

April 2023

International Ethics
Standards Board
For Accountants

Dear Sirs

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

The Botswana Accountancy Oversight Authority (BAOA) values this opportunity to comment on the Exposure Draft, Proposed International Standard on Auditing 500 (Revised) Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs.

The BAOA is responsible for providing oversight to accounting and auditing services and promotion of the standard, quality, and credibility of providing financial and non-financial information by entities, including Public Interest Entities (PIEs). This is attained through standard setting, financial reporting monitoring, audit practice reviews, corporate governance reviews, enforcement of compliance and oversight over Professional Accounting Organisations, and education and training of professional accountants in Botswana.

Please refer to our Appendix to this letter to see our comments on the questions raised in the Exposure Draft.

Kindly e-mail us at enkanga@baoa.org.bw or phone directly on +267 391 9735, if further clarity is required on any of our comments.

Yours faithfully,



Ephifania Nkanga
Acting Chief Executive Officer

Appendix

Question 1

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

- a) Does ED-500 provide an appropriate principle -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?

BAOA RESPONSE

Yes, the purpose and scope of the ED is clear because the exposure draft does provide an appropriate principle-based reference framework for auditors when making judgements about audit evidence as it is not prescriptive, and it is more flexible and accommodative towards different circumstances i.e. it acknowledges that the landscape in which business and audit operates in, keeps evolving, particularly in the area of technology.

Conforming and consequential amendments to other ISAs have been proposed as well to align with this ED making the relationship of this ED with other ISA much clearer and more appropriate. However, we do not agree with IAASB's decision to delay certain issues, primarily those that are related to possible enhancements to other ISAs (e.g. ISA 330), as we believe enhancements to other ISAs are necessary in order to ensure uniformity across ISAs and ensuring that the linkages are clear and appropriate.

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 judgements when obtaining and evaluating audit evidence?

BAOA RESPONSE

We do believe that this ED will lead to enhanced auditor judgement because it addresses the mentioned objectives and stated key public interest issues appropriately. The exposure draft has sufficient application material and a number of examples that will make it easier for the auditor to implement the

standard and ultimately enhance their judgement when obtaining and evaluating audit evidence.

Question 3

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

BAOA RESPONSE

We do believe that the ED has an appropriate balance in terms of requirements and application material. The number of the requirement paragraphs has not changed significantly from the extant standard however the application material has been significantly enhanced as it is more detailed and has more illustrative examples to allow for easier application of the requirements.

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?

BAOA RESPONSE

Yes, we do agree that the ED- 500 strikes an appropriate balance with regards to technology because the standard endorses a principles-based approach that allows for the use of technology by both the entity being audited and the auditor.

The ED- 500 acknowledges the significance of technology in the audit process and provides guidance on how auditors can utilize it to acquire and assess audit evidence. Rather than mandating specific technology or tools, the standard adopts a principles-based approach that enables flexibility and adaptability to suit the circumstances of each audit engagement.

Question 5

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

BAOA RESPONSE

Yes, the requirements and application material in ED-500 appropriately reinforce the exercise of professional skepticism in obtaining and evaluating audit

evidence as the ED provides guidance on the assessment of audit evidence such as being alert to audit evidence that is inconsistent with other audit evidence obtained and being alert to conditions that may indicate possible fraud.

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?

BAOA RESPONSE

Yes, we support the revised definition of audit evidence, and we agree with the “input-output model” that information becomes audit evidence only after audit procedures are applied to it. The input also includes evaluating the relevance and reliability of information intended to be used as audit evidence. The output of this will be the audit evidence on which the Auditor will provide an opinion.

Question 7

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

BAOA RESPONSE

Yes, the application material appropriately describes the interrelationship of the sufficiency, appropriateness, and persuasiveness of audit evidence. It has also gone further to give examples of factors that affect 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?

BAOA RESPONSE

Yes, 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 as it gives examples of factors that may affect the auditor’s evaluation such as what information exists that may be used as audit evidence and in what form, and whether such information is available, accessible and understandable.

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?

BAOA RESPONSE

Yes, 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. This will ensure that information provided by management is evaluated for reliability before being used as audit evidence.

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?

BAOA RESPONSE

Yes, we agree with the new "stand back" requirement as it promotes a holistic assessment of the audit evidence obtained at different levels of the audit process (planning, substantive testing and completion) before concluding on whether sufficient and appropriate audit evidence has been obtained. This will assist the Auditor in forming an appropriate opinion.

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.

BAOA RESPONSE

No additional comments we would like to raise.

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.
- 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.

BAOA RESPONSE

- a) No potential translation issues noted while reviewing ED-500.
- b) We agree with the proposed 18 months as it is sufficient to support the implementation of the standard.