

Complexity, Understandability, Scalability and Proportionality (CUSP)

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Objective of Discussion

- Provide an overview of the targeted outreach
- Obtain the Board's consent for staff to finalize and use the CUSP Drafting Principles and Guidelines (CUSP DPGs)

Project Objectives

- Arose from feedback to the LCE discussion paper (2019)
- Approach:
 - Intended primary users = Staff. Other users: Board, TFs, NSS, translators
 - Focused on drafting of ISAs, some relevance to other standards
 - Non-authoritative
 - Not to be applied retrospectively

Feedback From Targeted Outreach

- Outreach with those most able to comment on drafting principles:
 - CAG
 - Virtual workshops with select NSS, Monitoring Group, other international standard-setters, regulators, professional accountancy organizations
 - Online survey

Feedback From CAG

- Overall message – strong support
- Clarify and enhance the scalability and proportionality sections
- Outreach and consultation, particularly with translators, is important
- Need for leadership and processes to support

Select Feedback From Other Outreach

- Enhance the scalability and proportionality sections
- Principles based standards > lengthy application material
- Support for appendices (even going further)
- Need for processes to consistently apply CUSP
 - Incorporate learnings from ISA for LCEs project
 - Implications for narrow scope projects

Responses to Feedback

- Approach – finalize DPGs with limited changes (v1.0) and consider more in future revisions (v1.1)

Accordingly:

- Limited changes throughout in response to specific feedback
- Scalability and proportionality:
 - Changes to clarify principle of drafting ISAs in scalable/proportional manner
 - Other improvements to the drafting guidelines

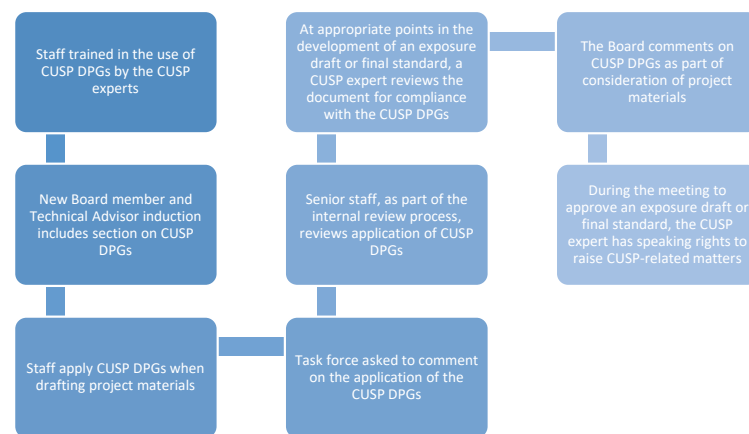
Matter for Board Consideration

Question 1:

Does the IAASB agree to Staff's implementation of the CUSP DPGs (as shown in **Agenda Item 1-A**) as part of its internal procedures?

The Future of CUSP - Execution

- Key feedback – implementation and consistency of application
- Project staff needs to own the CUSP DPGs and the execution thereof
- Other processes to support:
 - Covering in new member inductions
 - Task Force asked to comment on application of DPGs
 - CUSP expert to review draft ISAs and raise as needed



The Future of CUSP - Maintenance

- Living document
- Staff responsible for updates
- Review (at least annually) to determine need for updates
- Consultation with Planning Committee, Chair/Deputy Chair and board as appropriate

Matter for Board Consideration

Question 2:

Board members are asked for their views on:

- (a) The processes described in paragraphs 16 and 17 above to ensure compliance with the CUSP DPGs. Is there anything else that should be done to help ensure that the CUSP DPGs are followed?
- (b) Maintaining the CUSP DPGs as described in paragraph 18



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