

April 20, 2023

The Chairman  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 5<sup>th</sup> Avenue  
6<sup>th</sup> Floor  
New York 10017  
United States of America

Via Online Submission

Dear Mr. Tom Seidenstein,

**COMMENTS ON IAASB EXPOSURE DRAFT '*PROPOSED INTERNATIONAL STANDARD ON AUDITING 500 (REVISED) AUDIT EVIDENCE AND PROPOSED CONFORMING AND CONSEQUENTIAL AMENDMENTS TO OTHER ISAs*'**

The Malaysian Institute of Certified Public Accountants ("MICPA") appreciates the opportunity to comment on the IAASB Exposure Draft '*Proposed International Standard on Auditing 500 (Revised) Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs*' ("Exposure Draft"). We also applaud the effort of the International Auditing and Assurance Standards Board ("IAASB") to enhance the Standard.

In this regard, we are pleased to attach MICPA's comments as set out in the Appendix for your consideration.

We trust that our comments are valuable to the IAASB for your onward deliberation. MICPA looks forward to further support the effort of the IAASB in setting and enhancing the auditing, assurance and quality management standards. Please do not hesitate to contact the undersigned or the Executive Director of Technical, Ms Chiam Pei Pei, at +603-2698 9622 should you require any clarification.

Thank you.

Yours faithfully



FOO YOKE PIN  
Executive Director

Our responses to the specific questions are as follows:

### **Overall Questions**

#### **Question 1**

**Is the purpose and scope of ED-500 clear? In this regard:**

- (a) Does ED-500 provide an appropriate principles-based reference framework for auditors when making judgments about audit evidence throughout the audit?**

**Comment:**

The ED-500 provides an appropriate principles-based reference framework for auditors when making judgements about audit evidence throughout the audit.

- (b) Are the relationships to, or linkages with, other ISAs clear and appropriate?**

**Comment:**

Generally, the examples and guidance provided in the Appendix are helpful. However, we request further detailed examples and illustrations.

#### **Question 2**

**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?**

**Comment:**

The evaluation of the relevancy and reliability of the information to be used as audit evidence will enhance auditor's judgements.

#### **Question 3**

**What are your views about whether ED-500 has an appropriate balance of requirements and application material (see paragraph 11 above)?**

**Comment:**

Overall, the application material of ED-500 is helpful.

**Question 4**

**Do you agree that ED-500 is appropriately balanced with respect to technology by reinforcing a principles-based approach that is not prescriptive but accommodates the use of technology by the entity and the auditor, including the use of automated tools and techniques?**

**Comment:**

We agree that ED-500 promotes an appropriate balance with respect to the use of technology by reinforcing a principles-based approach that is not prescriptive. The linkage and examples with other ISAs explained in the application materials provide clarity to auditors in designing and performing audit procedures on the use of automated tools and techniques to obtain sufficient and appropriate audit evidence. We noted that a set of non-authoritative support material related to the use of automated tools and techniques in performing audit procedures was issued in 2020, it would be good if the IAASB can make reference between the non-authoritative guidance and ED-500.

**Question 5**

**Do the requirements and application material in ED-500 appropriately reinforce the exercise of professional skepticism in obtaining and evaluating audit evidence?**

**Comment:**

We are of the view that the requirements and application material of ED-500 appropriately reinforce the exercise of professional skepticism in obtaining and evaluating audit evidence.

**Specific Questions****Question 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?**

**Comment:**

We support the revised definition of audit evidence using the “input-output model”.

**Question 7**

**Does the application material appropriately describe the interrelationship of the sufficiency, appropriateness and persuasiveness of audit evidence?**

**Comment:**

The application material is helpful and clearly explains the interrelationship of the sufficiency, appropriateness, and persuasiveness of audit evidence.

**Question 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?**

**Comment:**

The guidance in the application material of ED-500 provides appropriate support to auditors.

**Question 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?**

**Comment:**

We 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, ordinarily applicable for information generated internally from the entity's information system. However, we suggest to provide non-authoritative guidance pertaining to the extent of auditor's requirement to perform audit procedures on the information internally generated by the management.

**Question 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?**

**Comment:**

We agree with the proposed requirement, as Paragraph 13 of ED-500 and Paragraph 26 of ISA 300 provide an important link to ISA 700 (Revised) when forming an opinion on the financial statements.

**Question 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.**

**Comment:**

We do not have any other matters.

**Request for General Comments**

**Question 12**

**The IAASB is also seeking comments on the matters set out below:**

- (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.**

**Comment:**

This question is not relevant to us.

- (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 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.**

**Comment:**

We agreed with the proposed effective date.