

Thomas R. Seidenstein, IAASB Chair  
International Auditing and Assurance Standards  
Board  
529 5th Avenue, 6<sup>th</sup> floor  
New York, NY 10017  
USA

Paris, April 11, 2023

Ref: 20230102

**Subject: IAASB ED Proposed Strategy and Work Plan for 2024 - 2027**

Dear Sir,

The Compagnie Nationale des Commissaires aux Comptes (CNCC) and the Conseil National de l'Ordre des Experts-Comptables (CNOEC) are pleased to provide you with their comments on the Proposed Strategy and Work Plan for 2024 - 2027.

Overall, we support the Proposed Strategy and Work Plan for 2024 - 2027. We particularly welcome the focus on sustainability assurance and, more generally, on non-financial reporting and related assurance engagements.

However, we find that technology is not sufficiently taken into consideration in the IAASB strategy and work plan.

The impact of technology is twofold.

- The first aspect is the use of technology in the audit itself.

How can all range of new technologies (data analytics, algorithms and machine learning, process mining, AI, predictive analytics, robotic process automation, data extraction, blockchain, etc.) provide audit evidence and how does it fit with the traditional concepts embedded in the auditing standards, such as, analytical procedures, test of controls, test of details, substantive testing, sampling, etc.

This is needed for the auditor to be able to demonstrate not only that he/she has obtained sufficient appropriate audit evidence to support the audit opinion but also that he/she has complied with the standards even though he/she used new technologies to conduct its audit.

Envoyer obligatoirement toute correspondance aux deux adresses ci-dessous :

- The second aspect is related to the digitalization of the financial statements and more widely of corporate reporting (including sustainability reporting).

To illustrate this second aspect, we can take the example of the EU ESEF regulation which requires the Financial Statements of listed entities to be tagged using XBRL. In the same vein the CSRD also requires the sustainability information to be tagged using XBRL.

Sooner or later, this will mean that the Board of Directors which approves the financial statements, and the sustainability information will also have to approve their tagging. This means that the “original” of the financial statements and the sustainability information will be an electronic file. The question then becomes how to integrate throughout the entire audit the digital dimension of the financial statements. The next question that flows from it, is how the auditor is going to sign and attach the auditor’s report to the financial statements if they are both digital files. Will the auditor’s report have to be signed electronically and attached to the financial statements with an unbreakable electronic link?

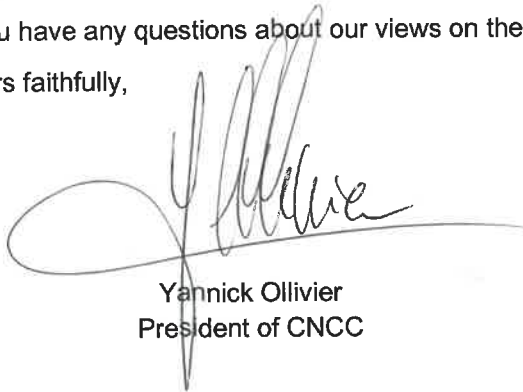
We understand that the IAASB is facing a significant challenge in adapting to the changes brought in by digitalization of corporate reporting, which has altered the nature of financial statements and annual reports, but a delay in addressing these changes would result in a growing gap between expectations and public interest, as users want to have digital financial statements that are as reliable as their traditional paper version.

For these reasons, we believe that technology should be higher on the agenda of the IAASB and that the IAASB should launch a research project on the wider implication of the digitalization of the corporate reporting on audit and assurance.

Responses to specific questions raised in the Exposure Draft are set out below.

If you have any questions about our views on these matters, please do not hesitate to contact us.

Yours faithfully,



Yannick Ollivier  
President of CNCC



Cécile de Saint-Michel  
President of CNOEC

## Questions

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

We agree with the Proposed Goal.

However, we suggest adding the word "review" after "audit" to make the definition of the Proposed Goal complete and consistent with the scope of the standards issued by the IAASB.

We support the Proposed Keys to Success and Stakeholder Value Proposition.

Regarding the "coordination with other standard setters", we think it is important to collaborate with IFAC so that they update the SMO 3 which deals with the compliance with the IAASB Pronouncements to include ISSA 5000.

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)?

We agree with the Proposed Strategic Drivers.

Regarding the point related to the "Impact of technology", we think that it would be useful to mention that the technology also impacts the preparation of financial statements -see our comment in the cover letter.

Regarding the point « Supporting the implementation of our standards", we would like to emphasise the importance of guidance to ensure that standards are implemented and used correctly. In particular, we believe that implementation guidance will be key in the success of the implementation of the ISA for LCE, after adoption.

We also believe that the IAASB should continue to stay in close contact with the National Standard Setters (NSS) because the NSS are directly connected with the practice, on the field. We also believe that the EER Guidance should be harmonised with the ISSA 5000 and updated regularly to remain in line with evolving practice; on this last point the National Standard Setters (in France notably) are particularly well placed to provide this update as they are by definition closer to the practitioners.

In addition, NSS can be encouraged to continue to provide the IAASB with high-level staff.

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

We agree with the Proposed Strategic Objectives and Actions.

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

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.

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

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.

We fully support the topics L and M.

Regarding the Point L. « Further Standards for Assurance on Sustainability Reporting », we understand that ISSA 5000 is an overarching standard that could be complemented on individual elements of the assurance engagement or of the entity's sustainability reporting, by new standards derived from ISSA 5000, for example on climate, thus forming a series.

We agree and consider that ISAE 3410, Assurance Engagements on Greenhouse Gas Statements (June 2012), should be revised to conform with ISSA 5000 requirements.

Additionally, we believe that EER guidance should be updated to align with ISSA 5000 as it contains useful examples to implement sustainability assurance standard.

Regarding the Point M. « Assurance on XBRL », we believe that XBRL is an important topic (tagging is also used to check the consistency of accounts) and not just an additional assurance topic.

This is why we would like the IAASB to launch an XBRL project, but not for a new ISAE 3000 standard or to complete its application, but rather to make it a **research project** in order to understand how these elements should be integrated into the ISAs (how and under what conditions?): risk assessment, work effort and report -see our comment in the cover letter.

It is also the case for the ISAEs and even for ISSA 5000, since sooner or later, it will be the whole corporate reporting that will be digitalized (in Europe for instance, the CSRD on

corporate sustainability reporting, currently being transposed in the Member States, requires XBRL for sustainability reporting).

Another point to take into account in this project should be the security of reporting, with the electronic signature; Html files are indeed easy to modify.

We believe that between now and the publication of a standard, it would be useful to have a staff paper to bridge the gap between "today" and the "target".

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).

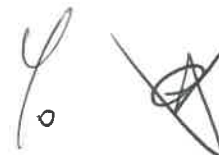
None

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 stakeholder groups, and improved ways of working, among others.

The coordination between IAASB and IESBA to develop ethical standards is welcomed as it is very important that the two boards work together, but they must be careful not to create bias by introducing the strictest IESBA rules into the ISAs. This could have negative consequences, particularly for small and medium entities. It is important to take into account the diversity of entities and audit firms and the need to allow for scalability in the application of the standards.

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

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.

Handwritten signature and initials in black ink.

