



THE IAASB'S PROPOSED STRATEGY AND WORK PLAN FOR 2024-2027

Issued 11 April 2023

ICAEW welcomes the opportunity to comment on the IAASB's Proposed Strategy and Work Plan for 2024–2027, a copy of which is available from this [link](#).

For questions on this response, please contact the ICAEW Audit and Assurance Faculty at tdaf@icaew.com quoting REP 31/23.

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KEY POINTS

OVERALL OBSERVATIONS

1. We welcome the opportunity to comment on IAASB's proposed strategy which is of increased importance in the current uncertain environment.
2. The new standard for audits of less complex entities is much anticipated and we encourage IAASB to engage with national standard setters (NSS) to encourage wider adoption of the standard.
3. Going forward we believe IAASB should present a considered and achievable work plan for comment, rather than consulting on what the work plan should be. We believe it would be advantageous for the IAASB to undertake more informal stakeholder engagement on a continuing basis in advance of the strategy consultation. The proposed work plan could include an appendix of projects which were considered but rejected. With growing international attention focussed on the profession, IAASB should consider the need for a concise and focused work plan, which directly addresses the public interest, rather than identifying a wide range of possible narrow scope revisions.
4. Although we appreciate the milestone indicators and high-level direction of projects, the absence of a forward-looking calendar within the proposed work plan, which was provided in previous consultations, makes it difficult to assess the program as a whole and the relative timings of interrelated projects. While we appreciate timetables are subject to revision, they are useful for stakeholders' forward planning. We encourage IAASB to include a calendar showing the anticipated forward agenda in its final 2024-2027 strategy and work plan document.
5. The continued focus on collaboration with stakeholders as a proposed strategic objective, including NSS and IESBA, is welcome. However, we urge IAASB to identify professional bodies as a key strategic stakeholder; professional bodies can reach small and medium sized auditing firms to a greater extent than NSS.
6. The absence of technology as a separate strategic action is disappointing. Recent revisions to relevant ISAs, including ISAs 315 and 500, did not adequately address the use of technology which continues to develop rapidly in the performance of audits, and the continued lack of focus on this issue will widen the gulf between standards and practice.
7. With regards to specific projects which the IAASB should prioritise, there should be a focus on completion of existing projects. We suggest that technology should be the primary focus in amending the ISA 500 series, except for ISAs 520 and 530 which should be more broadly revised to address issues identified in current practice. ISA 720 should also be revised to address the challenges identified from the auditor reporting post implementation review and to make it more relevant to ESG and climate-related reporting. ISA 330 should be modernised to address changes to other standards, and for the use of technology.

ANSWERS TO SPECIFIC QUESTIONS

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

8. We support IAASB's overall goal for 2024-2027 to develop leading and globally accepted standards which enable high-quality audits. IAASB has a key role to play in setting standards in a timely manner to meet the rapidly changing public interest demands. This is especially important given the heightened focus on audit and corporate governance reform in the UK and other jurisdictions at present.
9. IAASB's goal has been updated since the 2020-2023 work plan, with a focus on the need for standard setting to respond quickly to changes. The speed at which high-quality standards are released is critical to meeting public expectations, and therefore we support this focus.
10. Continuity is important in the current environment. While IAASB's goal, strategic objectives and associated actions have been updated to reflect changing demands, we suggest careful consideration is given going forward to changes that may not be necessary, to ensure continued focus and stability.

11. There have been no significant changes to the stakeholder value proposition. These remain appropriate and support IAASB's goal. Changes have been made to other aspects of the proposed strategy, with changes to the overall goal and environmental drivers being described as strategic drivers, etc. Going forward IAASB should try to avoid changes in such classifications and wording to aid comparability.

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)?

12. The strategic drivers were previously described as environmental drivers. The last strategy consultation in 2019 was before the pandemic, the global energy crisis and a war in Europe, among other events. We acknowledge the need for these to be updated to reflect the new environment. The proposed strategic drivers have increased in length from 1 to 3 pages, reflecting the increased complexity of the international regulatory environment.
13. The impact of technology remains very relevant to auditors. The requirement for new or revised standards to address how technology is transforming engagements is reaching a critical point as the gulf between standards and auditing practices grows. Technology is included as a key strategic driver. We suggest that it should instead be a strategic objective.
14. Sustainability assurance standards are needed, and we look forward to these being released. While sustainability is a key strategic driver, and we agree that there is clear need to have an operational standard by the end of 2024, we urge IAASB not to focus excessively on this area in subsequent years, to the detriment of other strategic drivers.
15. We welcome IAASB's continued focus on collaboration with relevant NSS, particularly in developing first time implementation guidance. We believe collaboration with professional bodies as well as NSS will be crucial to delivering guidance which meets the requirements of all stakeholders regardless of size. Professional bodies have much greater access to medium and smaller sized firms for which this guidance will be most valuable.

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

16. The replacement of five strategic themes with four strategic objectives has produced a more focused and concise set of actions for the coming four years.
17. Assurance on sustainability reporting is the second proposed strategic objective, while technology, alongside professional scepticism and auditor reporting, features as part of strategic objective 1. We believe that technology should be included as a separate strategic objective to respond to current urgent needs within the market.
18. Ahead of the completion of the much-anticipated standard for audits of financial statements of less complex entities (LCEs), we note the strategic action (in relation to strategic objective 1) of promoting this ISA. Active engagement with NSS will be critical in ensuring swift and effective take-up of the standard and we encourage IAASB to engage with a wide range of stakeholders, including regulators and professional bodies.
19. We look forward to the implementation of the Monitoring Group reforms (strategic objective 4), because of the need for auditing standards to be developed more quickly and efficiently. The current challenges involved with addressing technology in standards is complicated by the process of standard setting, and the Monitoring Group reforms should enhance this process.

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.

20. We congratulate IAASB on the imminent finalisation of the standard for audits of financial statements of less complex entities. This is a major achievement, which will be welcomed by auditors internationally.

21. Going forward, we encourage IAASB to release a considered, achievable work plan for comment, rather than a list of all possible projects it could undertake. It would be helpful to place the projects in order of priority. Please also see paragraphs 3 and 4 above.
22. No calendar for the detailed work plan is included in the proposed strategy document. In previous consultations, this calendar was very useful in reviewing proposed work effort over the period covered and allowed readers to clearly see the timeline of projects. We suggest reinstating this in the finalised work plan.

A. MATERIALITY (REVISION OF ISA 320)

23. We recognise pressure from regulators for a full revision to ISA 320. However, we urge IAASB to balance the needs of different stakeholder groups in any revision to this standard, including those of practitioners.

B. RESPONDING TO ASSESSED RISKS OF MATERIAL MISSTATEMENT (REVISION OF ISA 330)

24. We support modernisation of ISA 330. The revisions to ISA 315 and the proposed revisions to ISA 500 have not gone far enough to address the use of technology in audit, and therefore we urge IAASB to address this within ISA 330 if it is revised.

C-G ISA 500 SERIES (501, 505, 520, 530, TECHNOLOGY)

25. Adapting ISAs to reflect technology should not be performed on a piecemeal basis. ISAs should reflect the impact of technology on the way in which auditors carry out their work to ensure that they remain relevant. The consultation on revisions to ISA 500 is still open, and this consultation did not adequately address technology. ISAs within the ISA 500 series should be revised, primarily with a focus on the use of technology, except for ISAs 520 and 530 which should be revised in full to address challenges identified in practice.

H. USING THE WORK OF AN AUDITOR'S EXPERT (REVISION OF ISA 620)

26. We do not see ISA 620 as causing issues in practice and therefore this should not be prioritised.

I. AUDITOR RESPONSIBILITIES RELATING TO OTHER INFORMATION (REVISION OF ISA 720 (REVISED))

27. The front halves of annual reports are increasingly important, especially in relation to ESG reporting, and there is therefore a need for ISA 720 to be more relevant. We suggest a narrow scope amendment.

J. REVIEW OF INTERIM FINANCIAL INFORMATION (REVISION OF ISRE 2410)

28. There is no fundamental problem in practice when applying ISRE 2410. While we understand the reasons underpinning the case for revision, including the need for alignment with auditors' reports on the position of the conclusion, it should not be prioritised ahead of other projects.

K. JOINT AUDITS (NEW STANDARD)

29. IAASB should not commence a project for a new standard on joint audits. Joint audits are currently limited geographically and in terms of industry spread. IAASB should keep the market for joint audits and the regulation of joint audits under review and be prepared to accelerate a project in the event of significant changes in either.
30. If IAASB does address joint audits, we suggest adapting ISA 600 rather than creating a new standard.

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.

L. FURTHER STANDARDS FOR ASSURANCE ON SUSTAINABILITY REPORTING (NEW STANDARDS)

31. Following successful completion of the initial sustainability assurance standard we suggest that a stable platform is needed for implementation, and to enable IAASB to focus on other critical projects, including technology, to the extent that it has not been addressed earlier.
32. Technology is included as a key strategic driver. We suggest that it should instead be a strategic objective. Additional work on sustainability, alongside the proposed work plan would be too ambitious, leaving inadequate time and focus. Please also see paragraph 14 and 17 above.
33. While standard setters are excited about the new sustainability assurance standard, it is based on extant standards, including ISAE 3000 (Revised). The maintenance of extant standards should therefore remain a priority for IAASB.

M. ASSURANCE ON XBRL (NEW STANDARD)

34. IAASB should not prioritise assurance on XBRL. XBRL is currently fragmented globally, and its implementation is required on a more consistent basis before assurance can be considered. Recognition of the digitalisation of reporting should be addressed within revisions to extant ISAs where necessary.

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).

35. As noted in our response to question 4 above, IAASB has a significant workload ahead and therefore we would not add further topics to the list.

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.

36. It is possible there will be slippage on the timetable for sustainability assurance and, potentially, for other challenging projects such as revisions to the ISA 500 series. When combined with resource constraints, achievement of the detailed work plan and the successful implementation thereof will be challenging. IAASB will struggle to respond to unexpected events. We therefore urge IAASB to simply maintain the alignment of auditing and ethical standards to the extent possible.

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

37. Please see our response to questions 4 and 6 above.