

April 19, 2023
International Auditing and Assurance Standards Board
To: Mr. Thomas R. Seidenstein (Chair)
529 Fifth Avenue
New York, NY 10017
USA
Submitted electronically

Subject: Comments on the IAASB's Consultation Paper *The IAASB's Proposed Strategy and Work Plan for 2024-2027*

Dear Mr. Seidenstein,

1. The International Forum of Independent Audit Regulators (IFIAR) appreciates the opportunity to comment on the International Auditing and Assurance Standards Board's (IAASB) request for comments on its Consultation Paper *The IAASB's Proposed Strategy and Work Plan for 2024-2027* (SWP). As an international organisation of independent audit oversight regulators that share the goal of serving the public interest and enhancing investor protection, IFIAR is committed to improving audit quality globally through the promotion of high-quality auditing and professional standards, as well as other pronouncements and statements.
2. IFIAR's objectives are as follows:
 - Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity, with a focus on inspections of auditors and audit firms.
 - Promoting collaboration and consistency in regulatory activity.
 - Initiating and leading dialogue with other policymakers and organisations that have an interest in audit quality.
 - Forming common and consistent views or positions on matters of importance to its members, while considering the legal mandates and missions of individual members.
3. The comments we provide in this letter reflect the views expressed by many, but not necessarily all of the members of IFIAR. However, the comments are not intended to include, or reflect, all of the views that might be provided by individual members on behalf of their respective organisations.
4. Where we did not comment on certain specific matters, this should not be interpreted as either approval or disapproval by IFIAR.

Overall comments

5. We appreciate the efforts by the IAASB to periodically seek inputs on its strategy and activities to help ensure that its activities and pronouncements continue to meet the public interest of high-quality auditing and assurance standards.

6. IFIAR broadly supports the strategy and work plan as set out for 2024-2027. In addition to pursuing all encompassing projects, IFIAR encourages IAASB to consider 'quick response' projects to support the consistent performance of quality audit engagements, including when changes to auditing standards may be necessary in response to standard-setting activities of other international standard setting boards, such as the International Ethics Standards Board for Accountants (IESBA) and International Accounting Standards Board (IASB). Such a 'quick response' process could be inspired by the processes used by the International Accounting Standards Board for developing narrow scope amendments to its Standards. Although the standards are framework neutral, the IAASB should always be actively evaluating changes at IESBA and IASB to consider whether complementary changes are necessary to the auditing standards, or to supplementary guidance.
7. IFIAR encourages the IAASB to develop more detailed plans about the targeted output and to provide more information about resources affected and priorities set on the various topics suggested in its proposed work plan. From previous experiences, clarity on the objectives of the various projects is essential to ensure that actual delivery does not fall behind the expectations.

Completion of Current Projects

8. Whilst we acknowledge the importance of sustainability standards, we are concerned about the sufficiency of resources and the risk that work by the IAASB on sustainability standards could hinder progress in improving the ISAs. IFIAR cautions that the development of these important standards should not lead to a diversion of resources needed for the setting and revising of auditing standards, since the importance and the public interest attached for further improvement of auditing standard has not changed. IFIAR would also emphasize the importance of adhering to established timelines.

Next projects

9. IFIAR acknowledges that the IAASB has limited resources and must therefore prioritise its workload. Equally the IAASB needs to allow for emerging issues and enable it to divert resources at short notice. As such we encourage the IAASB carefully consider what additional projects it can deliver.
10. Based on concerns reported by IFIAR Members, IFIAR believes that a project to reconsider the standard on materiality urgently deserves priority. IFIAR deems the concept of materiality one of the fundamental principles relevant to auditing and is of the view that further clarity would be welcome in the ISAs to foster consistent implementation amongst audit practitioners. Sampling continues to be another area within the annual IFIAR Survey¹ that has a high number of concerns and findings and would therefore benefit from further clarifications or guidance from the IAASB to enhance consistency and quality of audit work.

¹ 2022 Survey of Inspection Findings, <https://www.ifiar.org/?wpdmdl=15294>

11. Given the recurring high level of findings with respect to the testing of internal controls in the annual IFIAR Survey, we support the IAASB commencing a project to revise and clarify ISA 330 *Responding to Assessed Risks of Material Misstatement*. This would address the message from our comment letter on the exposure draft of ISA 315, where we explained that *“we believe it is important that the Board begin a project to review and update ISA 330 with the objective to update the standard for current developments in auditing and to consider all follow on impacts resulting from the amended ISA 315. In particular, consideration should be given to the impact of the “spectrum of risk” and “inherent risk factors” on the auditor’s response.”*
12. While the revisions to the *Audit Evidence* standard are still under exposure, IFIAR supports revising and updating the other standards in the 500-series, including considering how new technology can be incorporated into the standards. IFIAR notes that in response to the prior proposed IAASB work plan, we encouraged IAASB: *“to focus on a holistic project on audit evidence, and to evaluate the needs for enhancement of the standards for areas related to the determination of the level and quality of evidence required, including any related consideration of materiality, audit sampling, and analytical procedures. We also believe the audit evidence standard is an area where the application of professional scepticism could be further enhanced.”*

Post-implementation reviews

13. IFIAR supports IAASB’s efforts to perform post-implementation reviews. IFIAR would suggest preparing a detailed timeline of when projects are being completed, and when the post-implementation review needs to be performed. ISA 315 and ISA 540 could be treated together in a same post implementation review.

Interaction between IESBA and IAASB

14. IFIAR supports the inclusion of coordination with the IESBA and other standard setters in IAASB’s proposed strategic objectives. IFIAR continues to underline the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards. Systemic liaison between the IAASB and IESBA is essential in this regard.

Please do not hesitate to contact me or James Ferris, Chair of the IFIAR Standards Coordination Working Group (SCWG), to discuss any of our comments.

Yours Faithfully,



Duane DesParte, IFIAR Chair

Cc: Takashi Nagaoka, IFIAR Vice Chair
James Ferris, SCWG Chair,
Stacy Hammett, SCWG Vice Chair
Carl Renner, Executive Director