



Exposure Draft ISA500: Proposed International Standard on Auditing 500 (Revised) Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs

**Response from the Public Accountants and Auditors Board (PAAB), Zimbabwe**

19 April 2023

The Public Accountants and Auditors Board (PAAB), Zimbabwe, was established by section 4 of the Public Accountants and Auditors Act, 1995 (as amended) (the Act). Public accountants (public auditors) are defined in the Act as any person registered by the PAAB to provide public accountancy services (public audit services) to any person, including a public company or statutory body. PAAB is the National Standards Setter in Zimbabwe responsible for endorsing and adopting international accounting standards, international standards on auditing and international public sector accounting standards when they meet certain criteria for prescription by statutory regulation by PAAB in accordance with section 44(2)(a) of the Act. PAAB is responsible for defining and enforcing ethical practice and discipline among registered public accountants and public auditors and setting Ethics standards (section 5(1)(d) of the Act); and representing the views of the accountancy profession on national, regional, and international issues (section 5(1)(g) of the Act). PAAB also plays a role in accountancy-specific education (section 5(1)(h) of the Act).

Further information about PAAB can be obtained at [www.paab.org.zw](http://www.paab.org.zw)

Any questions arising from this submission should be directed to:

Admire Ndurunduru  
Secretary  
Public Accountants and Auditors Board  
72 Harare Drive  
Mount Pleasant  
Harare  
Zimbabwe

Tel: + 263 4 301 063, + 263 4 301 096

Mobile: + 263 772 833 555

Email: [secretary@paab.org.zw](mailto:secretary@paab.org.zw)



# PAAB

**PUBLIC ACCOUNTANTS AND AUDITORS BOARD**

72 Harare Drive, Northwood, Mt Pleasant

Harare, Zimbabwe

Tel: +263 242 301 063, +263 8644 106 548

secretary@paab.org.zw

www.paab.org.zw

International Auditing and Assurance Standards Board  
529 5<sup>th</sup> Avenue  
New York 10017  
New York, USA.

19 April 2023

**Our ref: PAAB ZIMBABWE RESPONSE TO ED500**

Dear Chairman,

We are writing on behalf of the Public Accountants and Auditors Board (PAAB) in relation to Exposure Draft, ED 500, *Proposed international standard on auditing 500 (revised) Audit evidence and proposed conforming and consequential Amendments to other ISAs*. The PAAB is pleased to present its comments on this Exposure Draft, in coming up with the comment letter we engaged multiple stakeholders from Academia, Professional accounting organisations and Auditors.

#### **General Comments on ED500**

The PAAB followed a due process. In the process, we conducted research, consulted our key stakeholders and through our technical team, we drafted this comment letter. We support the ongoing revisions of ISA 500 Auditing Standard because the public is going to benefit from the revisions by more rigorous audit processes being implemented to collect the required audit evidence. We believe that the objective of ISA 500 is to explain what constitutes audit evidence in an audit of financial statements and furthermore the standard's amendments are in accordance with the current technological trends.

#### **Response to Specific Matters for Comment**

Detailed comments on the Specific Matters for Comment are provided in the attached Appendix. We hope this is a helpful contribution to IAASB's work in this area.

Admire Ndurunduru  
Secretary, PAAB

Leroy Nyabeze  
PAAB Technical Staff

**Overall 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?**

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

(a) PAAB agrees to the purpose of ED 500 since its states out its focus points clearly and all are relevant i.e.

-Developing a principles-based approach to considering and making judgments about information to be used as audit evidence.

-Recognizing the nature and sources of information in the current business and audit environment.

-Modernising ISA 500 to be adaptable to the current business and audit environment.

-Considering the scalability of the standard to a wide variety of circumstances regarding the use of technology by the entity and the auditor, including the use of automated tools and techniques.

-Emphasize the role of professional skepticism when making judgments about information to be used as audit evidence and evaluating audit evidence obtained.

**ALTERNATIVELY**

- Principles-based gives off an implied indication that it is or at least certain parts of the requirements are voluntary much like the rules based and principles based approach. It is always the best way to keep things open, adaptable, fit-for-purpose and we encourage as much of it as possible but with the ever-evolving nature of the financial circumstances of businesses, there may be improper interpretation of “principles”

(b) PAAB agrees that appendix 1 is very precise on proposed amendment linkages to related standards.

**Overall 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?**

PAAB agrees that the increased use of professional skepticism and allowing the auditor to use technology in accordance to his/her professional judgement in the performance of work will lead to enhanced auditor judgements when obtaining and evaluating audit evidence.

**Overall Question**

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

PAAB agrees that ED500 is balanced in that it is taking into consideration current trends and incorporating them into auditing standards thereby making them more relevant.

**Overall 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?**

PAAB agrees that it is balanced because technology (automated tools and techniques) is varied and having a non-prescriptive approach will hence allow the auditor to choose that which suits their purpose and will maintain their competence and is also affordable to them.

**Overall Question**

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

PAAB agrees that because ED500 is bringing key awareness about professional skepticism in connection with collecting and utilising audit evidence and also making sure that the same concept is adopted at the planning stage of the audit.

**Specific 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?**

PAAB agrees with the input-output model on audit evidence in the sense that for the correct audit evidence to be utilized on audit engagements the auditor before using it must first verify that it is authentic.

**Specific Question**

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

PAAB agrees that the application material for ED500 appropriately describes the three critical facets of audit evidence and even further enhances them with its new requirements i.e., stated in the answers above.

**Specific 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?**

PAAB agrees it will since the input-output model has got good coverage on making sure the reliability, quality and relevance of audit evidence is observed before concluding it to be such.

**Specific 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?**

PAAB agrees with the requirement as internally generated audit evidence needs to be inspected on its accuracy and completeness before concluding to utilise it, since it's not independent/third party audit evidence.

**Specific 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?**

PAAB agrees with the stand back requirement and its appropriateness as the auditor after corroborating and contradicting the audit evidence available will be able to make a concise conclusion on its consistence, relevance, accuracy and appropriateness.

**Specific 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.**

Persuasiveness is not clearly defined. ED 500 addresses the question of how much evidence is enough evidence by introducing the aspect of persuasiveness without a definition of what this means or at what point we can conclude that we have persuasive audit evidence.

**General 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.**

- a) No translation requirements needed.
- b) 18 months is appropriate since earlier adoption is applicable.