

**Strategy and Work Plan 2024–2027 Question 3**

Do you agree with Our Proposed Strategic Objectives and Our Proposed Strategic Actions (see pages 10–14)?

**3.6 Analysis by themes****3.6.1 Strategic Objective 1****1. Monitoring Group****International Association of Insurance Supervisors (IAIS)**

The IAIS supports the IAASB's efforts to perform post-implementation review of new or revised standards as appropriate. In particular, ISA 540 (Revised), "Auditing Accounting Estimates and Related Disclosures", could be a useful topic to include in the post-implementation review project during the work plan period of 2024-2027. This standard is crucial to the financial statements of insurance companies due to significant judgements and estimates required in implementing IFRS 17 Insurance Contracts.

**International Forum of Independent Audit Regulators (IFIAR)**

IFIAR supports IAASB's efforts to perform post-implementation reviews. IFIAR would suggest preparing a detailed timeline of when projects are being completed, and when the post-implementation review needs to be performed. ISA 315 and ISA 540 could be treated together in a same post implementation review.

**International Organization of Securities Commissions (IOSCO)**

We support the IAASB's focus on the ongoing, timely identification of new and emerging issues that may affect global standards, and timely, thorough analysis and resolution of those identified issues through the standard setting process. We encourage the Board to continue monitoring such new and emerging issues and to provide flexibility in its work plan to allow for the reallocation of resources to address unexpected changes, as needed.

As it relates to projects underway at the start of 2024 (Table A in the Paper), we encourage the IAASB's timely completion of high-quality standards in accordance with the Public Interest Framework.

**Overall Comments**

We commend the IAASB's dedication and efforts to implement the Monitoring Group's Recommendations in order to strengthen the independence and accountability of international audit and assurance standard setting. We support the IAASB's focus on the ongoing, timely identification of new and emerging issues that may affect global standards, and timely, thorough analysis and resolution of those identified issues through the standard setting process. We encourage the Board to continue monitoring such new and emerging issues and to provide flexibility in its work plan to allow for the reallocation of resources to address unexpected changes, as needed.

We believe that a single set of ISAs that are scalable, clear, and concise is a much more effective approach. In contrast, multiple sets of auditing standards create complexity, consistency challenges, and the need for the IAASB to unnecessarily devote its limited resources to maintaining two separate sets of standards instead of devoting that time to other high priority projects.

We continue to strongly encourage the Board to pursue other solutions to the actual and/or perceived challenges of auditing less complex entities (LCEs), such as developing implementation guidance on how to use existing ISAs when auditing LCEs, rather than adopting the proposed ISA for Audits of LCEs.

## 2. Investors and Analysts

### Eumedion

8. Are there any other matters that we should consider in finalizing our Strategy and Work Plan?

### Norges Bank Investment Management (NBIM)

Regarding Strategic Objective 1, we particularly welcome the IAASB's work on professional scepticism and encourage the Board to consider how to embed it throughout its entire workplan and strategy, beyond having a separate workstream. Professional scepticism is a cross-cutting issue relevant to all the standards developed by the Board, whether they are aimed at supporting financial statement audits or sustainability assurance engagements. Exercising professional scepticism can help reduce corporate scandals and frauds, and address cases of greenwashing in the sustainability reporting space.

Regarding first time implementation guidance, we underline the importance for the Board to be proactive in identifying the latter's need in relation to a specific new standard. This guidance can be very important for practitioners to get familiar with new requirements, and a flexible but proactive approach to its development would best serve the audit and assurance community. The Board could be guided for instance by an assessment of whether implementation is likely to raise any contentious issue or result in inconsistent practices.

## 3. Regulators and Audit Oversight Authorities

### Committee of European Auditing Oversight Bodies (CEAOB)

In particular, we would like to emphasize the public interest that is attached to statutory audit engagements, which should be the most important consideration in setting IAASB's goals and priorities. Prioritizing public interest issues for timely completion of IAASB projects should always outweigh requests which stem from individual stakeholder groups.

We welcome the statement that setting auditing standards remains a key priority. The strategic action to continue engagement and communication with stakeholders through timely and meaningful outreach activities should be focused on more than implementation and issues impacting the standards.

The CEOB furthermore supports the IAASB's proposal to perform post-implementation reviews. We would suggest preparing a detailed timeline of when projects have been completed, and when the post-implementation review needs to be performed. Post implementation reviews of ISA 315 and ISA 540 could be dealt with in the same project, given the connections between those topics.

The CEOB will continue to urge IAASB to carefully consider all inputs that regulators and others may share from a public interest perspective.

### Financial Reporting Council – UK (FRC)

On a similar note, the FRC also suggests the IAASB considers the pipeline of new standards and guidance in relation to the ability of practitioners to absorb and implement this new material.

We also note the potential for new and time urgent issues to emerge, and therefore the need for

contingency and prioritisation.

### **Haut conseil du commissariat aux comptes (H3C)**

In particular, the H3C would like to emphasize the public interest that is attached to statutory audit engagements, which should be the most important consideration in setting IAASB's goals and priorities. Prioritizing public interest issues for timely completion of IAASB projects should always outweigh requests which stem from individual stakeholder groups.

The H3C welcomes the statement that setting auditing standards remains a key priority. The strategic action to continue engagement and communication with stakeholders through timely and meaningful outreach activities should be focused on more than implementation and issues impacting the standards.

#### Post implementation reviews

The H3C furthermore supports the IAASB's proposal to perform post-implementation reviews. The H3C would suggest preparing a detailed timeline of when projects have been completed, and when the post-implementation review needs to be performed. Post implementation reviews of ISA 315 and ISA 540 could be dealt with in the same project, given the connections between those topics.

The H3C will continue to urge IAASB to carefully consider all inputs that regulators and others may share from a public interest perspective

### **Independent Regulatory Board for Auditors (IRBA)**

Proposed Strategic Objective 1: Support the Consistent Performance of Quality Audit Engagements by Enhancing Our Auditing Standards in Areas Where There Is the Greatest Public Interest Need

We are supportive.

### **Irish Auditing and Accounting Supervisory Authority (IAASA)**

The public interest attached to statutory audit engagements should be the overarching consideration when setting the IAASB's goals and priorities. Prioritising public interest issues in IAASB projects should always outweigh requests from individual stakeholder groups.

We welcome the statement that setting auditing standards remains a key priority. In particular, the IAASB should focus on the strategic action to continue engagement and communication with stakeholders through timely and meaningful outreach activities.

#### Prioritisation of topics

IAASA will continue to urge the IAASB to carefully consider all inputs that regulators, national standard setters and others share from a public interest perspective.

#### Post implementation reviews

IAASA supports the IAASB's proposal to perform post-implementation reviews. We would suggest preparing a detailed timeline of completed projects and when each post-implementation review needs to be performed. Post implementation reviews of ISA 315 and ISA 540 could be dealt with in the same project given the connections between those topics.

## 4. National Auditing Standard Setters

### American Institute of Certified Public Accountants (AICPA)

While some tailored references and linkages between the relevant performance requirements of one standard and another is useful, we recommend that the development of new performance and disclosure requirements should first be based on where they most appropriately fit. For example, (and notwithstanding the respective project proposal objectives cited) we have observed in the Fraud and Going Concern projects the inclusion of numerous proposed requirements related to the auditor's risk assessment process that we believe are more appropriately included in ISA 315 (Revised 2019): Identifying and Assessing the Risks of Material Misstatement. Additionally, we noted several proposed changes in the Fraud project regarding auditor reporting that may be better deliberated in and suited for ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report. The long-term consequences to standard setting quality include (a) the potential for inconsistent application of principles, (b) the continuous need to update and align standards to mitigate performance inconsistencies or dueling requirements, and (c) the need for practitioners to consult multiple standards to understand how to perform a certain part of the audit (e.g., risk assessment procedures).

We observe that as of March 2023 several projects, such as Going Concern and Listed Entity and Public Interest Entity (Track 2), have built-in pause periods of several months or longer to enable resources to be concentrated on delivering against projects assessed to have a greater public interest need, such as the Audits of Less Complex Entities and Assurance on Sustainability Reporting. These projects in and of themselves will also require significant human capital to produce first-time implementation and other guidance, the efforts of which need to commence before the approval of the final standards.

We also believe several of the IAASB's major current standard setting projects, such as Sustainability Assurance and Audits of Less Complex Entities, will require extensive implementation and other guidance. To deliver that necessary guidance timely, the design and planning of that work will need to occur in 2023 and should be done in lieu of new standard-setting projects. Once that work is sufficiently planned and developed, we believe it would then be appropriate to commence with new standard-setting projects, such as the revision of ISA 330, The Auditor's Procedures in Response to Assessed Risks.

#### Supporting the Implementation of Standards and Stakeholder Education

Related to consistent performance of quality audit engagements, we believe that the standard-setting process continues even after a standard is issued. In that regard, we strongly believe the IAASB has a critical leadership role to fill in supporting the effective adoption and implementation of its standards because as the IAASB notes "...these activities add significant value for stakeholders and should be a focus area..." This is a critical need in certain projects such as sustainability assurance and the audits of less complex entities. In these projects the IAASB is aware that the final standards may not address all issues, complexities, and challenges so the IAASB should expect the need to update those standards over time (informed by post-implementation reviews) and plan now for the need to provide potential interpretation and implementation guidance.

Also, as the IAASB contemplates seeking partners to assist in the development of first-time implementation support material or other non-authoritative guidance, we desire and stand ready to partner with the IAASB on work activities that support the effective and consistent implementation of auditing standards. We desire to partner on public interest stakeholder educational resources, particularly as it relates to the purpose of information communicated in the auditor's report and information shared with those charged with governance. The value of such resources would be to enhance the clarity and understandability of

standards issued by the IAASB and would serve to mitigate misperceptions among users and other interested stakeholders. One potential model for how the IAASB could partner with national standard setters on identifying, designing, managing, and communicating guidance in the form of implementation and education guidance might be a structure analogous to the FASB/IASB's Joint Transition Resource Group for Revenue Recognition. Irrespective of how the partnership with public accounting organizations or national standard setters may occur, those efforts in and of themselves require resources and planning, and the administration thereof should not be underestimated.

**Project Proposals and Exposure Draft Development.** In consideration of how project proposals are designed and approved, and in how the IAASB and its task forces discuss issues during the exposure draft development period, we would like to offer certain recommendations:

We recommend that the IAASB's consideration of potential transparency changes to the auditor's report, to third-parties, or to those charged with governance come after the full deliberation of potential auditor performance changes. We have recently observed a tendency to first focus on, or elevate above other project objectives, potential changes to the auditor's report before focusing on and resolving audit performance requirements (e.g., the projects on Public Interest Entities and Fraud). This often appears to be because of the public interest needs cited. While information gathering about potential changes to auditor transparency and having "the end in mind" may be helpful when writing or revising a standard, we are concerned about the risk of outcome bias being a detriment to overall quality. That is, we believe some outcome bias is limiting or unduly influencing necessary performance changes or presupposing the information needs of users who rely on the auditor's report.

If there is strong support from respondents that the IAASB should continue and perhaps expand its work to support the effective implementation of its audit, assurance and related standards, does the IAASB and task forces supporting existing projects have the capacity and resources to perform this work over other activities?

Given the divide between those who favor and need implementation guidance and those who prefer the IAASB be more exclusively focused on the revision or issuance of standards only, this may be cause for the IAASB to deliberate what should be the core focus of the IAASB's activities. Is it only a "standard setter" or is it responsible for the standard setting "life cycle" (i.e., the continuous feedback loop of developing a work plan, conducting standard setting, leading the development of implementation efforts and conducting post-implementation reviews)? Could enhanced collaboration with IFAC and national standard setters assist in this regard?

#### **Audits of Less Complex Entities**

We recommend that the IAASB include in its strategy a plan with respect to updating the ISA for Less Complex Entities (LCE) post-issuance and take a position as to whether, for example, revisions will be considered as part of each ISA project going forward or whether the IAASB will only update ISA for LCEs periodically.

Additionally, the IAASB has stated that the need for a set of high-quality requirements tailored for the audits of less complex entities is a global concern. It has also stated in the Proposed Strategy and Work Plan that a "headwind" to a successful LCE standard is the impact of and reason for jurisdictions developing their own audit and assurance standards. We believe that the IAASB can, in part, encourage the global acceptance of the ISA for LCE by considering the work of national standard setters. Such knowledge could increase the knowledge and expertise that is incorporated in the final ISA for LCE and would reduce the risk that the ISA for LCE would not be accepted globally. For example, in January 2023 we issued an authoritative guide that

is intended to assist auditors of less complex entities in scaling the ASB's standard that is converged with ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement.

Our primary concern is that additional projects that may be taken on as early as Q3 2023 are likely to dilute the focus and resources necessary to deliver against the existing work plan, which is extensive. We observe the IAASB has proposed a set of strategic actions undergirding the four proposed strategic objectives; the results of which could culminate in at least 13 potential active projects during the 2024-2027 strategic term (~2 per year expected to be added starting in 2025). The existing work plan already requires a significant amount of IAASB time, focus, and resources, including gathering appropriate public input to inform its proposals. Such effort will need to be sustained through 2024 given that approval of four significant projects is currently set for that year.

### **Australian Auditing and Assurance Standards Board (AUASB)**

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

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.

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.

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.

### **Austrian Chamber of Tax Advisors and Public Accountants (KSW)**

Focus should be where the impact of the enhanced or new standards is most effective. Recent revisions (ISA 315 and 540, ISQM 1 and 2, ISA 220) have added length and complexity to several key standards, which is not easily aligned with a principle-based approach. Once the two projects on fraud and going concern are finished the IAASB should ensure a stable platform to allow audit firms and other affected parties such as regulators sufficient time for implementation. Not all requests by specific stakeholders should be addressed as such requests do not always lead to increased audit quality.

Implementation guidance needs to be addressed already in the project proposal and as such be part of the project. This means that the project cannot be finalized before the implementation guidance is issued.

Issuing a new or revised standard is time consuming and requires considerable resources to be achieved. The workload to implement the standards into practice requires even more resources on the part of audit firms and networks, resulting in a higher cost of audits. The cost benefit of revising existing standards further needs to be taken into consideration when planning future projects. The Board should consider initiating revision projects only to address obvious deficiencies in application of standards like the lack of technology aspects (e.g. ISA 500 series).

### **Canadian Auditing and Assurance Standards Board (AASB)**

#### **Post-Implementation Reviews**

The Consultation Paper indicated that the IAASB is considering a number of possible post-implementation review (PIR) projects during the Work Plan period. We believe that PIRs of the following ISAs are high priority:

ISA 315 (Revised 2019) – This ISA sets the foundation of the audit – i.e., it drives the auditor’s identification and assessment of risks of material misstatement. Further, the IAASB has incorporated concepts from ISA 315 (Revised 2019) into several recent proposed revisions, such as the proposals for ISA 240, ISA 570 (Revised), and ISSA 5000. It is important that the IAASB understand if the principles in ISA 315 (Revised 2019) are causing any implementation issues before rolling out those principles across other new or revised standards.

We agree with the proposed strategic objectives and strategic actions subject to our overriding view that serving the public interest requires an appropriate balance between:

the need to ensure standards will be available when needed (“on time”) to address the needs of users; and  
the thoughtful (but often lengthy) process of carefully drafting high-quality standards, which also includes supporting the effective implementation of standards.

#### **Leadership on implementation guidance**

The timeliness of first-time implementation guidance is particularly important to ensure effective implementation of the IAASB’s audit standards. Effective implementation, in turn, helps to improve the consistency and quality of audits performed.

To enhance the timeliness of first-time implementation guidance, it is important for the IAASB to identify potential implementation challenges and start developing guidance at earlier stages of a project.

We recognize that the IAASB has many project demands and identifying sufficient resources to undertake all of them is a challenge. In Canada, as the standard-setting body, we document potential implementation

challenges identified throughout the project, including when analyzing input from interested and affected parties on documents for comment. Our staff then work with CPA Canada, the professional accounting body, who leads the development of guidance, including identifying the required resources (e.g., contractors, new volunteers, or existing committee volunteers). Guidance is available in both English and French shortly after the project is finalized. To supplement the IAASB's resources, the IAASB may wish to consider working with IFAC and National Standard Setters to establish a similar process to develop timely guidance. However, if the IAASB does decide to partner with or support other organizations creating implementation guidance, there will still be a resource requirement from the IAASB to communicate the potential issues and perform fatal flaw reviews of the guidance so that it is not inconsistent with its standards.

#### High priority projects

In our view, the high priority projects are:

Projects relating to audits and reviews of historical financial information

Post-implementation reviews of ISA 315 (Revised 2019), ISA 320 and ISA 540 (Revised);

Impact of volume and pace of change to IAASB standards on audit quality

We have heard from our community that practitioners are struggling to keep up with the volume and pace of change of the IAASB's standards, including newly revised ISAs and upcoming proposed revisions. These changes, combined with a practitioner talent shortage, is creating challenges with implementing revised standards as they become effective. We understand these challenges are not unique to Canada and are being felt by other jurisdictions as well.

With the growth of sustainability reporting and assurance, we expect that the current challenges faced by practitioners will continue and potentially be exacerbated. We are concerned about practitioners' ability to effectively implement future revisions to the IAASB standards, which may in turn impact audit quality. We therefore encourage the IAASB to focus on only those projects that are viewed as high priority projects, and to take a pause to assess practitioners' ability to implement the new and revised standards before initiating any other projects.

ISA 540 (Revised) – In Canada, results of practice inspections often identify auditing estimates that involve significant judgments as an area of weakness. We believe that the challenges involved in auditing estimates is common globally. A PIR may help the IAASB to consider whether changes are needed to ISA 540 (Revised).

As indicated in our responses to Q4 and Q5, we encourage the IAASB to perform PIRs on certain ISAs

#### **CNCC-CNOEC - France**

As mentioned above, we suggest that guidance should be developed and the IAASB should consider how to put together the means to achieve this, such as working with the NSS.

#### **Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)**

Furthermore, in our view, there needs to be some recognition that both auditors, and audit oversight authorities and regulators, require time and resources to appropriately deal with fundamental changes in standards, which is why seeking stable platforms for longer periods of time is important. The ability of the largest and most well-resourced audit firms, audit oversight authorities and audit regulators should not



represent the benchmark for the time needed to deal with changes in standards. There is a public good in having standards represent a stable platform over time rather than being subjected to continual fundamental change, which engenders both increased implementation costs and increases the risks of inappropriate implementation compared to when major changes are required in stages over longer periods of time. This issue is connected to the robustness of standards over time – that is, standards should be written in a principles-based manner so that they stand the test of time and are less subject to disruption.

Our concern relates to the fourth bullet point under Proposed Strategic Objective 1 and the third bullet point under Proposed Strategic Objective 2, both bullet points of which relate to the issue of first-time implementation support materials. We believe that if the IAASB needs to prepare detailed implementation support, then the standards lack the clarity needed to have been issued as standards in the first place. It is another matter for the IAASB to contribute to implementation support prepared by national standard setters, IFAC member bodies, or IFAC when these deem such support to be helpful in their jurisdiction. We recognize that both bullet points also refer to facilitating or supporting action by others. However, we believe the focus of the IAASB in the first instance needs to be on spending more time on “getting the standards right” so that they are principles-based, less complex and more understandable, than immediately afterwards spending time and resources on developing implementation support to mitigate complex, unclear standards.

Over time, we have observed the tendency of IAASB standards becoming increasingly lengthy and complex (good examples thereof are ISAs 315 (Revised 2019) and 540 (Revised)). We also note that at the same time the speed at which fundamental revisions are being made to standards over time appears to have increased.

We believe that rules-based standards are not necessarily conducive to high-quality audits or assurance engagements. Ultimately, rules-based standards provide greater opportunity for circumvention and for formal, rather than substantive, compliance and will not lead to standards that foster confidence in the long run. Furthermore, complex rules-based standards are becoming increasingly difficult to understand for firms, audit oversight authorities and audit regulators without a large technical department, which endangers global application and the credibility of the IAASB.

The second sub-bullet of the sixth bullet under Proposed Strategic Objective 1 addresses implementation challenges but does not deal with one of the major implementation challenges resulting from continual fundamental changes to standards – standards overload. There needs to be some recognition that both auditors, and audit oversight authorities and regulators, require time and resources to appropriately deal with fundamental changes in standards, which is why seeking stable platforms for longer periods of time is important. The ability of the largest and most well-resourced audit firms, audit oversight authorities and audit regulators should not represent the benchmark for the time needed to deal with changes in standards.

### **New Zealand Auditing and Assurance Standards Board (NZAuASB)**

We urge the IAASB not to underestimate the value of implementation support to achieve consistent application of the standards. We consider implementation support to be an important element of standard setting and an integral part of the standard’s development. As such, the need for implementation support should be built into the project plan. Providing implementation support that provides for clear and consistent application of the standards will go a long way to allaying regulator concerns around the specificity of requirements. We consider that the IAASB is best placed to develop this implementation guidance, but as a national standard setter welcome the opportunity to collaborate more closely.

The IAASB has identified in its proposed work plan possibly performing reviews of some recently issued standards, e.g., ISA 540 (Revised), ISA 315 (Revised 2019) and the quality management standards. We urge the IAASB to commit to a timely and effective post implementation review of ISA 315 (Revised 2019). ISA 315 is critical to the overall conduct of the audit. We consider that understanding whether the desired response has been achieved is critical before embarking on a revision to ISA 330.

Like the IAASB, firms are facing resourcing pressures and are struggling with the volume and pace of change. It is important for firms to be given space and time to implement new standards and to train their staff to use those standards. Providing the time and resource to support firms to implement new standards will drive towards improved audit quality.

As part of this self-assessment, we also encourage the IAASB to perform timely post implementation reviews following revision of key standards such as ISA 315 (Revised 2019) and ISA 540 (Revised).

### **Royal Netherlands Institute of Chartered Accountants (NBA)**

The NBA reemphasizes the importance that Standards set clear and practicable expectations for auditors to adhere to, in addition to being principles-based and scalable. This would contribute to avoiding the need for developing additional non-authoritative guidance complementing the standards.

The NBA reiterates its position that Standards should set clear and practicable expectations for auditors, avoiding the need for IAASB to develop additional guidance to accompany standards.

The NBA would note the importance of Post implementation reviews on ISAs 315, 540, and 600 as well as ISQM. Conducting such reviews may provide meaningful learnings for revisions of other standards. The NBA suggests the IAASB seeks a balance between aligning all extant standards with the updated risk approach (in ISA 315/540 and 600) and the importance for partitioners to have a stable balance to work with.

## **5. Accounting Firms**

### **Baker Tilly International**

ISA 240 and ISA 570 to improve auditor communication

The project on less complex entities is in danger of failing without the support from users of assurance and endorsement by regulators

We also consider that the assurance for LCE project is in danger of failing without significant endorsement from users of assurance on LCEs and broad endorsement from regulators. If the IAASB is unable to generate broad support for the LCE project then it should be halted and resources released to projects with greater need/support such as those related to sustainability assurance. This would be consistent with the 'agility and innovative ways of working in line' with the monitoring groups reforms vision.

We support the ISA 240 (fraud) and ISA 570 (going concern) projects to improve auditor communication

### **Deloitte LLP**

There are currently three open IAASB exposure drafts, with another to be published imminently, as well as other open exposure drafts from other standard setters whose standards are applicable globally, such as the PCAOB. There is a risk that continuation of this high level of activity in global standard setting may affect the ability of the profession to effectively absorb, implement, and execute multiple new or updated standards

– too much change all at once significantly increases the complexity of implementation efforts and the risk that intended quality outcomes are not consistently accomplished, which is not in the public interest. We recommend that the Board considers these capacity constraints when determining the future workplan and setting the pace of change.

As noted above, we have been impressed with the IAASB's ability to juggle the agenda and topics covered at each meeting to accommodate new and pressing issues. In order for the profession to continue to be able to absorb the impact of unexpected change, the workplan should incorporate contingency space – both to accommodate new projects and address expansion of planned projects. In addition, having a focused set of projects with targeted outcomes should enable completion of each project in a shorter period of time.

### Ernst & Young Global Limited

We also acknowledge the IAASB's effort to balance the stakeholders' expectations for more timely standards with other stakeholders needs for sufficient time to implement standards and absorb changes. We believe that the volume of change the profession has had to absorb over the last few years with the issuance of standards that required or will require significant implementation effort has been challenging for the profession (i.e., ISA 315 (Revised 2019), ISQM 1, ISQM 2 and ISA 220 (Revised) to be implemented in 2023; and ISA 600 (Revised), effective in 2024).

We believe the IAASB should challenge the timing of the effective dates of the numerous significant projects that are expected to be completed in succession in 2024 and 2025 as outlined in Table A of the Strategy and Work Plan and approve an effective date schedule that will allow the profession the appropriate time to implement the new standards such that the overarching public interest objective of the consistent performance of quality engagements is achieved.

Regarding Proposed Strategic Objective 1: Support the Consistent Performance of Quality Audit Engagements by Enhancing Our Auditing Standards in Areas Where There Is the Greatest Public Interest Need:

Overall, we agree with the Proposed Strategic Objectives and Proposed Strategic Actions. However, we have the following observations:

Non-authoritative guidance: The Strategy and Work Plan states (page 17) that the development of other non-authoritative guidance will mostly be limited to responding to significant unanticipated developments in the environment or addressing significant targeted issues that have arisen that require a more immediate response than standard setting can provide. We do not believe the IAASB should consider this guidance such a low priority. For the activities other than revising and developing standards and outreach, we believe that the IAASB should have an objective of putting processes in place to respond to challenges in practice on a timely basis through a greater focus on issuing non-authoritative guidance. Firms are currently in the position of needing to determine an approach or solution to emerging practice issues years ahead of when the IAASB releases revisions to its standards to address the issues. However, we have the view that the other activities have challenges to their success because of the capacity constraints of the IAASB and the ongoing expected priority for the IAASB to develop and revise standards. Accordingly, we believe that the IAASB should include specific consideration of resourcing needs for the appropriate response and whether the activity should be performed by the IAASB or addressed through collaboration with others.

Research should focus on 'the audit of the future': As the IAASB undertakes information gathering and research activities for new projects, we believe the IAASB's research activities should have an explicit focus on the audit of the future. Monitoring developments that indicate changing demands and stakeholder needs

for the audit should be a central theme in the IAASB’s research activities because of the critical importance of maintaining the relevance of the audit in the current fast-changing environment and is necessary for the role of the audit to continue to appropriately serve the public interest.

Importance of implementation material: The Strategy and Work Plan states (page 17) that the IAASB will continue to be alert to the need for developing timely first-time implementation support materials, mindful that there are competing demands and efforts will continue to be prioritized for standard-setting projects. Because of the expected issuance of the new overarching standard for assurance on sustainability, as well as the significant changes being deliberated related to the Going Concern and Fraud projects (especially related to transparency in the auditor’s report) in this Strategy period, proper implementation will be especially important to achieving engagement quality. Therefore, because of the significance and extent of implementation assistance that may be required for these standards, we strongly encourage the IAASB to pursue cooperation with IFAC, member bodies, National Standard Setters or others in order to obtain assistance with these implementation activities, including potentially outsourcing some of the specific enablement.

Enhancing and formalizing processes for the development of non-authoritative guidance as well as coordination processes with National Standard Setters. We believe that a project should be added to the Work Plan for putting processes in place to respond to challenges in practice on a timely basis through a greater focus on non-authoritative guidance and through enhanced protocols for identification of national standard-setting projects that have global relevance. As part of such a project, we encourage the IAASB to enhance and formalize the existing coordination between the IAASB and National Standard Setters when the IAASB has identified that a national standard-setting project has global relevance. Such enhanced and formalized coordination would support the IAASB in leading the way in identifying and addressing emerging issues of global relevance through the issuance of non-authoritative guidance in a timely manner.

We also strongly encourage the IAASB to obtain assistance from others or to consider outsourcing the development of non-authoritative guidance. Because of the significance and extent of implementation assistance that may be required for in-progress and planned projects, we encourage the IAASB to institute formal cooperation with IFAC, member bodies, National Standard Setters or others to obtain assistance with these implementation activities, including potentially outsourcing some of the specific enablement.

Emphasis on implementation material: We believe the related Strategic Actions for this Strategic Objective should place more emphasis on timely and sufficient implementation guidance to facilitate effective implementation of the new standard once it is issued.

Challenge ability to initiate new projects: As discussed in the introduction of this letter, the volume of change the profession has absorbed over the last few years with the issuance of standards that required or will require significant implementation has been challenging for the profession.

Importance of post-implementation reviews: We encourage the IAASB to perform post-implementation reviews of recently issued standards and projects that are expected to be completed in 2024 and 2025 as many of the proposed projects for 2024 – 2027 build on these standards. We agree with the IAASB’s identification of ISA 540 (Revised), ISA 315 (Revised 2019) and the Quality Management Standards as priority candidates for post-implementation review projects during the Work Plan period. We believe that the practical application of ISA 315 (Revised 2019) has been challenging because of the inherent complexity of risk assessment and the need to implement new concepts, which should be explored through post-implementation reviews.

## ETY sas

We expect that, in the Theme A, you plan post-implementation reviews for ISA 700, 701 and ISQM 1 & 2, ISA 200 given the key place of these standards in the audit process.

## Grand Thornton International Limited

Proposed Strategic Objective 1: Support the consistent performance of quality audit engagements by enhancing our auditing standards in areas where there is the greatest public interest need

As we detailed in our covering letter, the IAASB has recently issued a number of new and updated auditing and quality management standards. To revise methodologies, or in the case of less complex entities, develop a new methodology, requires a significant investment of time and resources, which is becoming an issue for smaller firms that have access to fewer resources, including, in some cases, limited access to new technologies. There is significant disparity in the resources available to large global networks and the resources available to smaller jurisdictional based firms. A period of stability in the auditing standards is needed to allow firms to consolidate the changes so that there is no detrimental impact to quality. If amendments to the auditing standards become necessary, there should be a narrow focus on the specific issue rather than more expansive changes to the ISA that do not address the specific issue in question.

Develop timely first-time implementation support materials for completed projects, as appropriate – where first-time implementation guidance is being developed, it is important that this is received sufficiently in advance of the effective date of the new or amended standard to allow firms to consider the guidance when developing their methodologies, rather than trying to reconcile their methodologies to the implementation guidance. To achieve this, we would recommend that the IAASB consider developing a timeline by which any first-time implementation guidance is required to be issued. For example, such a timeline could require first-time implementation guidance to be issued no later than six months before the effective date of the new or revised standard, so if the effective date of the standard is for periods beginning on or after December 15, 2023, we would expect implementation guidance no later than June 15, 2023. We would also recommend that consideration is also given to the due process to which the first-time guidance, and other non-authoritative guidance, is subject before it is issued. This could include a review of the implementation guidance by individuals who will be responsible for implementing the new or revised standard along with some form of Board input before guidance is issued. This will help to ensure that the guidance is of high quality and that it assists firms to implement the new or revised standards, but that does not provide additional interpretation of the auditing standard or otherwise create an expectations gap by embedding guidance that may appear to be requirements.

Draft standards in line with the complexity, understandability, scalability and proportionality drafting guidelines and principles – it is important that the standards are clearly drafted and that they achieve an appropriate balance between requirements and application material supporting those requirements. There has been an increasing trend towards repeating requirements across standards and including multiple application material paragraphs to support a single requirement, the latter of which also calls into question the clarity of the requirement in and of itself.

Promoting the proposed ISA for Audits of Financial Statements of Less Complex Entities – when considering the allocation of resources to this area, we would recommend that the IAASB ascertain the extent of adoption of the new standard by standard setters across the globe.

Supporting audit quality

Whilst we support actions that seek to enhance trust in the profession and improve the quality of audit

engagements, we would also like to highlight the burden to regulators, firms, and academia resulting from the recent number of extensive revisions to the ISAs. Securing resources to respond to IAASB consultations, implement standards, and perform post implementation activities and updates is becoming increasingly challenging, especially for smaller firms. To illustrate, the following new or amended auditing standards are currently being either implemented or are subject to post implementation activities and updates:

Standards that have recently become effective

Standard

Date

ISA 540 (Revised)

effective for periods beginning on or after December 15, 2019

ISA 315 (Revised 2019)

effective for periods beginning on or after December 15, 2021

ISQM 1

system of quality management to be designed and implemented by December 15, 2022

ISQM 2

effective for periods beginning on or after December 15, 2022

ISA 220 (Revised)

effective for periods beginning on or after December 15, 2022

ISA 600 (Revised)

effective for periods beginning on or after December 15, 2023

Standards under development or revision and are expected to be finalised by June 2025.

Standard

Date

Proposed ISA for less complex entities

final standard expected December 2023, with an expected effective date of December 2025

Proposed ISA 500 (Revised)

final standard expected June 2024, with an expected effective date of December 2025

Proposed ISA 240 (Revised)

final standard expected by June 2025, with an expected effective date of December 2026

Proposed ISA 570 (Revised)

final standard expected by June 2025, with an expected effective date of December 2026.

In addition, there is also a narrow scope amendment project considering the implications of the IESBAs project on Listed Entity and Public Interest Entity that will likely result, at a minimum, in additional changes to

the auditor's report. Final approval of the first track of the standard is expected June 2023 and the second track is expected to be approved by June 2025.

We are of the view that a period of consolidation is needed to implement these auditing standards, embed them in methodologies, and refine those methodologies once practical experience is gained. Without such a consolidation period, we are of the view that audit quality will be detrimentally impacted, not improved.

### KPMG IFRG Limited

We believe that standard-setting activities should be the focus of the IAASB's Work Plan in the short and medium term. Whilst we consider that implementation support activities including post-implementation reviews of newly issued standards to inform such activities, as well as the development of additional, non-authoritative guidance to provide first-time implementation support, are important for audit quality, we recommend that the IAASB seek to cooperate and collaborate with other bodies, including national standard-setters and others to obtain their insights and leverage their activities to support the IAASB's work in this area, reducing the need for the IAASB to perform all aspects of implementation support directly.

We agree with the four Proposed Strategic Objectives. We believe these appropriately address the Strategic Drivers and will support the IAASB in achieving its Proposed Goal. We welcome the proposal for prioritisation of certain auditing and sustainability assurance standard-setting activities concurrently and believe this is in the public interest.

### Scalability of the ISAs, Other Than for Audits of LCEs

We believe that a project focused on scalability of the ISAs should be a priority, given the significant demand, on a global basis, for further guidance/clarity in this area. We recognize the efforts of the Board as part of the LCE project, however, notwithstanding the development of a separate standard for audits of LCEs, we believe that there will still be significant demand for scalability solutions in respect of the ISAs, and we therefore suggest that the IAASB also focus on developing such scalability solution(s).

We also recognise the efforts of the IAASB in developing the Complexity, Understandability, Scalability and Proportionality (CUSP) Drafting Principles and Guidelines, however, we note that the intended output of that project is focused on future drafting/ amendments to the ISAs themselves. We believe there is also a need for more detailed, practical guidance in terms of scalability of the ISAs specifically, and therefore we suggest that the IAASB work with other providers in terms of developing a technology-based solution, to assist practitioners in using the ISAs on their particular engagements, for example, by filtering the ISA requirements that are applicable/ relevant to their particular engagement, and by developing non-authoritative guidance such as examples that illustrate how to scale certain aspects of the ISAs. Detailed examples and case studies, similar to those prepared recently to assist practitioners performing EER engagements, may be particularly helpful in practice.

In connection with post-implementation reviews, we would welcome such a review in respect of ISA 540 (Revised), as auditing accounting estimates and related disclosures remains one of the most complex and judgmental aspects of an audit, as well as the fact that we believe that sufficient time has elapsed since the effective date of this standard for the revisions to be embedded in practice and for a meaningful analysis of issues arising to be conducted.

We believe that a post-implementation review of ISA 315 (Revised) should have a lower priority. This is because we believe the most significant changes to this standard relate to taking into account how, and the degree to which, inherent risk factors affect the susceptibility of relevant assertions to misstatement, and new stand back requirements, both of which are also incorporated into ISA 540 (Revised), and would be

within the scope of that post-implementation review. We also consider that it would be beneficial to allow a longer timeframe since the effective date to help ensure that a clear understanding of any implementation challenges can be developed.

Similarly, we consider that, whilst a post-implementation review of the quality management standards will be beneficial in the future, we believe that such a review would be premature in the near future.

### Mazars

We suggest including systematic post-implementation reviews and releasing implementation toolkit at the same time as the standard. For example, the ISA 315 First-Time Implementation Guide | IAASB has been issued end of July 2022 compared to the release of the standard itself.

### MNP LLC

Another strategic action listed is to monitor the need for and initiate, as appropriate, post-implementation reviews of new or revised standards. We believe that it is important for IAASB to determine if the revised standards have met the goal and objective of the revisions and if further revisions or publication of non-authoritative materials is required. IAASB should consider doing a post-implementation of the following revised standards in their strategy for 2024-2027: ISA 540, Auditing Accounting Estimates and Related Disclosures, ISA 315, Identifying and Assessing the Risks of Material Misstatement, ISA 600, Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors), ISA 220, Quality Management for an Audit of Financial Statements, and the ISQM series.

As noted in our response to Questions 3, there is a need for timely first-time implementation support materials and other non-authoritative guidance for completed projects. We believe that non-authoritative guidance is key for a proper and consistent implementation and application of the revised standards to reduce variances in interpretations or expectations, especially from a range of regulatory bodies, investors and government. Specific challenges and issues often arise upon first adoption of a standard. Non-authoritative materials can provide much needed guidance and practical assistance to the standard users, encourage global adoption of standards and promote consistent application of the standards. IAASB should consider prioritizing and formalizing the development of such materials as they are instrumental for the users and potential adopters of the standards.

Finally, revisions to ISA for LCE should also be considered for any of the revisions proposed to the ISA standards included in the table B. We believe that the revisions and clarifications requested for the different ISAs will also be required in the ISA for LCE standards.

One issue that could be addressed through such guidance is clarifying the interrelationships between the persuasiveness of the work of a management's expert as audit evidence supporting an estimate with a significant risk in light of the requirement in ISA 330, Responding to Assessed Risks of Material Misstatement, to obtain more persuasive evidence the higher the risk. Extant ISA 500, Audit Evidence, does not clearly indicate the need to treat the work of a management's expert the same way as that of management in such cases. Paragraph 15 (and related application material) of ISA 540, Auditing Accounting Estimates and Related Disclosures also does not provide a precise enough link to ISA 330 and ISA 500 to lead to consistent application. This issue can be clarified in proposed revisions to ISA 500 (proposed paragraphs 11 and 12), ISA 330 and ISA 620, Using the Work of an Auditor's Expert. However, given it will be several years before all of these projects are completed, we consider timely guidance on this issue to be needed now to ensure consistent application of these standards.



## PriceWaterhouseCoopers

With respect to strategic objective 1 (supporting the consistent performance of quality audit engagements), we believe the Board’s strategic actions, designed to support the achievement of this objective, should be focused on developing high-quality standards that are capable of consistent interpretation and implementation without the need for extensive implementation support materials or additional non-authoritative guidance. A need for such support materials is indicative that a standard may not have achieved the Board’s stakeholder value proposition described under “Our standards” with respect to coherence and operability.

We recognise the value in useful first-time implementation support materials. The Board is, however, managing many competing demands on its resources. To be effective such support materials need to be targeted, use illustrative examples and, above all, be issued timely. With the Board prioritising its focus on developing high-quality, coherent, scalable, proportionate and operable standards for both audit and assurance engagements, we recommend that the Board explore whether there may be alternative delivery mechanisms for developing first-time implementation support materials that leverages other resources. For example, this may be better addressed through collaboration with IFAC. This may also serve to help address the timeliness of publication of such materials.

The last five years has seen an intensive period of revision of core standards that are fundamental to the overall audit process (ISAs 220, 315, 540 and 600), as well as the fundamental revision of the firm level quality management standards (ISQM 1 and ISQM 2). These important standards, and the revised requirements they have introduced to enhance audit quality, have led to very significant implementation efforts. Further significant implementation will be needed on the revisions of ISAs 240, 500 and 570. Time is needed for the changes introduced by all these standards to take effect and for firms to embed their consistent and effective implementation, as well as closely monitoring their impact on audit quality, in accordance with a firm’s system of quality management. Consequently, we believe there is a need for a period in which there is no revision of further significant auditing standards, to provide a period of “steady-state” under which recently revised standards can be embedded into practice without significant further planned implementation activities.

The Board should also devote appropriate time to addressing a post-implementation review (PIR) of ISA 315 (Revised) and commence planning for PIRs of the quality management standards to evaluate whether the changes to these standards have achieved the Board’s aims in revising them.

Support the consistent performance of quality audit engagements by enhancing our auditing standards in areas where there is the greatest public interest need

With respect to strategic objective 1 (supporting the consistent performance of quality audit engagements), we believe the Board’s strategic actions, designed to support the achievement of this objective, should be focused on developing high-quality standards that are capable of consistent interpretation and implementation without the need for extensive implementation support materials or additional non-authoritative guidance. A need for such support materials is indicative that a standard may not have achieved the Board’s stakeholder value proposition described under “Our standards” with respect to coherence and operability.

First-time implementation support materials are valuable when issued timely

We recognise the value in useful first-time implementation support materials. The Board is, however, managing many competing demands on its resources. To be effective, such support materials need to be

targeted, use illustrative examples and, above all, be issued timely. With the Board prioritising its focus on developing high-quality, coherent, scalable, proportionate and operable standards for both audit and assurance engagements, we recommend that the Board explores whether there may be alternative delivery mechanisms for developing first-time implementation support materials that leverages other resources. For example, this may be better addressed through collaboration with IFAC. This may also serve to help address the timeliness of publication of such materials.

Allow recent revisions to ISAs to take effect

The last five years has seen an intensive period of revision of core standards that are fundamental to the overall audit process (ISAs 220, 315, 540 and 600), as well as the fundamental revision of the firm level quality management standards (ISQM 1 and ISQM 2). These important standards, and the revised requirements introduced to enhance audit quality, have led to very significant implementation efforts. Further significant implementation will be needed on the revisions of ISAs 240, 500 and 570. Time is needed for the changes introduced by all these standards to take effect and for firms to embed their consistent and effective implementation, as well as closely monitoring their impact on audit quality in accordance with the firm's system of quality management. Consequently, we believe there is a need for a period in which there is no revision of further significant auditing standards, to provide a period of "steady-state" under which recently revised standards can be embedded into practice without significant further planned implementation activities. We do not see an urgent need for any of the listed possible further ISA revision projects at this time. This will also free up resources so that the Board can focus its resources on sustainability assurance engagements in the next few years.

### **RSM International Limited**

We are aware of the current project to issue an ISA for audits of Less Complex Entities (ISA-LCE). We are concerned that the ISA-LCE may not be consistent with the on-going revisions to ISAs. In this regard we suggest that the IAASB reviews the overall consistency between ISAs, ISA-LCE, ISQMs, ISSAs, ISREs, ISRSs and ISAEs.

## **6. Public Sector Organizations**

### **Office of the Auditor General of Alberta**

In addition, the proposed strategic actions should be more explicit. For example, Objective 1 should explicitly include the post-implementation review of ISA 315 (Revised 2019), ISA 540 (Revised), and the Quality Management Standards. We recognize that the IAASB has acknowledged the possible need for a post-implementation review of these standards, page 19, however due to the magnitude of these standards, the IAASB should plan for these post-implementation review now in order to ensure the review is done on a timely basis and the IAASB has sufficient resources to complete these reviews.

In our view, the post-implementation review of ISA 315 (Revised 2019), ISA 540 (Revised), and the Quality Management Standards should be the highest priority for the IAASB.

## **7. Member Bodies and Other Professional Organizations**

### **Accountancy Europe**

We welcome ongoing IAASB projects on audit evidence, fraud and going concern. These are relevant issues for both auditors and stakeholders. When these projects are finalised, the ISAs will have further improved. Revisions of ISA 540, ISA 315 as well as the introduction of ISQMs involved substantial changes

responding to stakeholder expectations.

Accordingly, post implementation reviews, including the root cause analysis of the inspection findings, should be conducted to assess the impact of these significant changes prior to further related revisions. These reviews should focus on whether there is a case warranting revision of the standards. We would like to note that in many cases, the issues, such as poor inspection results or fraud cases, arise not from inadequate standards but due to non-compliance with the standards or different interpretations of the requirements. Establishing additional requirements is not always the most appropriate reaction. To address such issues in a more specific and faster way, a targeted approach of issuing guidance, examples and case studies could be adopted.

We strongly believe that only principles-based requirements can provide a solid basis for standards to be future-proof and that significant revisions should be made after considering related cost and benefits. There is also work to be done on the understandability, scalability and proportionality of ISAs to ensure that all stakeholders have the same understanding of what is required from the auditor.

Recent significant revisions to ISAs, when considered with ongoing projects and ISQMs, will considerably change and improve the financial statements audit process. It will be very beneficial if the IAASB stands back and assesses the impact of these revisions on audit quality before embarking on new projects.

With regards to ISAs, focus should be given to a technology-centred review and supporting consistent implementation as explained in our responses to questions 4, 6 and 8 below. Before committing resources to a new significant revision, IAASB should evaluate the cost and benefits foreseen, taking into account the Board's capacity.

Finally, ISAs should be considered as a single set of professional standards. This implies for instance, that it is not always helpful, and thus not necessary, to remind a concept (such as professional scepticism and use of professional judgement) or to repeat a requirement from a specific ISA in another standard. Auditors following ISAs already consider and comply with all requirements applicable to the engagement they conduct.

As indicated by many stakeholders responding to IAASB's Discussion Paper: Audits of Less Complex Entities (LCEs), numerous scalability, understandability and proportionality issues within ISAs are also relevant for audits of non-LCEs. This is mainly because over time, the ISAs have increased in length and complexity, which in turn, has impeded their clarity.

The drafting principles and guidelines developed by the IAASB is a crucial step in this regard. However, the benefits gained are limited as these guidelines would be applicable only to future standard setting activities. Well-defined requirements are vital for consistent and effective auditing practice, and this serves public interest by making the IAASB's expectations clear to all users of its standards. Consequently, we encourage IAASB to review the ISAs from a clarity perspective taking into account CUSP principles and guidelines and building on the experience derived from the LCE project.

In addition, we observe an increased focus on public interest entity (PIE) audits by various stakeholders. This should not cause IAASB to overlook SME/SMP perspectives throughout its standard setting process, related to ISAs in particular.

### **ASEAN Federation of Accountants (AFA)**

Strategic objective 1. We agree that standard-setting remains to be the Board's main objective, with emphasis on progressing and completing existing over new projects (except for prioritised project such as

sustainability assurance). Consistent with our response in par. 4, we believe that consistent implementation of the standards will benefit from implementation support materials, either developed or endorsed by the Board. Moreover, the Board may consider working closer with its partners (including AFA) to facilitate regional engagement and outreach activities.

Whilst it is commendable that the Board is looking at possibilities of commencing projects on new standards, many of our stakeholders raised a common desire for the Board to take a step back and reconsider the balance between standard-setting and supporting global implementation of the standards through the provision of various implementation supports. For many developing economies/jurisdictions, it is challenging to keep up with many (and fast) changes especially when organisations do not have dedicated resources to support adoption and implementation. We would like to encourage the Board to consider allocating and prioritising some of its resources on implementation support. As a standard-setting body, we believe the Board is best positioned to provide such guidance and support.

### **Association of Chartered Certified Accountants (ACCA)**

We do note, though, that notwithstanding the strong progress noted above, our stakeholders are highlighting the need for a balanced approach between a stable platform and being responsive to public interest demands, to allow sufficient time for due process and implementation. Implementation challenges are more prevalent in the case of SMPs and in countries where translation of the standards needs to take place as part of implementation.

### **Center for Audit Quality (CAQ-US)**

#### **Importance of Transparency and Timeliness in Standard Setting**

We recommend the Board continue to consider post-implementation reviews on the impact of new standards to aid in evaluating a standard's effectiveness and the potential need for revision or interpretive guidance.

### **Chartered Accountants Ireland (CAI)**

Many responses to recent consultations, (in particular the responses to the LCE consultation) have commented the standards are becoming increasingly long and complex. IAASB needs to continue to focus on the CUSP principles and also on scalability in future revisions of its standards.

Once the current big-ticket items have been addressed (fraud, going concern and ISSA 5000) the IAASB should aim for a stable platform for a period of time to allow the profession sufficient time to implement and embed into practice the new/revised standards. An environment of constant changes to auditing standards creates a significant risk to audit quality, as such, part of the strategic objectives should be to plan for periods of stability in auditing and assurance standards as part of the standard setting process.

Post implementation reviews must be conducted prior to revising other standards due to recent significant revisions of ISA 540 and ISA 315 as well as ISQM.

Based on the outcome of these post implementation reviews, the need for revising other standards should be reconsidered; however, this must include cost benefit considerations.

Post implementation reviews should include evaluation of the extent to which the recent revisions to standards achieved the behaviour changes aimed for by the revisions.

## CPA Australia

Stay true to the principles-based approach when revising and developing new standards

Overall, we agree with IAASB's Proposed Strategic Objectives and Proposed Strategic Actions. Consistent with our responses to Questions 1 and 2, we urge the IAASB to give further consideration to its approach to achieving the efficiency and effectiveness of engagements and developing high-quality standards, through its standards setting activities.

Continue to develop and issue non-authoritative implementation guidance and other support material on how to apply existing standards, especially in the context of technology

However, we suggest that the IAASB should prioritise and include post-implementation review (PIR) projects in the 2024-2027 Work Plan. As identified in the Consultation Paper, the following may be candidates for PIR projects during the Work Plan period:

ISA 540 (Revised) Auditing Accounting Estimates and Related Disclosures (effective for audits of financial statements for periods beginning on or after December 15, 2019).

ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement (effective for audits of financial statements for periods beginning on or after December 15, 2021).

The Quality Management Standards (effective as of December 15, 2022).

Given the significant changes and the practical challenges faced by the audit profession in implementing the above revised standards, we strongly recommend bringing forward the PIRs to provide timely clarifications, where necessary, and to develop additional guidance where needed. Prioritising PIRs for the above standards will also help inform future revisions of other ISAs that are based on learnings from previous experience, especially future revisions of the ISA 300 and ISA 500 series.

Overall, CPA Australia supports the IAASB's proposed strategy and work plan. We believe that the IAASB has the opportunity to further enhance its approach to both current and future projects when developing efficient and effective standards that drive the performance of high-quality audit and assurance engagements. We urge IAASB to:

## European Federation of Accountants and Auditors (EFAA)

EFAA is concerned to ensure that professional standards and regulation is scalable and proportionate to the capacities of SMPs and their SMEs clients and tailored to the needs and characteristics of SMPs and SMEs.

### Strategic Objective 1 and Actions

Please see our response to Q1 where we suggest the IAASB's overarching goal be reworded. If the IAASB accepts this, then conforming changes may be needed to the description of this objective as it refers to 'trust and confidence in markets.'

We also welcome the proposed action to draft standards in line with the complexity, understandability, scalability, and proportionality (CUSP) drafting guidelines and principles. That said, we wonder whether adherence to CUSP might be ensured by having a small group, independent of the drafting task force, 'kick the tires' by evaluating whether they have indeed been followed. This could be a formal due process step for all drafting projects.

We especially welcome the enhanced focus on implementation, outreach, and other actions that primarily

benefit the profession in emerging markets and / or in smaller practices.

While we applaud the IAASB's development of an ISA for LCEs, to realize its potential the roll-out of this standard will demand an extensive education campaign to build understanding and trust in the merits of an LCE audit engagement that uses it.

We fear that the post-implementation review of the quality management standards will prove they are insufficiently scalable for SMPs. We therefore urge the IAASB to assist the IFAC SMP Advisory Group in the development an implementation guide like IFAC's 'Guide to Quality Control for SMPs' and if this is not enough to be open to carefully consider the need for an ISQM for SMPs.

### **Institute of Chartered Accountants in England and Wales (ICAEW)**

We congratulate IAASB on the imminent finalisation of the standard for audits of financial statements of less complex entities. This is a major achievement, which will be welcomed by auditors internationally.

The new standard for audits of less complex entities is much anticipated and we encourage IAASB to engage with national standard setters (NSS) to encourage wider adoption of the standard.

Ahead of the completion of the much-anticipated standard for audits of financial statements of less complex entities (LCEs), we note the strategic action (in relation to strategic objective 1) of promoting this ISA. Active engagement with NSS will be critical in ensuring swift and effective take-up of the standard and we encourage IAASB to engage with a wide range of stakeholders, including regulators and professional bodies.

### **Institute of Chartered Accountants of Scotland (ICAS)**

We would, however, caution that stakeholders and practitioners are experiencing standard setting fatigue; there are currently three open exposure drafts. Additionally, in order to continue to have the ability to absorb the impact of unexpected change, the workplan should incorporate contingency space to facilitate both the possibility of the squeezing in of any new projects and to address the possibility of expansion of planned projects.

### **International Federation of Accountants' Small and Medium Practices Advisory Groups (SMPAG)**

As raised in our response to question 2, in our view the Board needs to be very careful about assessing the need for new standard-setting projects. The current volume of projects is resulting in multiple changes to the ISAs, which is causing significant challenges for PAOs and practitioners. The speed of development of ISSA 5000 will also require numerous adoption and implementation initiatives and create additional pressure and complexity. New projects should only move forward following a full understanding of the issues and clearly identifying the problems through causal analysis. In the assessment of available options, this should include recognition that if the standards are sound, but non-compliance is the issue, there may be no need for action by the IAASB. For instance, where misunderstanding/ misinterpretation of the standards has led to non-compliance, clarification (e.g., implementation support to assist with education) could be warranted.

As the application of the ISA for LCEs will be voluntary, it will be critical for the Board to ensure that the scalability and proportionality of the ISAs is firmly at the forefront of future standards and revisions. This will be particularly important once the Monitoring Group reforms are fully implemented, including the reduction in the number of practitioners on the Board. There are concerns from some stakeholders that the Board may increase its focus on PIEs in the future.

## GENERAL COMMENTS

Overall, the SMPAG generally supports the IAASB's Proposed Strategy and Work Plan for 2024-2027. A key point, which is highlighted throughout our response, is the need for the IAASB to be far more sensitive to the volume and number of changes with the ISAs going forward. SMPs and Professional Accountancy Organizations (PAOs) are continuing to struggle with the implementation and adoption of new and revised standards because of the pace of change. Practitioners are being overwhelmed by the changes, which should not be viewed in isolation, as they are also dealing with changes to other international standards and local regulations, together with all the daily issues that come from managing their practices. PAOs are also finding it challenging to support education and training on a timely basis to maintain quality. In this context, we strongly believe that – once the existing projects on going concern and fraud have been completed – there needs to be a period of stability where no new or revised auditing standards become effective for a period of time.

However, we note that both ISA 540 (Revised) and ISA 315 (Revised 2019) may be candidates for post-implementation review projects during the work plan period. Given the significant challenges with the implementation of both these standards, we recommend that the Board considers whether it would be valuable to prioritize these post-implementation reviews to help inform the other projects (particularly those in the 300 and 500 series) in a timely manner and ensure further changes are based on learnings from previous experience and aligned.

In addition, as noted in our response to question 4, we believe that the Board should consider the prioritization of the post-implementation reviews for both ISA 540 (Revised) and ISA 315 (Revised 2019) to inform its next potential projects.

We also refer to our responses to questions 1 and 2 in which we point to the need for sensitivity to implementation abilities.

We are pleased to note that the proposed strategic actions include the development of implementation support materials for complete projects and would urge the Board to ensure that these are available at the time a new or revised standard is issued.

### **Nordic Federation of Public Accountants (NRF)**

We believe post-implementation reviews are an integrated part of a project, or more specifically; the measures that need to be undertaken as a response to the feedback provided in the reviews. Therefore, when undertaking such a review, the IAASB must allow time in a near future to take actions and respond to the feedback, when necessary. This is especially important when considering starting new projects within the same series as the one which has been subject to a post-implementation review.

We note that many of the suggested projects relate to either the ISA 300 or the ISA 500 series. Since the implementation of both ISA 315 (Revised 2019) and ISA 540 (Revised) have caused significant challenges, we strongly recommend post-implementation reviews of those two standards before initiating any new projects within those series. Such an order would be valuable to ensure that further changes within these series are based on learnings from the feedback of post-implementation reviews of ISA 315 (Revised 2019) and ISA 540 (Revised).

We strongly recommend focusing on narrow-scope projects moving forward, i.e. focusing on revisions that truly aim to drive changed behavior.

We think “promoting the effective implementation” needs to be further clarified, since it is unclear what kind

of first-time implementation guidance etc., the IAASB will publish.

We suggest that matters regarding both first-time implementation guidance and post-implementation reviews should be included in the project proposals as default components. This would ensure that there are necessary resources throughout the entire project, but it could also serve to clarify at an early stage whether implementation material is expected to be provided by the IAASB or by others (e.g. IFAC) or in collaboration with others.

Proposed Strategic Objective 1 refers to both first-time implementation support materials and post-implementation reviews. The IAASB's reference to "complexity" as a new area along with sustainability and technology, and the decrease of practitioners on the Board, are additional factors that show a need for both implementation support activities and due consideration of allowing sufficient time for implementing the standards. Issuing a new or revised standard, when they need to be translated, is time consuming and requires considerable resources to be achieved. The workload to implement the standards into practice requires even more resources for both PAOs and the audit firms.

Rather, we would strongly encourage the IAASB to focus its resources on facilitating the implementation of recent revisions and those revisions that will be finalized during this time period.

Performing high-quality engagements and delivering opinions that are trustworthy must be the ultimate aim for all relevant stakeholders: clients, investors, auditors, standard-setters, and regulators. Providing high-quality standards is an important component in achieving this objective. However, it is timely, proper, and consistent implementation of the standards that is crucial to achieve high-quality engagements.

Proposed Strategic Objective 1 also refers to the CUSP drafting guidelines and principles. The importance of drafting standards in a way that addresses complexity, understandability, scalability and proportionality cannot be stressed enough. These guidelines need to be incorporated early in the process.

The CUSP drafting guidelines were created as a response, together with the drafting of an LCE standard, to comments received on the Discussion Paper "Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs". Many respondents highlighted that regardless of the creation of a separate standard for LCEs, the length, volume and complexity in the ISAs also had to be addressed. Therefore, we would encourage the IAASB to provide opportunities for stakeholder feedback regarding how the application of these guidelines have addressed the expressed concerns.

In recent years there have been substantial changes to ISA 315, ISA 540 and ISA 600. ISQC1 has also been replaced by a new quality management system (ISQM). These ISAs and the QMSs are voluminous and complex. At the same time recent studies from IFAC (International Standards 2022 Global Adoption Status) show a decrease in adoption of the latest version of the ISAs and an alarming increase of only partial adoption. We would also like to note that implementation challenges are not only a concern for the audit firms and the auditors. Many regulators and oversight bodies are also struggling with tight resources.

In recent years some key standards have been significantly revised: ISA 315, ISA 540, and ISA 600. ISQC1 has been replaced by a new quality management system (ISQM). The IAASB is also about to finalize some other major projects on sustainability assurance, going concern, fraud and the LCE standard. At the same time there is a global decrease in terms of adoption and implementation rates of revised ISAs.

In our view these factors, in combination with IAASB's ongoing projects, show a need for the IAASB to address these issues and to clarify its future role in supporting and facilitating implementation both in terms of timeliness of issuing new or revised standards and effective dates, but also in producing implementation material.



Although IAASB's objective is to provide high-quality standards in the public interest, we are convinced that the overarching public interest that all relevant stakeholders should agree upon and aim for, is high-quality audit and other assurance engagements. High-quality standards are a fundamental prerequisite, but timely and proper implementation of the standards is crucial for a successful end result. Therefore, in addition to focusing on key matters when drafting new or revising current standards, it is important that sufficient time and guidance material is provided to facilitate and ensure appropriate and consistent implementation. Moving forward, we believe all stakeholders, including both regulators and the IAASB, need to focus even more on the importance of the implementation phase in the standard setting process.

Also, since the ISA for LCEs will be a voluntary standard, it will be important to ensure that the scalability and proportionality of the ISAs will continue to be taken into account when revising standards or working on new ones. Given the implementation of the Monitoring Group reforms, and in particular the new board composition, there is a concern that moving forward there will be an increased PIE focus at the expense of SME/SMP perspectives and consequences. We encourage the IAASB to ensure that the SMEs/SMPs perspectives will continue to be firmly included throughout the standard setting process.

Also, not allowing sufficient implementation time or not providing timely first-time implementation guidance will in turn impact the quality of the feedback to the post-implementation reviews.

#### **Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)**

ONECCA BF expects that, in the Theme A, you plan post-implementation reviews for ISA 700, 701 and ISQM 1 & 2, ISA 200 given the key place of these standards in the audit process.

#### **Pan-African Federation of Accountants (PAFA)**

We encourage the Board to consider conducting post-implementation reviews to ensure that standards that are in issue are being applied as and achieving their intended purpose. We would welcome the post implementation review of the standards as detailed on page 19.

### **9. Individuals and Others**

#### **Mo Chartered Accountants (Zimbabwe)**

The strategic objectives broadly encompass the needs and requirements of the profession to 2027.

We agree with the strategic actions and objective achievement measures.

## **3.6.2 Strategic Objective 2**

### **1. Monitoring Group**

#### **International Organization of Securities Commissions (IOSCO)**

We welcome the IAASB's work towards profession-agnostic sustainability assurance standards that build on the requirements and principles of existing standards, and that can apply on a framework-neutral basis. We encourage the IAASB to continue its work to develop high-quality standards in a timely manner and in accordance with robust due process, engaging with stakeholders to help develop standards that are fit for purpose and meet the public interest need. We recognize the special importance of the Board developing an overarching standard for assurance on sustainability reporting while still acknowledging the relevance of other financial statement related audit standard setting projects with a known public interest need such as those projects we have suggested in this letter and as you may be aware, several of which were also

identified in our previous two comment letters on past IAASB Proposed Strategy and Work Plans. In this regard, the Board should consider whether the concepts and outcomes pursued in these other financial statement related audit standard setting projects might also be relevant for assurance over sustainability related information such as suggested updates to the International Standard on Auditing (ISA) 500 series, ISA 620, Using the Work of an Auditor's Expert and Internal Controls.

## 2. Investors and Analysts

### Eumedion

“Such a global baseline would need to be profession agnostic (i.e., whether the engagement is undertaken by a professional accountant practitioner or non-professional accountant practitioner).”

Eumedion response

This sentence may complicate the timely execution of the IAASB's strategy, and may potentially limit the ability of the IAASB to set high quality standards. We suggest that the IAASB clearly defines that the target audience of its standards are the professional auditor practitioners that apply them, instead of expanding the target audience to non-professional practitioners as well. Other practitioners may still benefit from the work of the IAASB.

### Norges Bank Investment Management (NBIM)

Finally, we encourage the Board to focus on capacity building for auditors and other assurance practitioners. This is likely to be particularly necessary in the less mature and quickly evolving field of sustainability assurance.

It is important to recognise that many companies are new to sustainability reports, and therefore flexible and principle-based standards are particularly important to allow preparers and assurers to get familiar with sustainability reporting. Regarding the potential development of further standards for assurance on sustainability reporting beyond the overarching ISSA 5000 standard, evaluation of market response and implementation of the latter could facilitate the assessment of which specific aspects of the sustainability assurance engagements might need more granular requirements.

Moreover, beyond the important standard setting work, it is crucial for the IAASB to focus on capacity building for auditors and other assurance practitioners, whether professional accountants or not. This is likely to be particularly necessary in the less mature and quickly evolving field of sustainability assurance. Capacity building and implementation of the overarching ISSA 5000 standard would be beneficial before the IAASB embarks on specific projects to develop specific sustainability assurance standards to complement it, as we expressed in our response to question 5 above.

NBIM welcomes Strategic Objectives 2 and 3. We strongly support the IAASB's objective to establish globally accepted standards for assurance on sustainability reporting. For investors to be able to confidently use the information provided in companies' sustainability reports, it needs to be reliable and credible. Global standards for assurance of sustainability reports will be key to enhance the quality of sustainability information provided to markets and used by investors and other stakeholders. It is important to recognise that many companies are new to sustainability reports, and therefore flexible and principle-based standards are particularly important to allow preparers and assurers to get familiar with them. Developing too prescriptive assurance standards might prevent companies from producing meaningful disclosures on sustainability issues. We would like the assurance standards to be drafted in such a manner that meaningful, decision-useful disclosures are provided. This is particularly important given the newness of the

standards. In our experience, newness combined with prescriptiveness tends to lead to boiler plate disclosures

NBIM welcomes the IAASB's objective to establish globally accepted standards for assurance on sustainability reporting. Reliability and credibility of information provided in companies' sustainability reports is crucial for us as a global investor. Global standards for assurance of sustainability reports will be key to enhance the quality of the information provided to markets and used by investors and other stakeholders.

### **3. Regulators and Audit Oversight Authorities**

#### **Independent Regulatory Board for Auditors (IRBA)**

Proposed Strategic Objective 2: Establish Globally Accepted Standard(s) for Assurance on Sustainability Reporting

We are supportive.

### **4. National Auditing Standard Setters**

#### **Austrian Chamber of Tax Advisors and Public Accountants (KSW)**

Priority should be given to the ISSA 5000 standard.

#### **Institut der Wirtschaftspruefer in Deutschland e.V. (IDW)**

With respect to the second bullet point under Proposed Strategic Objective 2, we note the implicit commitment to initiate further standards on sustainability assurance. Even if the selection of new topics is subject to the criteria set out in the Framework for Activities, we are hesitant about supporting the initiation of projects for further sustainability standards because we believe that once ISSA 5000 has been issued in final form, the IAASB needs to allow some time for implementation as well as for a few years' experience of application of the standard before commencing a post-implementation review of the application of the standard. Only once such a post-implementation review has been undertaken would the IAASB be able to use the results of this review to determine whether additional standards, if any, might be needed.

#### **Royal Netherlands Institute of Chartered Accountants (NBA)**

We would seek to prioritize the development of the Sustainability Assurance standards.

### **5. Accounting Firms**

#### **Baker Tilly International**

This is also likely to divert resources away from the ISSA 5000 sustainability assurance project, which has a timeline that is already too slow to meet societal needs. The ISSA 5000 project should be the priority project for the IAASB over the next 12-18 months.

We understand that since publication of the proposed strategy and work plan the IAASB has listened to stakeholder needs and is close to approving a shorter time period. It should be possible to complete a robust quality ISSA 5000 by the end of H2 2024. The IAASB should divert resources from other projects to ensure that this happens. If the IAASB is in danger of missing that timeline then the IAASB should confirm as soon as possible those areas of ISSA 5000 that it has completed/concluded so that:

Preparers can finalise their own projects to implement the standard including designing and implementing

systems which are appropriate for independent scrutiny

Assurers can finalise their own projects for writing methodologies; designing, developing, testing and implementing assurance tools; training their people and raising awareness with preparers

Users and other stakeholders can familiarise themselves with the new information they will receive

Regulators can do what they need to do to implement the new standard in their jurisdiction including developing appropriate systems of oversight.

### **BDO International Limited**

We are particularly supportive of the IAASB Proposed Strategic Objective 2 to establish globally accepted standards for assurance on sustainability reporting. We note that this is an area many stakeholders within the financial reporting ecosystem are seeking to address and it is important that the IAASB plays a leading role in coordinating and cooperating with stakeholders, including the International Sustainability Standards Board, to help drive consistency.

### **Ernst & Young Global Limited**

Further standards: In our view, the nature of the “further standards” on sustainability assurance is unclear. We suggest that the IAASB provide more transparency about how the further standards will relate to the new assurance standard on sustainability reporting and if they will focus on specific subject matter or specific reporting criteria.

Regarding Proposed Strategic Objective 2: Establish Globally Accepted Standard(s) for Assurance on Sustainability Reporting:

### **Grand Thornton International Limited**

Progress in a timely manner and complete our overarching standard for assurance on sustainability report – To avoid fragmentation in the marketplace, we support the IAASB's decision at its recent Board meeting to aim for an earlier approval date of the proposed standard.

Proposed Strategic Objective 2: Establish globally accepted standard(s) for assurance on sustainability reporting.

### **PriceWaterhouseCoopers**

Establish globally accepted standard(s) for assurance on sustainability reporting

In our view, the Board should devote sufficient time and resources to conducting extensive outreach to build support for the IAASB's proposed sustainability assurance standard(s) and guidance. It is critical to the delivery of effective cross-border engagements that jurisdictions across the world are engaged and lend support to an international solution to sustainability assurance. A fragmented patchwork of bespoke national standards would result in an inconsistent approach to assurance that we do not believe would lead to high-quality, comparable engagements, and the public trust in sustainability reporting that is at the heart of the IAASB's project. See also our response to question 5.

The Board's current and planned focus on developing sustainability assurance standards will be vital in achieving this goal.

We do not see an urgent need for any of the listed possible further ISA revision projects revisions at this

time. This will also free up resources so that the Board can focus its resources on sustainability assurance engagements in the next few years.

## 6. Public Sector Organizations

### Office of the Auditor General of Alberta

Given the Global Reporting Initiative (GRI) has been established for over 20 years, and is the global baseline for ESG/sustainability reporting, it would be most effective and efficient for the IAASB to work with GRI.

We agree that IAASB should develop globally accepted standards for assurance on sustainability reporting. We think IAASB should remain framework neutral in its standard setting so that its sustainability assurance standards support assurance on GRI, the European sustainability reporting standards, United Nations Sustainable Development Goals (UN SDGs), or other double materiality standards. We think it is inappropriate that the document only mentions ISSB but not these other frameworks. It is insufficient to say the workplan states “includes but not limited to others.” If the IAASB is going to focus on and work with any framework in particular, it should be the GRI, which is the most widely used and mature global baseline framework. IAASB should develop sustainability assurance standards that require double materiality to be used as an acceptable sustainability reporting framework.

## 7. Member Bodies and Other Professional Organizations

### Accountancy Europe

Sustainability reporting and assurance should be given the highest priority by all stakeholders including IAASB. In addition, technology keeps changing the way companies operate and report. This has an impact on how audits are planned, executed and reported. We believe that these changes should be assessed by the IAASB and integrated into ISAs with a holistic view.

On sustainability, priority should be given to the development of ISSA 5000 and related implementation support activities. Although it is too soon to identify new topics for standard setting in this area, developing a new standard on climate-related disclosures and updating ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements) to align it with the future ISSA 5000 could be likely candidate topics for further IAASB standards. These matters have recently gained global prominence.

### ASEAN Federation of Accountants (AFA)

Strategic objective 2. As highlighted in our response in par. 4, we strongly believe that the Board must continue with its project to develop standards for assurance on sustainability reporting. It is also crucial for the Board to establish and maintain coordination with relevant standard-setting bodies such as the ISSB and IESBA to most importantly, deliver consistent messages to stakeholders about developments of the different standards on sustainability.

### Center for Audit Quality (CAQ-US)

Regarding sustainability, we agree with the Work Plan’s observation that there is an increasing trend of certain jurisdictions developing their own sustainability assurance standards. In order to minimize fragmentation and promote consistency, comparability, and transparency in sustainability assurance, we encourage the IAASB’s efforts to develop a global baseline for sustainability assurance standards that jurisdictions can use as a starting point to which they can tailor to their own sustainability-related standard(s)

as needed to meet unique jurisdictional needs.

### **Chartered Accountants Australia and New Zealand (CA ANZ)**

and commend the IAASB's focus on sustainability assurance.

### **Chartered Accountants Ireland (CAI)**

Overall, we agree with proposed strategic objectives and actions. The focus should be where the impact of the enhanced standards is most effective.

Priority needs to be given to the ISSA 5000 standard. Issuing a new standard is time consuming and requires considerable resources and the workload to implement the standards into practice requires even more resources on the part of audit firms and networks.

### **CPA Australia**

We also support the IAASB's commitment to establishing a globally accepted standard(s) for assurance on sustainability reporting. The assurance on sustainability reporting is a major project for the IAASB and the pronouncements arising from this are likely to have a significant impact on the audit and assurance profession in the coming years.

Given the significance of this project, we urge the IAASB to follow a similar implementation approach to that taken for the Clarity Project, that is, to include pre-implementation monitoring as part of its project plan. We believe pre-implementation monitoring is critical for the successful implementation of the new suite of assurance standards on sustainability reporting. The pre-implementation monitoring phase will allow assurance practitioners sufficient time to test the new standard(s) in practice and provide valuable feedback and insights on the practicality of application of these standards.

Pre-implementation monitoring will help provide an early indication of whether:

There are areas of difficulty regarding the use of the assurance standard(s)

There is need for additional guidance

Other actions are needed to facilitate the successful implementation of the assurance standard(s).

### **European Federation of Accountants and Auditors (EFAA)**

In the sustainability reporting space, we witness two different approaches. The International Sustainability Standards Board (ISSB) is baking scalability and proportionality into its core suite of standards – at least for now. Meanwhile the European Financial Reporting Advisory Group (EFRAG) is developing separate standards for SMEs. We are agnostic between these approaches. The important thing is that scalability, proportionality, and SMEs are front of mind from the outset, rather than an afterthought that gets addressed 30 years later as with IFRS for SMEs. We also urge that if the ISSB style approach is taken that scalability and proportionality are addressed in a more fundamental manner than simply applying the CUSP drafting guidelines and principles 'after the fact'. Finally, we stress that whichever approach is taken it is critical that the standards support global alignment on sustainability reporting assurance as far as possible.

### **Strategic Objective 2 and Actions**

We are especially pleased to see this objective and the suite of supporting actions. Corporate reporting and assurance are undergoing a revolution, a once in a generation shift from a narrow focus on financial

reporting to a holistic vision centered on sustainability reporting. These are exciting times. That said, we have concerns. Our main concern is to ensure from the outset that the new standards on sustainability reporting and assurance, that are being developed at such speed that poses serious risk to due process and multi-stakeholder consultation, carefully and fully consider scalability, proportionality, and SMEs / LCEs from the outset – ‘Think Small First’ or ‘Think Simple First’. Vast numbers of SMEs stand to be impacted indirectly due to trickle down effects through the value chain.

#### **Institute of Chartered Accountants in England and Wales (ICAEW)**

Assurance on sustainability reporting is the second proposed strategic objective, while technology, alongside professional scepticism and auditor reporting, features as part of strategic objective 1. We believe that technology should be included as a separate strategic objective to respond to current urgent needs within the market.

#### **Institute of Chartered Accountants of Nigeria (ICAN)**

Response:

We are of the opinion that the Board should consider establishing Auditing standard on the impacts of Climate change and Sustainability reporting.

#### **Institute of Chartered Accountants of Scotland (ICAS)**

In particular, we are supportive of the IAASB’s current and proposed continued focus on assurance relating to sustainability-related information.

### **8. Academics**

#### **Deakin University Integrated Reporting Centre**

Proposed Strategic Objective 2

We agree with the plan to complete the overarching ISSA 5000 by the end of 2024; and the plan to initiate further bespoke standards on sustainability assurance to complement ISSA 5000 during the 2024-27 strategy period.

Based on the pre-exposure draft of ISSA 5000 considered by the IAASB Board at its March 2023 meeting, we make recommendations as to further standards on sustainability assurance, and their prioritisation, on the assumption that these matters cannot be addressed after the Exposure Draft has been issued and before the final standard is issued. The timing of and results from the forthcoming agenda consultation on the ISSB’s proposed project in relation to integration in reporting are critical to this assumption.

We agree with the proposed strategic action of monitoring the need for and developing timely first-time implementation support materials for ISSA 5000. In fact, as explained in our answer to Question 6, we believe that a high priority should be given to developing first-time implementation support materials on establishing the pre-conditions for assurance under ISSA 5000 given that implementing all of IFRS Sustainability Disclosure Standards, the Integrated Reporting Framework and ISSA 5000 in relation to the two IFRS Foundation resources will be new to most assurance practitioners.

So too will be preparers getting ready for assurance who equally need to know what obtaining assurance will mean for them. They will be asked questions by the assurance practitioner that they have not been asked before and will need guidance on being prepared, or the success of ISSA 5000 in relation to

integrated reporting assurance and the TCFD / Integrated Reporting Framework-derived content in S1 and S2 may be threatened.

Guidance from the IAASB in this area will be an important companion to and ingredient of the ISSB's capacity building initiative – in relation to preparers need to be ready for assurance as well as assurance practitioners. This is to be contrasted with sustainability reporting assurance engagements under GRI Standards, the TCFD Recommendations and wholly self-determined sustainability metrics which have well established practice.

In relation to the above, continued co-ordination with IESBA and international and jurisdictional bodies with responsibility for sustainability reporting and sustainability reporting assurance requirements or standards is critical, as is widely promoting the adoption and effective implementation of IAASB sustainability assurance standard(s).

Understanding the issues that sustainability reporting assurance practitioners and stakeholders using reports, including integrated reports, containing assured sustainability information are facing with respect to sustainability reporting and its assurance is important, as is identifying coordination opportunities to enhance sustainability reporting and its assurance within the external reporting ecosystem.

## 9. Individuals and Others

### Chris Barnard

Broadly, yes. But please see my comments on sustainability reporting in my response to question 2 above.

### Kazuhiro Yoshii

I agree. Regarding sustainability information in particular, the amount of information disclosed is increasing rapidly, and the formulation of a wide variety of disclosure standards is also progressing rapidly. I strongly agree with the work Plan giving high priority to the development of assurance standards for such information

## 3.6.3 Strategic Objective 3

### 1. Monitoring Group

#### International Forum of Independent Audit Regulators (IFIAR)

IFIAR supports the inclusion of coordination with the IESBA and other standard setters in IAASB's proposed strategic objectives. IFIAR continues to underline the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. Systemic liaison between the IAASB and IESBA is essential in this regard.

### 2. Investors and Analysts

#### Norges Bank Investment Management (NBIM)

Regarding the other strategic objectives, we support the IAASB's aim to strengthen coordination with other leading standard setters. Coordination with the International Sustainability Standards Board is particularly important given the rapidly evolving nature of sustainability reporting standards, and the need to ensure that they are assurable.

We also support the IAASB's objective to strengthen coordination with other leading standard setters, such as IESBA, IASB and ISSB. Coordination with the International Sustainability Standards Board is crucial in



view of the rapidly evolving nature of sustainability reporting standards and the need to ensure that they are assurable.

### 3. Regulators and Audit Oversight Authorities

#### Committee of European Auditing Oversight Bodies (CEAOB)

Stakeholder involvement will be specifically important for sustainability assurance in the coming years, since this engagement may involve services providers other than the traditional auditors and accountants the IAASB is dealing with.

The CEOB supports the inclusion of coordination with the International Ethics Standards Board for Accountants (IESBA) and other standard setters in the IAASB's proposed strategic objectives. The CEOB continues to stress the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards.

The IAASB strategic action also needs to include engagement with regulators as stakeholders who are key to identifying weaknesses in the standards that have an impact on audit quality. We welcome the statement that regulators and oversight bodies are key players in the external reporting ecosystem and that enhancement of the IAASB's relationships with regulators is a strategic objective.

#### Haut conseil du commissariat aux comptes (H3C)

The H3C supports the inclusion of coordination with the International Ethics Standards Board for Accountants (IESBA) and other standard setters in the IAASB's proposed strategic objectives. The H3C stresses the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards.

The IAASB strategic action also needs to include engagement with regulators as stakeholders who are key to identifying weaknesses in the standards that have an impact on audit quality. The H3C welcomes the statement that regulators and oversight bodies are key players in the external reporting ecosystem and that enhancement of the IAASB's relationships with regulators is a strategic objective.

Stakeholder involvement will be specifically important for sustainability assurance in the coming years, since this engagement may involve services providers other than the traditional auditors and accountants the IAASB is dealing with.

#### Independent Regulatory Board for Auditors (IRBA)

Proposed Strategic Objective 3: Enhance Coordination with IESBA and Other Leading Standard Setters and Regulators to Leverage Better Collective Actions in the Public Interest

We are supportive.

#### Irish Auditing and Accounting Supervisory Authority (IAASA)

Prioritisation of topics

IAASA will continue to urge the IAASB to carefully consider all inputs that regulators, national standard setters and others share from a public interest perspective.

IAASA supports the inclusion of coordination with the International Ethics Standards Board for Accountants (IESBA) and other standard setters in the IAASB's proposed strategic objectives. We continue to stress the

importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards.

Stakeholder involvement will be particularly important for sustainability assurance since this may impact services providers other than the traditional auditors and accountants the IAASB currently deals with.

The IAASB's strategic actions also need to include engagement with regulators as stakeholders who are key to identifying weaknesses in the standards that have an impact on audit quality. We welcome the statement that regulators and oversight bodies are key players in the external reporting ecosystem and that enhancement of the IAASB's relationships with regulators is a strategic objective.

#### **4. National Auditing Standard Setters**

##### **American Institute of Certified Public Accountants (AICPA)**

We also support strengthening the coordination with the International Ethics Standards Board for Accountants (IESBA) and other leading standard setters and regulators to leverage better collective actions in the public interest.

How is the new Stakeholder Advisory Council (i.e., the consolidation of the IESBA and IAASB CAGs) expected to impact the strategic and tactical decision-making of the IESBA and IAASB?

We also believe the IAASB needs to seek input from key stakeholders beyond that received through comment letter responses on proposed standards, particularly when the objectives of a new or revised standard relates to expected behavioral changes designed to improve audit, assurance and related services quality and when public interest needs are cited as an impetus for change. This could be accomplished for example through pilot testing or earlier and more extensive field testing. The benefits of such work can (1) raise awareness earlier among the stakeholders interested in auditor performance and/or performance reporting requirements, (2) identify whether proposed standard setting actions address (or not) the quality objectives and/or public interest needs of users and other stakeholders, (3) inform the adoption and implementation of reporting requirements, such as phased implementation for smaller and medium size audit firms that would benefit from such measures, (4) provide for more tailored and specific training upon final adoption of a new or revised standard, and (5) encourage wider acceptance and adoption of IAASB standards.

#### **5. Accounting Firms**

##### **BDO International Limited**

As noted in our previous comment letter responses, we continue to support and encourage IAASB activity and innovation in respect of enhanced stakeholder engagement,

##### **Deloitte LLP**

We believe that outreach and research bring valuable external perspectives to standard-setting projects. We recommend enlisting the help of academics or others with research backgrounds to provide input in designing the methods used by the Board to conduct research, providing more validity to information gathered.

As part of enhancing coordination with IESBA, we recommend aligning projects and related timetables as much as possible, so that one standard setter is not "leading" with a requirement or position that may result in conflicts with the standards of the other.

## **Ernst & Young Global Limited**

Enhance and formalize coordination with National Standard Setters: We recognize that the IAASB does have coordination with the National Standard Setters in place, but we believe a focus should be placed on how this coordination can be enhanced and formalized when the issues driving a national standard-setting project have global relevance. Such coordination would have an objective of the IAASB leading the way in addressing emerging issues of global relevance, including through timelier issuance of non-authoritative guidance.

Establishing formal collaboration with IFAC, member bodies, National Standard Setters or others as relevant for activities related to the development of non-authoritative guidance and implementation and application of the standards. We do not believe that the IAASB staff capacity alone will be sufficient to produce these, especially in a timely manner. For the IAASB to commit to robust implementation support, we believe formal collaboration protocols with others, including IFAC, member bodies, and National Standard Setters, need to be established.

Independence and ethics requirements: IESBA currently has a project to address sustainability-related revisions to the Code to address the ethics issues professional accountants might face while providing sustainability-related professional services (including sustainability reporting and assurance) and the ethics and independence standards for use and implementation by all sustainability assurance practitioners (i.e., professional accountants and other professionals performing sustainability assurance engagements). There are matters identified in the IESBA Project Proposal for this project that might warrant coordination or joint thinking with the IAASB. Because the first read of the proposals by the IESBA are expected to be in April – June 2023, the IAASB should consider how to manage the timing difference between IESBA and IAASB.

More specifics in the work plan regarding IESBA coordination: We believe that the IAASB's Strategy and Work Plan should include more specifics around the planned topics for coordination with the IESBA. We believe that coordination with respect to the following IESBA current or new projects should be proactively planned:

Rollout initiative of the changes to the Code arising from IESBA's definition of listed entity and public interest entity (particularly with respect to the relationship with the definition of listed entity and concept of entities of significant public interest used in the IAASB standards)

Sustainability-related revisions to the Code (particularly how the revisions could affect or be addressed in the overarching standard for assurance on sustainability reporting)

Revisions to the Code to address specific ethics and independence issues for the use of or the involvement of an expert (particularly how the revisions could affect ISA 620 and the overarching standard for assurance on sustainability reporting)

We also strongly encourage coordination between the IAASB and IESBA on the development of work plans to avoid unintended consequences if changes are not concurrently made to IAASB standards. For example, the IESBA finalized and published its revisions to the definition of a public interest entity before the topic was deliberated by the IAASB. The two Boards need to both deliberate and understand the consequences of revisions to their respective standards, before one Board issues final revisions.

Regarding Proposed Strategic Objective 3: Enhance Coordination with IESBA and Other Leading Standard Setters and Regulators to Leverage Better Collective Actions in the Public Interest:

### Grand Thornton International Limited

As we discuss in our response to question 7 below, improved coordination with IESBA is of paramount importance to prevent a standard from being approved by one board before the other board has finished its deliberations. Coordinated approval and effective dates will avoid the difficulties currently being encountered with implementing the quality management standards and group audit standard, which were approved before the independence ramifications has been fully debated.

Information gathering, research activities and continued engagement and communication with stakeholders – we believe that it is important to clearly identify the appropriate stakeholders at the outset of a project and to perform the necessary outreach with that entire group of stakeholders. To guard against biased research or outreach, or leading questions when performing such research or outreach, we recommend that academics or others are used to either assist with the research or to perform that research independently.

Proposed Strategic Objective 3: Enhance coordination with IESBA and other leading standard setters and regulators to leverage better collective actions in the public interest

### KPMG IFRG Limited

We also support the objective to strengthen coordination with the IESBA, as we note that the standards developed by both Boards need to be able to act in concert.

We also welcome the objective to work closely with other standard-setters and regulators to support the capital markets holistically, in accordance with the IAASB's public interest objective.

### PriceWaterhouseCoopers

Strengthen coordination with IESBA and other leading standard setters and regulators to leverage better collective actions in the public interest

We welcome the enhanced interactions and coordination between the IAASB and IESBA on recent projects and the alignment of their respective strategy periods for 2024-2027. This creates a platform for more effective forward planning. It is important to the credibility of both the IAASB and IESBA that the Boards work collaboratively on projects that have overlapping implications for the IAASB's standards or the Code. We strongly encourage adopting a future approach where a single joint exposure draft is issued on a relevant project that sets out the proposed revisions to both the affected IAASB standard(s) and the Code in the same document. We note, for example, the IESBA current project on use of experts. The considerations with regard to external experts could have quite significant consequences for the IAASB's standards. It is essential that the IAASB is part of the discussions such that stakeholders have a full appreciation of the potential implications for audit and assurance engagement when providing feedback.

Both fraud and going concern are topics of significant public interest. We support the Board's objectives in seeking to address the expectations gap, including through considering appropriate transparency in the auditor's report about the auditor's work in relation to going concern and fraud. We encourage the Board to finalise the changes to these standards as soon as practicably possible, following the Board's due process. However, changes to auditing standards represent only one part of the corporate reporting ecosystem and such changes, on their own, are unlikely to meaningfully reduce the expectation gap in these areas. We continue to believe the IAASB has a key role to play in bringing together and facilitating meaningful discussion among stakeholders in the wider ecosystem, with the goal of building consensus on broader changes in corporate reporting, governance and regulation that would further contribute to addressing the expectations gap. We encourage the Board to have proactive dialogue with bodies such as IOSCO, the

IASB, IFAC, the OECD, Transparency International, the World Bank and the IMF, whose insight and support will be needed to achieve wider reforms.

In considering the Board’s future projects, we support the Board in seeking to work together with leading national standard setters and regulators to leverage both thinking and resources. For example, we envisage the holistic omnibus project on technology, and what it will address in terms of exploring the effects of technology on an audit, as being a project in which many jurisdictions will have a common interest. When the IAASB has an opportunity to leverage jurisdictional initiatives, closer collaboration will allow the Board to better understand how those initiatives were developed, whether they are capable of being applied across jurisdictions and, importantly, whether they achieved their intended purpose.

## 7. Member Bodies and Other Professional Organizations

### ASEAN Federation of Accountants (AFA)

Strategic objective 3. We fully support the proposed actions and recognise the need for stronger coordination between the standard-setting bodies, as well as that with relevant partners such as regional groupings of standard-setting bodies or PAOs.

### Center for Audit Quality (CAQ-US)

Regarding ethics, we encourage the IAASB to continue ongoing coordination with the International Ethics Standards Board for Accountants (IESBA) to discuss the impact of their respective activities on the IAASB’S standards and/or the International Code of Ethics for Professional Accountants (Including International Independence Standards) (the IESBA Code).

Regarding financial reporting, we encourage the IAASB to continue their consultations with standard-setting bodies such as the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) on matters of auditability and assurability, respectively, of new and revised international financial or sustainability reporting standards.

### Value of Seeking Multi-Stakeholder Input

The Work Plan emphasizes the need for timely and meaningful outreach to members of the external reporting ecosystem, including corporate preparers, board directors, investors, auditor and assurance practitioners, standard-setters, and regulators. We commend the IAASB’s current and planned outreach activities at both the strategic and standard-setting levels, such as roundtables, interaction with the newly formed Stakeholder Advisory Council and enhanced working relationships with regulators and fellow standard setters. We encourage the Board’s ongoing commitment to seek multi-stakeholder input, as we believe such input results in standards that consider and adapt to current financial reporting issues, implementation challenges, and the impact of technology and emerging regulatory complexities. In addition, we encourage the Board to continue to seek input and dialogue throughout the standard’s entire life cycle, not just in the proposal stage when a proposal is subject to the notice-and-comment period. We believe such engagement and dialogue is instrumental to the successful and efficient implementation of new standards.

We believe that collaboration and alignment among international and jurisdictional standard setters around the globe is important to promoting consistency in auditing and assurance requirements. We agree with the IAASB that “standards informed by coordination have an increased likelihood of acceptance and adoption, reduce the burden on and enhance effectiveness for entities and practitioners, and reduce fragmentation.” From an audit perspective, consistency in global auditing and assurance standards minimizes unnecessary

differences and incremental efforts that do not benefit audit quality. As such, we encourage the IAASB to continue its efforts to liaise and align with other independent standard-setting boards, including international and jurisdictional standard setters for auditing, assurance, ethics, and financial, sustainability and other external reporting. In that vein, we offer the following specific comments:

### **Chartered Accountants Australia and New Zealand (CA ANZ)**

We also support the IAASB continuing to strive to work closely with other standard setting boards such as the IASB, the ISSB and the IESBA.

### **CPA Australia**

Continue the close coordination and cooperative working relationship with other standard-setting boards, including national standard setters.

### **European Federation of Accountants and Auditors (EFAA)**

We are also concerned that SMPs will be least likely to respond to this important consultation for various reasons, including lack of awareness as well as lack of time and resources. In the absence of sufficient engagement with SMPs there is a real risk of non-response bias with the consequence that the strategy and work plan will be biased in favour of large accountancy firms and regulators, standard setters and other stakeholders from large western economies working in English.

EFAA, therefore, strongly encourages targeted outreach to the SMP community so that SMPs are aware of the consultation and that they can either respond directly or by participating in the development of a response by their professional accountancy organisation (PAO) or national standard setter (NSS). The IAASB might wish to facilitate this by running a short online survey or providing such a survey to PAOs or NSS for them to use so that the feedback is prepared on a consistent basis.

EFAA, therefore, strongly encourages targeted outreach to the SMP community and awareness raising initiatives to ensure they are aware of and are welcome to either respond directly or by participating in the development of a response by their professional accountancy organisation (PAO) or national standard setter (NSS). The IAASB might wish to facilitate this by running a short online survey or providing such a survey to PAOs or NSS for them to use so that the feedback is prepared on a consistent basis.

We also welcome the action to “continue engagement and communication with stakeholders through timely and meaningful outreach activities (including exploring and using different means of reaching and consulting our stakeholders) focused on: promoting the effective implementation of the International Standards on Auditing (ISAs), International Quality Management Standards (ISQMs), and the proposed ISA for Audits of Financial Statements of Less Complex Entities”. It is vital that the IAASB hears from constituencies like SMEs and SMPs that often, for various reasons including lack of awareness as well as resource, are under-represented and do not participate in the standard setting process. Due process around consultation needs to ‘think out of the box’, beyond the written responses to exposure drafts.

Please see our general comments regarding how to get SMPs and SMEs involved in this consultation.

### **Institute of Chartered Accountants in England and Wales (ICAEW)**

The continued focus on collaboration with stakeholders as a proposed strategic objective, including NSS and IESBA, is welcome. However, we urge IAASB to identify professional bodies as a key strategic stakeholder; professional bodies can reach small and medium sized auditing firms to a greater extent than

NSS.

### **Institute of Chartered Accountants of Scotland (ICAS)**

Additionally, as part of further enhancing coordination with IESBA, aligning timetables as much as possible would be beneficial to stakeholders.

We also believe that outreach and research bring valuable external perspectives to standard setting projects. Further enlisting the help of academics or others with research backgrounds in this regard would be beneficial.

### **International Federation of Accountants' Small and Medium Practices Advisory Groups (SMPAG)**

Therefore, further consideration may be needed for how the IAASB can give due care to understanding and addressing the perspective of both SMPs and SMEs. For example, whether the Board can think differently about how to best connect and hear from these constituency groups, who do not have the time or resources to closely follow all the projects. This may include an open mechanism where practitioners can provide comments on challenges with applying particular ISA requirements, consideration of more field-testing of certain proposals, which could highlight potential practical difficulties and provide information on if/how standards could be simplified, or more frequent targeted engagement being organized with national standard setters, PAOs or regional organizations.

The SMPAG, of course, looks forward to continuing to engage regularly with the IAASB on its various projects.

## **8. Academics**

### **Deakin University Integrated Reporting Centre**

Continuing two-way liaison with the International Accounting Standards Board (IASB) and the ISSB is important, including in relation to joint responsibility of those boards for the Integrated Reporting Framework and Integrated Thinking Principles.

We also believe that two-way liaison between the IAASB and Integrated Reporting and Connectivity Council (IRCC) will be important in relation to the Integrated Reporting Framework. The IRCC is an advisory body to each of the Trustees of the IFRS Foundation, the IASB and the ISSB in relation to integrated reporting. Such advice includes providing the input on assurability matters in relation to IAASB sustainability reporting assurance standards, thereby contributing to the quality of sustainability reporting.

In relation to Proposed Strategic Objective 3, maintaining and enhancing coordination efforts with IESBA in the traditional area of audits and reviews of financial statements, as well as the area of sustainability and other assurance engagements, is critical.

In working with IESBA, the IAASB should work with relevant authorities to require any practitioner purporting to assure sustainability reporting disclosures do so under ASAE 3000 and later ISSA 5000, and that all sustainability reporting assurance practice be under regulatory coverage, potentially through a model emulating a company auditor registration regime. If that model is to be developed by building on regulators as they are today, the regulator's knowledge, skills and experience would need to be bolstered with specialist resources in integrated reporting and the Integrated Reporting Framework, IFRS Sustainability Reporting Standards and sustainability and integrated reporting assurance standards and practice.

## 9. Individuals and Others

### Anne Ramsay et al.

We encourage the IAASB to form a working committee to include the broader industry groups and innovators involved in developing digital assets services and products using blockchain technologies.

We recommend the IAASB form a working committee that includes industry stakeholders with two objectives:

To determine whether existing international auditing and assurance standards sufficiently address new areas of audit risk specific to digital assets and blockchain, e.g., stablecoins, smart contracts.

To examine whether the various types of existing assurance reports on a service organization's controls can fully meet the emerging needs of blockchain and digital asset service providers and their clients (which may include retail investors).

This gap analysis would be used to identify any specific standard setting projects for the 2024-2027 Work Plan that will respond to emerging audit risks and opportunities.

### 3.6.4. Strategic Objective 4

#### 1. Monitoring Group

##### International Association of Insurance Supervisors (IAIS)

The IAIS generally agrees with the strategic objectives, including the importance of creating more agile, innovative ways of working in line with the monitoring group's reform vision.

In the process of operationalizing and implementing the reforms led by the Monitoring Group, the IAIS emphasizes that the IAASB will need to allocate sufficient resources to the important projects underway to ensure their timely completion.

Having a diverse board representing the range of participants, right skills and resources to execute the strategy and workplan: The IAIS commends the work of the IAASB in diversifying the Board and Staff as it addresses the changing demands to your ways of working.

##### International Forum of Independent Audit Regulators (IFIAR)

IFIAR encourages IAASB to consider 'quick response' projects to support the consistent performance of quality audit engagements, including when changes to auditing standards may be necessary in response to standard-setting activities of other international standard setting boards, such as the International Ethics Standards Board for Accountants (IESBA) and International Accounting Standards Board (IASB). Such a 'quick response' process could be inspired by the processes used by the International Accounting Standards Board for developing narrow scope amendments to its Standards. Although the standards are framework neutral, the IAASB should always be actively evaluating changes at IESBA and IASB to consider whether complementary changes are necessary to the auditing standards, or to supplementary guidance.

##### International Organization of Securities Commissions (IOSCO)

Subject to high priority projects continuing to be adequately resourced and progressed, the work plan should allow some flexibility for resources to be reallocated to address important new issues as they arise.

We commend the IAASB's dedication and efforts to implement the Monitoring Group's Recommendations in



order to strengthen the independence and accountability of international audit and assurance standard setting.

## 2. Investors and Analysts

### Eumedion

“Implement the Monitoring Group reforms. The Monitoring Group reforms were finalized and issued in July 2020. The transition planning was undertaken in 2020 and 2021, and the implementation commenced in 2022. Full implementation is expected to take a further three to four years and will require various changes at the Board and Staff levels, in how oversight by the PIOB is exercised over the Board’s activities, and in our processes (our standard-setting due process and our operating procedures).”

Eumedion response

The Monitoring Group consultation started in December 2017. The implementation commenced over four years later and in the proposed strategy we learn that it may take another three to four years to fully implement the recommendations; a full cycle of no less than 10 years. It remains rather opaque why the recommendations of the Monitoring Group cannot be effectuated much sooner; especially in the light of the proposed goal ‘... evolve in a timely manner to meet rapidly changing public interest demands’. Public trust in the IAASB would benefit from a much more challenging planning and execution of the implementation of the Monitoring Groups recommendations.

“The number of technical Staff through permanent appointments and secondments will increase over time to ensure appropriate technical expertise and to facilitate the shift from the traditional Task Force-model for projects. The net positive impact of these changes is expected to become evident as the Board and Staff adapt throughout this Work Plan period.

We will allocate the above resources on the basis of information about new initiatives or projects that will need to be started and past experience of the capacity needed to deliver our projects and initiatives, while being mindful of making adjustments as we continue to adapt to the ‘new model’ as referred to above.”

Eumedion response

This Strategic Action gives the impression that the ‘new model’ is adopted rather slowly. Given the long preparation for the new model, we could imagine that a faster adoption of it would be possible.

## 3. Regulators and Audit Oversight Authorities

### Canadian Public Accountability Board (CPAB)

Overall comments

We appreciate the efforts by the IAASB to periodically seek inputs on its strategy to ensure its activities and pronouncements continue to meet the public interest for high-quality auditing and assurance standards. While CPAB broadly supports the strategy and work plan as set out for 2024-27, we have significant concerns about the sufficiency of resources available to address the public interest needs for both assurance on sustainability standards and to continue to proactively enhance the international auditing standards (ISAs) to be responsive to evolving and emerging auditing issues.

Sufficiency of resources

CPAB acknowledges the importance of globally consistent standards for assurance on sustainability reporting, and it is important the IAASB identify incremental resources who have the competency and

capacity to address this critical project. If resources are not properly planned and managed, there is a risk that resources will be diverted from important auditing standards projects. The ISAs are the foundation on which assurance sustainability standards are being developed. As such, it is critically important that the ISAs remain fit for purpose and the IAASB incorporates sufficient capacity into its work plan to allow agility and flexibility. The companies being audited are continually evolving and the IAASB's capacity to make narrow scope amendments will be critical to achieving its goal of being more agile and innovative and addressing changing public interest issues in a timely manner. Some specific examples of emerging areas where the standards are not clear, and we have had significant inspection findings in Canada, include the audits of companies in the technology, cannabis and crypto sectors.

We recommend the IAASB enhance its strategic plan in the following areas:

The IAASB's evaluation of resource requirements to achieve the goals outlined in its strategic plan needs to identify anticipated shortfalls and how the IAASB will prioritize resources to ensure the work on assurance sustainability standards does not come at the expense of other important auditing standards projects.

More detail on specific actions, including consideration of resources, that will contribute to the IAASB's ability to achieve its goal of being agile and innovative, including the ability to react proactively to novel and emerging issues that arise.

#### **Committee of European Auditing Oversight Bodies (CEAOB)**

In the course of the operationalization and implementation of the Monitoring Group driven reforms, the CEAOB stresses that the IAASB will need to allocate sufficient human resources to the important projects in progress, to ensure their timely completion.

The CEAOB encourages the IAASB to keep an open mind about a 'quick response' mechanism that may contribute to IAASB goals, in addition to pursuing broader projects. A 'quick response' process could be inspired by the process used by the International Accounting Standards Board for developing narrow scope amendments to its standards.

#### **Financial Reporting Council – UK (FRC)**

We encourage the IAASB to consider how the strategy and work plan can be delivered in the context of available resources, as well as how competing priorities can be managed. It may be challenging to cover the breadth of content the IAASB proposes to work on, alongside important projects in respect of revisions to auditing standards. This may be particularly pressing an issue in relation to sustainability reporting, where the IAASB may need to acquire new skillsets in a competitive market for talent and, as the strategic objective on this topic points out, there is an expectation of urgency.

#### **Haut conseil du commissariat aux comptes (H3C)**

The H3C encourages the IAASB to keep an open mind about a 'quick response' mechanism that may contribute to IAASB goals, in addition to pursuing broader projects. A 'quick response' process could be inspired by the process used by the International Accounting Standards Board for developing narrow scope amendments to its standards.

In the course of the operationalization and implementation of the Monitoring Group driven reforms, the H3C stresses that the IAASB will need to allocate sufficient human resources to the important projects in progress, to ensure their timely completion.

### Independent Regulatory Board for Auditors (IRBA)

Proposed Strategic Objective 4: Create more Agile, Innovative Ways of Working in Line with the Monitoring Group's Reform Vision

We recognise this as a long-term ambition of the IAASB. We are supportive, while encouraging more concrete steps.

The IAASB has generally undertaken standard setting work on a standard-by-standard basis, with conforming amendments to other standards. So, for example, a revision of ISA 315 was undertaken, and a proposal is now being made to consider revising ISA 330. However, calls to revise ISA 330 were made years ago at the same time as the revisions to ISA 315 were undertaken, and during previous strategy consultations. The IAASB may wish to consider in line with its goal of agility to envisage a future where multiple related standards are tackled together, instead of a piece-meal approach. The benefits are that the impact of changes may be greater, the updating of methodologies and training can be done at one time, and we would have related subjects in the ISAs all reflecting greater consistency. It would also have an immense impact on the utilisation of resources of the IAASB and for everyone who tracks your work.

### Irish Auditing and Accounting Supervisory Authority (IAASA)

In the course of implementing the Monitoring Group reforms, the IAASB will need to allocate sufficient human resources to the important projects currently in progress to ensure their timely completion.

## 4. National Auditing Standard Setters

### American Institute of Certified Public Accountants (AICPA)

As noted above, we are hopeful that certain of the Monitoring Group recommendations designed to add human capital and technological resources to the full-time staff will provide the IAASB with more capacity for strategic matters. Notwithstanding the continuous progression of the IAASB and IESBA to realize the July 2020 Monitoring Group Recommendations, we urge the IAASB in its strategic planning process to carefully conduct and disclose a comprehensive assessment of the risks and threats to achieving the four proposed objectives, focusing on reliable long-term financing, talent management, and internal polices including operational processes and efficiencies, investment in innovation, cost reduction and streamlining processes.

Strategic Review of Research and Information Gathering Methods. We believe the IAASB should conduct a strategic review of its approach, methods, and techniques to gathering and analyzing stakeholder input to inform all phases of the standard-setting process. This will be particularly important as the composition of the IAASB changes in response to the Monitoring Group reforms, as well as likely changes to interactions with the Board's advisory groups (e.g., the national standard-setters liaison group and the Consultative Advisory Group (CAG)).

We acknowledge the IAASB has a comprehensive Framework for Activities (FFA), which sets out detailed protocols for how the IAASB undertakes its work. We also acknowledge the IAASB has begun leveraging the Public Interest Framework (PIF) published by the Monitoring Group in July 2020 to articulate the public interest responsiveness of a project. However, we believe that the approaches taken by the IAASB to design and report the findings from its surveys or polls, and to design and analyze stakeholder interviews, would benefit from greater research rigor (particularly as it relates to the recent work around auditor reporting (e.g., Fraud) and to ensure that standards are clear and capable of being consistently and effectively implemented by those directly responsible for applying them). We recommend the IAASB work with experts who can assist the IAASB in conducting more rigorous outreach activities to inform its standard

setting activities. The ASB has gained significant experience in this regard the past two years, and we would be pleased to share our experiences with the IAASB in this area.

We also believe the IAASB’s internal standard setting process does not appropriately incorporate technology. We encourage the IAASB to continue to take a “technology first” approach to look for “quick wins” in identifying where technology can be used by the IAASB staff in daily operations and its interaction with the full board, for example, using board management software to communicate and provide plenary board meeting materials.

We are hopeful that certain of the Monitoring Group recommendations designed to expand and add talent and skills to the full-time staff will provide the IAASB with more capacity for strategic matters. We also recognize the dedication of the IAASB and its staff in serving the public interest through high-quality standard-setting.

What expectations should observers and stakeholders have regarding the IAASB’s pledge to be more agile in its operations and standard setting?

### **Australian Auditing and Assurance Standards Board (AUASB)**

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.

### **New Zealand Auditing and Assurance Standards Board (NZAuASB)**

While supportive of the direction, we recognise the significant challenges ahead for the IAASB in achieving its strategy:

We encourage the IAASB to develop performance-based metrics against which its success can be measured, for example, how will the IAASB assess whether it is achieving more agile, innovative ways of working?

## **5. Accounting Firms**

### **BDO International Limited**

improved translation activities and greater use of technology to improve access to IAASB standards and other resources.

As a consumer of much of the IAASB’s output we strongly support the Proposed Strategic Objective 4, and

specifically the need to use technology to maximize the impact of IAASB activities, enabling the IAASB to respond on a timelier basis to issues and challenges. This is particularly important during the adoption and implementation phase of new standards and as we have noted elsewhere in our response, it is important that the IAASB provides an accessible and visible ‘dashboard’ for planned and upcoming activities.

### Deloitte LLP

As noted above, we have been impressed with the IAASB’s ability to juggle the agenda and topics covered at each meeting to accommodate new and pressing issues. In order for the profession to continue to be able to absorb the impact of unexpected change, the workplan should incorporate contingency space – both to accommodate new projects and address expansion of planned projects. In addition, having a focused set of projects with targeted outcomes should enable completion of each project in a shorter period of time.

The Monitoring Group reforms will have a significant impact on the resource model of the IAASB, increasing the number of IAASB staff members as necessary to meet expanded expectations, with less involvement and support than is currently provided by Board members and technical advisors. Filling these roles, given recent staff turnover and the evolving skill sets that will be needed (e.g., experience with sustainability and technology), and training a team of new people will affect capacity and capability to run a large number of projects at the same time.

We are supportive of the efforts to enhance technical staff capacity and competencies as part of the Monitoring Group’s Reform Vision. However, we advise the Board, when determining how many and which new projects to embark on, to take into account the considerable learning curve when onboarding new staff. As the new resource model is implemented, staff capacity constraints should not be underestimated, especially considering recent turnover and given the enhanced role of staff.

### Ernst & Young Global Limited

Uncertainty related to monitoring reforms: As further explained in the introduction to this letter, we recognize the uncertainty that exists regarding the IAASB’s future operations due to the reforms by the Monitoring Group. We believe that the IAASB needs to more specifically describe how the reforms will affect its way of working, including more clearly describing the plan related to the ability to build an appropriately skilled Board and hire sufficient highly competent staff to meet the increasing tight timelines and heightened expectations of stakeholders.

Clarity around allocation of resources: Page 23 of the Strategy and Work Plan states that the budget for the Work Plan period is expected to be relatively stable, but it also states that the number of technical Staff through permanent appointments and secondments will increase over time to ensure appropriate technical expertise and to facilitate the shift from the traditional Task Force-model for projects. We believe that more details should be included on the IAASB approach to appropriately build the resources needed to achieve the Monitoring Group’s reform vision.

Regarding Proposed Strategic Objective 4: Create more Agile, Innovative Ways of Working in Line with the Monitoring Group’s Reform Vision

Specifically, the ability to successfully meet the general theme of urgency (i.e., the need for timely action and the timely delivery of standard-setting solutions), will be dependent on the appropriateness and sufficiency of the talent at both the Board and Staff levels. The competence and capabilities of the IAASB, its supporting staff and its advisory groups are essential to the success of the IAASB. With a reduction in the number of practitioner members and reduction in the role of the technical advisors, the importance of

having the right Staff with extensive experience in both auditing and standard setting will be paramount to developing quality standards in the increasing tight timelines expected. The IAASB should focus on the need to obtain or maintain sufficient and appropriate talent relevant skills and knowledge to keep pace with the developments of the profession and the business environment, as well as expected technical proficiency in auditing and assurance.

We recognize the uncertainty that exists regarding the IAASB's future operations due to the reforms that commenced in 2022 and are being implemented over the next three to four years by the Monitoring Group. These reforms are likely to continue to affect the IAASB during the 2024-2027 strategy period, as acknowledged in the Strategy and Work Plan, due to various changes at both the Board and Staff levels, in how the oversight by the PIOB is exercised over the Board's activities, and in the Board's processes.

We believe that the IAASB needs to carefully consider the effects of these changes as they finalize the Strategy and Work Plan and provide transparency into how the changes arising from the reforms will be implemented to maintain the development of high-quality international standards.

#### **KPMG IFRG Limited**

We agree that it is more important than ever to seek opportunities to utilise technology effectively, to enhance the way the IAASB works, including in collaboration with others, and ensure standard-setting solutions can be delivered more rapidly.

#### **Mazars**

As time is crucial parameter, we believe IAASB should rather prioritize narrow scope amendments and guidance to address specific findings of the regulators instead of re-open standards as it takes around 4-5 years until the effective application.

#### **PriceWaterhouseCoopers**

Create more agile, innovative ways of working in line with the Monitoring Group's reform vision

We are supportive of the Board implementing the Monitoring Group proposals in a manner that supports the development of high-quality audit and assurance standards.

In implementing the Monitoring Group recommendations, the Board needs to focus first and foremost on ensuring that the Board's structure and processes will continue to support the development of high-quality audit and assurance standards, following the Board's due process.

In explaining its strategic actions designed to achieve strategic objective number four (creating more agile and innovative ways of working), we believe the Board's strategy needs to provide greater transparency about how the quality of standards will be maintained as the Board's operating model and processes evolve to implement the Monitoring Group recommendations. This could be achieved by explaining how the strategic actions for objective number four interrelate with, and will be able to directly support, the strategic actions described for objectives one and two. Specifically, transparency about how the Board's processes will evolve to ensure quality is maintained while technical staff capacity is developed, and how quality will be measured once such staff complement is fully in place, is a matter of public interest.

In contemplating the Board's work plan, which we comment on in response to question 4, we recommend the Board provide further emphasis to, and clarity about, the process for making limited scope ("targeted") amendments to standards. As described above, we do not believe there are any fundamental issues with

the present suite of ISAs that require full standard revisions. However, to the extent that specific issues are identified, we encourage the Board to use its limited scope amendments concept and further refine an approach that could result in a much faster “rapid response” update to a standard.

One of the risks that the Board will need to manage in moving to a new operating model is an inadvertent decline in the quality of the Board's outputs in the transition phase. In explaining its strategic actions designed to achieve strategic objective number four (creating more agile and innovative ways of working), we believe the Board's strategy needs to provide greater transparency about how the quality of standards will be maintained as the Board's operating model and processes evolve to implement the Monitoring Group recommendations. This could be achieved by explaining how the strategic actions for objective number four interrelate with, and will be able to directly support, the strategic actions described for objectives one and two. Specifically, transparency about how the Board's processes will evolve to ensure quality is maintained while technical staff capacity is developed, and how quality will be measured once such staff complement is fully in place, is a matter of public interest.

The Monitoring Group reforms are important in ensuring that the standard-setting model meets stakeholders' evolving expectations of an independent standard setter, whilst also positioning the IAASB to be fit for purpose for the future. In implementing the Monitoring Group recommendations, the Board needs to focus first and foremost on ensuring that the Board's structure and processes will continue to support the development of high-quality audit and assurance standards, following the Board's due process. This includes ensuring that appropriate technical rigour is maintained while staff resources are established, to ensure that standards are coherent, scalable, proportionate and operable, which is necessary in achieving the Board's first and second strategic objectives of supporting the consistent performance of quality audit engagements and establishing globally accepted standards for assurance on sustainability reporting.

### **RSM International Limited**

We are, however concerned that the goal to “Create more Agile, Innovative Ways of Working in Line with the Monitoring Group's Reform Vision” is too introspective. We suggest that one goal of the IAASB should be to create more innovative ways of working for practitioners by modernising the ISAs.

## **7. Member Bodies and Other Professional Organizations**

### **ASEAN Federation of Accountants (AFA)**

Strategic objective 4. We agree that the Board needs to embrace and leverage the new and innovative ways of working (e.g., use of technology, remote working and flexible hours, etc) to enhance the timeliness and effectiveness of the standard-setting activities. This may allow the Board to leverage global talent to support the standard-setting activities. We also believe that encouraging early involvement from partners and stakeholders in the different stages of the standard-setting may benefit the Board in terms of obtaining adoption support and inputs to the consultations. This is particularly important for stakeholders from developing economies, including many jurisdictions in Southeast Asia.

### **Center for Audit Quality (CAQ-US)**

We also agree with the Board regarding the need for standard-setting solutions that are promulgated efficiently and delivered timely. Current standards that are in lockstep with the rapidly changing business environment are essential to the success of the entire external reporting ecosystem. As such, we are pleased that the Work Plan indicates the Board's intention to seek opportunities to advance and demonstrate achievement of targeted milestones and timelines through various efforts such as prioritizing

activities, expanding staff teams and implementing efficiencies and innovations in processes within project workstreams.

### **CPA Australia**

Critically assess the scope of revisions to extant standards to ensure that the work effort aligns with the identified needs. Where possible, the IAASB should consider narrow-scope revisions rather than major revisions, to ensure its scarce resources are allocated efficiently

### **Institute of Chartered Accountants in England and Wales (ICAEW)**

We look forward to the implementation of the Monitoring Group reforms (strategic objective 4), because of the need for auditing standards to be developed more quickly and efficiently. The current challenges involved with addressing technology in standards is complicated by the process of standard setting, and the Monitoring Group reforms should enhance this process.

Going forward we believe IAASB should present a considered and achievable work plan for comment, rather than consulting on what the work plan should be. We believe it would be advantageous for the IAASB to undertake more informal stakeholder engagement on a continuing basis in advance of the strategy consultation. The proposed work plan could include an appendix of projects which were considered but rejected. With growing international attention focussed on the profession, IAASB should consider the need for a concise and focused work plan, which directly addresses the public interest, rather than identifying a wide range of possible narrow scope revisions.

### **Institute of Chartered Accountants of Scotland (ICAS)**

Consideration also needs to be given to the impact of the Monitoring Group's reforms on the IAASB's capacity and capability to run a high number of projects concurrently.

In particular, we strongly support the IAASB's focus on completing projects that are already underway and advise the Board to do so prior to embarking on new projects. Operating with a smaller portfolio of in-process projects is preferable to starting too many too soon.

### **Nordic Federation of Public Accountants (NRF)**

In terms of Proposed Strategic Objective 4, we strongly support the IAASB's use of reference groups in connection to the projects. In particular, we encourage the IAASB to ensure that these groups will include the entire spectrum of practitioners, and especially SMP representatives, in order to provide input on the practical consequences of considered revisions.

The proposed Strategy and Work Plan (the Plan) covers an important period of time. Not only can we expect increased legal and regulatory actions, but it is also a time during which the implementation of the Monitoring Group reforms is supposed to be finalized. Given the latter and especially the consequences of a different board composition, we would like to emphasize the need to ensure that the entire spectrum of audit and assurance engagements that will be affected by the work of the IAASB, including in particular SMEs/SMPs, will continue to be taken into account when developing new and revised standards.

## **8. Academics**

### **Deakin University Integrated Reporting Centre**

Proposed Strategic Objective 4



In relation to Proposed Strategic Objective 4, we recommend that with the support of the PIOB's Nominating Committees, there is a need to ensure that the IAASB and IESBA Boards have the necessary expertise to respond to evolving public interest demands in all areas of sustainability reporting assurance, particularly integrated reporting assurance.

### **3.6.5 Workplan**

#### **2. Investors and Analysts**

##### **Norges Bank Investment Management (NBIM)**

We also welcome the IAASB's work on professional scepticism and encourage the Board to consider how to embed it throughout its entire workplan and strategy. Exercising professional scepticism can help reduce corporate scandals and frauds, and address cases of greenwashing in the sustainability reporting space.

#### **3. Regulators and Audit Oversight Authorities**

##### **Committee of European Auditing Oversight Bodies (CEAOB)**

Work plan

The CEAOB is of the view that the themes proposed for the upcoming work plan as set out in the consultation are relevant. There is limited information, however, on specific outputs expected as a result. The CEAOB thus encourages the IAASB to develop more detailed plans about the timing, the targeted outputs and to provide more information about resources affected on the various topics suggested. From previous experience, clarity on the objectives of the various projects is essential to ensure that actual delivery does not lag behind the expectations.

##### **Haut conseil du commissariat aux comptes (H3C)**

Work plan

The H3C is of the view that the themes proposed for the upcoming work plan as set out in the consultation are relevant. There is limited information, however, on specific outputs expected as a result. The H3C thus encourages the IAASB to develop more detailed plans about the timing, the targeted outputs and to provide more information about resources affected on the various topics suggested. From previous experience, clarity on the objectives of the various projects is essential to ensure that actual delivery does not lag behind the expectations.

##### **Irish Auditing and Accounting Supervisory Authority (IAASA)**

Work plan

There is limited information provided in the consultation on the specific outputs expected from the projects proposed in the IAASB's work plan for 2024-2027. The IAASB should develop more detailed plans regarding the timing, expected outputs and resources required by the various topics. Clarity on the objectives of the IAASB's projects is essential to ensure that the final outcome meets expectations.

#### **4. National Auditing Standard Setters**

##### **American Institute of Certified Public Accountants (AICPA)**

Our primary concern is that additional projects that may be taken on as early as Q3 2023 are likely to dilute

the focus and resources necessary to deliver against the existing work plan, which is extensive. We observe the IAASB has proposed a set of strategic actions undergirding the four proposed strategic objectives; the results of which could culminate in at least 13 potential active projects during the 2024-2027 strategic term (~2 per year expected to be added starting in 2025). The existing work plan already requires a significant amount of IAASB time, focus, and resources, including gathering appropriate public input to inform its proposals. Such effort will need to be sustained through 2024 given that approval of four significant projects is currently set for that year.

### **Canadian Auditing and Assurance Standards Board (AASB)**

In finalizing the IAASB 2024-2027 Strategy and Work Plan, it would be helpful if a table outlining the project timelines can be provided and updated as needed to help National Standard Setters who follow and adopt the IAASB's work to adequately plan their agendas and support the IAASB in their work.

### **Institut der Wirtschaftspruefer in Deutschland e.V. (IDW)**

While there is a case to be made for continual improvement of standards over time, we believe that once the current projects related to the ISAs regarding going concern and fraud are completed, the question arises whether major projects in relation to audits of financial statements may be reaching a stage of diminishing returns for each incremental improvement in the standards. Unless indubitable cases of audit failure can be clearly related to deficient auditing standards rather than deficient application of auditing standards, as an issue of public policy the IAASB may need to consider whether the public interest benefits of major changes to standards are worth the additional costs borne by society for audits. If so, then consideration may need to be given to providing more standard-setting resources to other assurance and related services engagements of importance for the future. To this effect, we applaud the IAASB undertaking a major project to develop, within a comparatively short period of time, a comprehensive standard for assurance on sustainability information but see the need to consider developing standards for other assurance and related services engagements outside of audits of financial statements.

## **5. Accounting Firms**

### **Baker Tilly International**

Our concern is with the path to completion described in Table A on page 16. There are 5 projects due to be completed in the same 6-month period. This appears to be overly optimistic on the part of the IAASB at a time when its resources are already stretched.

### **Deloitte LLP**

We strongly support the Board's focus on completing projects that are underway and advise the Board to do so prior to embarking on new projects. We do not believe it is necessary to undertake any new projects in 2024; as noted in our overall comments above, we believe having a smaller portfolio of in-process projects that can be completed timely is preferable to beginning too many new projects before others are completed.

### **Ernst & Young Global Limited**

In addition, we believe the workplan to complete the current standard-setting projects as set out in Table A of the Strategy and Work Plan is ambitious both in terms of the effort needed by the Staff and the Board and the number of new standards that are planned to be issued in 2024 and 2025 for the profession to implement. Furthermore, the Strategy and Work Plan states (page 18) that in line with Proposed Strategic

Objective 4, the IAASB will seek opportunities to advance targeted timelines. Therefore, as the IAASB completes its current projects and looks to initiate new projects for audits (or reviews) during the Strategy period, we encourage the IAASB to be careful not to take on too many new projects, but to rather focus on providing quality standards related to the in-progress projects. We believe that it may be unrealistic for the IAASB to start a large new project before 2025, as indicated on page 18 of the Strategy and Work Plan.

### **Grand Thornton International Limited**

Continue focus on professional skepticism – whilst we agree that a focus on professional skepticism is an important action, we caution against the over emphasis of professional skepticism to the detriment of professional judgment. Further, we would recommend that the IAASB seek to understand how the guidance related to exercising professional skepticism added to recently amended standards has changed auditor behaviour in practice.

## **7. Member Bodies and Other Professional Organizations**

### **Center for Audit Quality (CAQ-US)**

We also agree with the Board regarding the need for standard-setting solutions that are promulgated efficiently and delivered timely. Current standards that are in lockstep with the rapidly changing business environment are essential to the success of the entire external reporting ecosystem. As such, we are pleased that the Work Plan indicates the Board's intention to seek opportunities to advance and demonstrate achievement of targeted milestones and timelines through various efforts such as prioritizing activities, expanding staff teams and implementing efficiencies and innovations in processes within project workstreams.

### **Chartered Accountants Australia and New Zealand (CA ANZ)**

Yes, we are supportive of the proposed approach of completing current projects before adding additional projects to the Work Plan

### **CPA Australia**

Overall, CPA Australia supports the IAASB's proposed strategy and work plan. We believe that the IAASB has the opportunity to further enhance its approach to both current and future projects when developing efficient and effective standards that drive the performance of high-quality audit and assurance engagements. We urge IAASB to:

## **3.6.6 Other comments**

### **1. Monitoring Group**

#### **International Organization of Securities Commissions (IOSCO)**

Overall Comments

### **2. Investors and Analysts**

#### **Eumedion**

We consider audit standards that are of high quality while timely addressing the exceptionally fast changing corporate reporting landscape as key foundation for high quality audits and the justified public trust therein.

Key jurisdictions around the globe have embraced, or are in the process of embracing mandatory sustainability reporting. The IFRS Foundation established the International Sustainability Standards Board to set a global baseline for ultimately, mandatory reporting in most jurisdictions around the globe. Our key message can be summarised as that we welcome the overall direction of the draft work plan, but that Eumedion considers it as lacking the right sense of urgency to timely deliver much needed improvements both in the standards and also the governance of the IAASB.

“Diverse demands across the spectrum of stakeholders reflecting the breadth of the global economy. The world that our standards must contend with is getting increasingly complex and diverse. On one hand, stakeholders are calling for more concise ‘proportionality solutions’, such as for audits of financial statements of less complex entities. On the other hand, stakeholders are asking for new or enhanced standards that address specific elements of an audit or assurance engagement, or specific subject matter information or services, with more granular requirements and application material.”

Eumedion response

Although we agree that enhancing proportionality of existing standards can be a meaningful exercise for any standard setter to allocate resources to, the current phrasing leaves the reader guessing which of the two directions is prioritised in the allocation of attention and resources. Instead of a generic choice or balance between detailed vs. proportional, we suggest that this driver mentions that covering new ground in the non-financial engagement will tend to have a higher priority than enhancing proportionality of existing standards.

### 3. Regulators and Audit Oversight Authorities

#### Haut conseil du commissariat aux comptes (H3C)

The H3C broadly supports the IAASB proposed strategy as set out for 2024-2027.

#### Irish Auditing and Accounting Supervisory Authority (IAASA)

IAASA broadly supports the IAASB’s proposed strategy for 2024-2027.

### 4. National Auditing Standard Setters

#### CNCC-CNOEC - France

We agree with the Proposed Strategic Objectives and Actions.

With regard to the objective of Supporting the consistent performance of quality audit engagements, we wonder whether it would not be useful to add to the Work Plan a specific item on checking the connectivity between ISSA 5000 and the ISAs and revising the ISAs where necessary.

#### Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

We agree with the Proposed Strategic Objectives as set forth in the Consultation Paper and with the exception of the matters we address immediately below, the Proposed Strategic Actions set out in that paper.

#### Japanese Institute of Certified Public Accountants (JICPA)

Comments:

We agree with the proposal.

### **New Zealand Auditing and Assurance Standards Board (NZAuASB)**

Our detailed comments regarding the new standard setting projects are included in the attachment.

### **Public Accountants and Auditors Board (PAAB) Zimbabwe**

We agree.

We are of the view that the strategic objectives are in line with the IAASB’s goal to serve the public interest by developing the globally accepted and leading audit, assurance, and related services standards enabling the performance of high-quality engagements that enhance trust in markets and evolve in a timely manner to meet rapidly changing public interest demands.

### **Royal Netherlands Institute of Chartered Accountants (NBA)**

We agree with the Strategic Objectives and the identified Strategic Actions to fulfill the Objectives.

## **5. Accounting Firms**

### **BDO International Limited**

Yes, we agree with the proposed strategic objectives and proposed strategic actions.

### **Deloitte LLP**

Yes, overall, we agree with the proposed strategic objectives, but have the following thoughts and recommendations related to certain of the proposed strategic actions:

### **Ernst & Young Global Limited**

Clarification to Appendix 2 of the Strategy and Work Plan: The first arrow in the diagram in Appendix 2 indicates that there is one “First Discussion” that leads to a project plan. We suggest this, and the related explanation, is changed to “Plenary Discussions” to acknowledge that on more complicated projects there may be several discussions that lead to a project proposal.

### **Grand Thornton International Limited**

Overall, we agree with the Proposed Strategic Objectives and Strategic Actions. We have the following comments on specific objectives and actions:

### **MNP LLC**

Proposed strategic objective 1 pertains only to audit engagements. Proposed strategic objective 4 briefly refers to reviews of financial statements and other assurance engagements. We question why there is no strategic objective relating to maintaining other standards—i.e., those for reviews of financial statements, assurance engagements other than those related to sustainability reporting and related services engagements—fit for purpose. To that end, we suggest the IAASB reposition strategic objective 3 to address these other engagements for which the IAASB has the mandate to set standards.

We agree with strategic objectives 1 and 2. However, we believe that the proposed strategic objectives 3 (Strengthen Coordination with IESBA and Other Leading Standard Setters and Regulators to Leverage Better Collective Actions in the Public Interest) and 4 (Create more Agile, Innovative Ways of Working in Line with the Monitoring Group’s Reform Vision), should not be distinct strategic objectives. Enhanced

collaboration will help support the quality of an engagements and will enhance standards. Thus, strengthened coordination between the different boards and regulators and process improvements are important; however, they are more operational issues rather than strategic objectives. As such, we believe they should be considered either as strategic actions under proposed strategic objective 1 (i.e., a means of accomplishing the strategic objective) or a pervasive strategic action across the strategic objectives rather than strategic objectives in and of themselves. For example, coordination with IESBA could be an action supporting proposed strategic objectives 1 and 2, as well as proposed new strategic objectives 3 and 4 (see below) by producing high-quality standards for all types of engagements within the IAASB's remit, by analogy, this would also apply to standard setters other than IESBA.

We also consider the global adoption of standards to be a strategic objective, including the IAASB's plans to advance that goal. For example, in some jurisdictions, achieving adoption of the IAASB's standards will require substantial outreach efforts and possibly additional non-authoritative guidance. We suggest, therefore, that the IAASB replace proposed strategic objective 4 with an objective that addresses global adoption of its standards.

#### **PriceWaterhouseCoopers**

We are supportive of the proposed strategic objectives and provide the following observations.

We support the Board's strategic goal, objectives and actions.

#### **RSM International Limited**

We agree with the majority of the Proposed Strategic Objectives and Proposed Strategic Actions.

### **7. Member Bodies and Other Professional Organizations**

#### **Association of Chartered Certified Accountants (ACCA)**

Yes, we agree with the proposed strategic objectives and proposed strategic actions.

#### **Chartered Accountants Australia and New Zealand (CA ANZ)**

Overall, we are supportive of the IAASB's Proposed Strategy and Work Plan, however we do have concerns regarding the approach of "more specificity" to achieve increased enforceability for regulators in the proposed strategic drivers. We believe that the IAASB's standards must remain principles-based as this is the most effective way to promote audit quality. Increased specificity, or overly prescriptive standards drive a compliance-based audit mindset which is not effective in dealing with the complex nature of today's entities, financial reporting and audits. This risks compromising audit quality in order to make regulatory action more efficient, which we believe is counter-productive to the overall aim of auditing standards.

#### **European Federation of Accountants and Auditors (EFAA)**

We generally agree.

We support the strategic objectives and most, if not all, of the supporting actions. We have further comments on two of the objectives:

#### **Institute of Chartered Accountants in England and Wales (ICAEW)**

The replacement of five strategic themes with four strategic objectives has produced a more focused and

concise set of actions for the coming four years.

### **Institute of Chartered Accountants of Scotland (ICAS)**

We agree with the proposed strategic objectives.

We are broadly supportive of the IAASB's Proposed Strategy and Work Plan for 2024–2027 subject to our comments below on stakeholder fatigue and the IAASB's capacity and capability.

### **International Federation of Accountants' Small and Medium Practices Advisory Groups (SMPAG)**

Do you agree with Our Proposed Strategic Objectives and Our Proposed Strategic Actions (see pages 10–14)?

The SMPAG generally agrees with the proposed strategic objectives and actions. Similar to our comment in response to question 1, there could be a greater emphasis placed on both efficiency of engagements and developing high-quality standards. For example, 'Support the efficient and consistent performance of quality audit engagements by enhancing our auditing standards in areas where there is the greatest public interest need'.

Two of the goals make explicit reference to the public interest, which may be better positioned as an overarching theme for all the Board's goals, objectives and strategic actions. There is a risk that in the context of the first goal (noted above), it may be interpreted as the Board just focusing its activities and lens on public interest entities (PIEs).

### **Lao Chamber of Professional Accountants and Auditors (LCPAA)**

Proposed Strategic Objective:

Support the Consistent Performance of Quality Audit Engagements by Enhancing Our Auditing Standards in Areas Where There Is the Greatest Public Interest Need

Establish Globally Accepted Standard(s) for Assurance on Sustainability Reporting

Strengthen Coordination with IESBA and Other Leading Standard Setters and Regulators to Leverage Better Collective Actions in the Public Interest.

Create more Agile, Innovative Ways of Working in Line with the Monitoring Group's Reform Vision.

Proposed Strategic Actions:

Enhance Coordination with IESBA and Other Leading Standard Setters and Regulators to Leverage Better Collective Actions in the Public Interest

### **Norwegian Institute of Public Accountants**

We support the input shared by NRF.

### **Wirtschaftsprüferkammer (WPK)**

Yes, we agree.

However, we note that the numbering and the wording of the strategic objectives indicate that Audit Standards remain the highest priority. We believe that in the future, Assurance Standards on Sustainability should be prioritized at least equally and would therefore encourage the IAASB to put more emphasis on

these sustainability issues.

This equivalence should be better expressed in the tables and explanations.

## 8. Academics

### Deakin University Integrated Reporting Centre

We agree with the Proposed Strategic Objectives. Set out below are comments on Proposed Strategic Objectives 2, 3 and 4.

## 9. Individuals and Others

### Anne Ramsay et al.

The absence of specific technology standard-setting projects in the Work Plan is concerning. The growing need for global standards relating to audits and assurance engagements for digital assets and blockchain cannot wait until after 2027 to be addressed.

We urge the IAASB determine whether existing auditing and assurance standards address new areas of audit risk and emerging opportunities for special reporting. Where gaps and opportunities exist, to prioritise work to develop Globally Accepted Standard(s) for Assurance for the Digital Asset sector in its 2024-2027 Work Plan similar to the Sustainability Assurance Reporting project. This work should also address a public interest need for “specified procedures” type engagements e.g., the concept of “Proof of Reserves”, special purpose reports on systems and internal controls of digital asset service providers. A common global framework is needed. In addition, developing implementation guidance specific to digital assets and blockchain technologies would be useful for all participants including audit practitioners.

### Chris Barnard

The proposed strategy illustrates how the IAASB intends to focus its priorities over the period 2024-2027, and provides the basis for decisions about actions and projects to be undertaken. The IAASB has identified four clear and comprehensive strategic objectives for the period 2024-2027: 1) support the consistent performance of quality audit engagements by enhancing our auditing standards in areas where there is the greatest public interest need; 2) establish globally accepted standard(s) for assurance on sustainability reporting; 3) strengthen coordination with IESBA and other leading standard setters and regulators to leverage better collective actions in the public interest; and 4) create more agile, innovative ways of working in line with the monitoring group’s reform vision. I generally support the proposed strategy and the proposed work plan, which focus on fostering high-quality standards that enhance audit and assurance practice, and promoting international harmonisation of auditing standards.