




Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

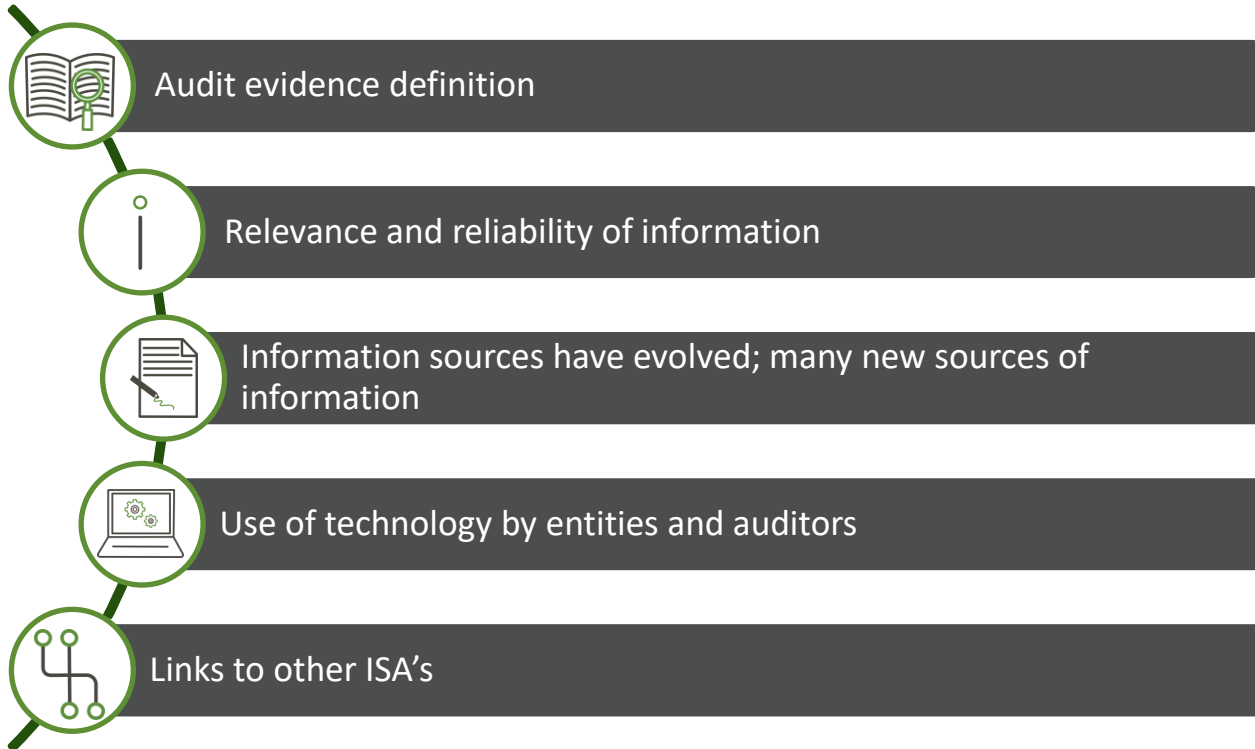
Audit Evidence Exposure Draft **Virtual Feedback Forum**

1 March 2023

Agenda

- 
- Why change is needed
 - Overview of proposed requirements
 - Questions from IAASB
 - Consultation timeline
 - How to make a submission

Why change is needed



Overview of proposed requirements

Design and perform audit procedures to obtain sufficient and appropriate evidence:

- In an unbiased manner, that
- Provide audit evidence to meet the intended purpose of those procedures.

Evaluate the relevance and reliability of information intended to be used as audit evidence:

- The source of the information
- Attributes of relevance and reliability that are applicable

Stand-back: Evaluate the audit evidence obtained
Consider **all** evidence obtained and conclude

Doubts about the
relevance and
reliability?

No

Yes

Inconsistent evidence
obtained?

Yes

Determine what modifications in audit
procedures are necessary; and
effect, if any, on other aspects of audit



Specific questions



Revised definition of audit evidence



Per Current ISA (NZ) 500:

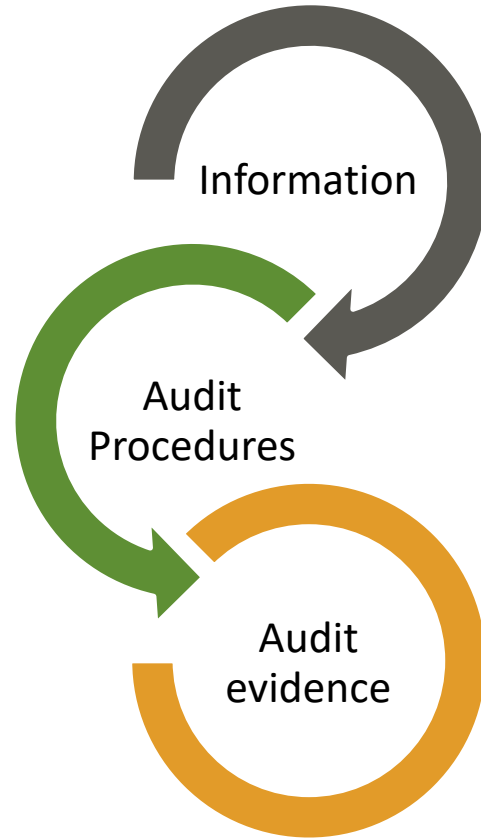
Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based.



Per ED-500:

Information, to which audit procedures have been applied, that the auditor uses to draw conclusions that form the basis for the auditor's opinion and report.

Input – output model of audit evidence



Interrelationship of the Sufficiency, Appropriateness & Persuasiveness of Audit Evidence



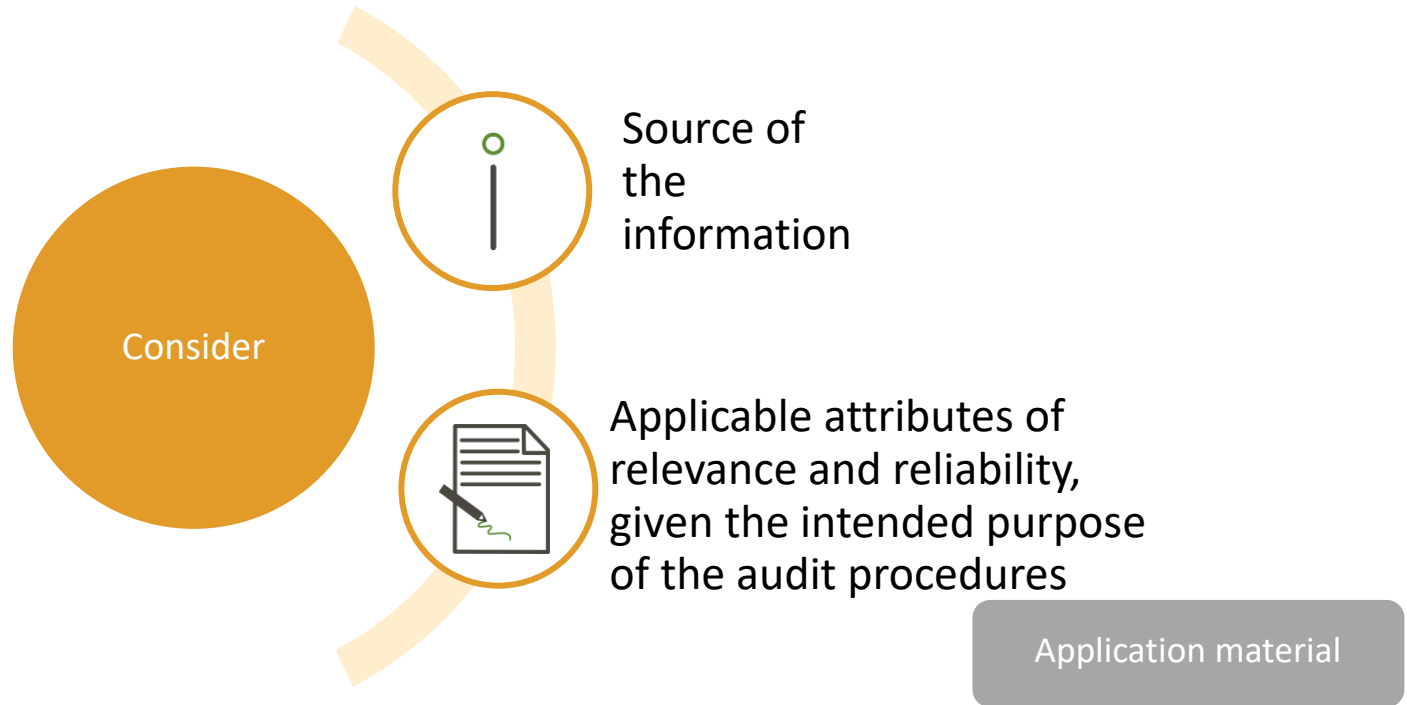
Audit Evidence

Sufficiency = the measure of the **quantity** of audit evidence in providing support for conclusions

Appropriateness = measure of **quality** of audit evidence in providing support for conclusions

Persuasiveness

Evaluate relevance and reliability of information



Current standard

When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes, including as necessary in the circumstances:



Obtaining audit evidence about the accuracy and completeness of the information



Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.

Proposed

If the auditor considers that the accuracy and completeness attributes are applicable in accordance with paragraph 9(b), the auditor shall obtain audit evidence about:



Accuracy

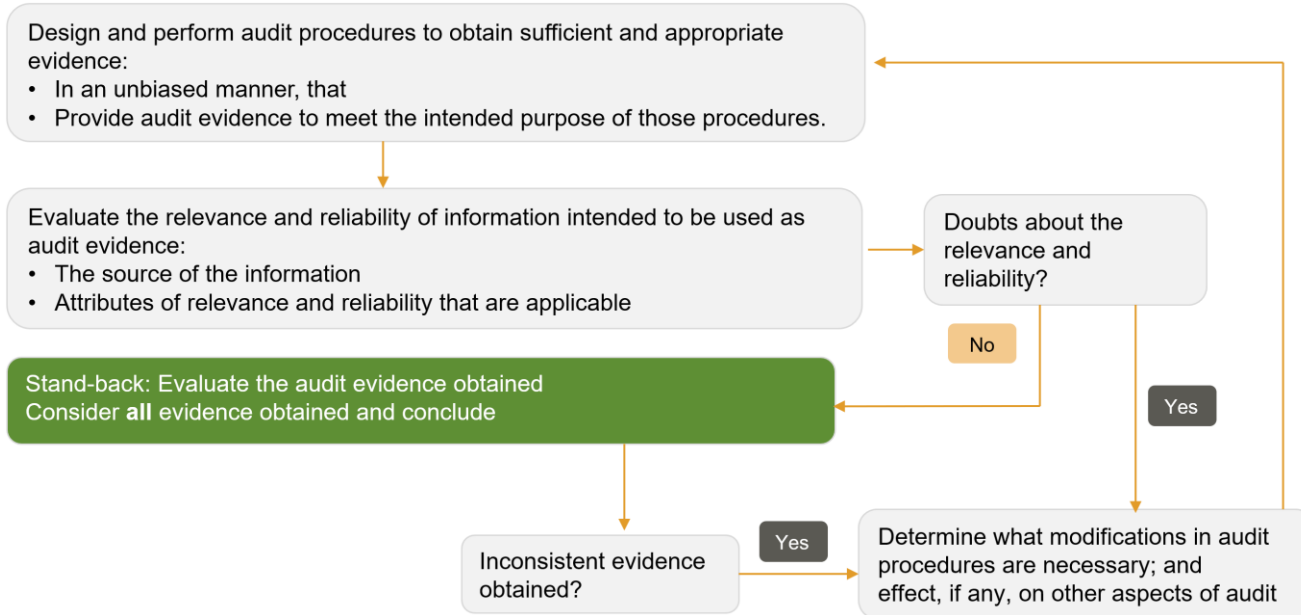


Completeness

of the information.

Stand-back

Paragraph 13 of ED-500 introduces a “stand back” requirement

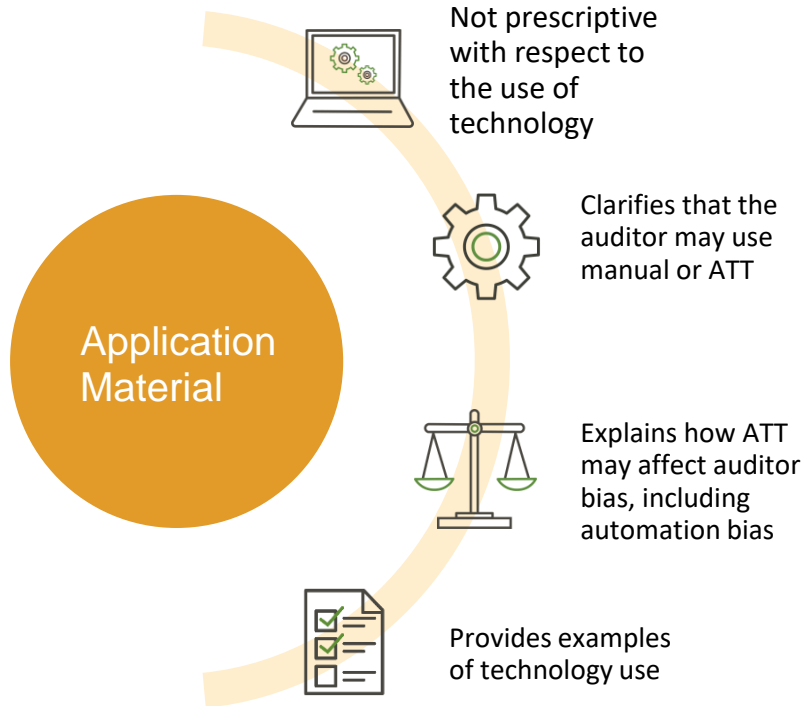


The IAASB noted that this evaluation is intended to be performed at the same level as paragraph 26 of ISA 330

Overall questions



Use of technology

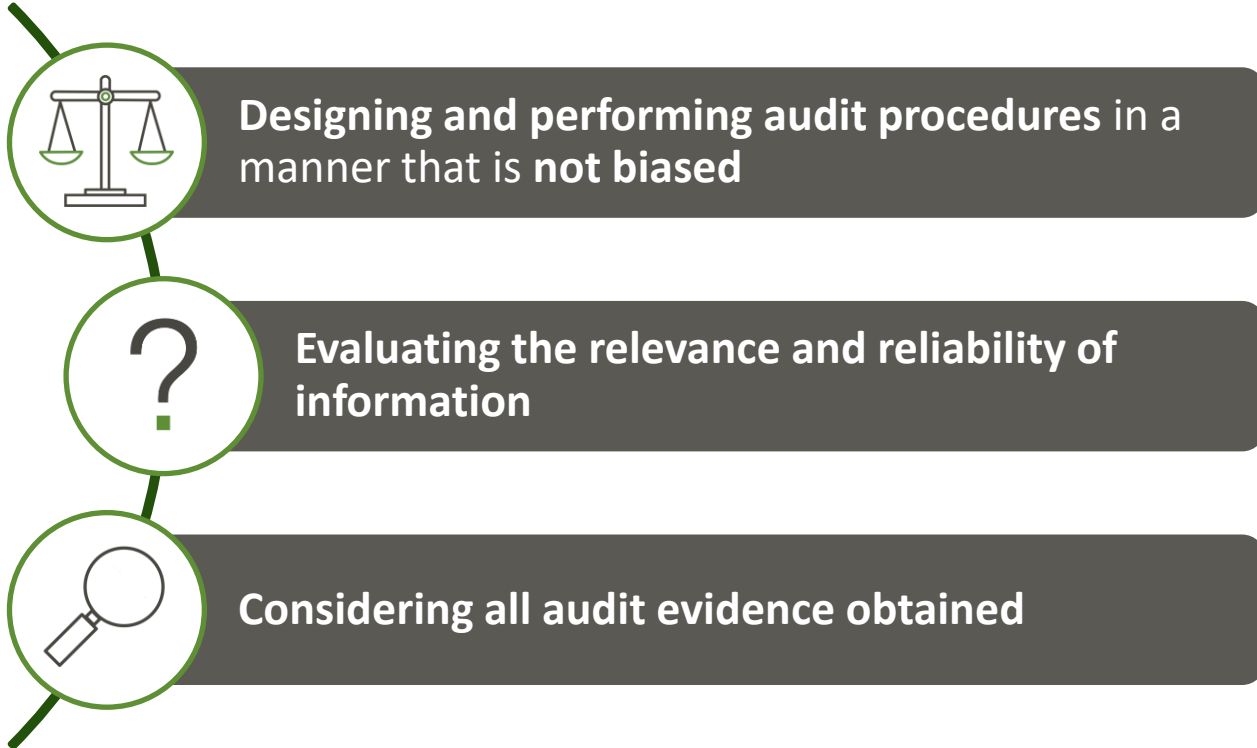


Modernizing ISA 500 to be adaptable to the current business and audit environment, and to better reflect the digital era, has been a key driver of this project for the IAASB.



ATT: Automated tools and techniques

Professional scepticism

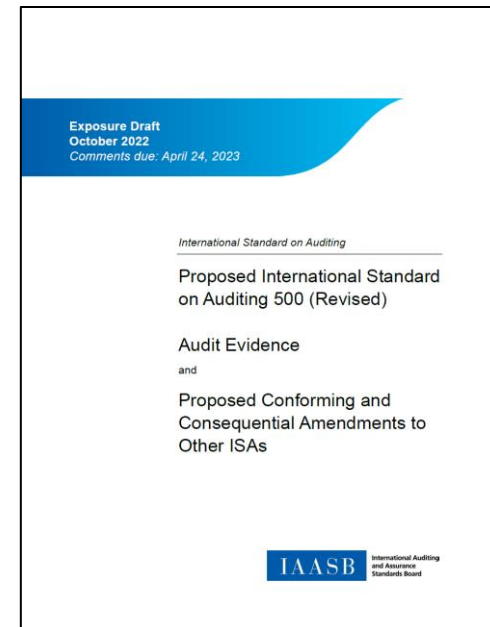


Consultation timeline

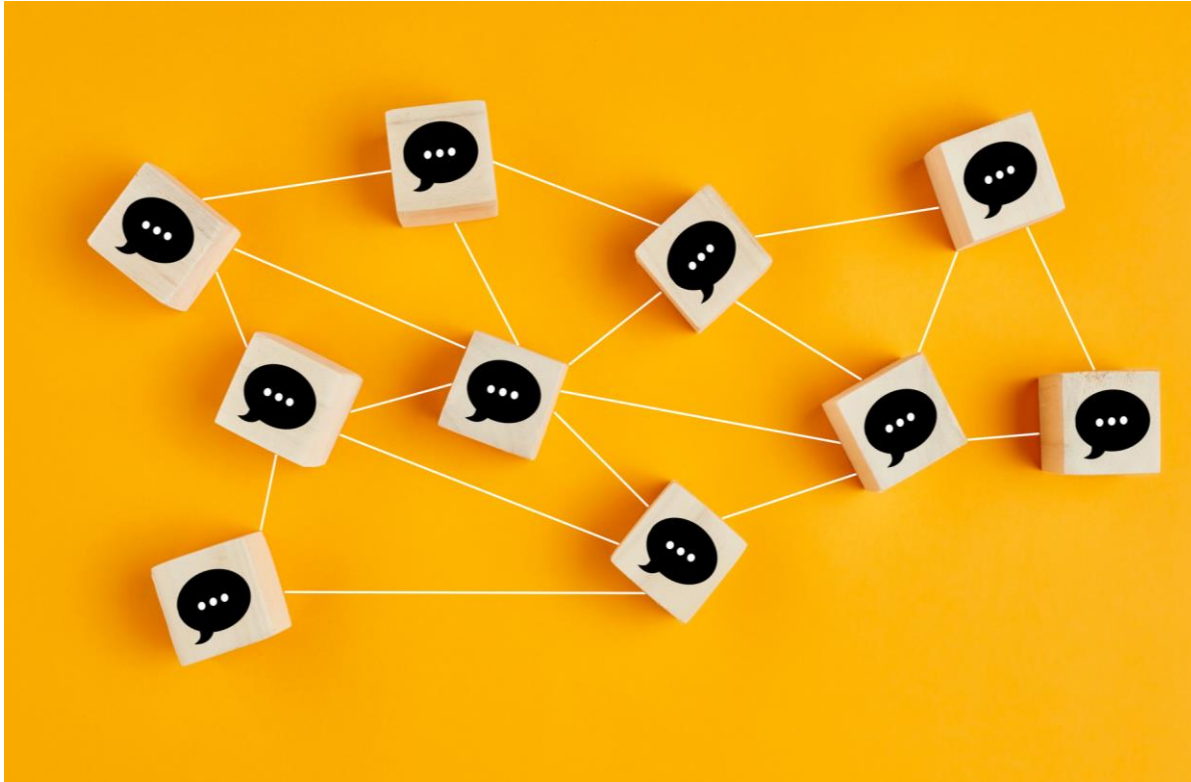


<https://www.xrb.govt.nz/consultations/assurance-standards-in-development/open-for-comment/audit-evidence/>

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