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Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue,
New York, New York, 10017 USA

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

Dear Mr. Botha,

BDO International Limited¹ is pleased to have the opportunity to respond to the International Auditing and Assurance Standards Board's (IAASB or Board) Consultation Paper, *The IAASB's Proposed Strategy for 2024-2027* and *The IAASB's Proposed Work Program for 2024-2027* (paper or proposal).

We appreciate the effort that has gone into the ongoing development and revisions of the proposed International Standards on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE), including considerations for Audits of Group Financial Statements, and ISA 500 (Revised), Audit Evidence. We recognize that these will continue to be important activities of the IAASB for the next few years.

Overall, we are supportive of the proposed Strategy and Work Plan, and we have highlighted below some areas where we feel greater emphasis should be placed. In particular, we support the IAASB's intention to focus on developing a global baseline for sustainability assurance standards, as well as ensuring the strengthening of the independence and accountability of standard setting while meeting rapidly changing public interest demands.

We present our responses to each of the specific questions raised below.

1. Do you agree with Our Proposed Goal, and Our Proposed Keys to Success and Stakeholder Value Proposition?

Yes, we agree with the Proposed Goal, as outlined by the Board, and would like to highlight the following:

- We acknowledge the environment within which the IAASB operates and the importance of stakeholder outreach activities to ensure that the IAASB's Proposed Goal to enable the 'performance' of high-quality engagements is attainable.
- It is important that where the IAASB identifies and develops changes to existing standards or proposes new standards, that these are developed to ensure that they can be implemented practically. We believe the Proposed Goal reflects this aspiration.
- We support the plan to monitor whether the IAASB's standards continue to be adopted and incorporated throughout the world. Public trust and the public interest are best served

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when there is a consistent application of the IAASB's standards and having appropriate monitoring in place helps to identify where adoption or implementation of standards requires further clarification, guidance, monitoring or oversight.

- As the IAASB has noted, for the body of IAASB standards to remain 'leading', we consider that it is important that the standards not only evolve but reflect work in new areas (i.e., sustainability, technology-enabled engagements, and complexity). We support the IAASB's Proposed Goal which has been designed to reflect these rapidly changing public interest demands.

We agree with the Proposed Keys to Success and Stakeholder Value Proposition, specifically:

- We strongly support the need for engagement be it through the forum of firms or other stakeholder engagement and outreach activities. This engagement is very important to ensure that standards development results in pragmatic requirements and identifies where additional guidance or support is likely to be helpful.
- We agree that fostering confidence in processes and the relevance and credibility of the IAASB's standards are also 'Keys' to success.
- We support the ongoing IAASB online standard-setting activities (including provision of online formal board meetings and less formal engagement activities on a more topical basis) as this promotes transparency and easy-access for all stakeholders to current information.

We note that the work of the Board and Staff will likely be enhanced through the recent clarification in respect of IFAC and independent standard-setting board respective responsibilities and the resolution of Monitoring Group proposed reforms. The addition of more dedicated and full-time resources (i.e., staff) is also important to support the work of the IAASB's task forces and working groups (post-Monitoring Group reforms).

With respect to the Stakeholder Value Proposition, the emphasis on continued coordination with other standard setters - particularly in respect of the IESBA - is also welcome. We note that one of the Monitoring Group's proposed reforms was to ensure there was closer alignment by having a single standard setting board to cover both ethics and auditing standards. Although the IAASB and IESBA have not moved to this model, having closer cooperation and collaboration as standards develop (and most especially in respect of Strategy and Work Plan coordination) can help support the Stakeholder Value Proposition.

Recommended change

- While we support the 'Our processes' proposition, we note that as the volume of IAASB activities continues to increase, it is even more important that monitoring the implementation of those activities, to identify further guidance or support, occurs in an expedited manner. In addition, we ask that there is greater transparency about the planned release of implementation guidance and other engagement activities (perhaps through a Project Dashboard) to enable better planning by Stakeholders.

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?

Overall, we agree with the Proposed Strategic Drivers as the key environmental factors driving opportunities and challenges. The mix of *‘Increased and More Diverse Demand for Our Standards’*, *‘Confronting ‘headwinds’ to global adoption of standards’* and *‘Changing Demands to Our Ways of Working’*, together with their constituent sub-categories, appear to reflect the factors that have the potential to impact the IAASB’s ability to achieve their Proposed Goal.

We are particularly supportive of the Proposed Strategic Drivers in respect of the *‘Impact of technology’*, *‘Sustainability reporting and other evolving areas for assurance engagements’* and information gathering to drive greater global consistency by considering the *‘Impact of and reasons for jurisdictions developing their own audit and assurance standards’*.

We note that following the implementation of the Monitoring Group reforms will lead to a change in how standards-setting boards are composed and staffed. While we are supportive of the re-focus of IAASB work activity to a staff-led model under this new approach, we remain concerned that the reduction in the number of practitioner members in the composition of the Board could affect the future application of new and revised standards due to a potential lack of practical considerations thereof.

3. Do you agree with Our Proposed Strategic Objectives and Our Proposed Strategic Actions?

Yes, we agree with the proposed strategic objectives and proposed strategic actions.

We are particularly supportive of the IAASB Proposed Strategic Objective 2 to establish globally accepted standards for assurance on sustainability reporting. We note that this is an area many stakeholders within the financial reporting ecosystem are seeking to address and it is important that the IAASB plays a leading role in coordinating and cooperating with stakeholders, including the International Sustainability Standards Board, to help drive consistency.

As a consumer of much of the IAASB’s output we strongly support the Proposed Strategic Objective 4, and specifically the need to use technology to maximize the impact of IAASB activities, enabling the IAASB to respond on a timelier basis to issues and challenges. This is particularly important during the adoption and implementation phase of new standards and as we have noted elsewhere in our response, it is important that the IAASB provides an accessible and visible ‘dashboard’ for planned and upcoming activities.

4. Do you support the identified possible new standard-setting projects as set out in Table B 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 possible new standard-setting projects, specifically:

- 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.
- 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.
- 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).
- 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.
- 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.

5. Do you support the identified possible new standard-setting projects as set out in Table B 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, we support the identified possible new standard-setting projects and phased approach envisaged by the IAASB as set out in Table B.

However, we would place a higher priority on further standards for assurance on sustainability reporting as compared to assurance on XBRL, due to the urgency of sustainability reporting developments and the need to build consistency sooner rather than later. There is an inherent danger that without consistency from the outset, firms, regulators and other standard-setters (i.e., national or regionally-based) start to develop and interpret their own methodologies and body of standards, with the result that this could impede global adoption further down the line.

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, and the needs and interests that would be served by undertaking work on such topic(s).

We have not identified any other topics to consider as new standard-setting projects.

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.

We agree that close coordination with the IESBA is important to ensure consistency in approach, aligning timelines and consideration of the implications arising from new or revised standards being issued. Although the original Monitoring Group reform to have one standard-setting board has not been implemented, there is an opportunity to have closer alignment, cooperation, and work activity (potentially through direct engagement or membership of Task Forces) from each of the respective IESBA and IAASB standard-setting boards. This could enable the potential ethical and independence considerations to be considered by specific Task Forces throughout each project.

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

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.

Overall, we are supportive of the IAASB's overall vision and objectives of the proposed Strategy and Work Plan.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,

BDO International Limited

Daphna Smuckler

Global Head of Audit and Assurance