

10 April 2023

Willie Botha — Program and Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

Dear Mr. Botha:

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

Deloitte Touche Tohmatsu Limited (DTTL or “we”) is pleased to have the opportunity to provide comments on the above referenced consultation paper (“the Consultation Paper”) issued by the International Auditing and Assurance Standards Board (IAASB or “the Board”).

DTTL applauds the IAASB’s commitment to a transparent standard-setting process, one element of which is seeking consultation on its strategy and work plan. We also commend the agility of the Board in responding to emerging issues, notably starting and quickly progressing the project on Sustainability Assurance. However, in observing the rapid pace of the work of the Board on this and other projects, our overall comment and advice to the IAASB as it sets its workplan for the next few years is to focus on a smaller portfolio of in-process projects. Following is our rationale for this targeted approach:

- There are currently three open IAASB exposure drafts, with another to be published imminently, as well as other open exposure drafts from other standard setters whose standards are applicable globally, such as the PCAOB. There is a risk that continuation of this high level of activity in global standard setting may affect the ability of the profession to effectively absorb, implement, and execute multiple new or updated standards – too much change all at once significantly increases the complexity of implementation efforts and the risk that intended quality outcomes are not consistently accomplished, which is not in the public interest. We recommend that the Board considers these capacity constraints when determining the future workplan and setting the pace of change.
- The Monitoring Group reforms will have a significant impact on the resource model of the IAASB, increasing the number of IAASB staff members as necessary to meet expanded expectations, with less involvement and support than is currently provided by Board members and technical advisors. Filling these roles, given recent staff turnover and the evolving skill sets that will be needed (e.g., experience with sustainability and technology), and training a team of new people will affect capacity and capability to run a large number of projects at the same time.
- As noted above, we have been impressed with the IAASB’s ability to juggle the agenda and topics covered at each meeting to accommodate new and pressing issues. In order for the profession to continue to be able to absorb the impact of unexpected change, the workplan should incorporate contingency space – both to accommodate new projects and address expansion of planned projects. In addition, having a focused set of projects with targeted outcomes should enable completion of each project in a shorter period of time.

In addition to these overall comments, we have provided our responses below to the specific questions posed in the Consultation Paper.

IAASB's Request for Specific Comments in the Consultation Paper:

[Question 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, especially the focus on “standards that enable the performance of high-quality engagements that enhance trust in markets.” We recognize that, when it comes to updating the content in any given standard, there are diverse drivers influencing that content (e.g., the varying needs of multiple stakeholders and differing opinions on what issues should be addressed or how they should be dealt with). The overriding objective of the IAASB should be to set standards that are clear, understandable, and capable of being applied to the vast variety of facts and circumstances that can and do arise when executing engagements. Keeping this overriding objective in mind when developing standards will support the ability of auditors to implement them with consistency and to achieve the intended outcomes – and should, in the same way, create standards that can be used effectively by regulators who are overseeing how auditors have applied them.

[Question 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?](#)

Yes, we agree with the strategic drivers. We recognize that “heightened supervisory scrutiny” is a relevant strategic driver, with “regulators and oversight bodies . . . increasingly asking for more specificity of requirements in standards for increased enforceability.” However, we encourage the IAASB to balance the needs of all stakeholders¹ without giving preference to any particular one, and, as noted above, continue its focus on developing clear, principles-based standards that are well understood and enable consistent application.

[Question 3: Do you agree with *Our Proposed Strategic Objectives* and *Our Proposed Strategic Actions*?](#)

Yes, overall, we agree with the proposed strategic objectives, but have the following thoughts and recommendations related to certain of the proposed strategic actions:

- We strongly support the Board’s focus on completing projects that are underway and advise the Board to do so prior to embarking on new projects. We do not believe it is necessary to undertake any new projects in 2024; as noted in our overall comments above, we believe having a smaller portfolio of in-process projects that can be completed timely is preferable to beginning too many new projects before others are completed.
- We believe that outreach and research bring valuable external perspectives to standard-setting projects. We recommend enlisting the help of academics or others with research backgrounds to provide input in designing the methods used by the Board to conduct research, providing more validity to information gathered.
- As part of enhancing coordination with IESBA, we recommend aligning projects and related timetables as much as possible, so that one standard setter is not “leading” with a requirement or position that may result in conflicts with the standards of the other.
- We are supportive of the efforts to enhance technical staff capacity and competencies as part of the Monitoring Group’s Reform Vision. However, we advise the Board, when determining how many and which new projects to embark on, to take into account the considerable learning curve when onboarding new staff. As the new resource model is implemented, staff capacity constraints should not be underestimated, especially considering recent turnover and given the enhanced role of staff .

¹ The Public Interest Framework published by the Monitoring Group states, “The public interest therefore requires weighing and balancing all stakeholder views.”

Question 4: Do you support the identified possible new standard-setting projects as set out in Table B with the area of [audits and reviews](#)? 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 believe the top priority for the Board should be to focus on completing its current projects and to provide the capacity for staff to develop implementation material and provide support for postimplementation review efforts.

For “next” projects, our recommended prioritization is as follows, with the first two being very closely related in terms of timing because of the close connection between “responses” and “evidence”:

1. ISA 330, *Responding to Assessed Risks of Material Misstatement*:
 - This is a foundational performance standard that should be updated to reflect the enhancements made to ISA 315 in 2019, as well as modernized to consider the use of technology in performing further audit procedures and the evolution of the types of audit procedures that yield audit evidence.
2. Technology Omnibus, which includes, but is not limited to, updating the ISA 500 series of standards:
 - It is important that the IAASB’s standards foster the innovative use of technology in firms’ methodologies to develop procedures that produce high-quality audit evidence. Updating the suite of ISAs with this in mind is critical to the continued relevance of the standards.
 - Further, with recent and rapid advancements in generative artificial intelligence and its impact on information and audit evidence, we believe that it is critical that the Board prioritizes audit and assurance considerations related to artificial intelligence.
3. ISRE 2410, *Review of Interim Financial Information*:
 - This is the only standard that has never been “clarified,” which makes it difficult to apply conforming amendments, resulting in misalignment with recently issued standards. We believe conforming this standard to others in the IAASB suite of standards will facilitate more consistent practice on these matters.

On the other end of the spectrum, while there may be demand in specific jurisdictions, we do not believe that there is significant [international](#) market need for a standard on joint audits and would therefore recommend that the IAASB not allocate its resources to a project with limited interest or value internationally.

Question 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](#)? Please provide your views about likely candidates for further standards.

We strongly support the phased approach to address the needs for assurance standards on sustainability reporting and, as noted above, believe the focus of the IAASB should first be on completing all in-progress projects. After ISSA 5000, we believe it is imperative to address how ISAE 3000, ISAE 3410, and the EER Guidance fit with ISSA 5000 to avoid confusion among practitioners who are using all of these standards and guidance to perform varying, yet similar, engagements. Addressing this matter may include communicating externally that these standards and guidance remain fit for purpose without any changes at the current time or concluding that a new project is needed to incorporate into ISAE 3000 a subset of the changes made in developing ISSA 5000 .

Once the possible impact to ISAE 3000, ISAE 3410, and the EER guidance has been considered and addressed (again, the results of this consideration may range from issuing communications to establishing separate projects to revise them), we would be supportive of the development of additional standards under the ISSA 5000 umbrella, including consideration of whether ISAE 3410 may better fit as a subject matter standard within the ISSA 5000 suite of standards. We believe these sustainability-related projects would take precedence over a project to address XBRL, as they are more important from a public interest perspective.

Question 6: Are there topics that we should consider as new standard-setting project? 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).

None noted.

Question 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?

As noted above, we recommend aligning projects and timetables as much as possible, so that the feedback of each Board and its respective stakeholders can all be gathered and considered collectively and one standard setter is not “leading” with a requirement or position that may result in conflicts with the standards of the other.

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

None noted.

DTTL appreciates the opportunity to provide perspectives on the Consultation Paper and would be pleased to discuss this letter with you or your staff at your convenience. If you have any questions, please contact me via email (mzietsman@deloitte.com) or at +1 203-563-2530.

Very truly yours,



Megan Zietsman
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