

Strategy and Work Plan 2024–2027 Question 8

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

8.1 Other matters identified to consider in finalizing the Strategy and Workplan**8.1.1 Principle-based standards****4. National Auditing Standard Setters****American Institute of Certified Public Accountants (AICPA)**

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

New Zealand Auditing and Assurance Standards Board (NZAuASB)

Regulators and oversight bodies are increasingly asking for more specificity of requirements in standards for increased enforceability to help drive improved performance. We challenge the premise that more specificity in auditing standard requirements will improve audit quality.

Royal Netherlands Institute of Chartered Accountants (NBA)

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

7. Member Bodies and Other Professional Organizations**Accountancy Europe**

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

Chartered Accountants Ireland (CAI)

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

CPA Australia

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

8.1.2 Timing and planning of projects

1. Monitoring Group

International Forum of Independent Audit Regulators (IFIAR)

IFIAR encourages the IAASB to develop more detailed plans about the targeted output and to provide more information about resources affected and priorities set on the various topics suggested in its proposed work plan. From previous experiences, clarity on the objectives of the various projects is essential to ensure that actual delivery does not fall behind the expectations.

3. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

Work plan

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

Haut conseil du commissariat aux comptes (H3C)

Work plan

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

Irish Auditing and Accounting Supervisory Authority (IAASA)

Work plan

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

4. National Auditing Standard Setters

Canadian Auditing and Assurance Standards Board (AASB)

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

7. Member Bodies and Other Professional Organizations

Institute of Chartered Accountants in England and Wales (ICAEW)

Although we appreciate the milestone indicators and high-level direction of projects, the absence of a forward-looking calendar within the proposed work plan, which was provided in previous consultations, makes it difficult to assess the program as a whole and the relative timings of interrelated projects. While we appreciate timetables are subject to revision, they are useful for stakeholders' forward planning. We encourage IAASB to include a calendar showing the anticipated forward agenda in its final 2024-2027 strategy and work plan document.

Going forward, we encourage IAASB to release a considered, achievable work plan for comment, rather than a list of all possible projects it could undertake. It would be helpful to place the projects in order of priority. Please also see paragraphs 3 and 4 above.

No calendar for the detailed work plan is included in the proposed strategy document. In previous consultations, this calendar was very useful in reviewing proposed work effort over the period covered and allowed readers to clearly see the timeline of projects. We suggest reinstating this in the finalised work plan.

8.1.3 Other matters

2. Investors and Analysts

Eumedion

European countries currently adopt international audit standards individually. The IAASB should make it an strategic objective to have the European Commission endorse its standards for the entire European Union.

Norges Bank Investment Management (NBIM)

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

3. Regulators and Audit Oversight Authorities

Financial Reporting Council – UK (FRC)

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

Haut conseil du commissariat aux comptes (H3C)

Requirements vs application material in the ISAs

The H3C would like to emphasize the importance of the requirements included in the ISAs. The development of application material, even if helpful, shall not be a substitute for weak or insufficient clarity in the requirement of the standards. The quality and clarity of the requirements is a key element for the quality of the audit, while allowing a consistent understanding and enforceability of the provisions of the standards both for auditors and across jurisdictions. The clarity of the requirements facilitates the regulator's enforcement activities, since clear and binding provisions of the standards provide a robust basis for the regulator's recommendations to the inspected auditors.

Independent Regulatory Board for Auditors (IRBA)

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

4. National Auditing Standard Setters

American Institute of Certified Public Accountants (AICPA)

It's unclear how the FFA and PIF, along with the work of the IAASB Planning Committee, has informed the positions and recommendations in the Proposed Strategy and Work Plan, particularly as it relates to Table B and the resources necessary to deliver against those potential projects. What additional analysis or insights can the IAASB publicly share to link the proposed recommendations with the standard-setting drivers and needs identified and the resource capacity to deliver? An additional degree of transparency might assuage concerns about the resources available to deliver against future work.

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

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

We recommend that consequential and conforming amendments be elevated for discussion in the development of a project proposal, be deliberated earlier in the life cycle of a project and be addressed by the IAASB at least two meetings before the approval of an expected exposure draft or final standard. We observe that conforming and consequential amendments often received little attention during the deliberation of issues, yet these changes require an extensive amount of time to be developed and evaluated. Project proposal objectives and overall quality can be better served if the IAASB had more time to identify and discuss such amendments.

Australian Auditing and Assurance Standards Board (AUASB)

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

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

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

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

2026: Further Standards for Assurance on Sustainability Reporting

We want to stress again the importance of technology aspects (e.g. AI, robotics, process mining, etc.) in drafting new standards or revising existing ones.

CNCC-CNOEC - France

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

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

Exploring the differences between certifications under ISO standards and assurance engagements.

5. Accounting Firms

BDO International Limited

As noted in our previous comment letter responses, we continue to support and encourage IAASB activity and innovation in respect of enhanced stakeholder engagement, improved translation activities and greater use of technology to improve access to IAASB standards and other resources.

Grand Thornton International Limited

We would also like to highlight the number of changes that have been, or will be, made to the auditor's report. Continually changing the auditor's report creates confusion in the marketplace and potentially decreases the understanding of the report itself. We would recommend that the IAASB carefully consider whether all proposed amendments to the auditor's report are necessary, especially when those amendments result in additional standardised disclosures.

MNP LLC

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

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

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

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

RSM International Limited

we would appreciate clarification on whether ISSA 5000 will have any effect on ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

We also suggest clarifying how ISAE 3410 Assurance on Greenhouse Gas Statements will be impacted by the intention to develop sustainability reporting standards.

7. Member Bodies and Other Professional Organizations

ASEAN Federation of Accountants (AFA)

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

Center for Audit Quality (CAQ-US)

Importance of Transparency and Timeliness in Standard Setting

In addition to seeking stakeholder input, we believe it important for standard setters to be transparent throughout the process of deliberating, issuing and implementing new standards. In that vein, we applaud the IAASB in its efforts to regularly communicate its activities via such activities as publicly broadcasting open meetings, providing timely and comprehensive summaries of Board meetings, and providing new and ongoing application guidance on new standards. Such efforts are invaluable in educating and informing the work of market participants, standard-setters and regulators and enhance efficiencies and consistency in the standard setting process.

Chartered Accountants Ireland (CAI)

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

CPA Australia

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

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

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

European Federation of Accountants and Auditors (EFAA)

EFAA is concerned to ensure that professional standards and regulation is scalable and proportionate to the capacities of SMPs and their SMEs clients and tailored to the needs and characteristics of SMPs and SMEs. We are also concerned that SMPs will be least likely to respond to this important consultation for various reasons, including lack of awareness as well as lack of time and resources. In the absence of sufficient engagement with SMPs there is a real risk of non-response bias with the consequence that the

strategy and work plan will be biased in favour of large accountancy firms and regulators, standard setters and other stakeholders from large western economies working in English.

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

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

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

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

Nordic Federation of Public Accountants (NRF)

The IAASB’s work on an ISA for LCEs is not included in the Plan on the basis that it is supposed to be approved later this year, i.e., before the timeframe covered in this Plan. The only mentioning of the ISA for LCEs is in relation to Proposed Strategic Objective 1 in terms of: “Promoting the effective implementation of the International Standards on Auditing (ISAs), International Quality Management Standards (ISQMs), and the proposed ISA for Audits of Financial Statements of Less Complex Entities”.

9. Individuals and Others

Anne Ramsay et al.

Professional accountants have a key role in the digital asset ecosystem.

The adoption and implementation of global standards contribute to the following:

Economic Growth and Innovation: Global adoption of audit and assurance standards can help to remove certain barriers to financing and enable firms to achieve scale. Global standards that specifically address blockchain and digital assets will provide needed clarity to allow for the seamless integration of reliable and trusted systems (and data) with financial reporting, middle and back-office operations. We cannot overemphasize the important role of standards to achieve auditability, traceability, and interoperability as more and more companies incorporate digital technology into their operations.

Trust in Capital and Financial Markets: Accounting professionals bring a unique perspective on financial reporting and internal controls and should be participants in the development of regulatory, trust and governance frameworks.

Global Adoption and Implementation: Global adoption of audit and assurance standards along with implementation guidance are needed to address new areas of audit risk (e.g., smart contracts) and emerging needs for special purpose reports. By working alongside industry experts, the IAASB can respond to these needs in a timelier manner.

Kazuhiro Yoshii

(1) In the process of discussions on ISQM1, etc., there were requests from users of financial statements to prepare and publish audit firm transparency reports and AQIs. However, this work plan does not mention them. A major audit firm voluntarily prepares a transparency report, explains how it is implementing the PDCA cycle to improve audit quality based on ISQM1, etc., and explains AQI with originality and ingenuity. However, there is a problem in terms of comparability because the disclosure methods and content differ for each audit firm. In addition, for example, when an investee company suddenly changes its accounting auditor from a major audit firm that prepares transparency reports to a small and medium-sized audit firm that does not prepare such reports, shareholders and investors may be confused about investment decisions because they do not know how the new audit firm is working to improve the quality of audits. I propose that audit firms' transparency reports and AQI be considered as an agenda item in reviews of ISQM1, etc.

(2) Considering the purpose of the IAASB organizational change from 2024 as proposed by the Monitoring Group (5 of the 16 board members are audit practitioners), I propose to do the review of this work plan about 2 years after the new members are formed.

This work plan was discussed and developed by the Board, half of which are audit practitioners. However, in the course of the new Board's discussions, members from stakeholders other than audit practitioners may offer new perspectives on the ongoing work program. In addition, as the IAASB and IESBA CAGs are merged into the SAC, there is a possibility that the SAC will present new views based on the discussions of both Boards. This seems to be effective from the viewpoint of strengthening cooperation between the IAASB and IESBA.