



At a glance

From the Audit & Attest Standards Team

Audit evidence

What happened?

In July 2020, the AICPA Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 142, *Audit Evidence*. SAS No. 142 supersedes AU-C section 500, *Audit Evidence* and amends various other sections of SAS 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended.

SAS No. 142 explains what constitutes audit evidence in an audit of financial statements and sets out attributes of information that are taken into account by the auditor when evaluating information to be used as audit evidence. Taking these attributes into account assists the auditor in maintaining professional skepticism.

What has changed?

The revisions to SAS No. 142 address the evolving nature of transacting business as well as the evolution of audit services. Issues addressed include use of emerging technologies and techniques by both preparers and auditors, the application of professional skepticism, the expanding use of external information sources to provide audit evidence, and more broadly, the relevance and reliability of audit evidence. Following is a brief description of the key changes resulting from the issuance of SAS No. 142:

- **Expanded guidance on evaluating whether sufficient appropriate audit evidence has been obtained.**

Expands the objective of the extant standard to be more broadly focused on considering the attributes of information to be used as audit evidence in assessing whether sufficient appropriate audit evidence has been obtained. Previously, the objective focused on the design and performance of audit procedures to obtain sufficient appropriate audit evidence rather than evaluating the sufficiency and appropriateness of the audit evidence itself. This change in focus is accomplished by establishing attributes of information to be used as audit evidence when evaluating whether sufficient appropriate audit evidence has been obtained by the auditor. Attributes of reliable information include its accuracy, completeness, authenticity, and susceptibility to bias.

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."

- **Automated tools and techniques.** Provides examples to illustrate how automated tools and techniques, such as audit data analytics, drones or remote observation tools, may be used by the auditor and, thus recognizes more prominently in the standard the increased use of automated tools and techniques.

SAS No. 142 also states that an auditor may use automated tools and techniques to perform both a risk assessment procedure and a substantive procedure concurrently if the objectives of both types of procedures are achieved. The standard also contains an exhibit illustrating this concept.

- **Professional skepticism.** Incorporates the concepts surrounding professional skepticism throughout the standard. This content includes the auditor's consideration of susceptibility of information to bias and whether the audit evidence obtained corroborates or contradicts management's assertions.
- **Management specialists.** Includes an amendment relocating content dealing with management's specialists from section 500 to section 501, *Audit Evidence – Specific Considerations for Selected Items*.

Next steps?

SAS No. 142 is effective for periods ending on or after December 15, 2022. The final SAS can be viewed on the AICPA's website by clicking [here](#).