

IAASB Strategy and Workplan

Nodes\Q3 Framework for Activities (includes Theme D - Framework)\Q3 2. Agree

Files

08_IRBA

We agree with the IAASB's proposed Framework for Activities, and the possible nature of such activities, as set out in Appendix 2.

12_CNCC - CSOEC

Please refer to answer to question 2.

16_MAASB

In innovating the IAASB's ways of working, we support the approach to establish 'Framework of Activities' and the suggested mechanisms for addressing issues and challenges on a timely basis, specifically, in implementing an 'interpretations' mechanism which will allow users to understand the IAASB's intentions when originally setting the standards.

18_NZAuASB

The NZAuASB supports the Framework for Activities approach, whereby research is undertaken providing sufficient information to support the appropriate response.

20_CI

The Framework for Activities is welcome, as IAASB has to respond to the rapidly changing audit environment more promptly.

The challenge for IAASB is having the resources available to deliver what is set out in the Framework.

22_ETY

Proposed Framework for Activities. Agree. See comments on themes A and C

25_KPMG

We are supportive of the IAASB's planned response to these matters, set out in more detail in Our Strategy and Focus and Our Strategic Actions, as well as the proposed Framework for Activities. We consider these to be appropriate proposed responses to the identified opportunities and challenges. The responses include the need to prioritise addressing the significant changes to the audit environment as a result of rapid developments in technology, including data analytics, as well as the need for standards that are capable of consistent and effective implementation, in a manner that allows them to be scalable, acknowledging that audits are performed in an increasingly global environment, with businesses ranging across a broad spectrum in terms of nature, size and complexity.

30_CPAA

Yes, we agree with the proposed framework to categorise standard-setting activities.

37_ISCA

We agree with the IAASB's framework for activities. Collaboration with third parties such as national accountancy bodies, national standard-setters or academia will expand the pool of resources available to the IAASB and can help to expedite the research phase of projects.

38_MICPA

Yes, MICPA agrees.

40_SAICA

100% of survey respondents are in agreement with the Framework for Activities developed by the IAASB.

We believe that the narrow scoped maintenance of the standards as well as developing non-authoritative practical guidance may improve the turnaround time to achieve the planned projects of the IAASB. This will address the criticism that the IAASB does not respond timeously to changes in business.

Nodes\\Q3 Framework for Activities (includes Theme D - Framework)\Q3 3. Agree with Suggestions

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04_CEAOB

3. Comments on the IAASB's proposed Framework for Activities, and the possible nature of such activities (pages 11 and 12), as set out in Appendix 2 (pages 19 and 20).

10. In principle, we welcome initiatives aiming at organising the IAASB's work in a way to facilitate more timely reaction to issues identified, especially by audit regulators. However, we note that the work on the proposed Framework for Activities is not included in the details of the 2020/21 work plan, so it is not clear when the IAASB expects to develop, finalise and implement the proposed framework. Nor is it clear if the IAASB intends to engage in further consultation regarding a new proposed framework.

11. While we acknowledge the importance of information-gathering and research to inform the IAASB's activities, there is a risk that unless such activities are time bound and subject to appropriate controls they could delay the IAASB's work rather than enhancing it. The process may become overly focussed on research activities rather than actual outcomes. We encourage the IAASB to define clear targets with actual tangible outcomes, as well as the expected time for delivery.

12. Further detail would be welcome on what is envisaged by the various mechanisms for addressing issues and challenges on a more timely basis (see page 12: non-authoritative guidance, 'limited scope' revisions and an 'interpretations' mechanism). While we welcome IAASB initiatives to ensure that issues are addressed on a timely basis, there is a risk that lack of clarity regarding these mechanisms and how they will operate in practice may complicate rather than simplify, for users, the application of standards issued. Further, the IAASB should also examine the current standard setting process to identify where improvements could be made such as efficiencies to reduce the time-scales for the issuing/updating of standards.

13. It is our view that the ability to "undertake the work within a realistic timeframe" should not be a key driver of the decision whether to revise or develop standards. Rather the IAASB should prioritise its projects to make the most effective use of the resources available to it. Such priorities should be examined on a regular basis to ensure the allocation of resources continues to be appropriate.

07_IAASA

In principle, we welcome initiatives aiming at organising the IAASB’s work to facilitate more timely reaction to issues identified, especially by audit regulators. However, we note that work on the proposed Framework for Activities is not included in the 2020/21 work plan, so it is not clear when the IAASB expects to develop, finalise and implement this. Nor is it clear if the IAASB intends to engage in further consultation regarding a new proposed framework.

While we acknowledge the importance of information-gathering and research to inform the IAASB’s activities, there is a risk that unless such activities are time bound and subject to appropriate controls they could delay the IAASB’s work rather than enhancing it. The process may become overly focussed on research activities rather than actual outcomes. We encourage the IAASB to define clear targets with tangible outcomes, as well as the expected time line for delivery.

Further detail on what is envisaged by the various mechanisms to address issues and challenges on a more timely basis (page 12: non-authoritative guidance, ‘limited scope’ revisions and an ‘interpretations’ mechanism) would be helpful. While we welcome IAASB initiatives to ensure that issues are addressed on a timely basis, there is a risk that lack of clarity regarding these mechanisms and how they will operate in practice may complicate rather than simplify the application of standards issued. Further, the IAASB should also examine the current standard setting process to identify where improvements could be made such as efficiencies to reduce time-scales for the issuing /updating of standards.

It is our view that the ability to “undertake the work within a realistic timeframe” should not be a key driver of the decision to revise or develop standards. Rather the IAASB should prioritise its projects to make the most effective use of the resources available to it. Such priorities should be examined on a regular basis to ensure the allocation of resources continues to be appropriate.

09_UK_FRC

We strongly support the IAASBs Framework for activities illustrated in the diagram on page 12 and detailed in Appendix 2 of the SWP. As proposed in our response to the Stakeholder Survey in July 2018, we believe the Board should better balance the time spent on drafting standards with research and implementation activities. This approach is also consistent with the Monitoring Group’s proposals that the Board should be more strategic. For such a revised model of operation to be successful, the IAASB is encouraged to develop much more effective collaboration and feedback mechanisms that enables it to work more successfully with its stakeholders, which has been briefly highlighted in Theme E.

Research Phase

We strongly support the introduction of a formal research phase (research programme) into the IAASB’s framework for activities. As noted in our response to the Stakeholder Survey, thorough, balanced and evidence-based research is necessary for the development of high-quality standards that are based on clear principles and are in the public interest. Evidence gathering is essential to understanding the evolving environment and reconciling the needs of multiple stakeholders with different objectives and jurisdictional needs. A research programme arms the IAASB with a much greater understanding (i.e. evidence) of the needs, issues and challenges, and gives the IAASB a firm basis to assess a feasible solution.

The research programme should be where a significant amount of deep analysis is performed before any other activity, including standard setting, can begin and requires sufficient resource to be successful. In increasing capability and capacity to respond to research needs, the IAASB should look to enhancing collaboration with external stakeholders, such as National Standard Setters, professional bodies, academics, regulators and others (including other SSBs such as IESBA, PCAOB and the International Accounting Standards Board).

We support the recognition in Appendix 2 that following research on a topic, the IAASB may conclude that standard setting is not necessary or appropriate. Other more effective activities may be appropriate to meet the needs of its stakeholders (e.g. educational activities, non-authoritative guidance, rapid response).

In finalising its proposals, we recommend the IAASB includes the research programme as part of its formal operating procedures, set out in its Terms of Reference. In addition, we recommend that the IAASB articulate, for example:

- what the strategy, objectives and processes of the research programme are;
- how the Board adds projects to its research programme (e.g. IAASB’s goal and strategy, environmental drivers, post-implementation reviews) and sets priorities (e.g. using the IAASB’s goal and strategy and other key guiding considerations);
- how the research programme interacts with related work in maintenance, standard setting, and implementation projects; and
- strategies for collaboration.

Post-Implementation Reviews (PIRs)

We support the recognition of PIRs in the research phase of the IAASB’s framework for activities. PIRs have served as a useful tool, as the IAASB were made aware of implementation issues with a particular standard(s) and identified topics that should be investigated further.

We recognise that the mechanisms and processes for responding to issues identified through these reviews needs to be streamlined so that once a review is completed any urgent issues are addressed in a timely manner. However, as noted earlier, not all issues or topics identified will be urgent or result in standard setting, and some topics or issues may require further research to determine the right course of action. In addition, as noted in our response to the stakeholder survey, although PIRs are traditionally only performed for revised or new standards, the IAASB can conduct a PIR on any IAASB pronouncement when circumstances warrant this approach. In finalising its proposals, we recommend the IAASB take these factors into consideration when formalising this aspect of the research programme.

In addition, we recommend the IAASB formalises PIRs as part of the research programme in its operating procedures, set out in its Terms of Reference. In addition, we recommend that the IAASB articulate, for example:

- overall process in respect of PIRs (including timing);
- objectives of the PIRs (e.g. to evaluate if the pronouncement has achieved its original objective, does that objective remain appropriate, is the pronouncement still required/remains the best option for achieving that objective and could the objective be achieved in another way?); and

in what circumstances would further research be required.

In addition, the level of analysis and resource required for a PIR will vary according to the particular facts relating to each situation. However, wherever practicable, if more significant evaluation is required, we recommend that PIR should be built into a wider research programme where possible, so that all relevant evidence can be evaluated, and duplication of effort avoided.

Implementation and Application of Standards (Implementation).

We strongly support the introduction of a formal implementation programme into the IAASB's framework for activities. As noted in our response to the Stakeholder Survey a formal implementation programme is essential to adoption, consistent interpretation, application, and understanding of all the IAASB standards, including to effect behavioural changes to respond to the revisions in the standard and will therefore directly respond to the concerns raised by stakeholders that some standards are or will be challenging to apply in practice.

In finalising its proposals, we recommend that the IAASB considers:

introducing a mechanism for ongoing support as part of the implementation programme, which will necessitate the development of a process for responding to questions about application of the IAASB standards.

clarifying that the implementation programme offers transition support prior to the effective date. A formal pre-implementation programme will be reassuring to those stakeholders who perceive the standards to be unnecessarily complex. Pre-implementation support may also be attractive to those jurisdictions that have not embraced, or not fully embraced, the IAASB standards and to assist with interpretation or consistent application.

As with the research programme, we also recommend that the IAASB includes the implementation programme as part of its formal operating procedures, set out in its Terms of Reference, and allocates sufficient resource to the programme to ensure its success, including through collaboration with other stakeholders.

Narrow-Scope Maintenance

We strongly support the introduction of a maintenance programme, and recommend it is formalised as part of the IAASB's operating procedures. As indicated above, we support recognition in Appendix 2 of the SWP that following research on a topic, the IAASB may conclude that standard setting is not necessary or appropriate. Other more effective activities may include narrow-scope amendments.

However, before a narrow-scope amendment project is added to the work plan, the IAASB needs to establish that enough evidence has been gathered that clearly demonstrates that despite a legitimate application of requirements and use of professional judgement, there is significant widespread diversity in practice, and that there are no broader issues that need to be addressed before the matter can be resolved (or if so, such broader issues are also addressed). This will support the effectiveness of narrow-scope amendments in addressing the fundamental underlying issue(s) and avoid unintended consequences.

Key guiding principles

We support the Key Guiding Considerations set out on page 14.

10_AUASB

As described in our covering letter, as the National Standards Setter (NSS) responsible for the adoption and implementation of IAASB standards in our jurisdiction, we strongly endorse the IAASB's new Framework for Activities as a means for the IAASB to broaden and strengthen its capacity and capability to implement the strategic actions proposed in the Proposed Strategy. We look forward to working, individually and collaboratively with the other NSS's, with the IAASB on the different phases of the Framework. In particular we consider the IAASB should communicate in more detail how it wishes to engage with the NSS's as part of the 'Research Phase' and working collaboratively with the IAASB on the 'Implementation and Application of Standards' described in Appendix 2. This would assist in determining where representatives from the NSS's have the experience and capability to provide the greatest contribution.

In connection with Theme D of the strategic actions in the Proposed Strategy, the AUASB believes the IAASB's Framework of Activities could be further enhanced by:

A reduction in the detail of meeting papers produced. This would assist in making the boards' deliberations more accessible and transparent to interested stakeholders, particularly where English is not the native language; and

The increased use of technology as part of the boards' operations, such as the webcast of meetings and other standard-setting board events. This could improve efficiency, reduce costs, whilst also enabling greater collaboration with stakeholders across all parts of the world.

Additionally please refer to our additional comments in relation to the research activities phase of the framework in Question 5 below.

11_CAASB

We support the proposed Framework. We believe it will help to focus the IAASB's attention and ensure resources are best used. As noted in response to Question 2, we also believe that it can help the IAASB identify where it may be able to use assistance from others, for example, NSSs.

Narrow scope amendments may help address the timeliness issue. However, the IAASB will need to beware of "scope creep". This can occur if the IAASB addresses issues not contemplated in the project proposal. The clarity project is an example where the IAASB identified issues that were beyond clarification of a standard but did not address them at that time because the IAASB was focused on the narrow scope of the project.

14_IDW

We have the following comments on the possible nature of such activities as set out in Appendix 2.

With respect to revising and developing standards, the IAASB should also consider the benefits of having a relatively stable platform for practitioners and inspectors over time, rather than having a constant stream of changes that need to be addressed. A further consideration is whether in fact a standard setting project is an appropriate response to deal with the issue that arose from the research phase. To this effect, vague references to the “public interest” are not really helpful as a criterion for decision-making on standard setting. Rather, the IAASB needs to consider the costs and benefits of any changes to society as a whole. In particular, what matters is the appropriate level of quality of assurance and related services engagements given the resources that society wishes to expend on those engagements – not only whether changes might make the exercise of regulatory oversight and inspections easier.

With respect to narrow scope maintenance of standards, we refer to our response to Question 2 on Theme B in relation to interpretations: the same considerations apply here.

15_JICPA

We agree that the IAASB will develop and implement a Framework for Activities. In particular, we support robust information-gathering and research activities as a cornerstone for future work streams (page 11), and the criteria for initiation of standard-setting projects described in the column “Revising and Developing Standards” in Appendix 2 (page 19). We believe that it is crucial to define clearly what issues are occurring and how pervasive they are, and to determine appropriate actions (i.e., revising or developing standards or other responses). In addition, it is important to clearly explain to the public the process that led to the decision on actions.

However, with regard to “developing a process for limited-scope revisions to standards” (page 12), we believe it is unclear when the process is expected to be used and are concerned that this process will result in frequent revisions to the standards. It should not be implemented except for very limited cases. Therefore, we believe it is necessary to establish strict criteria to determine whether the process is to be applied.

We found that the Proposed SWP uses the terms “limited-scope revisions to standards” (on page 12), “narrow scope maintenance of standards” (on page 12 in the chart) and “narrow-scope amendments to a standard” (on page 20 in Appendix 2). When the Framework of Activities is finalized, consistent terminology should be used. In addition, “interpretations mechanism” is classified as “narrow scope maintenance of standards” (on page 12 in the chart and on page 20 in Appendix 2). However, we believe that it should be classified under the same category as “developing non-authoritative guidance”, since it does not involve any change to the standards.

17_NBA

The proposed Framework (diagram) gives an adequate overview of possible activities. This could help in addressing issues and challenges on a more timely basis. We are in favor of developing non-authoritative guidance if this can be processed faster and is sufficient for the intended purpose. We also think that for ‘maintenance projects’ a shorter and less rigorous due process could be considered in co-operation with the PIOB.

19_BDO

Yes, we support the proposed Framework for Activities. We believe the Framework and the accompanying Detailed Descriptions appear to be well thought out and should assist the IAASB in decision making, planning and directing resources appropriately. In particular, we support the path that considers timely responses to emerging issues. We note that:

If there is a way to shorten due process when making limited scope revisions to standards, all stakeholders will benefit, and

If non-authoritative practical guidance can be provided in a timely manner, we believe that can improve the quality of implementation of the standards.

21_DTTL

DTTL agrees with the IAASB’s proposed Framework for Activities and the possible nature of such activities.

DTTL recognizes that the IAASB has formalized due processes that it adheres to when developing standards in order to protect the public interest, and that these mechanisms are designed to result in auditing standards that further audit quality and have global applicability and acceptance. However, the time taken to follow due process should be balanced with the desire and need to issue timely guidance in a capital market environment where the investor community is faced with rapidly evolving topical and industry-specific issues. Therefore, DTTL is supportive of the mechanisms proposed in the Framework for Activities for addressing issues and challenges on a more timely basis with the recognition that in certain cases such mechanisms may be more appropriate than formal standard setting.

The development of nonauthoritative guidance as well as the conduct of Board activities to support the implementation of new and revised standards will also help to further establish the Board’s intent when issuing such standards and facilitate consistency in interpretation and application.

In order to maximize the efficiency of the information-gathering and research activities, DTTL encourages the IAASB to continue to explore ways to optimize leveraging the experiences of the auditing firms as they relate to implementation challenges or issues. DTTL notes that a number of the

projects identified in the Work Plan are consistent with matters highlighted by the International Forum of Independent Audit Regulators (“IFIAR”) in its 2018 Survey of Inspection Findings as audit findings among its members (i.e., accounting estimates, group audits, engagement quality control review, risk assessment, audit report) and, accordingly, the auditing firms are also taking actions to understand the root causes of these issues and to address them effectively

23_EYG

We agree with the Framework for Activities, especially the proposal to include a phase dedicated to researching the issues and challenge to existing standards to inform the IAASB’s decisions on the appropriate action to take, which may not be standard-setting in all cases. We recognize however that the addition of a formal research phase may give the impression that there is a consequence of lengthening the standard-setting process. We do not believe this is the IAASB’s intent and we would recommend further clarity in the description of the Framework as to its possible effects on the timing of the IAASB’s activities and how the Framework may actually assist in improving the timeliness of IAASB’s responses to emerging issues. Improved timeliness of the IAASB’s standard-setting activities is particularly important to improving the IAASB’s credibility with its stakeholders. In our view, increasing transparency of IAASB efforts around emerging issues (for example, issuing publications, non-authoritative guidance or other statements of views designed to promote dialogue on the issues at an early stage) could not only improve the perception of the IAASB’s timeliness but also increase the knowledge that the IAASB has in-house on the particular issues at the points in time when it is appropriate to commence standard-setting projects to address them. Having a visible and thorough incubation process for emerging issues would also benefit practitioners who may be able to provide timely practical insights or pilot or “road test” early thinking from the IAASB on solutions to issues, which also may help to shorten the development cycle.

Overall, we would like to see the IAASB become a thought leader on emerging auditing and assurance issues and challenges, changing from its current reactionary approach. The implementation of the Framework for Activities may be the mechanism for enabling the IAASB to analyze emerging issues in closer coordination with when such issues are being analyzed by its stakeholders. It should be made clearer if this is one objective of the Framework. Regardless, we believe there is a need for the Framework to approach the analysis of many issues through both the lens of an audit and the lens of an assurance engagement. For several emerging topics that are affecting current practice, such as blockchain and cryptocurrencies, there are effects on both audits and the demand for other assurance services.

We believe enhancing coordination protocols with National Standard Setters should be specifically considered in developing the Framework for Activities. When there are national standard-setting projects of global relevance, timely coordination and collaboration, as appropriate, could assist the IAASB in developing a timely response to emerging issues relevant to the application of its International Standards.

For the activities other than revising and developing standards and outreach, we believe that the IAASB should have an objective of putting processes in place to respond to challenges in practice on a timely basis through a greater focus on issuing interpretations and non-authoritative guidance. Firms are currently in the position of needing to determine an approach or solution to emerging practice issues years ahead of when the IAASB releases revisions to its standards to address the issues. However, we have the view that the other activities have challenges to their success because of the capacity constraints of the IAASB and the ongoing expected priority for the IAASB to develop and revise standards. Accordingly, we believe that the Framework for Activities should include specific consideration of resourcing needs for the appropriate response and whether the activity should be performed by the IAASB or addressed through collaboration with others.

Because the Framework for Activities would introduce a new and formal process to IAASB project identification and scoping, we believe a dedicated project should be added to the Work Plan to address the design, development and implementation of the Framework. This project should include establishing clear protocols, including due process procedures where necessary, around each activity. Formalizing the Framework is important, in our view, to managing stakeholder expectations around the IAASB’s project intake and prioritization process, as well as providing transparency about how decisions will be undertaken to determine the appropriate activity in the circumstances.

In particular, narrow scope interpretations are a new activity that would seem to need the development of specific due process procedures. For implementation materials for new standards, we would suggest setting a protocol that such materials are provided either concurrent with the issuance of a new standard or very early in the transition period. If the IAASB’s capacity does not allow for such timeliness, protocols should be set for coordination with others to produce them (see our response related to Theme D in Q2).

24_GTI

We are supportive of the proposed Framework. In particular, we see the research phase of this Framework as critical to the success of future projects, such that the cause and nature of an issue is fully understood, so the most appropriate response can be identified. We would suggest that it is clarified that the options available after the research phase are not mutually exclusive and that a combination of options may be appropriate in responding to emerging trends and issues.

26_PWC

We agree with the principle of “doing the right work at the right time”. We support the framework as described, much of which we believe is largely consistent with the Board’s current practices.

As described in our response to question 1, we believe that as part of ongoing monitoring of the Board’s processes it is important to assess the effectiveness of the Board’s activities and processes. That may include a root-cause approach to any perceived activities not functioning as intended, building an element of continuous improvement into the Board’s standard-setting processes.

Further, with respect to “revising and developing standards”, we believe it may be useful to develop guidelines or criteria to evaluate whether the

proposed output of a project has appropriately addressed certain common attributes prior to exposure. For example, clarity, understandability, scalability, whether it is capable of practical implementation, whether expected benefits exceed identified costs, and whether the proposed changes are directly responsive to the identified reasons for the need for change and not subject to scope “creep”.

We support the importance of post-implementation reviews and note that this may be “lost” in the research phase. It may be useful to highlight visually that the research phase includes pre- and post- implementation activities.

27_RSM

Yes, we agree with the proposed Framework for Activities and the possible nature of such activities.

Consistent with our comment above, we welcome the idea in Theme D to improve the speed with which the IAASB reacts to emerging issues, whilst still maintaining the rigour of the standard setting process.

However, given the IAASB’s stated aim to be nimble in reacting to issues, we caution against the Framework becoming a straightjacket that prevents these issues being resolved in an appropriate timeframe.

Guidance, limited scope amendments and interpretations would all be particularly welcome together with the proposed activities to support the implementation and application of standards as set out on page 20.

28_ACCA-CAANZ

We support the board’s intention to provide a more structured approach to its activities (as represented diagrammatically on page 12).

However we consider that, in determining its timely response to emerging issues, the board needs to prioritise narrow scope maintenance of standards over the development of non-authoritative guidance. This is because we consider that maintaining the relevance of its standards must be the board’s highest priority.

In addition, the various references in the strategy to work on non-authoritative guidance fail to adequately reflect the need to ensure that such work should only be undertaken when there is significant international professional interest which needs board attention but for which standard setting is inappropriate. The bar for such work should be high to avoid diverting limited resources away from the board’s more essential standard setting activities.

We also consider that the board needs to set some time goals on its work that will help more effectively priorities its activities i.e. so that there is a reasonable balance between short term and longer term activities.

29_AE

The framework for activities is not included in the work plan and we encourage the IAASB to do so.

We support the development of a process for ‘limited-scope’ revisions to standards with proportionate due process. We are not convinced by the implementation of an ‘interpretations’ mechanism as described. The two important points here are (i) to ensure adequate and proportionate due process to get to standards that are nimble, effective and relevant; and (ii) to avoid overload of consultations and exposure drafts if the IAASB is serious about collecting qualitative feedback.

31_EFAA

Yes, we agree with the proposed Framework for Activities and the possible nature of such activities as set out in Appendix 2.

Despite all its efforts we believe the Board is still insufficiently connected and engaged with certain key stakeholder groups, notably SMEs and SMPs. Consequently, there is a real risk that the development and revision of standards is subject to material non-response bias whereby the feedback from consultation is non-representative and as a result actions based on that feedback potentially misdirected. We recognize the difficulties of obtaining input from this constituency as they often lack the resource or awareness of how they might participate. Innovative new ways need to be sought to garner their input and participation. NSS and PAOs stand to play a key role as they are closer to the end user.

32_FACPCE

Answer: In Theme D, a mechanism of interpretations is mentioned to inform the intentions of the Board; we suggest that it is considered that this implementation will make more difficult the continuous updating of the auditors of small dimension entities since it will probably require an update and training of the staff too often.

In promoting the adoption and effective implementation of the ISAs and other standards, we deem it convenient to place emphasis on the standards for audits of less complex entities and to provide timely participation to the member organizations of IFAC to send their opinions and comments .

We believe that a guide should be issued in final instances and covering high-impact issues for the financial statements and / or for the quality of the audits.

In our opinion, regulatory changes should be made only in situations whose importance merits it.

In accordance with what is stated in Appendix 2, it is recommended to consider the effects in the audits of small-sized entities by adequately developing the scalability

33_ICAEW

We agree with the need for a Framework. We believe the approach the Board has set out is sensible. In particular, we think there is significant value in working with academics to understand the latest research outputs. As a professional body, we fund significant academic research into auditing and accounting issues; we would be happy to share access to this research and coordinate with IAASB on future research.

We believe the detailed activities could be improved by ensuring each phase of work includes a requirement to consider LCEs and technology. These are cross-cutting issues which require embedding in all the ISAs, and therefore should be considered in all of IAASB's work, not relegated to one-off projects. We believe these should be proactively considered whether revising or developing a new standard or non-authoritative guidance. We would emphasise the importance of the technology driver by working to ensure that international standards reflect changing technology use. While specific technologies change rapidly, we believe ISAs should reflect the fact that practitioners can and will utilise advanced technology to complete audit and assurance engagements. This will ensure that the use of audit technology is accepted by regulators, as well as ensure the longevity and relevance of ISAs.

Lessons learned from recent consultations should also be factored into the Framework. For example, the Framework should consider the timing of release of exposure drafts, including criteria for when standards are developed sufficiently to release. This could prevent premature exposure, which can unnecessarily alarm stakeholders. The Framework should also consider accessibility and usability issues. Alongside efforts to digitise international standards to improve ease of use, IAASB should develop clearer drafting principles, which are enforced, using metrics for plain English (such as Flesch-Kincaid readability tests), against which all drafts should be measured generally. This would prevent excessively long and complex drafting, as well as improve international translations.

34_ICAS

We are supportive of developing proportionate non-authoritative practical guidance.

We also support the development of a process for 'limited-scope' revisions to standards with appropriate due process.

We are not clear as to what an 'interpretations' mechanism represents. We believe that to ease implementation, the issue of standards should be accompanied by a communications plan and supporting material which might include implementation guidance; practical examples; webinars; flowcharts and decisions trees. There should also be a mechanism to gather feedback on the standards at the earliest opportunity and, if possible, using this feedback as the basis for limited-scope revisions to the standards. If the latter is what is meant by 'interpretations' then we would be supportive.

35_ICPAU

ICPAU agrees with the IAASB's proposed Framework for Activities but desires that the Board places significant emphasis on stakeholder engagements as this is the only way it can know their concerns. For example engagements with regulators can help the Board and the regulators to harmonize the standards as well as any other activities with their concerns.

ICPAU has considered whether a moratorium ("cool off period") on new standards ought to be considered by the IAASB. ICPAU believes that this would be unsustainable given the scale of developments in technology, regulation and stakeholder expectation. The IAASB would do well to seriously consider its own capabilities to be able to respond to these developments.

39_NFPA

We strongly support that the IAASB is prioritizing to examine its processes when considering how to approach new issues and future projects. We also support the development of a process for 'limited-scope' revisions to standards with proportionate due process.

To the section 'Research Phase', we would also like to add making impact assessments, taking into account a cost-benefit analysis for the users, especially with regard to the SMPs and the professional bodies.

We believe that this framework could benefit from some clarifications regarding what is considered to be non-authoritative guidance and implementation material and the differences between them, since both types of activities focus on how to apply the standards.

We also note that the examples relating to developing non-authoritative guidance have quite a limited scope, especially with regard to the much broader description stated in the same section of the framework. We support a broader application, where providing non-authoritative guidance is an appropriate alternative to revising the standards.

We encourage the IAASB, when considering different options on how to deal with necessary matters, to primarily consider providing non-authoritative guidance and hence, using revising and developing standards as the last option. Therefore, we suggest adding a bullet point to the section 'Revising and Developing Standards' that reflects this preferred approach.

We would also like to emphasize the benefits of using simpler language and shorter sentences when drafting revisions in the standards.

41_SMPC

The SMPC generally agrees with the proposed Framework for Activities and the possible nature of such activities as set out in Appendix 2. It is important that the Board is aware in a timely manner of emerging issues and developments to determine whether there is a need for action. However, it must also be careful to ensure that by looking to respond to the continuously changing environment (Theme B) it does not overstep its mandate as a global standard setter by extending the scope of the audit into areas that would need to be met with appropriate requirements for management and those charged with governance. For example, in regard to going concern, the auditors opinion is expressed on management's assertion or information in the financial statements prepared by management. Legislation governs the scope and application of audits (statutory audit); thus whilst the IAASB should set standards that drive high quality audits, it is not within the IAASB's mandate to change the scope of the audit beyond auditors responsibilities.

As part of the research but also finalization phases, we think it is critical that the IAASB ensures it hears from SMPs. We recognize the difficulties from obtaining input from this constituency as they do not necessarily have the time or resources to engage with standard setting activities. However, the Board may explore new innovative approaches for how feedback could be obtained, which covers a range of different languages. For example, an open mechanism could be introduced where practitioners (and other stakeholders) can provide comments on challenges with applying particular ISA requirements or more frequent targeted engagement could be organized with both national standard setters and PAOs.

One issue currently is the volume of material published for comment within a very short timescale. If the IAASB is to receive well thought through comments on its consultations and EDs, it needs to be far more sensitive to the capacities of all factions of its stakeholders to digest, confer and respond to its publications.

42_WPK

We are not quite sure what the benefit of the proposed Framework for Activities is and how a more formalized process to address and develop activities will enable the IAASB to 'do the right work at the right time'.

The described steps in Appendix 2 and the illustration on page 12 seem somewhat self-evident and we would expect the IAASB to have corresponding procedures and processes already in place.

We consider the time and personnel involved in developing and implementing such a framework to be relatively high („However, there are still many aspects of the Framework that will need to be further developed if this approach is supported by our stakeholders. At this stage, we also remain mindful that the Framework will need to remain adaptable so as to accommodate any further changes arising from the Monitoring Group review") and it might reduce flexibility.

Nodes\\Q3 Framework for Activities (includes Theme D - Framework)\Q4 4. Disagree