

Comparison of tentative ISA 500 (Revised)¹ wording to SAS No. 142

	Tentative ISA wording	SAS 142 wording	Differences in wording or terms	ISA requirement not in GAAS	GAAS requirement not in ISA	Differences in requirement	Placement of requirements in GAAS
	Objective						
6	<ul style="list-style-type: none"> The objectives of the auditor are to: <ul style="list-style-type: none"> Design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion, and Evaluate information intended to be used as audit evidence, and the audit evidence obtained, to provide a basis for the auditor to conclude whether sufficient appropriate audit evidence has been obtained. 	<ul style="list-style-type: none"> The objective of the auditor is to evaluate information to be used as audit evidence, including the results of audit procedures, to inform the auditor's overall conclusion about whether sufficient appropriate audit evidence has been obtained. 	<ul style="list-style-type: none"> Two-part objective in the ISAs whereas SAS 142 only has 1 objective Evaluate information <i>intended</i> to be used <p><i>Effect:</i> <i>This does not result in a difference in application of the ISAs and GAAS.</i> The IAASB is using "intended" to reiterate that the information cannot be used until audit procedures are applied to it, which is consistent with the intent of SAS 142.</p>	N/A	N/A	N/A	The equivalent of the first part of the ISA objective is accomplished through the objectives described in other AU-C sections, in particular AU-C section 330. <i>Effect:</i> <i>This does not result in a difference.</i>
	Definitions						
7	Appropriateness (of audit evidence)	Appropriateness (of audit evidence)	<ul style="list-style-type: none"> "that form the basis for the auditor's opinion" 	N/A	<ul style="list-style-type: none"> "that is, its relevance and reliability" 	N/A	N/A

¹ Source: Final draft of proposed ISA 500 (Revised) approved at the September 2022 IAASB meeting

Comparison of tentative ISA 500 (Revised) wording and SAS No. 142

	Tentative ISA wording	SAS 142 wording	Differences in wording or terms	ISA requirement not in GAAS	GAAS requirement not in ISA	Differences in requirement	Placement of requirements in GAAS
	<ul style="list-style-type: none"> The measure of the quality of audit evidence in providing support for the conclusions that form the basis for the auditor's opinion. 	<ul style="list-style-type: none"> The measure of the quality of audit evidence, that is, its relevance and reliability in providing support for the conclusions on which the auditor's opinion is based. 	<p>and report" vs. "on which the auditor's opinion is based"</p> <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i></p>		<p>Effect: <i>This concept is addressed in application material in ISA 500 (par. A13) and does not represent a true difference in the definitions.</i></p>		
7	<p>Audit evidence</p> <ul style="list-style-type: none"> 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. 	<p>Audit evidence</p> <ul style="list-style-type: none"> Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence is information to which audit procedures have been applied and consists of information that corroborates or contradicts assertions in the financial statements. 	<ul style="list-style-type: none"> SAS 142: Information "used by the auditor in arriving at the conclusions on which the auditor's opinion is based." ISA 500: Information... "that the auditor uses to draw conclusions that form the basis for the auditor's opinion and report." <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS. Reference to "and report in the ISA" is solely to link to ISA 200.A30 and does not change the intent.</i></p>	N/A	<ul style="list-style-type: none"> Audit evidence "consists of information that corroborates or contradicts assertions in the financial statements." <p>Effect: <i>This concept is addressed in application material in ISA 500 (par. A1) and does not represent a true difference in the definitions.</i></p>	N/A	N/A
7	Management's expert	Management's specialist	<ul style="list-style-type: none"> ISA: Management's expert 	N/A	N/A	N/A	<ul style="list-style-type: none"> The definition of management's

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	<ul style="list-style-type: none"> An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements. 	<ul style="list-style-type: none"> An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements. 	<ul style="list-style-type: none"> SAS: Management's specialist <p>Effect: <i>This is a known difference between the ISAs and GAAS that does not affect application.</i></p>				<p>specialist is included in section “<i>Audit Evidence – Specific Considerations for Selected Items</i>” of SAS 142 and will be included in AU-C section 501 rather than AU-C section 500.</p> <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i></p>
7	<p>Sufficiency (of audit evidence)</p> <ul style="list-style-type: none"> The measure of the quantity of audit evidence in providing support for the conclusions that form the basis for the auditor’s opinion. 	<p>Sufficiency (of audit evidence)</p> <ul style="list-style-type: none"> The measure of the quantity of audit evidence. The quantity of audit evidence necessary is affected by the auditor’s assessment of the risks of material misstatement and the quality of the audit evidence obtained (that is, its appropriateness). 	<ul style="list-style-type: none"> “...in providing support for the conclusions that form the basis for the auditor’s opinion and report.” <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i></p>	N/A	<ul style="list-style-type: none"> “The quantity of audit evidence necessary is affected by the auditor’s assessment of the risks of material misstatement and the quality of the audit evidence obtained (that is, its appropriateness).” <p>Effect: <i>This concept is addressed in application material in ISA 500 (par. A14) and does not represent a true</i></p>	N/A	N/A

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					<i>difference in the definitions.</i>		
7	<p>External information source</p> <ul style="list-style-type: none"> • An “external information source” is not explicitly defined in the ISA. • Paragraph A47 provides: “An external individual or organization that provides information suitable for use by a broad range of users, which the entity uses in preparing the financial statements, or the auditor intends to use as audit evidence. Such sources are referred to as an “external information source” in this ISA. • Paragraph A42 provides: “In some cases, information prepared by an external individual or organization that is used by management in preparing the financial statements is an external information source because it is suitable for use by a broad range of users. In other cases, it is information prepared by a management’s expert. An external individual or organization cannot, in respect of any particular set 	<p>External information source</p> <ul style="list-style-type: none"> • An external individual or organization that provides information that is used by the entity in preparing the financial statements or that has been obtained by the auditor as audit evidence, when such information is suitable for use by a broad range of users. When information has been provided by an individual or organization acting in the capacity of management’s specialist, service organization, or auditor’s specialist, the individual or organization is not considered an external information source with respect to that particular information. 	<ul style="list-style-type: none"> • “that is used by the entity in preparing the financial statements” vs. “which the entity uses in preparing the financial statements” Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i> • “that has been obtained by the auditor as audit evidence” vs. “the auditor intends to use as audit evidence.” Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i> 	N/A	<ul style="list-style-type: none"> • When information has been provided by an individual or organization acting in the capacity of management’s specialist, service organization, or auditor’s specialist, the individual or organization is not considered an external information source with respect to that particular information. <p>Effect: <i>GAAS specifically excludes service organizations and auditor’s specialists from the definition of external information source, whereas ISA does not. However, this concept is addressed in application material in ISA 500 (par. A48) and does not represent a true difference in the definitions.</i></p>	N/A	<ul style="list-style-type: none"> • SAS 142 explicitly defines an “external information source” in paragraph 6, along with other definitions • The ISA does not explicitly define an external information source, but indirectly defines it in two separate application paragraphs (A41 and A42) <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i></p>

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	of information, be both an external information source and a management's expert.						
	Requirements						
8	<p>For the purpose of obtaining sufficient appropriate audit evidence, the auditor shall design and perform audit procedures:</p> <p>a) In a manner that is not biased towards obtaining audit evidence that may be corroborative, or towards excluding audit evidence that may be contradictory; and</p> <p>b) The nature, timing and extent of which are appropriate in the circumstances to provide audit evidence to meet the intended purpose of those audit procedures.</p>	<p>The auditor should design and perform further audit procedures whose nature, timing, and extent are based on, and are responsive to, the assessed risks of material misstatement at the assertion level and in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory. When evaluating audit evidence with respect to the assessed risks of material misstatement, the auditor maintains professional skepticism, including when considering information that may be used as audit evidence and what procedures would be appropriate in the circumstances.</p>	<ul style="list-style-type: none"> ISA: "... nature, timing and extent of which are appropriate in the circumstances to provide audit evidence to meet the intended purpose of those audit procedures." SAS: "... whose nature, timing, and extent are based on, and are responsive to, the assessed risks of material misstatement at the assertion level..." <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i> The IAASB has indicated that the use of the phrase "intended purpose of the audit procedures" is meant to relate to meeting a particular audit</p>	N/A	<ul style="list-style-type: none"> "When evaluating audit evidence with respect to the assessed risks of material misstatement, the auditor maintains professional skepticism, including when considering information that may be used as audit evidence and what procedures would be appropriate in the circumstances." <p>Effect: <i>This concept is addressed elsewhere in ISA 500 (par. 4 and A16) and does not represent a true difference in requirements, as the overarching requirement to maintain professional skepticism is in ISA 200.</i></p>	N/A	<p>The GAAS requirements are in paragraph 13 of SAS 145, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>, and paragraph 6 of AU-C section 330, <i>Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained</i>.</p> <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS.</i></p>

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			<p>objectives (e.g., a risk assessment procedure or a further audit procedure to respond to an assessed risk of material misstatement). This is similarly the intent of both AU-C section 330 and AU-C section 315 (as revised in SAS 145).</p> <p><i>For comment letter consideration: The ASB discussion has previously indicated that the phase “intended purpose of the audit procedures” may need to be better defined – and considered in the context of the ADA discussion where a procedure may be performed for more than one purpose. We will also explore the implications of how “audit procedures” has been presented in the standard given the increased use of ADAs.</i></p>				

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9	<ul style="list-style-type: none"> The auditor shall evaluate the relevance and reliability of information intended to be used as audit evidence. In making this evaluation, the auditor shall consider: <ul style="list-style-type: none"> The source of the information; and The attributes of relevance and reliability that are applicable in the circumstances, given the intended purpose of the audit procedures. 	<ul style="list-style-type: none"> The auditor should evaluate information to be used as audit evidence by taking into account <ul style="list-style-type: none"> the relevance and reliability of the information, including its source, and whether such information corroborates or contradicts assertions in the financial statements 	<ul style="list-style-type: none"> ISA: “the auditor shall consider” vs. SAS: “... by taking into account” <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS</i></p>	<ul style="list-style-type: none"> “The attributes of relevance and reliability that are applicable in the circumstances, given the intended purpose of the audit procedures” <p>Effect: <i>The consideration of the attributes is implicit in SAS 142 as part of taking into account relevance and reliability, vs in the ISA where there is a consideration of which attributes are applicable (which also then drives other requirements). This could be perceived as a difference in application - however, we do not believe this would result in a fundamental difference in how the auditor would apply the requirements. However, there could be differences in interpretation (especially by regulators) in terms of what is expected to be</i></p>	<ul style="list-style-type: none"> <i>“whether such information corroborates or contradicts assertions in the financial statements”</i> <p>Effect: <i>Paragraph 13 of proposed ISA 500 includes a requirement to “Consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements”. The ISA requirement is at the “audit evidence” level vs the “information intended to be used”. However, it is unlikely to result in a difference in application of the ISAs and GAAS, as both requirements reinforce the concept of not excluding audit evidence that may be contradictory. If applied</i></p>	<p>Evaluate the relevance and reliability of information vs evaluate the information, taking into account relevance and reliability</p> <p>Effect: <i>This could be perceived as a difference in application. The ISA requires an evaluation of relevance and reliability, whereas SAS 142 requires an evaluation of the information. These are two different concepts as the subject of the evaluation is different. It may also impact what is expected to be documented to evidence the evaluation.</i></p> <p><i>For comment letter consideration: We may want to clarify how this is intended to be documented – the ASB had previously discussed that it would not be necessary to document an evaluation</i></p>	N/A

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				documented to evidence compliance with this requirement (e.g., for each piece of information to be used as audit evidence). It may also impact what is expected to be documented to evidence the auditor's judgment about whether certain attributes were or were not applicable in the circumstances.	at the "information" level, the requirements in SAS 142 would result in the auditor deciding to obtain additional information to be used as audit evidence.	of each piece of information, and had concerns if there was an expectation that the auditor had to document the judgment of which attributes were applicable in the circumstances as well as the intended purpose of the procedures.	
10	<ul style="list-style-type: none"> 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 the accuracy and completeness of the information 	<ul style="list-style-type: none"> The auditor's evaluation of the information to be used as audit evidence in accordance with paragraph 7 should include <ul style="list-style-type: none"> evaluating whether the information is sufficiently precise and detailed for the auditor's purpose and obtaining audit evidence about the accuracy and completeness of the information, as necessary 	<ul style="list-style-type: none"> ISA: "If the auditor considers that the accuracy and completeness attributes are applicable" SAS: "... evaluation of information to be used as audit evidence ... should include... as necessary" <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS. In both requirements, the auditor will exercise judgment as to whether to obtain audit evidence</i></p>	N/A	<ul style="list-style-type: none"> "evaluating whether the information is sufficiently precise and detailed for the auditor's purpose" <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS. While the ISA no longer refers to the concept of "sufficiently precise and detailed", the level of detail needed is discussed in the application material (par. A55) as a factor that may affect the relevance of the information. There</i></p>	N/A	N/A

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			<i>about the accuracy and completeness of the information.</i>		<i>is also a linkage to the requirement in par. 8 of the ISA to the concept of “intended purpose”.</i>		
11	<ul style="list-style-type: none"> • If information intended to be used as audit evidence has been prepared by a management’s expert, as part of the auditor’s evaluation in accordance with paragraph 9, the auditor shall: <ul style="list-style-type: none"> ○ Evaluate the competence, capabilities and objectivity of that expert; ○ Obtain an understanding of the work performed by that expert; and ○ Obtain an understanding about how the information prepared by that expert has been used by management in the preparation of the financial statements, including: <ul style="list-style-type: none"> ▪ How management has considered the appropriateness of the 	<ul style="list-style-type: none"> • [AU-C sec. 501, par. 27] If information to be used as audit evidence has been prepared using the work of a management’s specialist, the auditor should, to the extent necessary, taking into account the significance of that specialist’s work for the auditor’s purposes <ul style="list-style-type: none"> ○ Evaluate the competence, capabilities, and objectivity of that specialist; ○ Obtain an understanding of the work of that specialist; and ○ Evaluate the appropriateness of that specialist’s work as audit evidence for the relevant assertion 	N/A	<ul style="list-style-type: none"> ▪ ISA: “obtain an understanding about how the information prepared by that expert has been used by management in the preparation of the financial statements, including ▪ How management has considered the appropriateness of the information prepared by that expert; and ▪ Modifications made by management to the information prepared by that expert, and the reasons for such modifications 	<ul style="list-style-type: none"> • “to the extent necessary, taking into account the significance of that specialist’s work for the auditor’s purposes” <p>Effect: This does not result in a difference in application of the ISAs and GAAS.</p> <p><i>For comment letter consideration: The IAASB believes this requirement is scalable because of the linkage to paragraph 9(b) and the concept of intended purpose. We previously expressed a preference for being more explicit in the requirement to align with SAS 142. We can consider whether this is</i></p>	N/A	<ul style="list-style-type: none"> • paragraph 27 in AU-C section 501, <i>Audit Evidence – Specific Considerations for Selected Items</i> <p>Effect: <i>Placement does not result in a difference in application of the ISAs and GAAS</i></p>

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	<p>information prepared by that expert; and</p> <ul style="list-style-type: none">▪ Modifications made by management to the information prepared by that expert, and the reasons for such modifications			<p>• SAS: “evaluate the appropriateness of that specialist’s work as audit evidence for the relevant assertion”</p> <p>Effect: This is a difference in application / incremental requirement in the ISA. The ISA is more focused and specific on evaluating how management used and considered the work of the specialist, whereas GAAS requires a more principles-based evaluation of the specialist’s work as audit evidence. However, the Task Force notes that these actions would also likely be contemplated in applying SAS 143, Auditing Accounting Estimates and Related Disclosures (e.g., in understanding internal control as well as testing how</p>	<p><i>sufficiently clear in the application material or whether we would like to draw this out more (e.g., by potentially suggesting to include the concept of “to the extent necessary”).</i></p>		

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				management made the accounting estimate).			
12	<ul style="list-style-type: none"> If the auditor has doubts about the relevance or reliability of information intended to be used as audit evidence, the auditor shall: <ul style="list-style-type: none"> Determine whether modifications or additions to audit procedures are necessary to resolve the doubts; and If the doubts cannot be resolved, <ul style="list-style-type: none"> consider the effect, if any, on other aspects of the audit, including whether such doubts indicate a risk of material misstatement due to fraud. 	<ul style="list-style-type: none"> The auditor should determine whether modifications or additions to audit procedures are necessary to resolve inconsistencies in, or doubts about the reliability of, audit evidence, including when <ul style="list-style-type: none"> Audit evidence obtained from one source is inconsistent with that obtained from another source The results of an audit procedure are inconsistent with the results of another audit procedure 	<ul style="list-style-type: none"> SAS title for paragraph is "Inconsistencies in, or Doubts About the Reliability of, Audit Evidence" vs. what is listed above for the ISA ISA requirement in par. 12 is at the "information" level whereas SAS 142 is at the "audit evidence" level. <p>Effect: <i>This does not result in a difference in application of the ISAs and GAAS, because SAS 142 also draws reference to the results of one procedure being inconsistent with another procedure (which is at the "information" level).</i></p>	<ul style="list-style-type: none"> "consider the effect of the matter, if any, on other aspects of the audit, including whether the matter indicates a risk of material misstatement due to fraud" <p>Effect: <i>This could be perceived as a difference as it is a more specific consideration of fraud than what is required by SAS 142. However, this concept is implicit in GAAS - for example, par. A25 of AU-C section 250 notes that "In cases of doubt about the reliability of information or indications of possible fraud (for example, if conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document may have been</i></p>	<ul style="list-style-type: none"> "inconsistencies in" "The results of an audit procedure are inconsistent with the results of another audit procedure" <p>Effect: <i>Although incremental, this does not result in a difference in application of the ISAs and GAAS, because it aligns with the ISA focus on "information intended to be used as audit evidence."</i></p>	N/A	N/A
14	<p>If the auditor obtains audit evidence that is inconsistent with other audit evidence, the auditor shall:</p> <ul style="list-style-type: none"> Determine what modifications or additions to audit procedures are necessary to understand and address the inconsistency; and 						

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	<ul style="list-style-type: none"> ○ Consider the effect, if any, on other aspects of the audit. 			falsified), GAAS require that the auditor investigate further and determine what modifications or additions to audit procedures are necessary to resolve the matter.”			
13	<ul style="list-style-type: none"> • As a basis for concluding whether sufficient appropriate audit evidence has been obtained in accordance with ISA 330, the auditor shall: <ul style="list-style-type: none"> ○ Evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures; and ○ Consider all audit evidence obtained, including audit evidence that is consistent or inconsistent with other audit evidence, and regardless of whether it appears to corroborate or contradict the assertions in the financial statements. 	<ul style="list-style-type: none"> • Par. 9: In evaluating information to be used as audit evidence, the auditor should consider whether the results of audit procedures provide a basis for concluding on the sufficiency and appropriateness of audit evidence obtained. • Par. 8a: The auditor’s evaluation of the information to be used as audit evidence in accordance with paragraph 7 should include <ul style="list-style-type: none"> ○ evaluating whether the information is sufficiently precise and detailed for the auditor’s purposes and • Par. 7b: The auditor should evaluate information to be used as audit evidence by taking into account <ul style="list-style-type: none"> ○ Whether such information corroborates or 	<ul style="list-style-type: none"> • ISA: “Evaluate whether the audit evidence obtained meets the intended purpose of the audit procedures • SAS: “consider whether the results of audit procedures provide a basis for concluding on the sufficiency and appropriateness of audit evidence obtained” • ISA: “... regardless of whether it appears to corroborate or contradict the assertions in the financial statements.” 	N/A	N/A	N/A	N/A

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		contradicts assertions in the financial statements	<ul style="list-style-type: none">• SAS: “Whether such information corroborates or contradicts assertions in the financial statements.” <p>Effect: When the various requirements are taken together, they do not result in a difference in application of the ISAs and GAAS.</p> <p><i>For comment letter consideration: This is an area where additional guidance on how the “intended purpose” is meant to be interpreted may be helpful.</i></p>				