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Tom Seidenstein
International Auditing and Assurance Standards Board
529 Fifth Avenue
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United States of America

4 April 2023

Dear Mr Seidenstein,

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

RSM International Limited, a worldwide network of independent audit, tax, and consulting firms, appreciates the opportunity to comment on the IAASB's Proposed Strategy and Work Plan for 2024-2027 (the Strategy).

We support the IAASB's overall Strategy however we do have some reservations as set out in our attached responses to the specific questions posed in the Consultation Paper.

Our principal reservation is that the number of new and revised standards in Table B contains certain standards that, in our view, are not causing issues and therefore do not need updating. The IAASB would be better to concentrate its resources on making radical changes to certain key standards to respond to the technology that is already used by auditors today and which will continue to change rapidly in the period to 2027.

In addition, the profession needs to attract more people who are beginning their careers, most of whom are familiar with technology and need minimal training in using some of the data analytics solutions currently employed by auditors to gather evidence. In particular, the planned revision to the 500 series is a timely opportunity to develop ISAs that are more responsive to these issues with regards to the use of technology.

We would be pleased to discuss our views further with you. If you have any questions regarding our comments, please contact Steve Whitcher (steve.whitcher@rsm.global) or me at (marion.hannon@rsm.global).

Yours sincerely,



Marion Hannon
Global Leader, Quality & Risk

Comments

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 with the sections entitled Our Proposed Goal, and Our Proposed Keys to Success and Stakeholder Value Proposition. However, we suggest that, as well as being included in the Stakeholder Value Proposition, engagement with stakeholders should be included as one of the Keys to Success.

Also, we suggest clarifying who the IAASB will engage with, listen to, and learn from in the first bullet of the Keys to Success.

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 with the Proposed Strategic Drivers and welcome the specific consideration of the impact of technology.

We appreciate the proposal to develop non-authoritative guidance as first-time implementation support, but we are concerned that regulators will quickly treat this non-authoritative guidance as requirements against which engagements are then assessed. We would rather see more effort deployed into ensuring that new and revised standards are sufficiently clear such that limited additional guidance is required.

Under the section entitled Changing Demands to our Ways of Working, we agree with the goal of attracting top talent at all levels and note the proposed changes to the IAASB's staffing model.

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

We agree with the majority of the Proposed Strategic Objectives and Proposed Strategic Actions.

We are, however concerned that the goal to “Create more Agile, Innovative Ways of Working in Line with the Monitoring Group’s Reform Vision” is too introspective. We suggest that one goal of the IAASB should be to create more innovative ways of working for practitioners by modernising the ISAs.

We also suggest clarifying how ISAE 3410 Assurance on Greenhouse Gas Statements will be impacted by the intention to develop sustainability reporting standards.

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 note the planned new and revised standards in Table B but suggest that they are set out in order of priority, rather than in numerical order.

Table B as a whole contains a significant number of proposed revisions and, in our view, the IAASB would be better to reduce this list and concentrate on a thorough revision to the 500 series, ISA 330 and ISA 620 together with the development of the sustainability standards.

We consider revisions to ISAs 330, 520 and 530 to have the greatest priority, particularly in respect of the impact of technology on auditors' responses to risk, substantive analytics, and sampling. Our thoughts on some of the other proposals in Table B, topics A-K are:

- ISA 320 – we are unclear as to why this needs revising. We are not aware that the current standard is causing significant issues in practice.
- ISA 620 – we agree with the need to revise this ISA as we are seeing increased pressure from regulators to use auditors' experts in situations where the audit team considers that it already has sufficient capabilities.
- ISA 720 – we do not consider that a fundamental revision of this standard is required as we do not see it causing difficulties in practice.
- ISRE 2410 – we agree that this standard does need updating to the clarity format.
- Whilst joint audits are performed in certain countries and are not widespread, we are not aware that current practice is causing significant issues. In our view, the IAASB's resources could be better deployed on modernising other standards.

We note the current project to modernise ISA 500 to incorporate the use of technology, but we also consider that the IAASB's project on revising ISA 330 should be used as an opportunity to redefine the types of audit procedures that are required in certain situations. For example, the use of technology has enabled auditors to perform more in-depth and sophisticated data analytics such that the requirement in ISA 330.21 to perform tests of details over significant risks where no tests of controls have been performed, could result in duplication of effort in certain circumstances. Any change in this requirement would have a consequential impact on ISAs 520 and 530.

The revision of the 500 series is an opportunity for the IAASB to fully integrate technology into the ISAs to create a fully up to date suite of Audit Evidence standards, i.e., the 500 series and ISA 330, that reflects the impact that technology is already having on the way in which auditors carry out their work in a fast-changing technology driven auditing environment.

We also encourage the IAASB to make updates to the standards in the structure most aligned with the execution of the audit rather than with a predominant focus on the individual ISA. Instead of focusing on incorporating all changes into the individual ISA that is the focus of the standard setting efforts, if

other ISAs contain relevant guidance then those ISAs should be appropriately adjusted. For example, if an ISA is open for update and certain provisions being updated related to risk assessment, ISA 315 should be updated to incorporate those concepts.

- 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 support the identified new standard-setting project on sustainability reporting set out in Table B but as mentioned in our response to Question 3, we would appreciate clarification of the impact of ISSA 5000 on ISAE 3410, given that greenhouse gas assurance could also come under sustainability. Would practitioners in this area follow ISAE 3410 or ISSA 5000?

We would appreciate clarification on whether there will be an overarching framework for sustainability standards as there is with ISAs and we suggest that the IAASB considers a climate change reporting standard.

We question whether an assurance standard on XBRL is required and would prefer the IAASB to defer this project whilst other more urgent standards are addressed, as discussed above.

- 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).**

Other than our above comments on ISAE 3410, we would appreciate clarification on whether ISSA 5000 will have any effect on ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

- 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.**

Yes, we fully endorse the importance of close co-operation between the IAASB and IESBA. Where it is appropriate, we recommend more joint working parties when new or revised standards are being drafted. This would ensure consistency between the requirements and speed up the standard setting process by reducing the numbers of consultations and drafts required because the two Boards would already be aligned.



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

We are aware of the current project to issue an ISA for audits of Less Complex Entities (ISA-LCE). We are concerned that the ISA-LCE may not be consistent with the on-going revisions to ISAs. In this regard we suggest that the IAASB reviews the overall consistency between ISAs, ISA-LCE, ISQMs, ISSAs, ISREs, ISRSs and ISAEs.