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Submitted electronically through the IAASB website

April 5, 2023
WP Jan Langosch

Consultation Paper: The IAASB's Proposed Strategy and Work Plan for 2024–2027

Dear Tom
Dear Ladies and Gentlemen

The Wirtschaftsprüferkammer (WPK) is pleased to take this opportunity to comment on the above-mentioned Consultation Paper (CP). We would like to highlight some general issues first and provide you with our specific responses to selected questions of the CP subsequently.

General Comments

Overall, we welcome the proposed Strategy and Work Plan for 2024–2027. We recognize that high quality audit standards on the one side will continue to be important for the perception of the audit profession and confidence in the work of auditors.

However, going forward and on the other side, the requirements of sustainability and other assurance engagements pose significant challenges for the profession. This will require significant demands on the resources of all stakeholders and should be the clear focus of IAASB's activities. We would therefore encourage the IAASB to put more emphasis on these sustainability issues and to elaborate even further that this will be the focus for the coming years.

The revision of well-established standards should be postponed as far as is reasonable. Nevertheless, a revision of ISA 505 External Confirmations, for example, is welcomed.

Overall Questions

1. Do you agree with Our Proposed Goal, and Our Proposed Keys to Success and Stakeholder Value Proposition (see pages 5–6)?

Yes, we agree and congratulate the IAASB on this consultation paper.

2. Do you agree with Our Proposed Strategic Drivers as the key environmental factors that drive the opportunities and challenges impacting our ability to achieve our goal (see pages 7–9)?

Yes, we agree.

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

Yes, we agree.

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

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

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.

We agree with the considerations of the IAASB in principle.

However, the numbering A-K could already give the impression that this is accompanied by a prioritization, even it might be not intended. Rather, the projects are sorted according to ascending numbering. We therefore consider it necessary to emphasize that this does not imply any prioritization.

The development and implementation of the ISSA 5000 will keep the IAASB and the entire profession busy during the next few years. Against this background, well-established auditing

standards should not be revised. The focus should be on those auditing standards where gaps have been observed between professional requirements and actual demands.

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

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.

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.

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

5. Do you support the identified possible new standard-setting projects as set out in Table B (see pages 20–22) within the area of sustainability and other assurance engagements (numbered L. and M.)? Topic L., Further Standards for Assurance on Sustainability Reporting, would involve addressing multiple topics (as part of possible multiple projects). Please provide your views about likely candidate topics for further standards.

Yes, in principle we agree with the proposals.

However, the projects should be prioritized.

According to the European “Corporate Sustainability Reporting Directive” (CSRD) “independent assurance provider” shall be entitled to perform assurance services on sustainability reports as well.

We are therefore convinced that the IAASB must primarily focus its resources on developing a high-quality and globally applicable standard for assurance on sustainability reports.

The requirements for sustainability reports will presumably differ around the world. It is all the more necessary that the future standard can cope with these different requirements.

In the future, the sustainability report in the EU will be part of the management report. According to the CSRD, the sustainability report must be audited, initially with limited assurance, and in subsequent years with reasonable assurance.

This means that the opinion on the sustainability report must be harmonized in some way with the audit opinions on the annual financial statements and the management report. Solutions must be developed for this.

6. Are there other topics that we should consider as new standard-setting projects? If so, please indicate whether any such topics are more important than the topics identified in Table B (see pages 20–22), and the needs and interests that would be served by undertaking work on such topic(s).

No Comment.

7. Our proposed Strategy and Work Plan emphasizes the importance of close coordination with our sister-Board, IESBA. What are your views about whether and, if so, how coordination could be enhanced in terms of opportunities for joint or complementary actions that would better serve the public interest? Suggestions could entail standard-setting work, engagement with stake-holder groups, and improved ways of working, among others.

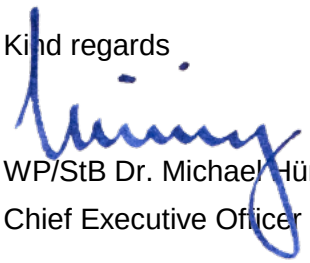
No Comment.

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

No Comment.

We hope that our comments are helpful. If you have any questions relating to our comments in this letter, we should be pleased to discuss matters further with you.

Kind regards



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