

Mr. Nishan Fernando

Chairman

Asian-Oceanian Standard-Setters Group (AOSSG)

24 April 2023



Dear Mr. Fernando,

Comments on IAASB Exposure Draft-Proposed International Standard on Auditing 500 (Revised) – Audit Evidence and Proposed Conforming and Consequential Amendments to ISAs

Institute of Chartered Accountants of the Maldives is pleased to provide comments on the IAASB Exposure Draft- Proposed International Standard on Auditing 500 (Revised) – Audit Evidence and Proposed Conforming and Consequential Amendments to ISAs. The views of the CA members in relation to the specific questions in the Exposure Draft are provided in the **Appendix**.

We will be happy to discuss or provide further clarification on the matters set out in this letter.

Yours sincerely,



Hussain Niyazy
President of the Institute

APPENDIX

OVERALL QUESTIONS		
1	<p>1. Is the purpose and scope of ED-500 clear? In this regard:</p> <p>(a) Does ED-500 provide an appropriate principles-based reference framework for auditors when making judgments about audit evidence throughout the audit?</p> <p>(b) Are the relationships to, or linkages with, other ISAs clear and appropriate?</p>	<p>(a) Yes, it does provide an appropriate principles-based reference framework for auditors.</p> <p>(b) Yes, it is clear.</p>
2	<p>What are your views about whether the proposed revisions in ED-500, when considered collectively as explained in paragraph 10 above, will lead to enhanced auditor judgments when obtaining and evaluating audit evidence?</p>	<p>The principle-based guidance provided by ED500 on evaluation of the sufficiency and appropriateness of audit evidence by applying professional skepticism by auditors acts as a general framework for auditors while applying their judgement. Other amendments emphasizing on relevance and reliability of audit evidence also will lead to enhanced auditor judgments when obtaining and evaluating audit evidence.</p>
3	<p>What are your views about whether ED-500 has an appropriate balance of requirements and application material (see paragraph 11 above)?</p>	<p>IAASB acknowledges the changes in the availability and diversity of information sources and advancements in technology. To reflect this, the new exposure draft incorporates a principle-based approach that mandates auditors to assess the relevance and reliability of information intended for use as audit evidence. Furthermore, the exposure draft provides detail application material with practical examples to clarify the requirements outlined in the exposure draft. Overall, the current exposure draft strikes an appropriate balance between the mandatory requirements and the accompanying application material.</p>
4	<p>Do you agree that ED-500 is appropriately balanced with respect to technology by reinforcing a principles-based approach that is not</p>	<p>Yes.</p> <p>We agree with the IAASB's approach to follow a principles-based</p>

	prescriptive but accommodates the use of technology by the entity and the auditor, including the use of automated tools and techniques?	approach to enable the standard to be applied in an evolving audit environment with increasing use of technology by both the entity and the auditor. The examples included illustrate how audit evidence can be gathered and how the principles-based requirements apply when using technology.
5	Do the requirements and application material in ED-500 appropriately reinforce the exercise of professional skepticism in obtaining and evaluating audit evidence?	Yes, we agree.
SPECIFIC QUESTIONS		
6	Do you support the revised definition of audit evidence? In particular, do you agree with the "input/output model" that information can become audit evidence only after audit procedures are applied to it?	Yes, we support the revised definition of audit evidence. Unlike definition in extant ISA 500, any information not subjected to relevance and reliability check, is not considered as audit evidence.
7	Does the application material appropriately describe the interrelationship of the sufficiency, appropriateness and persuasiveness of audit evidence?	Yes, the amendment clearly describes the interrelationship between sufficiency, appropriateness, and persuasiveness of audit evidence. Sufficiency and appropriateness of adequate quantity and quality of the audit evidence enables their persuasiveness. On the other hand if the audit evidences are persuasive, auditor can conclude on the sufficiency and appropriateness of the audit evidence.
8	Will the requirements and application material in ED-500 support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence?	Yes, the requirements and application material in ED-500 will support an appropriate evaluation of the relevance and reliability of information intended to be used as audit evidence. The exposure draft mandates that auditors consider the attributes of relevance and reliability of the information applicable in the given circumstances as part of their evaluations. The degree to which certain attributes are relevant in the circumstances is a matter of professional judgement, and the application material clearly describes the attributes of relevance and reliability, along with the factors that affect the auditor's professional judgement. Thus, the requirements and application material in ED-500 provide ample

		support for an appropriate evaluation of the relevance and reliability of audit evidence.
9	Do you agree with the separate conditional requirement to obtain audit evidence about the accuracy and completeness of information when those attributes are applicable in the circumstances?	Yes, we agree with the separate conditional requirement. Relevance and reliability of the audit evidence is key to appropriate audit evidence. When audit information is generated internally, more often completeness and accuracy have to be checked as the first step prior to using such audit information although it depends upon the circumstances and objective of the test.
10	Do you agree with the new “stand back” requirement for the auditor to evaluate audit evidence obtained from the audit procedures performed as a basis for concluding in accordance with ISA 330 that sufficient appropriate audit evidence has been obtained?	Yes, we agree that the new requirement will provide an opportunity to conduct a self-assessment of the audit evidence obtained, consistencies between audit evidence received from various sources, reliability and relevance of those evidence. Should there be any inconsistencies, or the audit risks not mitigated with the audit evidence checked the auditor can consider obtaining additional /alternative audit evidence. It will assist in obtaining sufficient appropriate audit evidence.
11	Are there any other matters you would like to raise regarding ED-500? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.	None.
REQUEST FOR GENERAL COMMENTS		
12	<p>The IAASB is also seeking comments on the matters set out below:</p> <p>(a) Translations—Recognizing that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-500.</p> <p>(b) Effective Date—Recognizing that ED-500 is a substantive revision, and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for</p>	<p>(a) No translation requirement in our jurisdiction.</p> <p>(b) Adequate, given that most of the amended requirements are already in practice.</p>

	<p>the standard would be for financial reporting periods beginning approximately 18 months after approval of a final ISA. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.</p>	
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