



11 April 2023

Mr Willie Botha  
Technical Director  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 5th Avenue, 6th Floor  
New York, New York 10017 USA

Dear Willie,

### **AUASB Submission on the IAASB's Proposed Strategy and Work Plan for 2024–2027**

The Australian Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on the IAASB's Consultation Paper on its Proposed Strategy and Work Plan for 2024–2027. Our response is based on input from our stakeholders through a formal Agenda Consultation process undertaken in the second half of 2022 and formal discussions by AUASB members at recent board meetings.

The AUASB supports the strategic elements included in the IAASB's proposed Strategy and Work Plan for 2024–2027. Our comments in response to the proposed Strategy and Work Plan below have focused on key themes we consider the IAASB should address in order to better achieve its goals and objectives as a global standard setter. We have also provided specific comments on which IAASB projects should be prioritised in its future work program, as requested in Questions 4 & 5 of the Consultation Paper.

#### ***Comments on key themes in the IAASB's Proposed Strategy and Work Plan for 2024–2027***

##### ***1. Timeliness of standards development (incl. greater consideration of narrow scope amendments)***

The AUASB believes that the passage of time taken for the IAASB to plan, develop and finalise new or revised standards needs to be reduced. Whilst we support the need for the IAASB to undertake proper due process in connection with its standard setting activities, we believe it is also in the public interest to ensure standards development is done in a more timely fashion. The AUASB considers the IAASB should further review its current processes to identify where and how existing processes could be streamlined to produce standards over a shorter timeline in response to stakeholder and environmental demands.

One method the IAASB could apply to reduce its timeframe to produce revisions to existing IAASB standards is to identify where 'narrow scope' amendments to standards are possible. For future projects in the IAASB's Work Plan for 2024–2027 the AUASB supports the IAASB considering a more precise analysis of what changes or updates to a standard may be in the public interest up front as part of the project planning stage. This would ideally result in a narrower scope of changes targeted at specific areas of focus, rather than doing a full scale revision of existing pronouncements which inevitably takes longer and requires more IAASB resources.

##### ***2. Increased emphasis on implementation support***

Whilst the IAASB notes it will develop 'first time implementation support' for each of its standard setting projects, the diminishing level of resources and lack of timeliness of the release of implementation materials the IAASB has applied recently in this area is a concerning trend. We consider that the IAASB should prioritise this activity as the failure to do so directly impacts the quality of implementation across the globe. Timely and effective implementation support also assists in ensuring the stated objectives of the IAASB for its standard setting projects are achieved. It is also more efficient and effective to centralise the development of implementation support materials globally, rather than have different National Standard Setters (NSS) or



local accounting professional bodies develop their own resources which is both a duplication of effort and may result in divergent interpretations on how to apply new or revised standards in different jurisdictions. We acknowledge further effort on implementation support may be considered a challenge to the IAASB’s limited resources, but believe this could be addressed through further collaboration and partnering with NSS representatives like the AUASB, with which we’d be happy to assist.

3. *Importance of timely post implementation review (PIR) projects for recent standards*

The IAASB has identified in its proposed Work Plan for 2024–2027 possibly performing PIRs of some recently released standards. With some of these recently released standards (especially ISA 540 *Auditing Accounting Estimates and Related Disclosures* and ISA 315 *Identifying and Assessing the Risks of Material Misstatement*) being so critical to the overall conduct of the audit we would urge the IAASB to commit to a timely and effective PIR of these pronouncements. We consider activities aligned with the PIR of these standards to be a higher priority than commencing projects to update some new standards, particularly as many of the standards currently under development by the IAASB explicitly draw upon concepts and definitions already embedded in these recently released standards.

4. *Ensuring IAASB standards are relevant for non-accountants and the public sector*

The AUASB appreciates the need for standard setting projects to align to current and existing IAASB pronouncements. However where new standards are intended for use by a wide range of stakeholders (including non-accountants, as is the case with the proposed Sustainability Assurance standard currently in development), it is important that the scope of any proposed standards is inclusive and not overly drawn-out and complex. Brevity and clarity should be a priority when drafting new standards, especially when they are intended to have a broad user base.

Similarly, we would urge the IAASB to include further application material or separate guidance that supports the implementation of its standards in the public sector across all of its projects going forward. Feedback we have received from auditors who specialise in the public sector notes that guidance and examples targeted at the public sector in many recently released new or updated standards have not been sufficient, and consequently we have had to develop our own local guidance to assist this stakeholder group. We would encourage the IAASB to collaborate with others (such as INTOSAI and other NSS) on this topic, and again the AUASB would be happy to be part of this process.

***Comments on possible new standard-setting projects in the IAASB’s proposed Work Plan for 2024–2027***

The AUASB has reviewed the possible new standard-setting projects as set out in Table B of the Consultation Paper and have identified in the table below possible projects as priorities for the IAASB from our perspective over the 2024-2027 period.

<b>Possible new standard-setting project</b>	<b>Why this is important to the AUASB</b>
Revision of ISA 330 <i>The Auditor’s Procedures in Response to Assessed Risk</i>	The AUASB considers this standard needs to be updated as a priority by the IAASB to align with changes to recently updated standards (especially ISA 315) or standards currently under development.
Update of various standards in the ISA 500 series, with the focus on updates relating to the impact of technology	Other than the revision of ISA 540, there has been very limited updates applied to the suite of standards addressing Audit Evidence over the last decade. We believe the review and update of these standards should be high priority for the IAASB, with a particular emphasis on addressing the impact of technology on the requirements in these standards. Specifically we believe updates to ISA 520 <i>Analytical Procedures</i> and ISA 530 <i>Audit Sampling</i> are the highest priority, with these standards consistently raised as needing modernisation by our local audit practitioners and regulators.



Possible new standard-setting project	Why this is important to the AUASB
Revision of ISA 720 <i>Auditor’s responsibilities relating to Other Information</i>	The AUASB has identified a number of concerns with the current application of ISA 720 through our local Auditor Reporting Post Implementation Review (PIR) activities. We also believe that the IAASB’s Auditor Reporting PIR project raised a number of issues associated with the current version of ISA 720 which should be addressed as priority, noting that this project may be a good candidate for ‘narrow scope’ amendments.
Further standards for assurance on Sustainability Reporting (new standards)	The AUASB supports the current IAASB Sustainability Assurance project and the development of an overarching standard to address engagements covering this topic. However, this is a subject area where market and regulatory requirements are evolving rapidly, so whilst we may not have clarity on which topic area may be next on the IAASB’s Sustainability agenda we support the IAASB making provision to include possible new projects to address any Sustainability reporting developments over the 2024–2027 Work Plan period.
Revision of ISA 620 <i>Using the work of an Auditor’s Expert</i>	The AUASB notes that recent local regulatory inspections have identified ISA 620 as a standard which could be revised. In addition the complexity of reporting standards and disclosure requirements indicate more reliance on experts as part of the audit process in future, especially relating to Sustainability.
Revision of ISRE 2410 <i>Review of Interim Financial Information</i>	The AUASB has requested the IAASB prioritise the update of ISRE 2410 in its previous submissions on the IAASB’s proposed Work Plan, both because there are mandatory interim reporting requirements for listed entities in our jurisdiction, but also as this standard has not been updated since 2006 and is still presented in the old ‘non-clarity’ format.

In addition to our comments on the possible new standard-setting projects in the table above, the AUASB has not identified the revision of ISA 320 *Materiality in Planning and Performing an Audit* as a priority for the IAASB. We consider any issues associated with this standard relate to implementation issues or differences in professional judgement, which are unlikely to be resolved by revising the relevant auditing standard.

Furthermore the AUASB does not consider any new standard on Joint Audits or Assurance on XBRL should be part of the IAASB’s proposed future Work Plan, as both of these subject matter areas do not have a wide application across the globe and the IAASB should prioritise its resources on projects with a broader international scope.

Should you have any queries regarding this submission, please do not hesitate to contact the AUASB Technical Director, Matthew Zappulla, at [mzappulla@auasb.gov.au](mailto:mzappulla@auasb.gov.au).

Yours sincerely,

W R Edge  
Chair