

April 5, 2023

Mr. Tom Seidenstein, Chair  
International Auditing and Assurance Standards Board  
529 Fifth Avenue  
New York, New York 10017

Dear Mr. Seidenstein:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions. Based in Washington, DC, the CAQ is affiliated with the American Institute of CPAs. This letter represents the observations of the CAQ based upon feedback and discussions with certain of our member firms, but not necessarily the views of any specific firm, individual, or CAQ Governing Board member.

The CAQ appreciates the opportunity to share our views related to the International Auditing and Assurance Standards Board (IAASB or Board) *Proposed Strategy and Work Plan for 2024-2027* (the Work Plan). Overall, we are pleased that the Work Plan focuses on standard setting that supports the performance of high-quality audit and assurance engagements, addressing both the core needs for audits of financial statements and the growing demand for assurance engagements on other subject matters such as sustainability information. Our specific comments focus on 1) the importance of consistency in global auditing and assurance standards; 2) the value of seeking multi-stakeholder input at both the strategic and standard-setting levels; and 3) the importance of transparency in standard setting.

### **Importance of Consistency in Global Auditing and Assurance Standards**

We believe that collaboration and alignment among international and jurisdictional standard setters around the globe is important to promoting consistency in auditing and assurance requirements. We agree with the IAASB that “standards informed by coordination have an increased likelihood of acceptance and adoption, reduce the burden on and enhance effectiveness for entities and practitioners, and reduce fragmentation.” From an audit perspective, consistency in global auditing and assurance standards minimizes unnecessary differences and incremental efforts that do not benefit audit quality. As



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such, we encourage the IAASB to continue its efforts to liaise and align with other independent standard-setting boards, including international and jurisdictional standard setters for auditing, assurance, ethics, and financial, sustainability and other external reporting. In that vein, we offer the following specific comments:

- Regarding ethics, we encourage the IAASB to continue ongoing coordination with the International Ethics Standards Board for Accountants (IESBA) to discuss the impact of their respective activities on the IAASB'S standards and/or the International Code of Ethics for Professional Accountants (Including International Independence Standards) (the IESBA Code).
- Regarding financial reporting, we encourage the IAASB to continue their consultations with standard-setting bodies such as the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) on matters of auditability and assurability, respectively, of new and revised international financial or sustainability reporting standards.
- Regarding sustainability, we agree with the Work Plan's observation that there is an increasing trend of certain jurisdictions developing their own sustainability assurance standards. In order to minimize fragmentation and promote consistency, comparability, and transparency in sustainability assurance, we encourage the IAASB's efforts to develop a global baseline for sustainability assurance standards that jurisdictions can use as a starting point to which they can tailor to their own sustainability-related standard(s) as needed to meet unique jurisdictional needs.

#### **Value of Seeking Multi-Stakeholder Input**

The Work Plan emphasizes the need for timely and meaningful outreach to members of the external reporting ecosystem, including corporate preparers, board directors, investors, auditor and assurance practitioners, standard-setters, and regulators. We commend the IAASB's current and planned outreach activities at both the strategic and standard-setting levels, such as roundtables, interaction with the newly formed Stakeholder Advisory Council and enhanced working relationships with regulators and fellow standard setters. We encourage the Board's ongoing commitment to seek multi-stakeholder input, as we believe such input results in standards that consider and adapt to current financial reporting issues, implementation challenges, and the impact of technology and emerging regulatory complexities. In addition, we encourage the Board to continue to seek input and dialogue throughout the standard's entire life cycle, not just in the proposal stage when a proposal is subject to the notice-and-comment period. We believe such engagement and dialogue is instrumental to the successful and efficient implementation of new standards. We recommend the Board continue to consider post-implementation reviews on the impact of new standards to aid in evaluating a standard's effectiveness and the potential need for revision or interpretive guidance.



### Importance of Transparency and Timeliness in Standard Setting

In addition to seeking stakeholder input, we believe it important for standard setters to be transparent throughout the process of deliberating, issuing and implementing new standards. In that vein, we applaud the IAASB in its efforts to regularly communicate its activities via such activities as publicly broadcasting open meetings, providing timely and comprehensive summaries of Board meetings, and providing new and ongoing application guidance on new standards. Such efforts are invaluable in educating and informing the work of market participants, standard-setters and regulators and enhance efficiencies and consistency in the standard setting process. We also agree with the Board regarding the need for standard-setting solutions that are promulgated efficiently and delivered timely. Current standards that are in lockstep with the rapidly changing business environment are essential to the success of the entire external reporting ecosystem. As such, we are pleased that the Work Plan indicates the Board's intention to seek opportunities to advance and demonstrate achievement of targeted milestones and timelines through various efforts such as prioritizing activities, expanding staff teams and implementing efficiencies and innovations in processes within project workstreams.

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We appreciate the opportunity to comment on the Work Plan. As the IAASB and its staff gather feedback from auditors, preparers, users and other interested parties, we would be pleased to discuss our comments or answer any questions regarding the views expressed in this letter. Please address questions to Annette Schumacher ([aschumacher@thecaq.org](mailto:aschumacher@thecaq.org)) or Dennis McGowan ([dmcgowan@thecaq.org](mailto:dmcgowan@thecaq.org)).

Sincerely,



Annette Schumacher, CPA  
Senior Director, Professional Practice  
Center for Audit Quality

cc:

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