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Office of the Auditor General of Alberta¹
Edmonton, Alberta, Canada

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International Auditing and Assurance Standards Board
New York, NY

Dear IAASB,

Our response to *Consultation Paper: The IAASB's Proposed Strategy and Work Plan for 2024-27* is below:

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

We agree that the goal of the IAASB should be to “serve the public interest,” however we note that the “public interest” must include more than public markets and shareholders. A “public interest” is more inclusive and includes the general public and is not exclusive to public markets and/or shareholders. The consultation paper should clearly communicate that the IAASB’s goal includes the general public within the “public interest.” We suggest that IAASB define public interest as “the common interests of all which include but exceed the partial interests of individuals or groups.”

In order for keys to success to be actionable and effective, they should be refined to be clearly measurable. For example, how will the IAASB measure the utilization of the collective competencies, capabilities and experience of staff? Or how will the IAASB foster confidence in their processes and credibility of standards? A clear key to success is to receive \$XXX in additional funding in order to allow the IAASB to expand staff levels by X number of employees (e.g. 4 staff, 4 managers and 4 directors). Note – the level of funding required is currently not included as one of the Keys to Success and we believe it should be included.

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 factors. The sustainability factor notes “the broader focus on the role of non-financial information in capital and resource allocation decisions could prompt the need for assurance engagements on various and diverse topics.” We note it may help IAASB’s development of sustainability standards for IAASB to state and operate as if assurance on sustainability reporting, especially double materiality-based sustainability reporting, is important

¹ The views expressed herein do not necessarily reflect the views of the Office of the Auditor General of Alberta.

to help preserve the ability of the planet to support complex life and diversity of life. This may also prompt the need for assurance engagements on various and diverse topics.

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

Given the Global Reporting Initiative (GRI) has been established for over 20 years, and is the global baseline for ESG/sustainability reporting, it would be most effective and efficient for the IAASB to work with GRI.

We agree that IAASB should develop globally accepted standards for assurance on sustainability reporting. We think IAASB should remain framework neutral in its standard setting so that its sustainability assurance standards support assurance on GRI, the European sustainability reporting standards, United Nations Sustainable Development Goals (UN SDGs), or other double materiality standards. We think it is inappropriate that the document only mentions ISSB but not these other frameworks. It is insufficient to say the workplan states “includes but not limited to others.” If the IAASB is going to focus on and work with any framework in particular, it should be the GRI, which is the most widely used and mature global baseline framework. IAASB should develop sustainability assurance standards that require double materiality to be used as an acceptable sustainability reporting framework.

In addition, the proposed strategic actions should be more explicit. For example, Objective 1 should explicitly include the post-implementation review of ISA 315 (Revised 2019), ISA 540 (Revised), and the Quality Management Standards. We recognize that the IAASB has acknowledged the possible need for a post-implementation review of these standards, page 19, however due to the magnitude of these standards, the IAASB should plan for these post-implementation review now in order to ensure the review is done on a timely basis and the IAASB has sufficient resources to complete these reviews.

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.

In our view, the post-implementation review of ISA 315 (Revised 2019), ISA 540 (Revised), and the Quality Management Standards should be the highest priority for the IAASB. We support the review of ISA 330 as a new standard-setting project if the post-implementation reviews are in-progress/complete and the IAASB has sufficient resources to complete this in addition to the two stated post-implementation reviews.

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.

The GRI was established in 1997 and has issued sustainability standards across many topics. The IAASB should use its resources to co-ordinate, support and advance already existing and widely used global baseline sustainability standards of the GRI. We note the GRI standards map to the UN SDGs and the European sustainability standards, therefore the IAASB's best sustainability assurance standards will be those built to provide assurance on double materiality standards such as the GRI. We note that the ISSB standards should likely be considered special-purpose sustainability standards for which IAASB could consider developing specific underarching standard(s), perhaps based on ISA 800, at some time in the future.

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).

Footnote 31 of the Consultation Paper, explains IAASB may consider a project to update ISAE 3000 based on work on sustainability standards. We believe such a project should be considered for IAASB's 2028-31 work plan instead of the 2024-27 workplan because IAASB should focus on sustainability standards and its other already noted projects. It is a very complex project to reopen ISAE 3000 given the varying standards underlying 3000. Waiting for post implementation reviews of ISA 315 (Revised 2019) and other standards to be completed would be beneficial because ISAE 3000 improvements may draw upon those revised standards.

We suggest that IAASB clearly define its approach for underarching standards to ISSA 5000. We suggest that this approach be like the ISAs, a cohesive and integrated set of standards that implement stages and phases of assurance engagements, instead of the approach to underarching standards under ISAE 3000, which are applied more or less on a stand-alone basis. We suggest IAASB clearly define criteria for when ISSA 5000 is amended versus an underarching standard is created, determine whether the underarching standards will be in the clarity format, and determine whether guidance for a particular aspect of sustainability assurance will remain or be removed from ISSA 5000 when an underarching standard is created.

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.

Similar to how sustainability standards, within the context of double materiality, should be framework neutral, the IAASB standards should be "ethics framework" neutral and therefore not mention IESBA specifically. We note that sustainability standards may be used by practitioners that are not subject to IESBA and it is not clear what "at least as demanding is."

We are concerned that IESBA's recent definitions of "public interest entity" are not in the public interest. We are also concerned that IESBA may not clearly embrace double materiality as the appropriate sustainability approach.

We suggest that IAASB re-examine its dependencies and references to IESBA, and consider incorporating independence requirements directly into the IAASB standards that are appropriate to achieve practitioner objectivity to the extent necessary for specific types of engagements.

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

None.

Thank you for the opportunity to comment.

Sincerely,

Colin Semotiuk CPA, CA
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