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[submitted through the IAASB website]

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Dear Sirs

The IAASB's Proposed Strategy and Work Plan for 2024-27

Baker Tilly International is a network of independent accountancy and business advisory firms. Member firms of Baker Tilly International provide assurance, tax, consulting, and advisory services. Our 41,200 people in 703 offices across 145 territories serve clients of all sizes across all sectors, including listed entities and public interest entities (PIEs).

We welcome the opportunity to comment on the IAASB's proposed strategy and work plan for 2024-27. The insights from our member firms inform our comments below as well as our responses to the Consultation Paper questions which can be found in Appendix 1.

Our key comments are:

- The sustainability assurance project should be the IAASB's priority, and delivered to a shorter timeframe than described in this plan
- The project on less complex entities is in danger of failing without the support from users of assurance and endorsement by regulators
- We support the ISA 240 (fraud) and ISA 570 (going concern) projects to improve auditor communication

Please feel free to contact me if you have any questions.

Yours faithfully

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**WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING FIRMS
MEMBER OF THE FORUM OF FIRMS**

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Appendix One: Responses to Consultation Paper questions

Overall Questions

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

Baker Tilly response: Yes.

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)?

Baker Tilly response:

Feedback from around our network is that the conflict in Ukraine and the covid pandemic continue to drive change in how assurance practices and the entities they audit work and interact with others. This in turn continues to drive change in assurance practice.

On the Fragmentation driver: “These could include timeliness of delivering a standard(s), political and other jurisdictional pressures, and responding to a specific jurisdictional need”. Our understanding is that the main cause of fragmentation in relation to auditing standards is scalability which is linked to the outcome of the Less Complex Entities (LCE) assurance project. Without broad user support and/or regulatory endorsement for the LCE outcome then fragmentation pressure on ISAs will continue. The IAASB will know better than us but our understanding is that the regulators in a number of countries have indicated they do not support the LCE project. We support the IAASB continuing efforts to collaborate with relevant national standard setters to mitigate fragmentation.

On the Sustainability Assurance driver: “Several jurisdictional and international organizations may develop sustainability assurance standards to local timelines which leads to fragmentation.” The onus is on the IAASB to deliver a standard which is fit for purpose to a timeframe which makes this driver redundant. Our understanding at the time of writing is that the IAASB intends to publish an exposure draft mid 2023 with a final standard by end 2024. There is scope for the IAASB to prioritise the ISSA 5000 project and shorten the timeline for delivery of a final standard by 6 months, which still leaves 9 months after close of the comment period.

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

Baker Tilly response: Our concern is with the path to completion described in Table A on page 16. There are 5 projects due to be completed in the same 6-month period. This appears to be overly optimistic on the part of the IAASB at a time when its resources are already stretched. This is also likely to divert resources away from the ISSA 5000 sustainability assurance project, which has a timeline that is already too slow to meet societal needs. The ISSA 5000 project should be the priority project for the IAASB over the next 12-18 months.

We understand that since publication of the proposed strategy and work plan the IAASB has listened to stakeholder needs and is close to approving a shorter time period. It should be possible to complete a robust quality ISSA 5000 by the end of H2 2024. The IAASB should divert resources from other projects to ensure that this happens. If the IAASB is in danger of missing that timeline then the IAASB should confirm as soon as possible those areas of ISSA 5000 that it has completed/concluded so that:

- Preparers can finalise their own projects to implement the standard including designing and implementing systems which are appropriate for independent scrutiny
- Assurers can finalise their own projects for writing methodologies; designing, developing, testing and implementing assurance tools; training their people and raising awareness with preparers
- Users and other stakeholders can familiarise themselves with the new information they will receive
- Regulators can do what they need to do to implement the new standard in their jurisdiction including developing appropriate systems of oversight.

We also consider that the assurance for LCE project is in danger of failing without significant endorsement from users of assurance on LCEs and broad endorsement from regulators. If the IAASB is unable to generate broad support for the LCE project then it should be halted and resources released to projects with greater need/support such as those related to sustainability assurance. This would be consistent with the 'agility and innovative ways of working in line' with the monitoring groups reforms vision.

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.

Baker Tilly response: These projects should be secondary in priority to the overarching sustainability assurance project. We recommend the IAASB put the projects in order of priority rather than ISA number order. In order of priority after sustainability we would rank projects as follows, starting with the most important:

- ISA 240 and ISA 570 to improve auditor communication
- Materiality
- Responding to assessed risk of material misstatement
- ISA 500 series
- ISA 720
- ISA 620

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.

Baker Tilly response: We support the IESBA's project to make the IESBA Code profession agnostic in support of ISSA 5000 being profession agnostic. To complete the suite of profession agnostic standards which deliver high quality independent standards for sustainability assurance engagements, performed to globally accepted standards of ethics and independence within a globally accepted framework, the IAASB should consider making International Standards of Quality Management 1 and 2

profession agnostic too. In our view this is a greater priority than the projects described in L and M of Table 2.

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).

Baker Tilly response: No. The IAASB’s priority should be setting high quality standard/s for sustainability assurance and related work.

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.

Baker Tilly response: We support coordination with IESBA. We have no further suggestions for enhanced coordination. Resource constraints for both Boards may impact timelines for delivery.

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

Baker Tilly response: No.