the performance of audits.

The Request for Input, *Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics*

Some of the limitations and challenges explored in the Request for Input relevant to audit evidence included:

(a) The need to have a clear understanding of the data, in particular its relevance to the audit.

(b) The extent of work effort in considering the relevance and reliability of external data, including whether external data is complete and accurate.

(c) The procedures the auditor is expected to perform over information produced by the entity.

(d) The extent of testing needed of general IT controls and application controls, and the impact of deficiencies in general IT controls and application controls.

(e) The implications of analyzing a larger portion of a population.

(f) How the use of data analytics contributes to obtaining sufficient appropriate audit evidence.

17. In January 2018, the IAASB released a *Feedback Statement, Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics*, which noted respondents' overall views that the ISAs are not broken and should remain principles based, but need to reflect the digital era in application guidance. Specific views provided by respondents relating to audit evidence included:

(a) The need to exercise professional skepticism when using data analytics.

(b) Clarity about how data analytics contributes to the audit evidence model.

(c) The importance of the source and quality of the data used and challenges in considering the relevance and reliability of both internal and external data.

18. Recognizing the significant impact of technology on both the auditor (performing audit procedures) and those charged with governance (how entities operate and process information), the IAASB recognizes the need to consider the impact of technology in applying ISA 500 and other ISAs, and whether the standards will continue to be appropriate in years to come as technology continues to evolve.

Possible Issues Identified by the IAASB

19. **Appendix 1** contains a listing of possible issues identified by the IAASB related to audit evidence arising from the three main factors outlined above**.** Specific questions for stakeholders are included in paragraph 25.

The IAASB's Strategy and Work Plan and Matters Related to Audit Evidence

20. The IAASB released its Proposed Strategy for 2020–2023 and Work Plan for 2020–2021 (Strategy and Work Plan) in February 2019 for public comment. The Proposed Strategy and Work Plan highlighted audit evidence as one of two new initiatives that will progress in earnest in 2020 and beyond.

21. In general, respondents indicated that the IAASB's Proposed Strategy and Work Plan insufficiently addresses technology, considering the pervasive impact of technology on the future of auditing. As a result, respondents urged the IAASB to place more emphasis on the impact of changing technologies on audits, including giving further consideration to:

    (a) Exploring the development of guidance on how new technologies and related advancements should be audited(e.g. crypto assets).

    (b) Evaluating what changes may be necessary to the suite of audit evidence related standards (e.g. ISA 500, 505,[6] 520[7] and 530[8]).

Feedback to IAASB Strategy and Workplan

We encourage the IAASB to focus on a holistic project on audit evidence, and to evaluate the need for enhancements of the standards for areas related to the determination of the level and quality of evidence required, including any related consideration of materiality, audit sampling, and analytical procedures. We also believe the audit evidence standard is an area where the application of professional skepticism could be further enhanced.

(IFIAR – Monitoring Group Member)

22. Recognizing the need to be responsive to its stakeholders, the IAASB has established the Technology Working Group (Project Page) as well as the Audit Evidence Working Group (Project Page). Although there are areas of overlap, technology is only one of the factors that underpin or drive issues related to audit evidence, and therefore each working group has its own workstream plan. It is important to note that the scope of the outreach activities on audit evidence are intended to obtain input over and beyond technology, as also highlighted in paragraph 6.[9]

Activities of Other National Standard Setters

23. In 2018 the AICPA Auditing Standards Board (ASB) initiated a project to revise AU-C section 500, *Audit Evidence.*[10] The ASB issued their Exposure Draft on June 20, 2019 and the comment period closed on

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6 ISA 505, *External Confirmations*

7 ISA 520, *Analytical Procedures*

8 ISA 530, *Audit Sampling*

9 The short-term focus of the Technology Working Group is to address technology issues where there is an opportunity to address the issue through guidance. These issues are excluded from **Appendix 1**.

10 AU-C section 500 is largely aligned to ISA 500.

September 18, 2019. Preliminary analyses of comment letters received (41) indicate broad general support for the proposed revisions to modernize AU-C section 500.

24. The IAASB continues to receive updates on the progress of the ASB's project as well as those of other National Standard Setters, and such work has provided useful information to the IAASB's considerations of issues related to audit evidence.

Questions for Stakeholders

25. **Appendix 1** contains a listing of possible issues identified by the IAASB related to audit evidence across the ISAs. The IAASB is seeking input on the following:

    (a) Which of the issues in **Appendix 1** are creating the most difficulties in practice, and why is this the case?

    (b) What other issues are there related to audit evidence that have not been identified in Appendix 1?

    (c) How are firms, regulators, national standard setters and member bodies currently addressing these issues?

    (d) What actions do you believe should the IAASB take, and how urgent are these?

Appendix 1

Issues Related to Audit Evidence Identified by the IAASB

This Appendix presents a summary of key issues related to audit evidence and is categorized by the following drivers:

- Professional skepticism
- Nature and Sources of information
- Technology

Some issues may overlap with more than one driver, in which case the issue has been categorized by the driver that may have the greatest effect on audit evidence. However, the alternative driver(s) has been identified with an asterisk (*), as applicable.

Note: The IAASB recently approved ISA 315 (Revised)[11] in September 2019, and an exposure draft of ISA 220 (Revised)[12] was issued in February 2019. Furthermore, the IAASB currently has a project to revise ISA 600. All of these projects have considered, or are considering, the impact of technology and accordingly references to these extant standards are not included in the itemization below.

#	Description of Issue
Professional Skepticism	
ISA 500, *Audit Evidence*	
1.	*Sufficient appropriate audit evidence* Auditors are required to exercise professional judgment in concluding whether sufficient appropriate audit evidence has been obtained, and, if not, when to seek further evidence from additional sources. Given concerns about auditors appropriately exercising **professional skepticism**, questions have arisen about whether ISA 500 could more robustly address the need for professional skepticism when making such judgments.
2.	*Information to be used as audit evidence* Auditors are required to exercise professional judgment in considering the reliability of information to be used as audit evidence. Given concerns about

[11] Approved ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*

[12] Exposure Draft – Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

#	Description of Issue
	auditors appropriately exercising **professional skepticism**, questions have arisen about whether ISA 500 could more robustly address the need for professional skepticism when making such judgments.
3.	*Inconsistency in audit evidence* Certain audit failures highlight concerns about the appropriateness of **professional skepticism** exercised by auditors. This includes concerns about the lack of the appropriate exercise of professional skepticism by the auditor resulting from a lack of objectivity and therefore bias towards seeking evidence to support management's assertions (consistent or corroborating evidence) rather than evidence that is inconsistent with management's assertions.
Nature and Sources of Information	
ISA 500, *Audit Evidence*	
4.	Questions have arisen about the purpose of ISA 500 in the context of the other ISAs, in particular whether ISA 500 is intended to be a performance standard.[13]
5.	*Sufficient appropriate audit evidence* The evolution in the number and nature of sources of **information** and use of **technology*** to perform audit procedures have raised questions about the factors that are considered by the auditor in concluding whether sufficient appropriate audit evidence has been obtained. It brings into question: (a) Whether the definitions of appropriateness of audit evidence and sufficiency of audit evidence[14] are appropriate. (b) What factors are considered by the auditor in concluding whether sufficient appropriate audit evidence has been obtained.

[13] For example, the objective of ISA 500 indicates that "the objective of the auditor is to design and perform audit procedures", and paragraph 6 requires the auditor to "design and perform audit procedures."

[14] Paragraph 5(e) of ISA 500 describes the sufficiency of audit evidence as the measure of the quantity of audit evidence.

#	Description of Issue
6.	*Information to be used as audit evidence* (a) The evolution in the nature and number of sources of **information** has brought into question: • The appropriateness of certain statements in the standards about **information** obtained internally and externally. [15] In some instances, there may be overreliance on certain information sources without appropriate **professional skepticism*** being exercised. • The differentiation in work effort regarding the reliability of information between information produced by the entity and other information sources.[16] (b) Questions have arisen regarding whether all **information** to be used as audit evidence should be subject to the same rigor when considering the relevance and reliability of such information. For example, should information to be used in risk assessment procedures be subject to the same level of consideration as information to be used in a substantive analytical procedure? (c) The evolution in technology and the nature and number of sources of **information** has created challenges in considering the reliability of internal and external information. For example: • Considering the reliability of information from an external source is challenging in certain circumstances given access issues. In this case, considering the credibility of the source may be the only option available to the auditor. • There may be confusion as to when the information source is a service organization, and therefore when ISA 402[17] applies. For example, in the case of information generated through a blockchain, questions have arisen about whether the blockchain could be considered a third-party service organization and whether it forms part of the entity's information system relevant to financial reporting. • Auditors lack appropriate expertise in the algorithms underlying new technology that is used to generate information.

[15] For example, paragraph A31 of ISA 500 includes statements that may no longer be appropriate in today's environment, such as: '*The reliability of audit evidence is increased when it is obtained from independent sources outside the entity*'

[16] Paragraph 7 of ISA 500 indicates that when designing and performing audit procedures, the auditor shall **consider the relevance and reliability** of the information to be used as audit evidence. However, paragraph 9 imposes additional responsibilities when using information produced by the entity; it requires the auditor **to evaluate whether the information is sufficiently reliable** for the auditor's purposes. It is also notable that paragraph 5(b) of ISA 520 requires the auditor to **evaluate the reliability of data** from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation.

[17] ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

#	Description of Issue
	(d) The evolution in the nature and number of sources of **information** has brought into question the auditor's responsibilities in circumstances when there is information that contradicts management's assertions but the reliability of that information may not be determinable, for example, because of its source (e.g., social media). (e) The factors considered in the evaluation of the reliability of **information** are different in ISA 500 compared to ISA 520, which creates confusion about the attributes of information that affect the reliability of information.[18] (f) The standards use the terms **"information" and "data",** and this raises questions about whether they are different and should be subject to different considerations.
7.	*Use of management's expert* The evolution in the nature and number of sources of **information** and introduction of new application material dealing with external information sources has raised questions about the distinction between a management's expert and an external information source.
Other ISAs	
8.	*ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing* Evolution in **technology*** and the nature and number of sources of **information** raises questions about whether ISA 200 should be updated to reflect new technology and information sources. For example, the application material related to control risk, inherent risk and detection risk could discuss factors arising from technology that affect these risks.
9.	*ISA 210, Agreeing the Terms of Audit Engagements* Evolution in **technology*** and the nature and number of sources of **information** raises questions about whether ISA 210 should be updated to reflect new technology and information sources. For example, the application material discussing the content of the engagement letter could include technology-related issues, such as the availability of algorithms and audit trails, access to key sources of internal and external data, security over data and arrangements with service providers (e.g., data warehouses).

[18] Paragraph 9 of ISA 500 requires the auditor to evaluate whether the information is sufficiently reliable for the auditor's purposes, including, as necessary in the circumstances (a) obtaining audit evidence about the accuracy and completeness of the information; and (b) evaluating whether the information is sufficiently precise and detailed for the auditor's purposes. Paragraph 5(b) of ISA 520 describes the evaluation of the reliability of data as taking account of source, comparability, and nature and relevance of information available, and controls over preparation.

#	Description of Issue
10.	*ISA 560, Subsequent Events* Evolution in the nature and number of **sources of information** raises questions about whether ISA 560 should be updated to reflect new technology and information sources, for example, new types of information sources may provide information about subsequent events (e.g., social media).
11.	*ISA 570 (Revised), Going Concern* Evolution in the nature and number **of sources of information** raises questions about whether ISA 570 (Revised) should be updated to reflect new technology and information sources, for example, new types of information sources may provide an indication of whether events or conditions exist that could cast doubt on the entity's ability to continue as a going concern.
Technology	
ISA 500, Audit Evidence	
12.	*Audit procedures* (a) Evolution in **technology** and the nature and number of sources of **information*** has resulted in descriptions in ISA 500 becoming outdated,[19] and raised questions as to whether ISA 500 should be updated to reflect new technology and information sources. (b) New **technologies** have given rise to confusion about whether certain technological tools (e.g. pictures from a drone) are audit procedures in their own right, or whether they provide information that the auditor performs audit procedures on. For example, there may be a lack of clarity on the differences between • "Information" (to be used as audit evidence), • "Evidence" in general as used in IAASB standards other than the ISAs, • "Audit evidence;" and • "Audit procedures".

[19] For example, paragraph 5(a) of ISA 500 describes accounting records as the records of initial accounting entries and supporting records, such as 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 journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.

#	Description of Issue
	(c) New **technologies** have raised questions about where audit procedures performed using new technologies fit within: • The categories of audit procedures (i.e., inspection, observation, inquiry etc.); and • The nature of audit procedures (i.e., risk assessment, tests of controls, tests of details). (d) The use of new **technology** to perform audit procedures has raised questions about whether an audit procedure can be both a risk assessment procedure and a substantive procedure at the same time, i.e., a procedure that serves a dual purpose. This is particularly the case for certain data analytic tools. (e) The use of new **technology** to perform audit procedures has raised questions about whether the auditor exercises appropriate **professional skepticism*** when evaluating whether the audit procedure is designed in a manner that provides the audit evidence needed about the relevant assertion being tested. For example, there may be overreliance on an audit procedure because of the use of technology in performing the procedure (i.e., a lack of due care or objectivity that impairs the exercise of professional skepticism).
13.	*Selecting items for testing* The use of new **technologies** brings into question whether the requirements and application material dealing with the selection of items for testing are relevant and appropriate for certain types of audit procedures.
Other ISAs	
14.	*ISA 330, The Auditor's Responses to Assessed Risks* (a) Evolution in **technology** has increased the risk of auditors over-relying on controls over the preparation of information and heightened the need for the standard to emphasize considerations about the relevance and reliability of information used in performing audit procedures. (b) Evolution in **technology** has increased the risk of auditors over-relying on technology used to perform audit procedures, and heightened the need for the standard to emphasize that the auditor should consider whether the audit procedures are responsive to the risks of material misstatement and the assertions being tested. (c) The use of **technology** that enables the analysis of larger populations has raised questions about whether the auditor is required to follow up all exceptions identified, or whether the auditor is able to perform further testing only on a selection of exceptions, provided that the risk of material misstatement in the remaining population is at an acceptably low level. (d) Evolution in **technology** raises questions about whether ISA 330 should be updated to reflect new technology. For example: • Paragraphs A4–A8 could be enhanced to describe how technology may affect the nature, timing and extent of further audit procedures.

#	Description of Issue
	• Paragraph A24 could be updated to include more modern examples of when substantive procedures alone may not provide sufficient appropriate audit evidence. • The requirement in paragraph 10 regarding the nature and extent of tests of controls to obtain evidence about the operating effectiveness of controls may need updating for an automated environment, and may need to include factors such as the underlying data used to support the functioning of the control and the algorithms used in the technology. • Paragraph A29 dealing with the consistency of IT processing may be outdated. • The requirements and application material dealing with audit evidence obtained in previous audits may need reconsideration, in particular the requirement in paragraph 13 that describes the factors to be considered in determining whether it is appropriate to use previous evidence. (e) Evolution in **technology** and the nature and number of **sources of information*** has given rise to questions about the testing of information used by the auditor in performing audit procedures to respond to the risk of material misstatement
15.	*ISA 501, Audit Evidence—Specific Considerations for Selected Items* Evolution in **technology** and the nature and number of **sources of information*** raises questions about whether ISA 501 should be updated to reflect new technology and information sources, for example: (a) Paragraph 4 requires attendance at physical inventory counting, which may, in some circumstances, be undertaken remotely using new technology, such as drones. The application material also appears outdated in this regard. (b) New types of information sources may provide information about litigation and claims, and the procedures described in paragraph 9 may inadvertently limit the extent to which auditors seek information from other sources.