

Strategy and Work Plan 2024–2027 Question 4

Do you support the identified possible new standard-setting projects as set out in Table B (see pages 20–22) within the area of audits and reviews (numbered A. to K.)? Please share your views on the individual topics, including, if relevant, why certain topics may be relatively more important to you, your organization or within your jurisdiction.

4.6 Analysis by themes**4.6A. ISA 320****1. Monitoring Group****International Forum of Independent Audit Regulators (IFIAR)**

Based on concerns reported by IFIAR Members, IFIAR believes that a project to reconsider the standard on materiality urgently deserves priority. IFIAR deems the concept of materiality one of the fundamental principles relevant to auditing and is of the view that further clarity would be welcome in the ISAs to foster consistent implementation amongst audit practitioners.

International Organization of Securities Commissions (IOSCO)

ISA 320, Materiality in Planning and Performing an Audit High

We have observed that there is diversity among audit firms regarding percentage ranges for determining the quantitative dimension of both overall materiality and performance materiality. This may result in varying work efforts and as a result varying audit quality even in entities of similar size and risk profiles. We believe the Board should include a project to address materiality considerations that provide better guidance to auditors in determining overall and performance materiality, including qualitative as well as quantitative factors.

3. Regulators and Audit Oversight Authorities**Canadian Public Accountability Board (CPAB)**

Annual surveys published by the International Forum of Independent Audit Regulators has consistently identified materiality as an area that deserves priority. ISA 320 is an outdated standard that is no longer fit for purpose. Specifically:

Paragraph A5 of ISA 320 states “Profit before tax from continuing operations is often used for profit-oriented entities.” This statement is inconsistent with what we see in practice in the Canadian reporting issuers we have inspected over the past several years. In the audit engagements that we have inspected since 2019, we have observed revenue: total assets and net assets being used as the benchmark for determining materiality at a much greater frequency than profit before tax; an increase in the use of expenses as the benchmark for determining materiality; and the range in the percentage applied to these benchmarks vary significantly from one firm to another and across similar types of entities.

The revisions to ISA 315, Identifying and Assessing the Risks of Material Misstatement and ISA 600, Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) increase the relative importance of modernizing the application of materiality concepts within a risk-based audit.

Committee of European Auditing Oversight Bodies (CEAOB)

Materiality – ISA 320 / ISA 450

Based on concerns reported in the CEAOB materiality survey report, the CEAOB believes that a project to assess and enhance the standards on materiality also deserves priority. The concept of materiality is one of the fundamental principles relevant to auditing, and further clarity to facilitate consistent approaches for the determination of materiality levels would be very useful.

Haut conseil du commissariat aux comptes (H3C)

Materiality – ISA 320 / ISA 450

Based on concerns reported in the CEAOB materiality survey report, the H3C believes that a project to assess and enhance the standards on materiality also deserves priority. The concept of materiality is one of the fundamental principles relevant to auditing, and further clarity to facilitate consistent approaches for the determination of materiality levels would be very useful.

Independent Regulatory Board for Auditors (IRBA)

Materiality (Revisions to ISA 320)

We are supportive of this project.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Materiality – ISA 320 / ISA 450

The project to assess and enhance the standards on materiality also deserves priority. The concept of materiality is one of the fundamental principles of auditing, and further clarity to facilitate a consistent approach for the determination of materiality levels would be very useful.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

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

Canadian Auditing and Assurance Standards Board (AASB)

ISA 320 – We have heard from some of our interested and affected parties that there is divergence in practice in the determination of materiality, including a trend of increasing use of non-traditional metrics to determine materiality (e.g., as % of assets) that is exacerbated by the pandemic. A PIR may help the IAASB to consider whether changes are needed to ISA 320 given the current environment and practices.

As indicated in our overall comments, we encourage the IAASB to focus on these high priority projects, and to take a pause to assess practitioners' ability to implement the new and revised standards before initiating any other ISA projects.

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

We are not convinced that ISAs 320 (A.), 330 (B.) and 620 (H.) are in dire need of revision other than in relation to the impact of technology. In relation to ISA 320, we do not believe that greater consistency in the determination of materiality and performance materiality is necessarily desirable, since the former represents an auditor’s consideration of a user-driven concept and the latter is a matter that depends upon the expected risks of material misstatement and the extent to which audit work is performed on financial statement items separately (the underlying cause of aggregation risk): consistency may in fact be counter-productive. It is also unclear what is meant by “the application of these concepts within a risk-based audit”.

Japanese Institute of Certified Public Accountants (JICPA)

(1) Materiality (Revision of ISA 320)

The auditor’s determination of materiality is a matter of professional judgment and is affected by the auditor’s perception of the financial information needs of the users of the financial statements (ISA 320, paragraph 4). However, extant ISA 320 provides a specific example of the materiality (five percent of profit before tax) for a profit-oriented entity in a manufacturing industry but does not provide any other specific benchmark or percentage example for other profit-oriented entities, so we have seen pervasive use of five percent of profit before tax in practice.

For example, in the case of banks or other companies with a large amount of balance sheet items or other income statement items compared to profit before tax, it may be more appropriate to use other benchmarks than five percent of profit before tax because the profit structure is very different from that of typical manufacturing entities. Although extant ISA 320 provides some direction on choosing a benchmark and determining the percentage to be applied, we believe examples and guidance are not sufficient. Therefore, we suggest that examples and specific guidance be added so that the auditor would be able to make more appropriate judgment and consistent judgment would be applied among auditors in similar situations.

In addition, since ISA 320 has not been revised for a long time, we think references to other ISAs are limited, and it is difficult to read from ISA 320 that materiality and performance materiality affect audit procedures, for example, tolerable misstatement in paragraph A3 of ISA 530 “Audit Sampling” is related to performance materiality.

Royal Netherlands Institute of Chartered Accountants (NBA)

ISA 320 – We underscore the importance of qualitative aspects of materiality, which are inherently difficult and for which the extant ISA320 provides little guidance. Also, we note that a recent study shows a number of challenges regarding materiality in practice. We therefore agree with this proposed project.

While we can see merit in projects to consider revising ISAs 320, 330, 501, 505, 520, ISRE 2410, and the projects on Technology and XBRL, we also underline the need for practitioners to implement and cope with the various changes to standards. Based on the information in the consultation document, it is difficult to prioritize between these projects. For the other standards mentioned in the consultation document, the NBA is not aware of issues that would require a review of these standards.

5. Accounting Firms

Baker Tilly International

Materiality

Responding to assessed risk of material misstatement

ISA 500 series

ISA 720

ISA 620

These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority after sustainability we would rank projects as follows, starting with the most important:

BDO International Limited

Topic A: Revision of ISA 320 – Materiality. This is an important topic to both auditors and users of the financial statements as it is fundamental to the entire audit approach.

ETY sas

Materiality (Revision of ISA 320): with regard to the importance of materiality to an audit engagement, priority should be given to this topic. Being a jurisdiction from a developing country lacking resources, the work planned will assist a consistent and harmonized implementation of the standard.

Grand Thornton International Limited

We would not support a project on ISA 320 based on the description of the proposed project in Table A. Materiality is a matter of professional judgment and should be determined based on the facts and circumstances of each individual audit. It is unclear how a project to address ‘challenges related to consistency’ supports the use of professional judgment.

KPMG IFRG Limited

Materiality

We consider that a narrow-scope project to revise ISA 320, Materiality in Planning and Performing an Audit to address issues and challenges related to consistency in the determination and revision of materiality and performance materiality, and to clarify the application of these concepts within a risk-based audit, would be helpful.

We suggest that, in determining the scope of this project, the IAASB also explore the impacts of changes to ISA 600 (Revised) regarding materiality as further clarity/guidance in respect of materiality may be helpful to group auditors as they implement this revised standard. As it may take some time to identify issues arising from this recently revised standard, we suggest that this project be a lower priority.

MNP LLC

We believe that revisions to ISA 320, Materiality, and ISA 330, Responding to Assessed Risks of Material Misstatements, should be prioritized to align the requirements with ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement (“ISA 315”).

PriceWaterhouseCoopers

As described in our response to question 3, while we agree that ISA 330 may be next in line for revision, we do not believe there is an urgent need to re-open this standard at this time. Similarly, we do not believe

there is a current need for revision of ISA 320, addressing materiality. We encourage the Board to allow for a period without a need to implement or more new or revised core ISAs to allow the quality enhancements from recent projects to embed and be evaluated.

RSM International Limited

ISA 320 – we are unclear as to why this needs revising. We are not aware that the current standard is causing significant issues in practice.

7. Member Bodies and Other Professional Organizations

Association of Chartered Certified Accountants (ACCA)

Full revision

ISA 320, Materiality

While we do not disagree that Materiality should be subject to full revision in order to address issues and challenges related to consistency in the determination and revision of materiality and performance materiality as identified in the paper, we believe that ISA 330 discussed above should be given priority. Furthermore, given capacity limitations, the board should give priority to the topics discussed later requiring narrow scope revisions.

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table B, however we note below the projects that we find to be of the highest priority.

Chartered Accountants Australia and New Zealand (CA ANZ)

Revise ISA 320 Materiality. Revising ISA 320 to address issues and challenges related to consistency in the determination and revision of materiality and performance materiality, and to clarify the application of these concepts within a risk-based audit.

While this is an area where there have been regulator findings in Australia and New Zealand, our understanding is that these findings have related to the application of the standard rather than any deficiency in the principles of the standard. If further clarity in relation application of the standard is needed, this should be addressed with guidance.

CPA Australia

We consider the project on ISA 320 Materiality in Planning and Performing an Audit (ISA 320) to be a low priority. Although further clarity could be provided in the application of the concepts, especially when determining the percentage ranges of materiality and performance materiality, we believe overly prescription requirements will not be helpful. Accordingly, we recommend either a narrow-scope project to amend ISA 320 or developing and issuing non-authoritative guidance material that addresses the specific issues identified. For example, we see significant value in non-authoritative support material, Investigating Exceptions and Relevance of Performance Materiality When Using Automated Tools and Techniques, that was issued by the IAASB recently. We are also of the view that it will be a more effective use of IAASB resources to develop a materiality standard that is targeted at qualitative, non-financial information for the sustainability assurance suite of standards that are being developed.

Institute of Chartered Accountants in England and Wales (ICAEW)

A. MATERIALITY (REVISION OF ISA 320)

We recognise pressure from regulators for a full revision to ISA 320. However, we urge IAASB to balance the needs of different stakeholder groups in any revision to this standard, including those of practitioners.

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

Materiality (Revision of ISA 320): with regard to the importance of materiality to an audit engagement, priority should be given to this topic. Our jurisdiction, a developing country lacking resources one, will welcome the work planned that we are confident it will assist a consistent and harmonized implementation of the standard.

Pan-African Federation of Accountants (PAFA)

Materiality – there has been more frequent findings of inconsistency with determining materiality so this should go a long way in addressing challenges in area.

Wirtschaftsprüferkammer (WPK)

We also see no need to revise the ISA 320 Materiality, as there is no justified reason to do so. There is a concern that any change to the well-established ISA 320 would have a significant impact on audit firms' audit procedures. This cannot be intended by the IAASB at this time. The audit firms must prepare themselves for the audit of sustainability reports and adapt their processes in manifold areas. We see no convincing evidence that the principles on materiality are not appropriate.

9. Individuals and Others

Cristian Munarriz

I do not think such project should be prioritized because the current standard works reasonably well in general. Nonetheless, any project should be limited to application guidance of materiality assessment regarding disclosures to help determining the material disclosures for planning purposes (by far, the most difficult issue).

Materiality (Revision of ISA 320)

Mo Chartered Accountants (Zimbabwe)

Materiality - Due to materiality being at the centre of the auditor's selection criteria, at least monetarily, greater clarification is required and the measurement basis of this may be altered since there is an all too familiar patterns followed of applying percentages to various sections of financial statements.

4.6B. ISA 330

1. Monitoring Group

International Association of Insurance Supervisors (IAIS)

The IAIS considers the revision of ISA 330 “Responding to Assessed Risks of Material Misstatements” to be a priority to drive more consistent appropriate responses provided by auditors facing similar circumstances. In particular, it is important that ISA 330 is revised in light of amendments made to ISA 315 “Risk assessment” and other standards as changes in proposed ISA 500 (Revised) “Audit Evidence” and ISA 240

“Auditor’s Responsibilities Relating to Fraud in the Audit of Financial Statements”. With the use of technology by entities and automated tools and techniques by auditors, the modernization of ISA 330 will need to consider relevant technological considerations.

This would also be an opportunity to address the lack of clarity in ISA 330 on the level of internal control testing that is a particularly important subject for the IAIS, especially when substantive testing alone is not sufficient.

International Forum of Independent Audit Regulators (IFIAR)

Given the recurring high level of findings with respect to the testing of internal controls in the annual IFIAR Survey, we support the IAASB commencing a project to revise and clarify ISA 330 Responding to Assessed Risks of Material Misstatement. This would address the message from our comment letter on the exposure draft of ISA 315, where we explained that “we believe it is important that the Board begin a project to review and update ISA 330 with the objective to update the standard for current developments in auditing and to consider all follow on impacts resulting from the amended ISA 315. In particular, consideration should be given to the impact of the “spectrum of risk” and “inherent risk factors” on the auditor’s response.”

International Organization of Securities Commissions (IOSCO)

Consistent with our comments in our letter dated 7 March 2023, we do not agree with the Board’s decision to delay, until earliest 2024, possible enhancements to ISA 330, The auditor’s responses to assessed risk, as we believe enhancements to ISA 330 are necessary in order to meet the Board’s stated project objective for Proposed ISA 500 (Revised), Audit Evidence, to evaluate whether sufficient and appropriate audit evidence has been obtained. This is because we observe several areas of overlap between Proposed ISA 500 (Revised) and ISA 330 that should be resolved concurrently to avoid confusion and inconsistent application.

3. Regulators and Audit Oversight Authorities

Canadian Public Accountability Board (CPAB)

ISA 330, Responding to the Assessed Risks of Material Misstatement

Our view is that this project should be completed in conjunction with the technology-targeted omnibus projects. This will ensure the updates required to 330 can reflect changes necessary for technology and developments in ISA 315 with a particular focus on the impact of the “spectrum of risk” and “inherent risk factors” on the auditor’s response. It will also provide additional clarification regarding the testing of internal controls. Challenges in testing internal controls over financial reporting is a recurring area with a high level of findings in IFIAR’s annual survey.

While we acknowledge the importance of ISA 330, Responding to the Assessed Risks of Material Misstatement, it is our view that targeted technology omnibus projects and ISA 320, Materiality should be prioritized ahead of ISA 330 as the next project to be started in 2024 and ISA 330 should follow. The basis for this recommended prioritization is outlined below.

Committee of European Auditing Oversight Bodies (CEAOB)

Responses to assessed risks – ISA 330

The CEAOB continues to urge the IAASB to reassess, revise and clarify ISA 330 “Responding to Assessed Risks of Material Misstatement” to drive more consistent and appropriate responses provided by auditors

facing similar circumstances. Findings in areas covered by ISA 330 remain the most frequent in inspections of audit engagements, according to the CEAOB inspection findings database.

The CEAOB believes it is important that ISA 330 is reviewed in light of the amendments to ISA 315 (on risk assessment), given the links between the two standards. In particular it is important to make sure that all the concepts in ISA 315 are consistently used and aligned in ISA 330 and other standards dealing with risks assessment or their implications, like ISA 240 (on fraud) or ISA 550 (on related parties), for instance.

Insufficient clarity on the level of internal control testing is also an area of particular concern in ISA 330 which was identified during inspections, especially when substantive testing alone is not sufficient.

Haut conseil du commissariat aux comptes (H3C)

The H3C continues to urge the IAASB to reassess, revise and clarify ISA 330 “Responding to Assessed Risks of Material Misstatement” to drive more consistent and appropriate responses provided by auditors facing similar circumstances. Findings in areas covered by ISA 330 remain the most frequent in inspections of audit engagements, according to the CEAOB inspection findings database.

The H3C believes it is important that ISA 330 is reviewed in light of the amendments to ISA 315 (on risk assessment), given the links between the two standards. In particular it is important to make sure that all the concepts in ISA 315 are consistently used and aligned in ISA 330 and other standards dealing with risks assessment or their implications, like ISA 240 (on fraud) or ISA 550 (on related parties), for instance.

Insufficient clarity on the level of internal control testing is also an area of particular concern in ISA 330 which was identified during inspections, especially when substantive testing alone is not sufficient.

Independent Regulatory Board for Auditors (IRBA)

Responding to Assessed Risk of Material Misstatement (Revisions of ISA 330)

We are supportive of this project. Given the recurring high level of findings with respect to the testing of Internal Controls in the annual IFIAR Survey and the IRBA Inspections report, we support the IAASB commencing a project to revise and clarify ISA 330 Responding to Assessed Risks of Material Misstatement. These amendments may be able to complement the recent amendments to ISA 315.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Responses to assessed risks – ISA 330

We support the proposal to revise and clarify ISA 330 “Responding to Assessed Risks of Material Misstatement” to drive more consistent and appropriate responses by auditors.

It is important that ISA 330 is reviewed in the context of the amendments to ISA 315 (on risk assessment), given the links between these two standards. In particular, it is important to make sure that all the concepts in ISA 315 are consistently used and aligned in ISA 330 and other standards dealing with risk assessment or their implications, such as ISA 240 (on fraud) or ISA 550 (on related parties).

Insufficient clarity on the level of internal control testing is also an area of particular concern in ISA 330 which was identified during inspections by members of the Committee of European Auditing Oversight Bodies, especially when substantive testing alone is not sufficient.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

Revision of ISA 330 The Auditor’s Procedures in Response to Assessed Risk

The AUASB considers this standard needs to be updated as a priority by the IAASB to align with changes to recently updated standards (especially ISA 315) or standards currently under development.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We also support the revision of ISA 330 to better align the requirements with the changes to ISA 315. This should include revisions of the definition of substantive audit procedures in particular in relation to technology.

With respect to a possible timeline of adding new projects to the Work Plan (see page 18 of the Consultation Paper) we want to propose the following:

2024: ISA 330

2025: ISA 500 series, Assurance on XBRL

Canadian Auditing and Assurance Standards Board (AASB)

Possible standard-setting projects

On the possible projects as set out in Table B, we agree with the IAASB that the following projects are high priority:

Responding to Assessed Risks of Material Misstatement (revision of ISA 330) – The revision of ISA 330 is necessary to align the requirements with changes made to ISA 315 (Revised 2019) and changes in proposed ISA 500 (Revised). Not updating ISA 330 may result in confusion and inconsistencies in applying the new concepts introduced in ISA 315 (Revised 2019) and ISA 500 (Revised), which may impact audit quality.

In our view, the high priority projects are:

Projects relating to audits and reviews of historical financial information

Responding to Assessed Risks of Material Misstatement (revision of ISA 330); and

As indicated in our overall comments, we encourage the IAASB to focus on these high priority projects, and to take a pause to assess practitioners’ ability to implement the new and revised standards before initiating any other ISA projects.

Hong Kong Institute of Certified Public Accountants (HKICPA)

ISA 330, The Auditor’s Responses to Assessed Risks is one of the fundamental ISAs. Following the revision of ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement and ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures and the upcoming finalization of ISA 500 (Revised), Audit Evidence, we consider modernizing ISA 330 on responding to assessed risks of prime importance to address today’s environment and current practice. This would also clarify the relationships among ISA 330, the revised ISA 315, 540 and 500, align the conceptual elements used and ensure the coherence of the suite of ISAs as a whole.

We consider “external confirmations”, “analytical procedures” and “audit sampling” are closely related to “responding to assessed risks”. To ensure the holistic revision of ISAs on a consistent and efficient basis, we propose that revisions to ISA 330, ISA 505, External Confirmations, ISA 520, Analytical Procedures and ISA 530, Audit Sampling be considered as a bundle in the same project.

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

Likewise, if technology-related issues are dealt with in an omnibus project as described above and given the fact that the revision of ISA 315 also led to conforming and consequential amendments to ISA 330, we do not see the need for a project to revise ISA 330. Likewise, given the fact that ISA 620 should have been subject to conforming and consequential amendments from ISAs 540 (Revised) and ISA 220 (Revised), we believe that there is no real case for suggesting that ISA 620 is broken and therefore in dire need of revision.

We are not convinced that ISAs 320 (A.), 330 (B.) and 620 (H.) are in dire need of revision other than in relation to the impact of technology. In relation to ISA 320, we do not believe that greater consistency in the determination of materiality and performance materiality is necessarily desirable, since the former represents an auditor’s consideration of a user-driven concept and the latter is a matter that depends upon the expected risks of material misstatement and the extent to which audit work is performed on financial statement items separately (the underlying cause of aggregation risk): consistency may in fact be counter-productive. It is also unclear what is meant by “the application of these concepts within a risk-based audit”.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Responding to the Risks of Material Misstatement (ISA 330) – given the revision of ISA 315 (Revised 2019), we consider it would be beneficial to enhance the coherence of the suite of ISAs, making the standard more relevant. We consider revision to ISA 330 is the highest priority among the identified possible new projects.

Royal Netherlands Institute of Chartered Accountants (NBA)

While we can see merit in projects to consider revising ISAs 320, 330, 501, 505, 520, ISRE 2410, and the projects on Technology and XBRL, we also underline the need for practitioners to implement and cope with the various changes to standards. Based on the information in the consultation document, it is difficult to prioritize between these projects. For the other standards mentioned in the consultation document, the NBA is not aware of issues that would require a review of these standards.

ISA 330 – We agree with this proposed project, and note that the testing of operational effectiveness of controls is frequently mentioned as being unclear.

5. Accounting Firms

Baker Tilly International

These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority after sustainability we would rank projects as follows, starting with the most important:

Materiality

Responding to assessed risk of material misstatement

ISA 500 series

ISA 720

ISA 620

Deloitte LLP

For “next” projects, our recommended prioritization is as follows, with the first two being very closely related in terms of timing because of the close connection between “responses” and “evidence”:

ISA 330, Responding to Assessed Risks of Material Misstatement:

This is a foundational performance standard that should be updated to reflect the enhancements made to ISA 315 in 2019, as well as modernized to consider the use of technology in performing further audit procedures and the evolution of the types of audit procedures that yield audit evidence.

ETY sas

Responding to Assessed Risks of Material Misstatement (Revision of ISA 330) : same comments as for above A topic. We welcome the revision of ISA 330 for consistency with revised ISA 315 and expected changes in ISA 500.

Grand Thornton International Limited

A project on updates to ISA 330 may be appropriate to address changes to recent standards and to address practical issues identified with using audit data analytics; however, the latter could be accomplished via the omnibus technology project. More information on the proposed scope of this project would be necessary to make an informed decision.

KPMG IFRG Limited

Performance of Risk Assessment Procedures and Further Audit Procedures Concurrently

Although ED-500 (and the ISAs in general) describe that obtaining sufficient appropriate audit evidence is an iterative process, the concept of performing risk assessment procedures and then further audit procedures to respond to those risks identified is fundamental to the ISAs, with ‘bright lines’ remaining between the procedure types and an expectation overall of a sequential approach.

ED-500 is helpful in acknowledging that the auditor may take a concurrent approach, however, we believe that, without further clarification, auditors may lack the confidence to perform these procedures concurrently given it is unclear how compatible this is with the iterative, sequential approach to assessing the risks of material misstatement and then designing and performing further audit procedures to respond to assessed risks that is described in the requirements of the ISAs. We therefore recommend that consideration be given to clarifying how concurrent performance of risk assessment and further audit procedures is compatible with the requirements either within the ED or by updating other ISAs, e.g. ISA 315 (Revised); ISA 330, and ISA 520, Analytical Procedures, with examples, as part of this project;

Responding to Assessed Risks of Material Misstatement (Revision of ISA 330)

We agree with the IAASB’s view that the next major project to be commenced should be the revision of ISA 330, The Auditor’s Responses to Assessed Risks, to better complement/align this with other ISAs, in particular, recently revised ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement, as well as changes in proposed ISA 500 (Revised), Audit Evidence. We recognise that the changes made to ISA 315 (Revised), in particular, were extensive, and therefore we agree with the IAASB’s comment that this project would likely involve substantial revision to ISA 330. We also agree that changes to modernise

ISA 330 in relation to technology are necessary to support/complement the changes in proposed ISA 500 (Revised), as well as other standards in the 500 series (see below), to enable the ISAs to be used as a coherent and cohesive suite of standards, adapted and modernised for use in a technological environment.

We recommend that this project be prioritised over others in Table B to enable revised ISA 315 and ISA 330, in particular, to operate in concert, in the near term, to support audit quality.

Substantive Procedures

There is a clear distinction within the ISAs, currently, between tests of details and substantive analytical procedures, but as lines become blurred between these types of procedures, in application, and as testing moves towards interrogating 100% of a population, this presents new challenges in designing and performing these procedures, and interpreting the results, as the ISAs direct the auditor to interpret the results differently, depending on the classification of the procedure. Furthermore, the role of controls testing comes into question in situations where the auditor is able to test 100% of the population and/or is addressing risks of material misstatement more generally, rather than the distinct sub-components of 'inherent risk' and 'control risk' sequentially.

We therefore recommend that the IAASB explore conforming amendments to the more prescriptive requirements set out in ISA 315 (Revised); ISA 330, ISA 520, and ISA 530, Audit Sampling as part of the changes to modernise the ISAs as the IAASB appears to intend, to enable auditors to use automated tools and techniques to meet not only the objectives of those standards, but also to ensure that the more prescriptive requirements/approach as currently set out in those standards are sufficiently flexible to permit the broader use of automated tools and techniques.

We welcome the IAASB's efforts to reflect on where their resources may best be directed regarding standard-setting activities, for maximum effect in terms of their public interest mandate. We also recognise their careful considerations in determining the most appropriate balance regarding their focus on the 'mature' areas of audits and reviews of financial statements versus the developing areas of sustainability and other assurance engagements. We agree with the IAASB's proposals for prioritisation of projects, including in respect of the development of the new foundational assurance standard addressing sustainability, ISSA 5000, with audit/review and assurance activities running concurrently, in the shorter term.

MNP LLC

We believe that revisions to ISA 320, Materiality, and ISA 330, Responding to Assessed Risks of Material Misstatements, should be prioritized to align the requirements with ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement ("ISA 315").

PriceWaterhouseCoopers

As described in our response to question 3, while we agree that ISA 330 may be next in line for revision, we do not believe there is an urgent need to re-open this standard at this time. Similarly, we do not believe there is a current need for revision of ISA 320, addressing materiality. We encourage the Board to allow for a period without a need to implement or more new or revised core ISAs to allow the quality enhancements from recent projects to embed and be evaluated.

RSM International Limited

Table B as a whole contains a significant number of proposed revisions and, in our view, the IAASB would

be better to reduce this list and concentrate on a thorough revision to the 500 series, ISA 330 and ISA 620 together with the development of the sustainability standards.

We note the current project to modernise ISA 500 to incorporate the use of technology, but we also consider that the IAASB's project on revising ISA 330 should be used as an opportunity to redefine the types of audit procedures that are required in certain situations. For example, the use of technology has enabled auditors to perform more in-depth and sophisticated data analytics such that the requirement in ISA 330.21 to perform tests of details over significant risks where no tests of controls have been performed, could result in duplication of effort in certain circumstances. Any change in this requirement would have a consequential impact on ISAs 520 and 530.

The revision of the 500 series is an opportunity for the IAASB to fully integrate technology into the ISAs to create a fully up to date suite of Audit Evidence standards, i.e., the 500 series and ISA 330, that reflects the impact that technology is already having on the way in which auditors carry out their work in a fast-changing technology driven auditing environment.

We also encourage the IAASB to make updates to the standards in the structure most aligned with the execution of the audit rather than with a predominant focus on the individual ISA. Instead of focusing on incorporating all changes into the individual ISA that is the focus of the standard setting efforts, if other ISAs contain relevant guidance then those ISAs should be appropriately adjusted. For example, if an ISA is open for update and certain provisions being updated related to risk assessment, ISA 315 should be updated to incorporate those concepts.

6. Public Sector Organizations

Office of the Auditor General of Alberta

We support the review of ISA 330 as a new standard-setting project if the post-implementation reviews are in-progress/complete and the IAASB has sufficient resources to complete this in addition to the two stated post-implementation reviews.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

ISA 315 was modernised to support auditors in better identifying and assessing risks in a financial statements audit. This revision led to conforming amendments in ISA 330 which deals with responding to assessed risks. However, we believe that ISA 330 should be subject to a narrow scope revision to ensure that it addresses new concepts and procedures introduced by revised ISA 315.

Association of Chartered Certified Accountants (ACCA)

Full revision

ISA 330, the Auditor's Responses to Assessed Risks,

We support the revision of ISA 330 and, in our view, it should be placed as the highest priority. This is because the standards need to be aligned with the requirements of standards that were substantially revised, such as ISA 315 (Revised 2019) and proposed ISA 500 (Revised).

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table B, however we note below the projects that we find to be of the highest priority.

Chartered Accountants Australia and New Zealand (CA ANZ)

We agree that ISA 330 should be revised as the top priority in light of the changes made to other key standards.

CPA Australia

We consider revising ISA 330 The Auditor's Responses to Assessed Risks (ISA 330) to be of the highest priority among the identified possible projects. It is important to revise ISA 330 to enhance alignment with ISA 315.

European Federation of Accountants and Auditors (EFAA)

We also welcome B. Responding to Assessed Risks of Material Misstatement (Revision of ISA 330). ISA 330 needs modernizing but also adapted to enhance the overall scalability of the ISAs.

Institute of Chartered Accountants in England and Wales (ICAEW)

B. RESPONDING TO ASSESSED RISKS OF MATERIAL MISSTATEMENT (REVISION OF ISA 330)

We support modernisation of ISA 330. The revisions to ISA 315 and the proposed revisions to ISA 500 have not gone far enough to address the use of technology in audit, and therefore we urge IAASB to address this within ISA 330 if it is revised.

ISA 330 should be modernised to address changes to other standards, and for the use of technology.

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

Responding to Assessed Risks of Material Misstatement (Revision of ISA 330) : same comments as for above A topic. ONECCA BF welcomes the revision of ISA 330 for relevance and consistency with revised ISA 315 and expected changes in ISA 500.

9. Individuals and Others

Cristian Munarriz

I think the project may be useful for better alignment to revised ISA 315 and ISA 500. The technology issues should be considered as part of a high priority omnibus project

Responding to Assessed Risks of Material Misstatement (Revision of ISA 330)

Mo Chartered Accountants (Zimbabwe)

Responding to Assessed Risks of Material Misstatement – necessary and relevant to changes and expectations of user, regulators and lender, particularly so in light of the ever-emerging shortcomings relating to the profession. Risk is also at the centre of all audits and its adaptation to being relevant and applicable is critical.

4.6C.-G. ISA 500 series

1. Monitoring Group

International Association of Insurance Supervisors (IAIS)

While the revisions to ISA 500 Revised are still under exposure, the IAIS supports revising and updating the

other standards in the ISA 500 series as reflected in Table B. The revisions to audit evidence standard ISA 500 alone will not address all of the concerns regarding the evaluation of the sufficiency of audit evidence. Therefore, the IAIS supports prioritizing the revision and updating of the other ISA 500 series standards, especially ISA 530, “Audit Sampling”, so that the potential benefits of new technologies can also be incorporated into these standards.

International Organization of Securities Commissions (IOSCO)

We recommend the Board undertake targeted individual projects related to certain standards in the ISA 500 series to not only reflect the impact of technological advances, but also address specific matters related to each standard. Accordingly, in the table below, we have highlighted examples of key areas which may be additive to issues identified by the Board to be addressed through targeted individual projects.

As technology continues to advance at a rapid pace, become more complex, and impact the way business and audits are conducted, we encourage the Board to continue to issue practical application material upon the identification of key emerging issues related to technology in a timely manner.

Improved guidance is necessary to better align the auditor’s use of substantive analytical procedures with the auditor’s risk assessment. In addition, due to increased use of technology in performing analytical procedures, including whole population analyses, there is diversity in practice in regards to testing reliability of data used, precision of expectations developed, and evaluating outliers identified as a result of the procedures performed. As such, key areas for improved guidance include:

Establishing relationships and developing expectations that are sufficiently precise;

Source data used to be reliable, tested, and produced independently from the population being tested;

Setting thresholds, including thresholds for disaggregated components of a population; and

Corroborating explanations for variances with sufficient appropriate audit evidence.

Distinction between substantive and non-substantive analytical procedures in the requirements of the standard.

ISA 505, External Confirmations Medium

There should be guidance for auditors on how to assess the reliability of external confirmations received, with regard to the possibility of fraud. There should also be more complete requirements on how auditors should respond where there is no response to a confirmation request.

ISA 530, Audit Sampling High

Extant ISA 530 leaves the determination of sample sizes to the professional judgment of the auditor with limited guidance for decision making. Members have observed diversity in practice among auditors regarding the appropriate use of audit sampling, including choosing the appropriate sampling technique to obtain a representative sample. In addition, the audit documentation does not always reflect the auditor’s thought process including the approach and basis for the audit sampling work performed.

Other key areas include: (i) determining sample sizes when combining substantive analytical procedures and tests of detail for one population and assertion; (ii) stratification of populations when determining sample sizes across group entities or collective investment schemes that have separate financial reports; (iii) use of reliability factors; (iv) whether sample sizes determined for income statement testing can be reduced based on balance sheet testing results; and (v) determining sample sizes when performing dual-purpose testing.

3. Regulators and Audit Oversight Authorities

Canadian Public Accountability Board (CPAB)

ISA 530 – To address issues with audit sampling, including better linkage to how to deal with exceptions. We frequently see auditors extrapolating differences without a sufficient understanding of the reason for the difference, including evaluating the impact on internal controls and whether further audit procedures are necessary.

Technology targeted omnibus projects

In Canada, we have seen a significant increase in the number of reporting issuers operating in novel areas such as fintech and crypto. These industries tend to be very heavily reliant on technology that is either internally developed or where they utilize the services of third-party service organizations. In our inspections, we have identified significant concerns over the sufficiency of work performed by auditors when identifying and responding to the risks associated with entities who rely/utilize technology extensively in the performance of their services. We published thought leadership papers highlighting our observations from our inspections: Auditing in the crypto-asset sector (August 2022) and Technology in the Audit (August 2021).

We are also seeing an increase in the use of automated tools and techniques by auditors and reported concerns over the sufficiency of procedures by auditors when using these tools in our 2021 and 2022 regulatory assessments.

We encourage the IAASB to explore narrow scope amendments to these standards in addition to those that may be addressed through the technology targeted omnibus projects. We would highlight the following narrow scope areas that should be prioritized:

ISA 501 – Additional requirements and guidance related to the performance of remote inventory counts. We are seeing an increase in the use of remote observation with the onset of pandemic related restrictions.

While we acknowledge the importance of ISA 330, Responding to the Assessed Risks of Material Misstatement, it is our view that targeted technology omnibus projects and ISA 320, Materiality should be prioritized ahead of ISA 330 as the next project to be started in 2024 and ISA 330 should follow. The basis for this recommended prioritization is outlined below.

Committee of European Auditing Oversight Bodies (CEAOB)

Audit evidence series

As the Exposure Draft of ISA 500 is currently under scrutiny, it appears that the revisions of the audit evidence standard ISA 500 alone will not address audit regulators' concerns around the assessment of sufficiency of audit evidence. The CEOB support revising and updating the other standards in the ISA 500-series so that the potential benefits of new technology can also be incorporated into the standards.

As the CEOB commented in 2019, we support the proposal to review the standards dealing with “audit evidence”. The project should cover enhancement of the auditor’s professional skepticism, and refining the provisions on materiality, audit sampling, and analytical procedures to take into account inspection findings by regulators and deficiencies identified through inspections. We would like to reemphasize the need for the IAASB to consider the integration of the use of new technologies such as “data analytics” in audit in the course of this project. We also flagged that the audit evidence project may require further revision of ISA 330: the use of new technology for testing financial information and internal controls may have an impact on

the means of responding to risks defined in the current ISA 330.

Haut conseil du commissariat aux comptes (H3C)

Audit evidence series

As the Exposure Draft of ISA 500 is currently under scrutiny, it appears that the revisions of the audit evidence standard ISA 500 alone will not address audit regulators' concerns around the assessment of sufficiency of audit evidence. The H3C support revising and updating the other standards in the ISA 500-series so that the potential benefits of new technology can also be incorporated into the standards.

The H3C supports the proposal to review the standards dealing with “audit evidence”. The project should cover enhancement of the auditor’s professional skepticism, and refining the provisions on materiality, audit sampling, and analytical procedures to take into account inspection findings by regulators and deficiencies identified through inspections. The H3C would like to reemphasize the need for the IAASB to consider the integration of the use of new technologies such as “data analytics” in audit in the course of this project. The H3C also flags that the audit evidence project may require further revision of ISA 330: the use of new technology for testing financial information and internal controls may have an impact on the means of responding to risks defined in the current ISA 330.

Independent Regulatory Board for Auditors (IRBA)

Various Standards in the ISA 550 Series

We are supportive of the ISA 550 Series Projects, specifically:

Technology targeted/ omnibus project(s)

We are supportive of this project.

ISA 520, Analytical Procedures

We are supportive of this project. Given the recurring high level of findings with respect to substantive analytical procedures in the annual IFIAR Survey and specifically in respect to the audit of revenue and cost of sales the IRBA Inspections report.

ISA 530, Audit Sampling

We are supportive of this project. Given the recurring high level of findings with respect to the audit sampling in the annual IFIAR Survey and the IRBA Inspections report.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Audit evidence series

It appears that the proposed revisions to ISA 500 (audit evidence) alone will not address audit regulators' concerns around the assessment of the sufficiency of audit evidence. IAASA supports revising and updating the other standards in the ISA 500-series, including reflecting the impact of new technology.

The project should cover enhancement of the provisions on professional scepticism, as well as refining the provisions on materiality, audit sampling, and analytical procedures. The IAASB should consider the integration of new technologies such as data analytics in audits as part of this project. The audit evidence project may also require further revisions to ISA 330 as the use of new technology for testing financial information and internal controls may have an impact on the means of responding to risks in extant ISA 330.

4. National Auditing Standard Setters

American Institute of Certified Public Accountants (AICPA)

Technology

We believe the IAASB should add to the Proposed Strategy and Work Plan a long-term strategy regarding technology (not just identify it as a strategic driver – it should have a strategy) considering the following areas of focus: (1) education and examples, (2) linking technology-related standard development efforts to projects that can facilitate innovation such as Sustainability Assurance, (3) identify a core audience, which we believe should be those who perform audit, review and assurance work, and (4) identify how to collaborate with national standard setters and public accountancy organizations on shared areas of interest to produce guidance beneficial for stakeholders at the intersection of technology and the financial statement audit. The topic of automated tools and technology (including audit data analytics) is a current area in practice where we observe that financial statement auditors globally are increasingly in need of assistance in applying such techniques in performing their audit engagements. Additionally, we believe they need guidance on how to audit digital assets. Over the past few years, the AICPA has produced resources on both topics that may be able to be leveraged internationally. Identifying and designating resources like that of the AICPA or other national standard setters as guidance that could address current issues in practice could temporarily provide the IAASB de facto leverage in addressing the needs of auditors.

On the last point above, we also believe that the digitization of standards might be a natural opportunity to partner with others such as IFAC. We also believe working with others such as national standard setters and public accountancy organizations includes understanding the results of research conducted by those entities and identifying where those results can more directly assist the progress of the IAASB's work of a similar kind. For example, we conducted a study in Q4 2022 on the impediments to the auditor's use of information technology, including emerging technologies. This work is an important element of the ASB's standard-setting outreach and has provided us useful insights about the role of information technology in the audit environment and whether there is a need for changes to professional standards and guidance related to the auditor's use of information technology.

We also believe the linkage between technology with other standards or active projects and comments letters needs to be stronger and more deliberate. For example, we believe a more holistic focus on how technology affects the audit, including how audit procedures are designed and performed using automated tools and techniques, is needed to fully modernize the proposed ISA 500 exposure draft in line with the IAASB's stated objective in that project. Additionally, other than perfunctory contributions at times in the service of other projects, such as Going Concern, the IAASB's Technology Consultation Group appears underutilized.

A Strategy for Technology. Despite several acknowledgements about the impact of technology in the Proposed Strategy and Work Plan, we believe the IAASB lacks a clear strategic direction regarding technology. We observe that the technology-related work of the IAASB from 2020-2023 has had an activity-focus (e.g., technology market scans, forming consulting and advisory groups, conducting polls, issuing non-authoritative guidance, and convening stakeholders). These actions are highly tactical and fragmented; we are concerned about the lack of an overarching strategy and vision that should take primacy and be accretive to standard-setting work. We believe that technology should be a standing agenda item for the IAASB and should be an opportunity for continuing IAASB education. We have offered several recommendations later in this letter as to what the IAASB's strategic direction could be.

How does the IAASB's development of standards incorporate the impact technology has, and will have, on

the execution of audit, assurance and related services engagements?

Australian Auditing and Assurance Standards Board (AUASB)

Update of various standards in the ISA 500 series, with the focus on updates relating to the impact of technology

Other than the revision of ISA 540, there has been very limited updates applied to the suite of standards addressing Audit Evidence over the last decade. We believe the review and update of these standards should be high priority for the IAASB, with a particular emphasis on addressing the impact of technology on the requirements in these standards. Specifically we believe updates to ISA 520 Analytical Procedures and ISA 530 Audit Sampling are the highest priority, with these standards consistently raised as needing modernisation by our local audit practitioners and regulators.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We also consider G. Technology targeted or omnibus projects for the impact of technology as very important.

ISA 520 is a very short standard with only three paragraphs of requirements and therefore not very practicable. In addition, technology developments should be addressed in the application material.

For ISA 501 there is an urgent need to modernisation of the requirement to attend a physical stock-take. This includes application guidance allowing to attend remote or to perform other procedures addressing the risk of material misstatement. Also segment reporting should be deleted, as segment reporting is part of the disclosures in the notes and needs no special attention in audit procedures.

Canadian Auditing and Assurance Standards Board (AASB)

As indicated in our overall comments, we encourage the IAASB to focus on these high priority projects, and to take a pause to assess practitioners' ability to implement the new and revised standards before initiating any other ISA projects.

High priority projects

In our view, the high priority projects are:

Projects relating to audits and reviews of historical financial information

Possible standard-setting projects

On the possible projects as set out in Table B, we agree with the IAASB that the following projects are high priority:

Technology Targeted or Omnibus Project(s) – There is an urgent need to address rapidly changing technologies and their impact on audit considerations. For example, new technologies may allow auditors to test 100% of a population, which may result in a far greater number of “exceptions” as compared to testing a small sample. Such a result may, in turn, impact the auditor’s consideration of what is considered an “exception”. In our view, ISA 520 and ISA 530 are most likely to be affected by new technologies and their impact on audit considerations.

Technology Targeted or Omnibus Project(s), including addressing special audit considerations arising from technology.

CNCC-CNOEC - France

As a matter of principles, we believe that the IAASB better serves the public interest by setting new standards on areas where there are no standards or by taking into account fundamental changes such as technology for example than by fine tuning existing auditing standards which principles and concepts are well known and understood.

Therefore, amongst the identified possible new standard-setting projects, we particularly support the following three:

the technology omnibus project proposed in point G. for which we suggest planning the same broad-spectrum update of ISAs for the impact of climate risk, which is an extremely relevant and timely topic, about which we need to explain how we deal with it.

Hong Kong Institute of Certified Public Accountants (HKICPA)

Though the technology workstream continues to develop support material on technology related matters and provide input to other IAASB projects, we propose that the audit of digital assets such as cryptocurrencies and the use of big data in audit engagements be considered in separate projects, or as part of ISA 330, ISA 505, ISA 520 and ISA 530 modernisation.

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

The other matter that we regard to be of importance in relation to standard setting for audits of financial statements is the updating of the ISAs for the impact of technology. For this reason, we believe that two out of the three spaces for projects in 2025 should be reserved for an omnibus project on technology issues that deals not only with the standards set forth in C. to G., but also the revision of ISA 330 in relation to technology.

Japanese Institute of Certified Public Accountants (JICPA)

(2) Various Standards in the ISA 500 series

We understand that the project to revise ISA 500 “Audit Evidence” addresses not only the changing nature and sources of information used by auditors, but also rapidly evolving technology. We believe that there is an opportunity to make financial statement audits more effective and efficient, by conducting technology related projects in Table B, particularly the revisions to ISA 520 “Analytical Procedures” and ISA 530 or Technology targeted or omnibus project(s). We heard strong desire from the practitioners regarding the auditor’s use of technology in ISA 520 and ISA 530. For example, in order to perform audit procedures more effectively and efficiently, some practitioners use technology to perform meticulous analysis and risk assessment on the entire population to narrow down the items to be selected from the population for tests of details. However, since the ISA 500 series do not take into account such use of technology, we have seen practices that the practitioners perform further audit procedures using a traditional audit sampling approach for the entire population without the use of technology in addition to the audit procedures with the use of technology. Such practices may pose challenges to audit efficiency and may be a barrier to further development in technology-based audit procedures.

Moreover, since ISA 520 and ISA 530 have not been revised for many years, in addition to addressing technology, we suggest that the IAASB investigate whether there are any other practical issues around these ISAs, for example, relating to investigation on amounts of difference of recorded amounts from expected values, and if so, to address those issues as well.

Furthermore, as stated in the Consultation Paper, we support that the IAASB will revise ISA330 “The Auditor’s Responses to Assessed Risks” taking account of the development of technology in conjunction with the revision of the ISA 500 series.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

ISA 500 series (501, 505, 520, 530) - Technology is changing the way the audit is performed. It is important that these standards remain current, either through targeted updates or issuing of non-authoritative material that addresses the use of technology. A benefit of issuing non-authoritative material is that it does not require the same amount of board time and could be developed in partnership with NSS.

Royal Netherlands Institute of Chartered Accountants (NBA)

ISA 501 – We would agree with the project, and also with the suggestion to make limited scope revisions to the requirements with respect to Inventory, which may enable a more swift completion. Also, we note that such project could also take account of technological developments.

ISA 505 – We would agree with this project, also in relation to technological development that have taken place.

ISA 520 – The NBA would support such project, also considering that technology could potentially contribute to more and better analytical procedures.

ISA 530 – Whilst we would not object to this project, we do not have indications that this standard requires urgent revision or review.

Technology – We will further elaborate on the relation between technology and Audit Evidence in our comment letter in response to the Audit Evidence Exposure Draft.

Furthermore, we reiterate that the ISAs should remain Technology neutral, and that they should accommodate rather than mandate the use of Technology. This would limit the need to update ISAs as technology updates.

While we can see merit in projects to consider revising ISAs 320, 330, 501, 505, 520, ISRE 2410, and the projects on Technology and XBRL, we also underline the need for practitioners to implement and cope with the various changes to standards. Based on the information in the consultation document, it is difficult to prioritize between these projects. For the other standards mentioned in the consultation document, the NBA is not aware of issues that would require a review of these standards.

5. Accounting Firms

Baker Tilly International

Materiality

Responding to assessed risk of material misstatement

ISA 500 series

ISA 720

ISA 620

These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority

after sustainability we would rank projects as follows, starting with the most important:

BDO International Limited

Topic C – G: Refreshing the various standards in the ISA 500 series. We welcome this project given ongoing changes and advancement towards technology-enabled engagements.

Deloitte LLP

For “next” projects, our recommended prioritization is as follows, with the first two being very closely related in terms of timing because of the close connection between “responses” and “evidence”:

Technology Omnibus, which includes, but is not limited to, updating the ISA 500 series of standards:

It is important that the IAASB’s standards foster the innovative use of technology in firms’ methodologies to develop procedures that produce high-quality audit evidence. Updating the suite of ISAs with this in mind is critical to the continued relevance of the standards.

Further, with recent and rapid advancements in generative artificial intelligence and its impact on information and audit evidence, we believe that it is critical that the Board prioritizes audit and assurance considerations related to artificial intelligence.

Ernst & Young Global Limited

If the IAASB does not undertake a technology omnibus project, we believe Project E: ISA 520, Analytical Procedures would be the highest priority to address as a standalone standard-setting project.

In addition, we have the following significant comments:

More holistic approach to considering data and the auditor’s use of technology in the auditing standards: We support the IAASB’s decision to include the impact of technology in the IAASB’s workplan as we believe that the standards need to be modernized to embrace the changing landscape of the digital era. However, we believe that the consideration of data as information and the application of technology (i.e., automated tools and techniques used by the auditor) to data should be an integral part of the process for developing new or revised requirements within the standards. These considerations should not be limited to application material, which seems to be developed through a separate process.

Embedding consideration of the entity’s use of emerging technologies in the auditing standards as a matter of priority: While we commend the IAASB for its ongoing Disruptive Technologies initiative, we believe the IAASB needs to put a more immediate focus on addressing the effects of emerging technology implemented by entities in their financial reporting processes in the ISAs. The Forum of Firms polling results presented in the Disruptive Technologies IAASB materials for the March 2023 meeting indicated that many technologies are being used extensively by entities today, including robotic process automation, artificial intelligence, and blockchain. Additionally, many entities are investing and/or transacting in cryptocurrency and digital assets. As technology is embedded in all aspects of an entity’s business and its use is expected to increase significantly over the next several years, we believe having a strategy to address these emerging topics is critical to developing standards that will remain fit for purpose. Therefore, to be effective, the IAASB needs to start the process of embedding these technologies in the ISAs now – a process that may begin through the development and issuance of staff or other implementation guidance and then embedding consideration of the entity’s use of these technologies directly in the ISAs.

Prioritized projects: We believe the following new projects should be prioritized by the IAASB in the

upcoming Work Plan period:

Omnibus project to address technology and other targeted issues, as we believe this is a more effective way to address some of the higher priority issues identified in the possible new standard-setting projects presented in Table B in the Strategy and Work Plan versus taking on standard-setting for individual standards.

Specifically, we believe that including technology in the omnibus project and including select practice issues in the scope of such a project would enable the IAASB to better address challenges that are pervasive to the audit. Targeted amendments to ISA 520, Analytical Procedures should be prioritized to address challenges in practice resulting from the use of data analytics, as well as regulator expectations for how the auditor sets expectations and documents those expectations.

We also believe that addressing targeted issues in ISA 501 related to inventory, ISA 505 related to confirmations and ISA 330 related to technology should be part of this Omnibus project.

We believe the following projects should be prioritized by the IAASB as possible standard-setting projects in the upcoming Work Plan period:

Project G: Technology-targeted or omnibus project(s): We believe that the consideration of technology, both the auditor's use of technology applied to data and the entity's use of emerging technology in their financial reporting processes, cannot be done as an add-on to individual standard-setting projects, rather we believe a more holistic approach should be taken that will result in the consideration of data and technology becoming an integral part of the process for drafting revised standards.

We believe that undertaking a technology omnibus project and including select practice issues in the scope of such a project would enable the IAASB to better address challenges that are pervasive to the audit. In addition to the ISA 500 series, we believe including ISA 330 in a technology omnibus project would be useful as we agree with the IAASB observation that it would benefit from modernization.

We have the following comments on standards within the ISA 500 series that we believe should be addressed as a priority as part of a technology omnibus project:

ISA 520 Analytical Procedures: We suggest that the IAASB address challenges in practice resulting from the use of automated tools and techniques, as well as regulator expectations for how the auditor sets expectations and documents those expectations. In particular, we believe there is a need for standard-setting actions to address how the guidance in ISA 520 may be applied to risk assessment analytical procedures as outlined in ISA 315.

In addition, we encourage the IAASB to capture relevant aspects of recently released non-authoritative guidance regarding the use of automated tools and techniques in ISA 520. ISA 520 is, however, only a small component of the overall challenges facing auditors with regard to the increased use of automated tools and techniques and other technological advancements. Refer to Question 6 for further details.

ISA 501 Audit Evidence – We suggest that the IAASB update this standard for specific considerations for selected items, as we believe this standard would benefit from being updated to incorporate modern methods of inventory counts and to consider the use of technology solutions by the entity that may change inventory management processes, including the design and frequency of inventory counts. With the use of technology by entities to perform inventory counts becoming more prevalent, it would be beneficial for guidance to be included on the procedures that the auditor is expected to perform on such technologies.

ISA 505 External Confirmations – We suggest that the IAASB incorporate guidance on technology-based

confirmations, in particular when a third-party technology solution (e.g., confirmation.com) is used to obtain a confirmation from another third party.

We also believe that certain aspects of the topics we highlight in our response to Question 6 (Cyber risk and cybersecurity & Embedding emerging technologies in the auditing standards) could be addressed as part of this project.

ETY sas

ISA 501:

ISA 505:

ISA 520:

ISA 530:

Technology targeted or omnibus project(s)

C to G: We support and welcome the narrow reviews planned, but we believe the update envisioned in topic G is preferable as it will modernize all ISAs and interactions, and consistently take into account development in technology.

Grand Thornton International Limited

We are of the view that an omnibus project on technology is a higher priority of the projects listed given the need to provide guidance for auditors on the use of new and emerging technologies in audits.

With respect to the auditing standards, we are of the view that, where possible, the prioritisation of future projects should be considered more on a thematic basis rather than a standard-by-standard basis. Therefore, we do not believe that it is appropriate to approach updates to the standards for advancement in technology by embarking on projects to update four separate standards. The proposal to undertake a Technology targeted or omnibus project(s) to update of the ISAs for technology challenges would be a more appropriate manner in which to make the necessary updates for technology. This approaches the topic in a holistic way, guarding against inconsistencies arising from a piecemeal approach and against unnecessary amendments to the individual standards.

In respect of the remaining ISAs listed in the table, we do not see a compelling reason to make amendments to these standards. The discussion in Table A does not include sufficient information to understand the proposed scope of each of the remaining projects.

KPMG IFRG Limited

External Confirmations

We note that in addressing the use of external confirmations, ISA 505.7 requires the auditor to maintain control over external confirmation requests, including return information being sent directly to the auditor, and sending the requests to the confirming party. In connection with this, paragraph A11 of that standard explains that receipt of a response indirectly may indicate doubts about the reliability of a response, and paragraph A12 notes that responses received electronically may involve risks as to reliability, as proof of origin and authority of the respondent may be difficult to establish, and alterations may be difficult to detect.

Whilst we agree with the overarching messages in ISA 505, we note that certain external confirmations, e.g. bank confirmations, are now increasingly provided using electronic means, and ISA 505 has not been

modernised to address these technology changes and the implications for the audit approach, including in respect of the requirement for the auditor to ‘maintain control’ over the process. We recommend that, to complement the modernisation of ISA 500 to recognise the evolution in technology, the IAASB also explore conforming amendments to ISA 505. We therefore welcome the proposed project to modernise ISA 505 to reflect technology-based confirmation processes, as well as to revisit the concepts of positive and negative confirmation.

Performance of Risk Assessment Procedures and Further Audit Procedures Concurrently

Although ED-500 (and the ISAs in general) describe that obtaining sufficient appropriate audit evidence is an iterative process, the concept of performing risk assessment procedures and then further audit procedures to respond to those risks identified is fundamental to the ISAs, with ‘bright lines’ remaining between the procedure types and an expectation overall of a sequential approach.

ED-500 is helpful in acknowledging that the auditor may take a concurrent approach, however, we believe that, without further clarification, auditors may lack the confidence to perform these procedures concurrently given it is unclear how compatible this is with the iterative, sequential approach to assessing the risks of material misstatement and then designing and performing further audit procedures to respond to assessed risks that is described in the requirements of the ISAs. We therefore recommend that consideration be given to clarifying how concurrent performance of risk assessment and further audit procedures is compatible with the requirements either within the ED or by updating other ISAs, e.g. ISA 315 (Revised); ISA 330, and ISA 520, Analytical Procedures, with examples, as part of this project;

Specific Considerations for Inventory

We recommend that the IAASB explore more comprehensive revisions to requirements relating to inventory. In light of the fact that an increasing number of entities use highly automated, continuous inventory systems, and the concept of observing the performance of a count at a particular point in time may be somewhat outdated in respect of obtaining audit evidence over the existence and condition of inventory at such entities, we believe it is timely to consider whether the requirements in ISA 501.4-8 and related application material need to be modernised. We therefore welcome the proposed project to modernise ISA 501 to reflect current methods for obtaining sufficient appropriate audit evidence regarding the existence and condition of inventory.

Standards in the ISA 500 Series

We agree that after the project to revise ISA 500, Audit Evidence, the project to focus on updating other standards in the 500 series, in respect of areas which are significantly impacted by advances in technology, should be the next priority for the IAASB.

We consider that a number of the changes to proposed ED-500 are helpful in paving the way for auditors to make better use of technology in performing an audit. We also highlight that there are certain challenges in the use of data and analytics tools in obtaining audit evidence, which it is important for the IAASB to consider further. We believe that changes to ISA 500, as the foundational standard, are not sufficient on their own to enable the broader use of data and analytics tools on the audit and we recommend that conforming changes to the more prescriptive requirements set out in other standards in the ISA 500 series, and other individual ISAs, are necessary to address these challenges. These include:

Substantive Procedures

There is a clear distinction within the ISAs, currently, between tests of details and substantive analytical procedures, but as lines become blurred between these types of procedures, in application, and as testing

moves towards interrogating 100% of a population, this presents new challenges in designing and performing these procedures, and interpreting the results, as the ISAs direct the auditor to interpret the results differently, depending on the classification of the procedure. Furthermore, the role of controls testing comes into question in situations where the auditor is able to test 100% of the population and/or is addressing risks of material misstatement more generally, rather than the distinct sub-components of 'inherent risk' and 'control risk' sequentially.

We therefore recommend that the IAASB explore conforming amendments to the more prescriptive requirements set out in ISA 315 (Revised); ISA 330, ISA 520, and ISA 530, Audit Sampling as part of the changes to modernise the ISAs as the IAASB appears to intend, to enable auditors to use automated tools and techniques to meet not only the objectives of those standards, but also to ensure that the more prescriptive requirements/approach as currently set out in those standards are sufficiently flexible to permit the broader use of automated tools and techniques.

We welcome the IAASB's efforts to reflect on where their resources may best be directed regarding standard-setting activities, for maximum effect in terms of their public interest mandate. We also recognise their careful considerations in determining the most appropriate balance regarding their focus on the 'mature' areas of audits and reviews of financial statements versus the developing areas of sustainability and other assurance engagements. We agree with the IAASB's proposals for prioritisation of projects, including in respect of the development of the new foundational assurance standard addressing sustainability, ISSA 5000, with audit/review and assurance activities running concurrently, in the shorter term.

Whilst we agree that a technology-targeted or omnibus project would be the optimal approach in respect of many of the matters set out above, i.e. to address pervasive technology-related matters and the broader implications for the ISAs, holistically, we note that narrow-scope projects could be undertaken in respect of updating ISA 501 and ISA 505, specifically, if this would be more feasible for the IAASB in terms of resources and the overall 'mix' of projects planned.

Mazars

The technology omnibus project proposed in point G.

Technology is a very large topic from automated tools and techniques until intelligence artificial. It is key to grant it a high priority as

it is a driver for quality to be able to address more and more volumes of transactions,

it is also a factor to retain auditors but also to attract new talents with diverse expertise and background that can be also helpful to enhance quality audits.

We believe there is a momentum to accelerate and producing use cases and more guidance on this topic.

We are supporting in priority the following projects as they are both key for quality audit.

MNP LLC

We agree with the importance of revising ISA 520, Analytical Procedures ("ISA 520"), in light of the use of technologies by entities and automated tools and techniques by auditors. Furthermore, we believe that ISA 520 should be revised to consider the impact of the revised ISA 315. ISA 520 could clarify if substantive analytical procedures, performed in accordance with ISA 520 could be considered sufficient substantive procedures for material classes of transactions, account balances and disclosures for which no risk of

material misstatement has been identified. We also suggest that robust examples of substantive analytical procedures in accordance with ISA 520 be provided as part of any implementation guidance for this standard.

The proposed revisions to ISA 505, External Confirmations, include modernization of the process to obtain external confirmations. Should the IAASB proceed with this proposed project, we encourage the IAASB to minimize the differences in terminology and approach with the proposed revisions to the Public Company Accounting Oversight Board (PCAOB) confirmations standard, now under way. In addition to the proposed revisions to modernize the process to obtain external confirmations, we suggest that ISA 505 clearly articulate the link between the risk assessments under ISA 315 and the need for confirmations. The audit requirements should reduce or remove the need for confirmations for assertions in accounts that have a lower assessed risk, as more limited procedures might be responsive to the assessed risk of material misstatements. We also suggest that the revisions to the standard consider the challenges faced in some jurisdictions to obtain reliable confirmations. Additional guidance could also be added to help auditors determine instances where the confirmation process may not be appropriate.

PriceWaterhouseCoopers

Addressing technology should be the priority in the ISAs

We also urge the Board to pursue, as a priority, its proposed “omnibus” project on technology. Key questions have persisted for several years about whether the ISAs sufficiently address the increasing use of technology by entities and auditors, including the evolving use of technological tools in the audit. The current ISA 500 revision project was widely anticipated to be a source of needed clarity in this area, but the project has taken a relatively high-level approach. Likewise, the IAASB’s Technology Consultation Group has published a number of FAQs, however these lack the authority of standards and may lack widespread recognition, thereby limiting their impact.

As technology continues to rapidly evolve, important questions are likely to remain and grow. For example, emerging issues such as Blockchain and artificial intelligence continue to raise new and challenging audit questions. The IAASB needs to be fully engaged in debates on these matters. A clear strategy and work plan that demonstrates a commitment and ability to respond nimbly to the outcomes of those debates is important. A project that takes a holistic approach to considering where, and to what extent, these questions can be addressed in the suite of ISAs would help resolve uncertainty amongst auditors and regulators about how such tools can help to provide sufficient appropriate audit evidence and enhance audit quality.

Of the various projects listed, we would encourage the Board to focus on project G - Technology targeted or omnibus project(s) and to take a broad approach to considering the impact of technology across the suite of ISAs for the reasons set out in response to question 2.

The Board can leverage the work undertaken by the Technology Consultation Group and the FAQs it has issued as a useful starting point for thinking about the issues and questions that need to be addressed, as well as leveraging any relevant jurisdictional initiatives, as described above.

RSM International Limited

Our principal reservation is that the number of new and revised standards in Table B contains certain standards that, in our view, are not causing issues and therefore do not need updating. The IAASB would be better to concentrate its resources on making radical changes to certain key standards to respond to the technology that is already used by auditors today and which will continue to change rapidly in the period to

2027.

In addition, the profession needs to attract more people who are beginning their careers, most of whom are familiar with technology and need minimal training in using some of the data analytics solutions currently employed by auditors to gather evidence. In particular, the planned revision to the 500 series is a timely opportunity to develop ISAs that are more responsive to these issues with regards to the use of technology.

Table B as a whole contains a significant number of proposed revisions and, in our view, the IAASB would be better to reduce this list and concentrate on a thorough revision to the 500 series, ISA 330 and ISA 620 together with the development of the sustainability standards.

We consider revisions to ISAs 330, 520 and 530 to have the greatest priority, particularly in respect of the impact of technology on auditors' responses to risk, substantive analytics, and sampling. Our thoughts on some of the other proposals in Table B, topics A-K are:

We note the current project to modernise ISA 500 to incorporate the use of technology, but we also consider that the IAASB's project on revising ISA 330 should be used as an opportunity to redefine the types of audit procedures that are required in certain situations. For example, the use of technology has enabled auditors to perform more in-depth and sophisticated data analytics such that the requirement in ISA 330.21 to perform tests of details over significant risks where no tests of controls have been performed, could result in duplication of effort in certain circumstances. Any change in this requirement would have a consequential impact on ISAs 520 and 530.

The revision of the 500 series is an opportunity for the IAASB to fully integrate technology into the ISAs to create a fully up to date suite of Audit Evidence standards, i.e., the 500 series and ISA 330, that reflects the impact that technology is already having on the way in which auditors carry out their work in a fast-changing technology driven auditing environment.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

The ISA 500 series should be subject to a narrow scope project to better align their requirements with the changes to be made in ISA 500 and to reflect the impact of technological advances. Scope of such a project may include considerations related to attendance at physical stock take for ISA 501 and to new means of external confirmations for ISA 505.

modernising ISAs with a broad-spectrum update for the impact of technology (see our response to question 6)

Association of Chartered Certified Accountants (ACCA)

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table B, however we note below the projects that we find to be of the highest priority.

We agree that the various standards in the ISA 500 series noted in the paper should be revised to be better aligned with the proposed ISA 500 (Revised) and particularly to reflect the impact that advanced technologies have. The Board should however be mindful that ISA 520, Analytical Procedures and ISA 530, Sampling may need substantial revisions to meet stakeholders' expectations

Narrow scope revisions

Chartered Accountants Australia and New Zealand (CA ANZ)

We agree that the other standards in the 500 series need to be revised given that ISA 500 is being revised.

ISA 520 Analytical Procedures and ISA 530 Audit Sampling should be the highest priorities for revision as these are areas where the use of technology introduces complexity that requires more detailed consideration of the changes needed to the standards. While we agree that technology has impacted areas such as inventory and confirmations, we believe that, on the whole, auditors in many jurisdictions have already addressed these issues successfully and there has been guidance produced by NSS. While ISA 501 and ISA 505 require revisions to reflect changes in practice, it is the more complex standards that require focus first as these will have the biggest impact on audit quality.

A broader review of how the 500 series addresses technology would also be useful, but technology also needs to be addressed in the individual standards as appropriate.

Chartered Accountants Ireland (CAI)

We believe that there is a need to update ISA 501 regarding the requirement to attend at a physical stocktake. This includes application guidance allowing to attend remote or to perform other procedures addressing the risk of material misstatement in respect to relevant assertions in existence and/or completeness, i.e., a true risk-based approach. This could be a narrow scope project.

CPA Australia

We are supportive of the revision to the various standards in the ISA 500 series including:

ISA 501 Audit Evidence—Specific Considerations for Inventory and Segment Information, ISA 505 External Confirmations

ISA 520 Analytical Procedures

ISA 530 Audit Sampling (including consideration of the impact of technology in the way an audit is performed).

However, we believe the revision of these ISAs should either be narrow scope, targeted at modernising the standards, or involve the issuance of non-authoritative material that addresses the use of technology in these areas.

Institute of Chartered Accountants in England and Wales (ICAEW)

C-G ISA 500 SERIES (501, 505, 520, 530, TECHNOLOGY)

Adapting ISAs to reflect technology should not be performed on a piecemeal basis. ISAs should reflect the impact of technology on the way in which auditors carry out their work to ensure that they remain relevant. The consultation on revisions to ISA 500 is still open, and this consultation did not adequately address technology. ISAs within the ISA 500 series should be revised, primarily with a focus on the use of technology, except for ISAs 520 and 530 which should be revised in full to address challenges identified in practice.

The absence of technology as a separate strategic action is disappointing. Recent revisions to relevant ISAs, including ISAs 315 and 500, did not adequately address the use of technology which continues to develop rapidly in the performance of audits, and the continued lack of focus on this issue will widen the gulf between standards and practice.

We suggest that technology should be the primary focus in amending the ISA 500 series, except for ISAs 520 and 530 which should be more broadly revised to address issues identified in current practice.

Institute of Chartered Accountants of Scotland (ICAS)

C ISA 501 To modernize to reflect current methods for inventory counts. Could be a narrow scope project that targets the “Inventory” section of the standard. See comments on technology at G below.

D ISA 505 To modernize for the current environment, including technology-based confirmation processes and possibly revisiting the concepts of positive and negative confirmations. See comments on technology at G below.

E ISA 520 To address challenges in practice and expectations that come with the use of technology by entities and automated tools and techniques by auditors in the context of analytical procedures used to perform both risk assessment procedures and further audit procedures. See comments on technology at G below.

F ISA 530 To address issues and challenges related to consistency in the application of audit sampling as a means of selecting items for testing. In addition, to address challenges in practice and expectations that come with the use of technology by entities and automated tools and techniques by auditors. See comments on technology at G below.

G Technology targeted or omnibus project(s) To undertake a targeted or a broad-spectrum update of the ISAs for the impact of technology, which may primarily relate, or could be scoped to specifically address the audit evidence standards in the ISA 500 series and selected other ISAs. This could be an effective way to address some of the more pervasive modernization and technology challenges. We believe this needs to be a key focus for the IAASB. The revisions to ISA 315 and proposed revisions to ISA 500 do not go far enough in their consideration of the implications of technology. Such an exercise should encompass the full ISA 500 series.

Institute of Singapore Chartered Accountants (ISCA)

We support the actions that have been identified in the work plan, and especially welcome the technology targeted project to update the ISAs for the impact of technology. Such updates would likely impact ISAs beyond the ISA 500 series as proposed in the work plan.

With regards to technology, updates to cover the principles in auditing the following areas should be prioritised, considering their prevalence and risks:

Complex IT environment (including audit risks arising from cybersecurity risks), present in IT-reliant or IT-intensive industries.

Digital assets (for example cryptographic assets, digital tokens etc) and their underlying technologies. In particular, recent developments in the space of cryptocurrencies or cryptocurrency-related companies have highlighted the risks surrounding such audits, which are not adequately addressed in the current ISAs.

With a lack of standards and guidance in this area, coupled with the rapid pace at which the related technology is evolving, audit firms are understandably wary of taking on crypto-related engagements. As this space continues to grow and evolve, there may be a growing gap between the demand in the market for such audit services and the pool of auditors who are willing (and able) to take on such audit engagements.

We urge the IAASB to take prompt action to address this issue.

Clarity in the standards and supporting application material would help to raise awareness on such risks, so that firms can better assess if they have the capability to undertake such engagements. This also reduces the risk of firms, that do not have adequate capabilities to perform such engagements, accepting them due to a lack of appreciation of the risks involved.

In the intervening period, it would be beneficial for IAASB to provide non-authoritative guidance in these areas.

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

We generally support the list of possible new standard-setting projects. 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.

Lao Chamber of Professional Accountants and Auditors (LCPAA)

Each topic is important to the organization and within our jurisdiction to address challenges in practice and expectations that come with the use of technology by entities and automated tools and techniques by auditors in the context of analytical procedures used to perform both risk assessment procedures and further audit procedures.

Nordic Federation of Public Accountants (NRF)

In terms of the suggested projects in these two ISA series, we would suggest prioritizing ISA 501, which could be a narrow-scope project. We strongly agree that there is a need to modernize the standard to reflect current methods for inventory counts. We also believe there is a need for alignment with the risk-based approach in ISA 315 (Revised 2019).

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).

Norwegian Institute of Public Accountants

We support the input shared by NRF.

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

ISA 501:

ISA 505:

ISA 520:

ISA 530:

Technology targeted or omnibus project(s)

C to G: ONECCA BF supports and welcomes the planned narrow reviews and believes the update envisioned in topic G should be prioritized as it will modernize all ISAs and interactions. It is ONECCA BF views that the planned work should consistently take into account developments in technology.

Wirtschaftsprüferkammer (WPK)

Here, we would give high priority to a revision of ISA 505 External Confirmations.

9. Individuals and Others

Anne Ramsay et al.

As noted above, we are concerned that the proposed Work Plan does not identify any project specific to digital assets and blockchain. We note that there is a brief mention of Technology targeted or omnibus projects in paragraph G of the Various Standards in the ISA 500 Series [page 21]. We fully support the inclusion of all Technology projects into the Work Plan, in particular digital assets and blockchain.

We believe that the work on Audit Evidence should specifically address blockchain, smart contracts and data provenance. We support the development of a Practitioner’s Implementation Guide to specifically address the use of blockchain data particularly the relevance and reliability of data used by smart contracts.

Cristian Munarriz

Technology targeted or omnibus project(s)

ISA 530

ISA 520

ISA 505

ISA 501

I do not think such project should be prioritized because the current standard works well. Any technology issues should be considered as part of a high priority omnibus project.

I think audit issues related to technology should be considered as part of a high priority omnibus project

4.6H. ISA 620

1. Monitoring Group

International Association of Insurance Supervisors (IAIS)

The IAIS supports work on ISA 620 “Using the Work of an Auditor’s Expert”, as it is crucial for insurance companies’ audits and contributes to the provision of sufficient appropriate audit evidence in the insurance sector. Revision of ISA 620 to appropriately align with the concepts in the recent ISA 540 (Revised) and amendments to the proposed ISA 500 (Revised) is important, as is clarification of certain concepts in an environment where entities’ financial reporting reflects more complex business models, activities, and transactions, as is the case in the insurance industry.

International Organization of Securities Commissions (IOSCO)

5 ISA 620, Using the Work of an Auditor's Expert High

Better guidance on determining the need for an auditor's expert where the auditor has insufficient skills, knowledge or experience to review the work of the management's expert, including where the audited entity has engaged an external expert. The extent to which the auditor should determine the scope and extent of testing by their expert, and the nature and extent of supervision and review.

3. Regulators and Audit Oversight Authorities

Independent Regulatory Board for Auditors (IRBA)

ISA 620, Using the work of an Auditor's Expert:

We are supportive of this project. We note the possible need for coordination with the current IESBA Project on Use of Experts.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

Revision of ISA 620 Using the work of an Auditor's Expert

The AUASB notes that recent local regulatory inspections have identified ISA 620 as a standard which could be revised. In addition the complexity of reporting standards and disclosure requirements indicate more reliance on experts as part of the audit process in future, especially relating to Sustainability.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

Regarding ISSA 5000, using the work of an auditor's expert should be a focus since recourse to subject-matter experts will be needed in assurance of sustainability information. This includes both focus on ISSA 5000 and other sustainability assurance that will trickle down to SME/LCE as part of supply chain reporting involving smaller audit firms (SMP).

CNCC-CNOEC - France

ISA 620 (point H.) that should be revised with a link to sustainability reporting, for which an expert is required in some cases.

Hong Kong Institute of Certified Public Accountants (HKICPA)

The application of ISA 620, Using the Work of an Auditor's Expert has been a common pitfall in audit inspections. Given the increasing use of experts in audit engagements on areas such as valuations and accounting estimates, we consider a revamp of ISA 620 is appropriate following ISA 330, ISA 505, ISA 520 and ISA 530.

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

Likewise, if technology-related issues are dealt with in an omnibus project as described above and given the fact that the revision of ISA 315 also led to conforming and consequential amendments to ISA 330, we do not see the need for a project to revise ISA 330. Likewise, given the fact that ISA 620 should have been subject to conforming and consequential amendments from ISAs 540 (Revised) and ISA 220 (Revised), we believe that there is no real case for suggesting that ISA 620 is broken and therefore in dire need of revision.

We are not convinced that ISAs 320 (A.), 330 (B.) and 620 (H.) are in dire need of revision other than in relation to the impact of technology. In relation to ISA 320, we do not believe that greater consistency in the

determination of materiality and performance materiality is necessarily desirable, since the former represents an auditor’s consideration of a user-driven concept and the latter is a matter that depends upon the expected risks of material misstatement and the extent to which audit work is performed on financial statement items separately (the underlying cause of aggregation risk): consistency may in fact be counter-productive. It is also unclear what is meant by “the application of these concepts within a risk-based audit”.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Using the Work of an Auditor’s Expert (ISA 620) - we consider the use of experts to be a high priority across all assurance, not just limited to the audit of historical financial statements and ISA 620.

Royal Netherlands Institute of Chartered Accountants (NBA)

ISA 620 – Whilst we would not object to this project, we do not have indications that this standard requires urgent revision or review.

5. Accounting Firms

Baker Tilly International

These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority after sustainability we would rank projects as follows, starting with the most important:

Materiality

Responding to assessed risk of material misstatement

ISA 500 series

ISA 720

ISA 620

BDO International Limited

Topic H: Revision of ISA 620 – Using the Work of an Auditor’s Expert. We believe this area is currently challenging given:

Environmental factors – such as entities with more complex business models, activities, and transactions, and

The recent implementation of revised standards, including ISA 540 (Revised) and ISA 220 (Revised), and the changes in proposed ISA 500 (Revised).

ETY sas

Using the Work of an Auditor’s Expert (Revision of ISA 620):

No specific comments.

Grand Thornton International Limited

In respect of the remaining ISAs listed in the table, we do not see a compelling reason to make amendments to these standards. The discussion in Table A does not include sufficient information to

understand the proposed scope of each of the remaining projects.

KPMG IFRG Limited

Using the work of an auditor's expert

We believe it would be helpful to reconsider this standard in conjunction with the broader considerations in respect of the relevance and reliability of information to be used as audit evidence, regardless of its source, following the project to revise ISA 500, Audit Evidence, as well as to align with revisions to ISA 540 (Revised), recognising the greater complexity of entities' business models, activities and transactions in the current environment. We also highlight that the recent revisions to ISA 220 (Revised), Quality Management for an Audit of Financial Statements may impact the direction, supervision, and review of the auditor's expert's work, and we agree that it may be helpful for further consideration be given to this to ensure that the standards are appropriately aligned.

We consider that this project would be of a lower priority, and would be narrow-scope in nature, and therefore we recommend that the IAASB consider when it may best be accommodated, given the availability of its resources, and the mix of other projects, both major and narrow-scope.

RSM International Limited

ISA 620 – we agree with the need to revise this ISA as we are seeing increased pressure from regulators to use auditors' experts in situations where the audit team considers that it already has sufficient capabilities.

Table B as a whole contains a significant number of proposed revisions and, in our view, the IAASB would be better to reduce this list and concentrate on a thorough revision to the 500 series, ISA 330 and ISA 620 together with the development of the sustainability standards.

7. Member Bodies and Other Professional Organizations

Association of Chartered Certified Accountants (ACCA)

ISA 620, Using the Work of an Auditor's Expert (Revision of ISA 620)

We agree that ISA 620 should be revised to appropriately align with the concepts of recently revised standards. As we note in our response to Q5 below, the concept should also be considered in the context of Sustainability Assurance engagements given the significant dependence likely to be placed on experts in such engagements.

Narrow scope revisions

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table B, however we note below the projects that we find to be of the highest priority.

Chartered Accountants Australia and New Zealand (CA ANZ)

We agree that some clarification of how to apply the standard when experts are used in increasingly complex reporting is appropriate. The board should consider whether this can be achieved by guidance or whether a broader revision of the standard is needed.

The board should consider whether anything in the approach taken in the new sustainability assurance standard would be useful to consider for financial statement audits in the areas of both using auditor's experts and management's experts.

CPA Australia

We consider ISA 620 Using the Work of an Auditor's Expert (ISA 620) to be a high priority given the recent revisions to other standards such as ISA 540 Auditing Accounting Estimates and Related Disclosures and ISA 220 Quality Management for an Audit of a Financial Report and Other Historical Financial Information (Revised), as well as the pending further expansion of assurance beyond the audit of historical financial statements. Clarity on the concepts and aspects of application in ISA 620 will be more critical when applying the requirements to other non-financial information assurance engagements.

Institute of Chartered Accountants in England and Wales (ICAEW)

H. USING THE WORK OF AN AUDITOR'S EXPERT (REVISION OF ISA 620)

We do not see ISA 620 as causing issues in practice and therefore this should not be prioritised.

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

In addition, in our view, given the developments in sustainability reporting, the use of an auditor expert (and the revision of ISA 620) might be even more important to consider in the context of sustainability assurance, especially for SMPs.

Lao Chamber of Professional Accountants and Auditors (LCPAA)

Using the Work of an Auditor's Expert (Revision of ISA 620)²⁶

Revising ISA 620 to appropriately align with concepts in recently revised standards, including ISA 540 (Revised) and ISA 220 (Revised), and the changes in proposed ISA 500 (Revised). Also, to clarify some concepts and aspects of application in an environment where entities' financial reporting reflects more complex business models, activities and transactions.

Nordic Federation of Public Accountants (NRF)

In terms of a new project regarding Using the Work of an Auditor's Expert (Revision of ISA 620), we would encourage the IAASB to consider the importance to address this matter not only from a financial audit perspective but perhaps even more urgently from the perspective of sustainability assurance engagements. The latter is an area where we believe the use of work of an auditor's expert will become increasingly important and relevant, including in relation to SMPs undertaking these kinds of engagements.

Norwegian Institute of Public Accountants

We support the input shared by NRF.

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

Using the Work of an Auditor's Expert (Revision of ISA 620):

No specific comments.

Pan-African Federation of Accountants (PAFA)

As it relates to Using the Work of an Auditor's Expert (Revision of ISA 620), we are aware that national inspection projects have identified challenges with the use of the work of auditors experts which we believe warrant consideration of widening the scope beyond what is currently detailed – we propose that the Board

make an assessment as to whether there is a need for broader revision or whether the challenges experienced are related to application. With the increase in the focus on sustainability reporting, we also expect that there might be greater reliance on ESG experts and if the issue lies with the standard then that would then be exacerbated.

8. Academics

Deakin University Integrated Reporting Centre

We also believe that the possible project on ISA 620, ‘Using the Work of an Auditor’s Expert’ should be prioritised or that ISA 620-derived content should be incorporated into ISSA 5000. The use of experts in financial statement audits (for example, tax and IT specialists) is a long-standing and well-established practice. The use of experts (for example, climate and other sustainability topic-specific subject matter experts) in sustainability reporting assurance engagements is being embedded in ISSA 5000 by drawing on and adapting ISA 620.

However, there will be a need for assurance team members who are experts in distinguishing between sustainability-related financial disclosures (the focus on S1 and S2) and other sustainability reporting disclosures (the focus of GRI Standards) in sustainability reporting assurance engagements under S1 and S2.

As integrated reporting assurance becomes more widespread, either ISSA 5000 will also need to provide examples of subject matter experts in areas such as governance, strategic management, business models and risk management; or in ISA 620-derived content in a bespoke integrated reporting assurance standard.

9. Individuals and Others

Cristian Munarriz

Using the Work of an Auditor’s Expert (Revision of ISA 620)

I think the scope of such project should be limited to alignment to other recently revised standards.

4.6I. ISA 720 (Revised)

1. Monitoring Group

International Association of Insurance Supervisors (IAIS)

The IAIS supports revision of ISA 720 “Auditor Responsibilities Relating to Other Information” to clarify concepts underlying auditors’ responsibilities as well as addressing implementation issues and challenges highlighted as part of the post-implementation review of the revised audit reporting standards. Such a review would be especially relevant given the increasing importance and prominence of information outside of the financial statements (eg. relating to sustainability issues). The IAASB should consider clarifying the auditors’ responsibilities over such information as well as ensuring that the auditors take full account of links that such information has with the financial statements in their audit work.

International Organization of Securities Commissions (IOSCO)

9 ISA 720 (Revised), Auditor Responsibilities Relating to Other Information Low

Due to the relative importance of other projects as noted in this letter and the Board’s limited resources, we do not see a significant need for a standard setting project related to the auditor’s responsibilities relating to

other information at this time.

3. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

Other information accompanying audit financial statements – ISA 720

The CEAOB supports a project on ISA 720 revision and is of the view that the IAASB should lead a project to assess how the auditor should better deal with and capture any potential sustainability / ESG information that is disclosed in management reports by an entity. Such a project would be specifically relevant for those companies that will not be directly required to apply the provisions of the Corporate Sustainability Reporting Directive, but still voluntarily provide ESG information in their management report.

Haut conseil du commissariat aux comptes (H3C)

Other information accompanying audit financial statements – ISA 720

The H3C supports a project on ISA 720 revision and is of the view that the IAASB should lead a project to assess how the auditor should better deal with and capture any potential sustainability / ESG information that is disclosed in management reports by an entity. Such a project would be specifically relevant for those companies that will not be directly required to apply the provisions of the Corporate Sustainability Reporting Directive, but still voluntarily provide ESG information in their management report.

Independent Regulatory Board for Auditors (IRBA)

ISA 720 (Revised), The Auditor's Responsibilities relating to Other Information

We are supportive of this project.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Other information accompanying audit financial statements – ISA 720

IAASA supports a project to revise ISA 720 and is of the view that the IAASB project should include an assessment of how the auditor should better deal with any ESG information disclosed in an entity's management report. This topic will be particularly relevant for the auditors of companies that are not required to apply the European Corporate Sustainability Reporting Directive but voluntarily provide ESG information in their management report.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

Revision of ISA 720 Auditor's responsibilities relating to Other Information

The AUASB has identified a number of concerns with the current application of ISA 720 through our local Auditor Reporting Post Implementation Review (PIR) activities. We also believe that the IAASB's Auditor Reporting PIR project raised a number of issues associated with the current version of ISA 720 which should be addressed as priority, noting that this project may be a good candidate for 'narrow scope' amendments.

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

Based upon the results of the post-implementation review of the revised auditor reporting standards, the review of which identified implementation issues and challenges, including the potential need for a fundamental revision, the only other standard for which a revision would be critical is ISA 720 (Revised). For this reason, we believe that one of the spaces for the two or three projects in 2025 should be reserved for a project to revise ISA 720 (Revised).

Japanese Institute of Certified Public Accountants (JICPA)

(3) Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised))

In addition to the need for addressing issues and challenges that have been highlighted as part of the post-implementation review of the revised audit reporting standards, we believe that it is also necessary to consider ISA 720 (Revised) in relation to assurance on sustainability reporting, which would be currently one of the highest priority projects within the IAASB. If the annual report contains both the financial statements and the sustainability information, other information identified in the audit and sustainability assurance may overlap with the scope of the audit of financial statements or the assurance of sustainability reporting. In other words, from a perspective of the financial statements audit, information in an entity's annual report other than financial statements and its auditor's report, including sustainability information and its sustainability assurance report, may be identified as other information, and from a perspective of assurance of sustainability reporting, information in an entity's annual report including sustainability information which is not within the scope of assurance, financial statements and its auditor's report may be identified as other information. In addition, in some cases, the auditor of financial statements also performs assurance on sustainability reporting, while in other cases, the auditor and sustainability assurance practitioner may be different. Since the disclosure of sustainability information and the sustainability assurance will become mandatory in several jurisdictions in the near future, we believe that it is necessary to clarify the relationship between other information in financial statements audit and other information in sustainability assurance, including identifying whether there are any other potential issues in these circumstances.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Auditor Responsibilities Relating to Other Information (ISA 720 (Revised)) - we support targeted revisions to ISA 720 to address issues arising from the auditor reporting post implementation review.

Royal Netherlands Institute of Chartered Accountants (NBA)

ISA 720 – Whilst we would not object to this project, we do not have indications that this standard requires urgent revision or review.

5. Accounting Firms

Baker Tilly International

Materiality

Responding to assessed risk of material misstatement

ISA 500 series

ISA 720

ISA 620

These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority after sustainability we would rank projects as follows, starting with the most important:

ETY sas

Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised)):

We suggest that the review clarifies categories of non-financial information including sustainability information which should be totally excluded from the scope of this standard assuming a dedicated standard will cover sustainability..

Grand Thornton International Limited

In respect of the remaining ISAs listed in the table, we do not see a compelling reason to make amendments to these standards. The discussion in Table A does not include sufficient information to understand the proposed scope of each of the remaining projects.

KPMG IFRG Limited

Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised))

We agree that a project to clarify certain concepts relating to the auditor's responsibilities in terms of other information, and to address implementation issues and challenges highlighted in this area as part of the post-implementation review of the revised reporting standards would be helpful. In particular, we note that in certain circumstances there may be challenges in identifying the other information, in terms of what information constitutes the annual report, in totality, and there may be inconsistencies in terms of how the auditor reports on this in the auditor's report. These difficulties may be exacerbated as the focus on sustainability reporting continues to grow, in particular, where such information is issued after the date of the auditor's report.

We consider that this project would be of a lower priority, and would be narrow-scope in nature, and therefore we recommend that the IAASB consider when it may best be accommodated, given the availability of its resources, and the mix of other projects, both major and narrow-scope.

RSM International Limited

ISA 720 – we do not consider that a fundamental revision of this standard is required as we do not see it causing difficulties in practice.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

ISA 720 is another candidate for a narrow scope amendment. The scope of other information reported by entities is enlarging. Leveraging from the feedback received during the post-implementation review on auditor's reporting, the IAASB could update certain requirements and related application material in this standard.

Association of Chartered Certified Accountants (ACCA)

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table

B, however we note below the projects that we find to be of the highest priority.

Narrow scope revisions

ISA 720 (Revised), Auditor Responsibilities Relating to Other Information

The IAASB can leverage on the feedback received regarding other information as part of its post-implementation review of the revised auditor's reporting standards. Other information should also be considered in the context of Sustainability Assurance as this is a challenging area for practitioners in applying for ISAE 3000 (Revised).

Chartered Accountants Australia and New Zealand (CA ANZ)

If the issues raised by the PIR cannot be addressed through guidance, we would recommend narrow scope amendments only to address the need to clarify specific requirements causing issues in practice.

Chartered Accountants Ireland (CAI)

ISA 720 should be higher up the list for amendment as it is not a very helpful standard in its current form and given the increased focus on this area with disclosure of climate matters, the standard should be more fit for purpose.

CPA Australia

We support a narrow scope project for ISA 720 The Auditor's Responsibilities Relating to Other Information based on the feedback received as part of the post-implementation review. As part of this project, we believe there should be greater focus on the connectivity between the financial and non-financial information in the annual report.

Institute of Chartered Accountants in England and Wales (ICAEW)

ISA 720 should also be revised to address the challenges identified from the auditor reporting post implementation review and to make it more relevant to ESG and climate-related reporting.

The front halves of annual reports are increasingly important, especially in relation to ESG reporting, and there is therefore a need for ISA 720 to be more relevant. We suggest a narrow scope amendment.

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

Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised)):

ONECCA NF suggests a review to clarify categories of non-financial information including sustainability information which should be totally excluded from the scope of this standard as it assumes a dedicated standard will cover sustainability..

8. Academics

Deakin University Integrated Reporting Centre

We believe that the possible project on ISA 720, 'The Auditor's Responsibilities Relating to Other Information', should be prioritised, or that ISSA 5000 should incorporate integrated reporting assurance content in relation to 'other information'.

As assurance moves further towards all-of-report assurance (eg of the entire annual report), and less

focused on assuring an individual report in an annual report (eg financial statements) or individual disclosures within a report (eg sustainability metrics within an annual report, financial statements or an integrated report), the profile of ‘other information’ under ISA 720 will increasingly transition to ‘subject matter information’ under ISSA 5000.

We believe that the public interest will best be met by maximising the proportion of information within an annual report that is subject matter information that is independently assured, enhancing the credibility of that information, rather than remaining other information on which financial statement audit reports usually contain boilerplate information rather than information enhancing the credibility of the other information. We recommend that either ISSA 5000 or a revised ISA 720 should cover this matter and that IAASB guidance on related services should support sustainability reporting practitioners in assisting their preparer clients in broadening the scope of assurance by transitioning other information to subject matter information with associated benefits to investors and other stakeholders.

9. Individuals and Others

Cristian Munarriz

I think the scope of such project should be limited to specific issues arising from post-implementation review of the revised audit reporting standards and include all ISA 700 and 800 series.

Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised))

4.6J. ISRE 2410

1. Monitoring Group

International Organization of Securities Commissions (IOSCO)

10 ISRE 2410, Review of Interim Financial Information Low

Due to the relative importance of other projects as noted in this letter and the Board’s limited resources, we do not see a significant need for a standard setting project related to the review of interim financial information at this time.

3. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

The CEAOB is of the view that there may be a need to revise ISRE 2410, but only after completion of the ISSA 5000 project, to take on board enhancements identified in the course of that project which may clarify the notion of limited assurance and the related work effort. ISRE 2410 might benefit from those enhancements, without it being a priority at this stage.

Haut conseil du commissariat aux comptes (H3C)

Review of Interim Financial Information (Revision of ISRE 2410)

The H3C is of the view that there may be a need to revise ISRE 2410, but only after completion of the ISSA 5000 project, to take on board enhancements identified in the course of that project which may clarify the notion of limited assurance and the related work effort. ISRE 2410 might benefit from those enhancements, without it being a priority at this stage.

Independent Regulatory Board for Auditors (IRBA)

ISRE 2410, Review of Interim Financial Information

We are supportive of this project. We are of the view that this is a long overdue legacy project that needs to be commenced to retain the legitimacy of the Standard.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Review of Interim Financial Information (Revision of ISRE 2410)

IAASA is of the view that there is a need to revise ISRE 2410. It should be commenced after completion of the ISSA 5000 project to take account of any enhancements identified in that project which may clarify the concept of limited assurance and the related work effort.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

Revision of ISRE 2410 Review of Interim Financial Information

The AUASB has requested the IAASB prioritise the update of ISRE 2410 in its previous submissions on the IAASB's proposed Work Plan, both because there are mandatory interim reporting requirements for listed entities in our jurisdiction, but also as this standard has not been updated since 2006 and is still presented in the old 'non-clarity' format.

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

In our view, the IAASB needs to focus its resources with respect to standards relating to audits of financial statements on those areas where the age of the standards has led to the standards no longer being fit for purpose, rather than concentrating on standards that are not "broken" and where improvements are therefore not essential in the short run. Based upon this criterion the standard that is the oldest and most in need of improvement related to audits is ISRE 2410 on the review of interim financial information, which has never been revised since inception nor clarified using the clarity format. ISRE 2410 is also no longer technically consistent with developments in relation to limited assurance since the issuance of ISRE 2410 that had taken place in ISAE 3000 (Revised) and ISRE 2400. For these reasons, we believe that the space for the one new project in 2024 should be reserved for a project to revise ISRE 2410.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Review of Interim Financial Information (ISRE 2410) - we consider ISRE 2410 is long overdue for revision by the IAASB. A key matter that has raised questions is around the auditor's responsibilities related to going concern for interim review engagements. With further proposed changes to the going concern auditing standard, these same questions will emerge again for interim reviews.

Royal Netherlands Institute of Chartered Accountants (NBA)

While we can see merit in projects to consider revising ISAs 320, 330, 501, 505, 520, ISRE 2410, and the projects on Technology and XBRL, we also underline the need for practitioners to implement and cope with the various changes to standards. Based on the information in the consultation document, it is difficult to prioritize between these projects. For the other standards mentioned in the consultation document, the NBA is not aware of issues that would require a review of these standards.

ISRE 2410 – We observe that this standard is outdated, both in terms of its pre-Clarity project structure and in terms of the approach to various concepts. We would therefore support such project.

5. Accounting Firms

BDO International Limited

Topic J: Revision of ISRE 2410 - Review of Interim Financial Information. We consider this revision to be long overdue so that it will align the standard with the other revised assurance standards.

Deloitte LLP

For “next” projects, our recommended prioritization is as follows, with the first two being very closely related in terms of timing because of the close connection between “responses” and “evidence”:

ISRE 2410, Review of Interim Financial Information:

This is the only standard that has never been “clarified,” which makes it difficult to apply conforming amendments, resulting in misalignment with recently issued standards. We believe conforming this standard to others in the IAASB suite of standards will facilitate more consistent practice on these matters.

Ernst & Young Global Limited

ISRE 2410, Review of Interim Financial Information, as the standard is no longer fit for purpose because, as the IAASB has indicated through many of its projects, ISRE 2410 is not in a state that is capable of consequential revisions arising from other projects due to its age and format.

Prioritized projects: We believe the following new projects should be prioritized by the IAASB in the upcoming Work Plan period:

Project J: Review of Interim Financial Information (Revision of ISRE 2410): We believe this standard is no longer fit for purpose because, as the IAASB has indicated through many of its projects, ISRE 2410 is not in a state that is capable of consequential revisions arising from other projects due to its age and format. Therefore, ISRE 2410 has not been considered in the context of projects to revise ISAs over the last decade. Although this standard is perhaps not widely used internationally due to varying interim review reporting requirements across the jurisdictions, we believe it serves as a valuable reference point for the scope and work effort involved for reviews of interim financial information and the relationship of that work with an audit under the ISAs.

ETY sas

Review of Interim Financial Information (Revision of ISRE 2410):

No specific comments.

Grand Thornton International Limited

As stated in our covering letter, the benefits of our suggested approach would be twofold; it would address a real need for guidance on the performance of sustainability engagements, as such engagements become required by law or regulation and it would provide firms with the time needed to embed into their respective methodologies, the extensive updates to the ISAs from recently amended and issued standards and those standards that are currently in progress of being updated.

Priority topics

Consistent with our previous consultation responses, and, as indicated in our covering letter, we are of the view that a revision of ISRE 2410 is necessary. This standard is significantly out of date, yet is a standard that is still used, in particular for interim review engagements of listed and public interest entities. We are therefore of the view that this is the highest priority of the topics listed in Table B.

As indicated above, we would also recommend that consideration is given to updating ISRE 2410, which became effective for reviews of financial information for periods beginning on or after December 15, 2006. This standard has not been updated for some 16 years and is in a format that predates the clarity project. There have been many updates to both auditing standards and quality management standards that would impact this standard, including changes to the format and content of the auditor's report; however, conforming or consequential amendments have not been made. Further, the environment in which entities operate has significantly changed over the past 16 years. Consequently, local jurisdictions have begun to update their local version of the standard. We note that interim reviews, primarily for listed or public interest entities, continue to be performed using this standard. We are therefore of the view that it is in the public interest to prioritise the update of this standard.

However, as we discussed in our covering letter, we would prefer that the IAASB focus its resources on the development of the overarching assurance standard for sustainability engagements, currently in progress, followed by the update of ISRE 2410 and further standards for assurance on sustainability reporting to complement the overarching standard.

KPMG IFRG Limited

Review of interim financial information (Revision of ISRE 2410)

We agree that it would be helpful to update and revise this standard, noting that it is most frequently used in respect of interim reviews of financial information of publicly listed entities; has not been amended for some time, and that ISRE 2400 (Revised), Engagements to Review Historical Financial Statements, has been amended more recently. As a result, we support the IAASB in proposing to clarify and update this standard such that it would be aligned, as relevant, with the revised concepts and principles of the ISAs in recent years, in particular, as a result of the clarity project; changes made to the reporting standards; changes made to the quality management standards, and other key changes such as to ISA 315 (Revised) and ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures.

We highlight that interim financial information is particularly important for users, most of whom are users of interim financial information of publicly listed entities, in the current climate of significant geopolitical instability and economic uncertainty/volatility, and we therefore consider that this standard be updated to support high-quality reviews of such information as a higher priority.

PriceWaterhouseCoopers

ISRE 2410

The Board has postponed revision of ISRE 2410 for too long. The range of questions arising in relation to, for example, reporting, fraud and going concern, is increasing. It is the last of the Board's primary standards that is in everyday use that remains in a pre-Clarity format. Further postponement of this project does not, therefore, seem justifiable.

RSM International Limited

ISRE 2410 – we agree that this standard does need updating to the clarity format.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

ISRE 2410

The importance of interim financial information and its independent review has increased. For example, there has been more focus on going concern issues in the current economic climate and interim financial reports have undergone enhanced stakeholder scrutiny.

However, the ISRE 2410 is outdated, and the nature, extent and scope of procedures performed by practitioners in review engagements are broader than those envisaged in the standard.

Therefore, we believe that the IAASB should modernise the extant ISRE 2410 to align it with the current ISAs (especially on areas of risk assessment, going concern, reporting and group engagements) so that the standard remains fit for purpose.

narrow scope amendments to certain ISAs and revising ISRE 2410 as further explained below

Association of Chartered Certified Accountants (ACCA)

Narrow scope revisions

ISRE 2410 Review of Interim Financial information performed by the Independent Auditor of the Entity

We agree that the ISRE should be subject to at least narrow scope revision to update the standard to the clarity format and to address other issues and challenges identified (e.g., alignment with concepts and principles in other standards, such as ISA 570 (Revised), ISA 700 (Revised) and ISA 701), and to modernise the standard. The IAASB should also factor in that some NSS have already revised their local equivalent standard such as the FRC in the UK, which recently revised ISRE (UK) 2410.

Yes, we are generally supportive of the identified possible new standard-setting projects as set out in table B, however we note below the projects that we find to be of the highest priority.

Chartered Accountants Australia and New Zealand (CA ANZ)

ISRE 2410 has not been revised for more than minor amendments since it was issued nearly twenty years ago. In Australia, listed entities have a statutory requirement for interim reviews at a minimum. It is important for there to be consistency of reporting content for these entities and the standard should be modernised and clarified for issues such as going concern.

CPA Australia

We consider the revision of ISRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity to be long overdue. Clarity and alignment with concepts and principles in other standards will be welcomed by our members and other stakeholders.

Institute of Chartered Accountants in England and Wales (ICAEW)

J. REVIEW OF INTERIM FINANCIAL INFORMATION (REVISION OF ISRE 2410)

There is no fundamental problem in practice when applying ISRE 2410. While we understand the reasons underpinning the case for revision, including the need for alignment with auditors' reports on the position of the conclusion, it should not be prioritised ahead of other projects.

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

Whilst not a matter of key priority from the perspective of SMPs, we note that ISRE 2410 is now considerably outdated. We support including the revision of this standard on the work plan in 2024-2027 as it would also help ease the pace of change in ISAs.

Lao Chamber of Professional Accountants and Auditors (LCPAA)

Review of Interim Financial Information (Revision of ISRE 2410)²⁸

Revising ISRE 2410 to update the standard to the clarity format, other possible changes to address issues and challenges identified (e.g., alignment with concepts and principles in other standards, such as ISA 570 (Revised), ISA 700 (Revised)²⁹ and ISA 701), 30 and to modernize the standard.

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

Review of Interim Financial Information (Revision of ISRE 2410):

No specific comments.

Wirtschaftsprüferkammer (WPK)

A revision of ISRE 2410 and ISAE 3000 should also be postponed due to lack of urgency.

9. Individuals and Others

Cristian Munarriz

think this project should be prioritized because entities presenting interim financial information are typically listed entities and other PIEs, and the ISRE 2410 is too old, not in "clarity format", and not consistent with ISRE 2400 (the ISRE 2400 is actually more robust than ISRE 2410 now) and other standards.

Review of Interim Financial Information (Revision of ISRE 2410)

4.6K. Joint Audits (new standard)

1. Monitoring Group

International Organization of Securities Commissions (IOSCO)

11 Joint Audits Suspend

At this time, we do not see a significant need for a standard setting project related to joint audits as the vast majority of jurisdictions do not have any regulation in place requiring joint audits and only a limited number of jurisdictions allow joint audits. We recommend the Board suspend this project.

3. Regulators and Audit Oversight Authorities

Canadian Public Accountability Board (CPAB)

Joint audits

We recommend this is given the lowest priority and the jurisdictions that utilize this standard be encouraged to develop standards locally.

Haut conseil du commissariat aux comptes (H3C)

Joint audit

Joint audit is mandatory in France for listed entities since 1966. It has been set up in response to significant deficiencies in audits of corporate reporting and in entities' governance. Joint audit was expanded in 1984 and 2003, to include companies required to prepare consolidated financial statements, credit institutions, finance companies and investment companies and political parties.

Joint audit has improved audit quality and auditor independence, and thereby has increased financial security in France. In addition, both the legislator and economic agents share the view that joint audit has improved transparency and has contributed to reducing market concentration. The French audit market has seen significantly less high-profile fraud and accounting scandals than similar European markets, including in recent times when auditing standards have put a greater focus on audit quality controls and management. In H3C's view, this illustrates that several layers of effectively implemented controls contribute to ensuring good audit quality.

The H3C welcomes the inclusion by the IAASB of an ISA on joint audit among the list of possible new standard-setting projects. The H3C encourages the IAASB to take on board this project on joint audit in the 2024-2027 period.

Joint audit is currently organized by national standards only. This situation leads to fragmentation and potentially inconsistent application across the jurisdictions where joint audit is undertaken. The H3C is of the view that a global standard issued by the IAASB organizing the work in case the audit is not performed by a sole audit firm, would contribute to harmonizing appropriate practices internationally. A global standard would thus be more useful than national standards only.

More, the recently adopted EU Corporate Sustainability Reporting Directive allows companies to appoint various services providers to provide assurance on sustainability information. A standard on joint audit, potentially extended also to joint assurance, will be relevant to deal with this situation. The future ISA may also deal with situations where the entities will choose to entrust the audit of financial statements to a statutory auditor, and the sustainability statements to another auditor or provider of assurance services.

A global standard would promote effective joint audit, whose advantages have been demonstrated.

The timely development of an ISA would also facilitate the anticipation of any regulatory changes that may make joint audit mandatory in additional countries in a near future.

Independent Regulatory Board for Auditors (IRBA)

Joint Audits (New Standard)

We support the call for a new standard on joint audits. This is a topic that has the potential to have massive impact directly and quickly on audit quality if properly addressed. The IRBA has developed a Guide to Registered Auditors: Joint Audits, which has been effective for two years. For a jurisdiction which allows for/

requires joint audit engagements, the need for guidance is evident. This guidance provided registered auditors with clarity around firm-to-firm protocols and responsibilities. It also provides guidance to those charged with governance and management of audited entities who have joint auditors or are planning joint audits.

We have found a growing interest in the topic, reflected in the number of joint audits and requests of the IRBA as a standard setter to explore the need for more guidance.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Joint audits

We do not support the proposal to develop a standard for joint audits at this time given the number of other high priority items identified by the IAASB for 2024-2027. Joint audits are not widely used and it would not be in the public interest to develop a standard that will be used in a small number of jurisdictions.

4. National Auditing Standard Setters

Australian Auditing and Assurance Standards Board (AUASB)

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

CNCC-CNOEC - France

The joint audit (point K) which is well developed in some countries such as France for example and which is getting closely considered in others and for which there is no international standard.

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

The standard for which we see the least need is a standard on joint audits (K.). Even if many countries that do not require joint audits permit them, in these jurisdictions joint audits are exceedingly rare. Other than France, there are no major developed countries that require joint audits and only a limited number of developing nations require joint audits for certain sectors. Joint audits are therefore not an issue of global relevance and are therefore not a matter that ought to be dealt with by the IAASB unless circumstances change.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Joint audits are not prevalent here. Clarifying practice in this area has very little relevance for our jurisdiction.

Royal Netherlands Institute of Chartered Accountants (NBA)

We suggest not to embark on a project on Joint Audit, since joint audits are not commonplace from a global perspective.

We suggest not to embark on a project on Joint Audit, since joint audits are not commonplace from a global perspective. We therefore do not think that at global level there is a public interest that could be identified to develop such standard. The few jurisdictions where joint audit is required or otherwise more common, could work together to come to consensus about the requirements for joint audits. We are of the opinion that

IAASB should not spend its valuable resources on developing a standard.

5. Accounting Firms

BDO International Limited

Topic K: New standard for Joint Audits. We agree that a new standard is needed to ensure consistency across the globe in this area. With joint auditor relationships becoming more common, and with regulators/local standard setters issuing their own guidance (such as the Guide on Joint Audit Arrangements from the South African Regulator) it would be useful to have a global standard to drive consistency, especially following the recent revision of ISA 600 for Group Audits.

Deloitte LLP

On the other end of the spectrum, while there may be demand in specific jurisdictions, we do not believe that there is significant international market need for a standard on joint audits and would therefore recommend that the IAASB not allocate its resources to a project with limited interest or value internationally.

ETY sas

Joint Audits (new standard):

Joint audits is common in our jurisdiction. We support a quick development of an ISA to address challenges faced by auditors and auditees during this type of engagements.

Grand Thornton International Limited

We would not support commencing a project to develop a new standard for joint audits. We are of the view that the requirement to perform joint audits is not sufficiently prevalent across jurisdictions to allocate resources to such a project at this time.

KPMG IFRG Limited

Joint audits

Given joint audits are commonly performed in several large jurisdictions, and there is regulatory interest in such audits, we would support the IAASB in exploring this area.

In particular, we recommend that the IAASB take an initial step, in the short-term, to consider whether narrow scope amendments to ISA 220 (Revised) and ISA 600 (Revised) would be helpful to clarify the role and responsibilities of each joint engagement partner. We suggest that the IAASB explore this in the context of whether, when undertaking a joint audit (including when this is a group audit engagement), each engagement partner (including each group engagement partner when the group audit engagement is also a joint audit) is the engagement partner on the joint audit and therefore both would have overall responsibility, jointly and severally, as the engagement partner for the audit as a whole (i.e. their responsibility would not be limited to only the audit work performed by their respective firms). We believe such considerations and clarifications would be helpful and timely, given the principles underpinning the recent revisions to ISA 220 (Revised), as well to ISA 600 (Revised), regarding the responsibilities of the engagement partner; the definition of engagement team, and the proposed application guidance regarding a group audit engagement that is also a joint audit.

We also consider that there are special considerations in respect of performing a joint audit, and we recommend that the IAASB consider a project to address these in the medium term, i.e. as a lower priority than other projects described in Table B. This could either be in the form of an additional ISA, to act as an overlay to the other ISAs, addressing the special considerations in performing a joint audit, on a similar basis to ISA 600 (Revised), although which would also likely include reporting considerations. Alternatively, if the IAASB does not believe there is sufficient need for a new ISA for such engagements, given that there is a relatively small total global population of such audits, with joint audits currently being required only in a limited number of jurisdictions, we would suggest instead that the IAASB consider issuing non-authoritative guidance material in the medium term with a focus on these practical considerations. These considerations could include the following:

Acceptance and continuance considerations;

Overall audit strategy and audit plan, including principles for how to appropriately assign work between the joint auditors, and communication between, and involvement in, the work of the other auditors;

Audit documentation of each joint auditor to fulfil the requirements of ISA 230.8;

Procedures - guidance addressing procedures and reporting considerations when there is a (potential) difference of opinion between the joint auditors.

Mazars

We are supporting in priority the following projects as they are both key for quality audit.

The joint audit (point K)

On the list of the candidate topics, we believe setting a new standard on joint audit (K) should be a higher priority. Joint audit is neither a new nor a local practice: it has been tested on 3 continents for almost a century and is currently performed in more than 55 jurisdictions (IFAC). In the EU, joint audit is mandatory in France, Croatia, Bulgaria and carry out on a voluntary basis in other Member States. Since such a regime is meaningful for international entities and getting increasing attention from them, it would be extremely useful for all stakeholders to have an international reference standard, including notably the cross-review process – which is specific to joint audit.

At Mazars, we have developed a guidance and we will be happy to comment it and share it when there will be a dedicated working group on this topic.

MNP LLC

Finally, we disagree with the project to develop a new standard for Joint Audits. We do not think this project would satisfy the Stakeholder Value Proposition described in Question 1 as globally relevant. We also do not believe that this project meets the criteria for inclusion, as described in the IAASB Framework for Activities, specifically the prevalence of the issue globally. We do not believe that this issue is relevant for the majority of jurisdictions. We believe that this project addresses challenges faced in only a few or isolated jurisdictions and therefore will be best addressed by jurisdictional action, such as law, regulation or local standards. Therefore, we recommend that this project be removed from the table of possible new standard-setting projects.

PriceWaterhouseCoopers

Joint audits

Globally, we do not see a basis or need for standard-setting in this area, which is best left to individual jurisdictions to address based on local law, regulation or other market factors.

RSM International Limited

Whilst joint audits are performed in certain countries and are not widespread, we are not aware that current practice is causing significant issues. In our view, the IAASB's resources could be better deployed on modernising other standards.

7. Member Bodies and Other Professional Organizations

Association of Chartered Certified Accountants (ACCA)

Joint audits

Whilst joint audits are a live topic of discussion, in Europe in particular, we do not at this stage rank this as a priority in comparison to other areas of greater importance.

Full revision

Chartered Accountants Australia and New Zealand (CA ANZ)

Joint audits are not a priority in Australia and New Zealand as these engagements are rare.

CPA Australia

Joint audits (proposed new standard) are not undertaken in Australia. Accordingly, clarifying practice in this area has little relevance for our jurisdiction.

European Federation of Accountants and Auditors (EFAA)

We are pleased to see the inclusion of topic K. Joint Audits.

EFAA is concerned about audit market concentration, and any potential consequential detrimental impact on audit quality (and going forward the quality of sustainability assurance). In 2023 we expect the European Commission to progress its initiative on Corporate reporting – improving its quality and enforcement. Some have suggested joint audit (or managed shared audit) as a potential measure to enhance audit quality by opening the market up to smaller audit firms.

There is some evidence that joint audits can enhance competition and choice in the audit market, and the fast-emerging market for sustainability assurance market, as well as lead to higher quality engagements. A high-quality standard will support the recognition, development, consistent conduct and efficiency of joint audits. In so doing this will give joint audits the chance to prove their potential to serve the public interest.

Institute of Chartered Accountants in England and Wales (ICAEW)

K. JOINT AUDITS (NEW STANDARD)

IAASB should not commence a project for a new standard on joint audits. Joint audits are currently limited geographically and in terms of industry spread. IAASB should keep the market for joint audits and the regulation of joint audits under review and be prepared to accelerate a project in the event of significant

changes in either.

If IAASB does address joint audits, we suggest adapting ISA 600 rather than creating a new standard.

Institute of Chartered Accountants of Nigeria (ICAN)

The proposed new standard on Joint Audit is critical in our jurisdiction on account of earlier lack of standard in this area.

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

Joint Audits (new standard):

Joint audits is common in our jurisdiction. ONECCA BF supports a quick development of an ISA to address challenges faced by members and auditees during this type of engagements.

Wirtschaftsprüferkammer (WPK)

Meanwhile, we see no need for an auditing standard for joint audits. Apart from a few countries in which joint audits are practiced and which generally have their own standards, joint audits are not relevant from an international perspective.

9. Individuals and Others

Cristian Munarriz

Joint Audits (new standard)

I do not think such project should be prioritized because joint audits are not common. Nonetheless, due to the broad nature Joint Audits any issues should be better addressed through application guidance rather than standard-setting

Mo Chartered Accountants (Zimbabwe)

Joint audits – with the call to break up large firms and include firms outside the traditional big 4, this standard should provide a basis and guidelines upon which such engagements are undertaken.