

**Policy Statement Regarding Implementation
of Paragraph .10A of AS 1105, *Audit Evidence***

PCAOB Release No. 2025-004
September 18, 2025

On June 12, 2024, the Public Company Accounting Oversight Board (“PCAOB” or “Board”) adopted amendments to AS 1105, *Audit Evidence*.¹ The amendments become effective for audits of financial statements for fiscal years beginning on or after December 15, 2025.

The amendments include the addition of a new paragraph (“paragraph .10A”), under a new section heading, “Evaluating the Reliability of External Information Provided by the Company in Electronic Form.”² Paragraph .10A requires auditors to evaluate the reliability of external electronic information provided by the company by: (a) obtaining an understanding of the source and of the company’s process for receiving, maintaining, and processing the information; and (b) testing the information or the relevant controls. Paragraph .10A does not prescribe the nature, timing, or extent of procedures. Instead, the requirements are principles-based and scalable based on risk. Commenters on the rulemaking requested guidance regarding the implementation of paragraph .10A, particularly paragraph .10A(b), and the SEC’s order approving the adoption of the amendments encouraged the

¹ See *Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form*, PCAOB Rel. No. 2024-007 (June 12, 2024).

² Paragraph .10A provides as follows:

The company may provide to the auditor information in electronic form that the company received from one or more external sources.^{3B} When using such information as audit evidence, the auditor should evaluate whether the information is reliable for purposes of the audit by:

- a. Obtaining an understanding of (i) the source from which the company received the information; and (ii) the company’s process by which such information was received, maintained, and, where applicable, processed, which includes understanding the nature of any modifications made to the information before it was provided to the auditor; and
- b. Testing the information to determine whether it has been modified by the company and evaluating the effect of those modifications; or testing controls over receiving, maintaining, and processing the information (including, where applicable, information technology general controls and automated application controls).

^{3B} Such information includes, for example, cash receipts, shipping documents, and purchase orders.

PCAOB to issue such guidance.³ The Board is issuing this statement to provide information relevant to that subject.

Depending on the auditor's assessment of risks of material misstatement related to the relevant assertion for the significant account and disclosure, the importance of the information used as audit evidence in relation to the auditor's planned response, and the results of certain audit procedures (including, but not limited to, procedures performed to comply with paragraph .10A(a)), an auditor may not need to perform separate testing specified in paragraph .10A(b). If, based on these factors, the auditor concludes that there is no more than a remote possibility that the information used as audit evidence has been modified in a way that would render it unreliable for purposes of the audit, the PCAOB will not, through its inspection or enforcement processes, treat the absence of any separate testing specified in paragraph .10A(b) as noncompliance with PCAOB auditing standards.⁴

Guidance will be issued by the Office of the Chief Auditor illustrating the scope and application of this Statement and providing additional examples of the application of paragraph .10A(b).

³ See *Order Granting Approval of Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form*, SEC Rel. No. 34-100774 (Aug. 20, 2024) at 6.

⁴ The auditor's responsibilities under AS 1000, *General Responsibilities of the Auditor in Conducting an Audit*, including exercising due professional care in all matters related to the audit, and AS 1215, *Audit Documentation*, continue to apply.