



**THE INTERNATIONAL AUDITING AND ASSURANCE
STANDARDS BOARD'S (IAASB) PROPOSED
STRATEGY FOR 2015 - 2019**

**THE INTERNATIONAL AUDITING AND ASSURANCE
STANDARDS BOARD'S (IAASB) PROPOSED WORK
PROGRAMME FOR 2015 - 2016**

RESPONSE FROM ICAS TO THE IAASB

4 April 2014

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Background

1. ICAS welcomes the opportunity to comment on the IAASB's Proposed Strategy for 2015 - 2019 and the IAASB's Proposed Work Programme for 2015 - 2016. Our CA qualification is internationally recognised and respected. We are a professional body for over 20,000 members who work in the UK and in more than 100 countries around the world. Our members represent different sizes of accountancy practice, financial services, industry, the investment community and the public sector. Almost two thirds of our working membership work in business, many leading some of the UK's and the world's great companies.
2. Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Our overall responses to the consultation questions are as follows:

We welcome the opportunity to comment on the IAASB's Proposed Strategy for 2015 - 2019 and the Proposed Work Programme for 2015 - 2016.

We believe that the strategic objectives are generally appropriate for the period 2015 - 2019 and the factors included in Appendix 2 represent a reasonable basis for the IAASB to use in developing its strategy beyond the Work Programme for 2015 - 2016.

We would like to suggest that the IAASB revise its third strategic objective to cover the "corporate reporting supply chain" as opposed to the "financial reporting supply chain".

We welcome the IAASB approach in adopting a longer term strategy whilst maintaining the ability to react and revise the strategy in response to any changes in the external environment that may emerge.

Our comments on the specific details of the proposed Strategy and Work Program follow:

- We question whether anything more could usefully be done by the IAASB in relation to professional scepticism in terms of the inclusion of more detail in the ISAs or whether further clarification/expansion of existing mentions within the standards is required. We would suggest that perhaps there might be more for the International Accounting Education Standards Board (IAESB) to do in this respect as professional scepticism actually applies wider than to just auditors and should be a trait of all professional accountants. The use of practical examples and case studies may be of more benefit in relation to this issue as opposed to the development of a formal standard.
- We welcome acknowledgement on pages 23 and 25 of the Proposed Work Program for 2015 - 2016 that Integrated Reporting is a topic that the IAASB intends to prioritise in 2017.
- We would suggest that the IAASB might consider placing more focus on an earlier review and revision of ISA 600 on Group Audits on the basis that this was the area that the EC highlighted to the IAASB was a major weakness circa 2002.
- Within the key topic/activity in the IAASB's proposed work programme for 2015 - 2016, reference is made to enhancing the ISAs and/or developing guidance on considerations specific to banking/financial institutions. We suggest that the preferred option would be to develop a sector-specific International Auditing Practice Note (IAPN) which provides auditors with practical assistance on auditing such institutions, as opposed to the development of a sector specific ISA.

- As referred to in our overall response above, we would like to suggest that the IAASB revise its third strategic objective to cover the “corporate reporting supply chain” as opposed to the “financial reporting supply chain”. Both are actually referred to further down on page 3 and on page 19, within the second bullet point in section 2, “...would further facilitate high-quality financial and corporate reporting...”
- We would like to suggest that stronger references to investors should be included in the Executive Summary of the Strategy. The references to key stakeholders relate to international regulators and audit oversight bodies but do not reflect the extent of interaction the IAASB has with investors.
- We welcome the consideration, within the priorities and Actions for 2015 - 2016, of the need for further guidance to clarify the proportionate application of ISQC1 to other assurance and related service engagements which can be excessively restrictive for many Small and Medium Practices (SMPs) and Small and Medium Enterprises (SMEs).
- We also trust that:
 - i. the IAASB will monitor developments in enhanced auditor reporting around the globe and be ready to make changes to its forthcoming ISAs 700 and 701 if market demand dictates further refinements;
 - ii. the IAASB will monitor whether there is demand for increased assurance to be given by auditors in relation to other parts of the annual report. We will, very shortly, publish our follow up report to the ‘Balanced and reasonable’ discussion paper which summarises the responses and feedback we received to the questions posed on the possibility of the auditor providing positive assurance on management commentary. The report also sets out our proposed next steps as part of this debate on the future of assurance.