

## IAASB Strategy and Workplan

### Nodes\\Q4 Work Plan for 2020–2021\\Q4 2. Support

#### Files

#### 22\_ETY

Actions identified in the work plan 20-21. Agree no further comments

---

#### 25\_KPMG

We recognise and welcome the significant activity undertaken by the IAASB in recent years in developing new/clarified standards addressing key aspects of an audit, and in enhancing the reporting suite of standards. We are supportive of the IAASB's focus on completion of existing projects in its detailed Work Plan for 2020-2021.

---

### Nodes\\Q4 Work Plan for 2020–2021\\Q4 3. Support with Suggestions

#### Files

#### 04\_CEAOB

It would seem that the IAASB intends to limit its standard setting activities to revisions of ISA 315, ISQC1 and ISA 220, ISA 600 and ISRS 4000, all of which are projects that have already been commenced and which (with the exception of the revised ISA 600) are expected to be completed by the first quarter of 2020. We would welcome further information on whether there are other standards that the IAASB intends to revise and develop in 2021.

15. It would appear that the majority of the IAASB's resources in 2020-21 are to be dedicated to research. However, the intended outcome(s) of this research are unclear. We encourage the IAASB to provide further detail on the outcomes expected and the related timing envisaged. We encourage the IAASB to continue its activities on revising standards throughout the period 2020-2021 covered by the proposed work plan.

16. Regarding the topics for inclusion in the list of upcoming projects, we support the proposal to review the standards dealing with "audit evidence". The project should cover enhancement of the auditor's professional scepticism, and refining the provisions on materiality, audit sampling, and analytical procedures to take into account inspection findings and deficiencies identified through inspections. We would like to reemphasize the need for the IAASB to consider the integration of the use of new technologies such as "data analytics" in audit in the course of this project.

17. We note that the revision of ISA 330 (on response to assessed risks) is not part of the IAASB proposal. We believe it is important that ISA 330 is reviewed in light of the amendments to ISA 315 (on risk assessment), given the linkages between the two standards. In particular it is important to make sure that all the concepts in ISA 315 are consistently used and aligned in ISA 330 and other standards dealing with risks assessment or their implications (like ISA 240 (on fraud), or ISA 550 (on related parties' transactions), for instance). The audit evidence project may also require further revision of ISA 330: the use of new technology for testing financial information and internal controls may indeed have an impact on the means of responding to risks defined in the current ISA 330.

---

#### 06\_ESMA

Work plan for 2020-2021

While ESMA acknowledges that the work plan for 2020-2021 already includes a number of projects, ESMA encourages the IAASB to step up its ambitions in a number of areas that are key in delivering on the strategic actions identified above. In particular, ESMA considers that the following standards should have higher priority within the work plan:

ISA 500 Audit Evidence and Professional Scepticism

ESMA strongly supports revision of the requirement on audit evidence in ISA 500. Given the key role of audit quality in the audit process, ESMA in

---

*IAASB Main Agenda (September 2019)*

particular welcomes the research project on professional scepticism. In our view further standard-setting activities to embed more rigour into the application of professional scepticism is urgently needed. Therefore, ESMA suggests that the IAASB includes the development of due process documents on these two issues in the 2020-2021 work plan.

**ISA 570 Going Concern**

While the IAASB highlights the changes in stakeholders' expectations regarding auditors' assessment of going concern, ESMA notes that the detailed work plan does not include any standard-setting activity in this respect. ESMA encourages the IAASB to prioritise this topic and to initiate a research project to evaluate how to respond to investors' demands in this area.

**New topics: Non-financial reporting, non-GAAP measures and electronic reporting**

ESMA welcomes that the work plan includes plans to develop non-authoritative guidance to Extended External Reporting (EER). While ESMA would have preferred that the IAASB provided authoritative guidance in this respect, it strongly welcomes the development of guidance on the EER assurance. ESMA encourages the IAASB to develop a robust framework for assurance on non-financial reporting (such as ESG factors or specific climate disclosures) which will address the specificities of this type of reporting. Such framework should cover, inter alia, the longer period over which entities need to assess the issues, audit of specific management judgements needed to develop these forms of reporting and the assessment of materiality in the EER.

ESMA also considers that the IAASB should evaluate and strengthen auditors' role in relation to other information and company performance measures, including alternative performance measures (i.e. non-GAAP financial measures) which are provided within the financial statements as well as outside of financial statements but inside the annual report. In particular, we encourage the IAASB to explore the need for, and the form of, additional guidance and changes to existing ISAs in light of the significant use of such non-GAAP measures.

Finally, ESMA considers that the work plan should include specific standard-setting activity for assurance of financial information provided in a structured electronic format. ESMA observes that the specific challenges of auditing financial information (e.g. financial statements) presented in a structured electronic format are not currently addressed by the ISAs. In light of the fact that financial information is increasingly consumed in a structured electronic format, ESMA would welcome authoritative international guidance in this area.

**07\_IAASA**

It appears that the IAASB intends to limit its standard setting activities to revisions of ISA 315, ISQC1 and ISA 220, ISA 600 and ISRS 4000, all of which are projects that have already been commenced and which (with the exception of the revised ISA 600) are expected to be completed by the first quarter of 2020. We would welcome further information on whether there are other standards that the IAASB intends to revise and develop in 2020-21.

It would appear that the majority of the IAASB's resources in 2020-21 are to be dedicated to research. However, the intended outcome(s) of this research are unclear. We encourage the IAASB to provide further detail on the outcomes expected and the related timing envisaged. We also encourage the IAASB to continue its activities to revise standards throughout the period covered by the proposed work plan.

Regarding the topics for inclusion in the list of upcoming projects, we support the proposal to review the standards dealing with "audit evidence". The project should cover enhancement of the auditor's professional scepticism and refining the provisions on materiality, audit sampling, and analytical procedures to take inspection findings and deficiencies into account. We would like to re-emphasise the need for the IAASB to consider the integration of the use of new technologies such as "data analytics" in audit in the course of this project.

We note that the revision of ISA 330 (on response to assessed risks) is not part of the IAASB proposal. We believe it is important that ISA 330 is reviewed in light of the amendments to ISA 315 (on risk assessment), given the links between the two standards. In particular, it is important that all the concepts in ISA 315 are consistently used and aligned with ISA 330 and other standards dealing with risks assessment or their implications (such as ISA 240 (on fraud) and ISA 550 (on related parties' transactions)). The audit evidence project may also require further revisions to ISA 330 as the use of new technology for testing financial information and internal controls may have an impact on the means of responding to risks in ISA 330.

**08\_IRBA**

We support the actions that have been identified in the IAASB's detailed Work Plan for 2020-2021. However, in light of current developments in the marketplace, we suggest that the IAASB should also consider prioritising, based on public interest, the revision of the following ISAs as part of its work plan for 2020-2021:

ISA 330, in response to the current revision of ISA 315. In hindsight, the two ISAs should have been revised simultaneously as they entail the identification of risks in ISA 315, with the response to the risks being provided for in ISA 330.

ISA 240, considering the recent high-profile corporate failures in some jurisdictions as well as the expectation gap between the work performed by auditors and what users expect and perceive to be the auditor's responsibilities in relation to fraud in an audit of financial statements.

ISA 550, considering any differences between the applicable financial reporting frameworks (for example International Accounting Standard (IAS) 24 under IFRS) as well as laws and regulations regarding the definition of a related party.

ISA 620, as there may be an increase in the use of an auditor's expert due to developments such as advancements in, and use of, technology that includes robotics, cloud computing and new digital payment platforms. The IAASB may be able to address this issue through a staff paper. This is in addition to the IAASB's project on ISA 500.

We thought it worthwhile to share the following projects which the IRBA has prioritised as part of its standards setting work plan for 2019-2020 for your noting and consideration:

Guidance for registered auditors when conducting joint audit engagements. A joint audit engagement is an audit of a legal entity by two or more audit firms to produce a single audit report, thereby sharing responsibility for the audit and the audit opinion. Several NSS members have already issued similar guidance in their jurisdictions, indicating that this could be a global as opposed to a jurisdictional issue.

We recommend that the IAASB consider this global trend and the needs being expressed by stakeholders. The issues to be considered include the sharing of audit evidence, retention of audit evidence, communication as well as the legal contractual considerations in a joint audit engagement.

In 2015, to address the threat associated with long audit firm tenure (i.e. threats to independence), the IRBA made the decision to require the mandatory disclosure of audit tenure, which is consistent with measures implemented in other jurisdictions. Further, for financial years commencing on or after 1 April 2023 an audit firm, including a network firm as defined in the IRBA Code of Professional Conduct for Registered Auditors, shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years (Mandatory Audit firm Rotation). If, at the effective date, the public interest entity has appointed joint auditors, and both have had audit tenure of 10 years or more, then only one audit firm is required to rotate at the effective date and the remaining audit firm will be granted an additional two years before rotation is required. We therefore expect growing interest in joint audit engagements in South Africa, and elsewhere in the world, with the related need for guidance.

Guidance regarding the audit of transactions accounted for in terms of International Financial Reporting Standard (IFRS) 15, Revenue from contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. In the past, the audit of revenue has been a common inspection finding, as such this is a proactive project in response to IFRS 15.

Guidance on the auditor's responsibilities relating to fraud, economic crime, corruption and graft in an audit of financial statements. We are aware that at least one other NSS is at the initial stages of a project on fraud. This is also an issue that has been alluded to in the IAASB's Proposed Strategy for 2020-2023 and Work Plan for 2020-2021.

Guidance to auditors in respect of the audit procedures to perform on transactions with parties that are not necessarily regarded as related parties in terms of the International Standards on Auditing, but which have some link to the audit client, and as a result may pose an audit risk requiring special or additional attention.

An Audit Quality Indicators (AQI) project, which includes guidance and support for audit committees on the assessment of audit quality in the selection and appointment of audit firms.

We also recommend that the IAASB should include a placeholder in its work plan for 2020-2021 for non-authoritative guidance to address ISA implementation and application issues on an urgent basis. This will help ensure that national standard setters do not develop their own guidance for challenges that are being experienced on a global basis. In turn, this will ensure that the work plan is flexible in responding to emerging issues on a timely basis.

Further, the IAASB's finalised detailed Work Plan for 2020-2021 should take into account the finalised IESBA strategy and work plan 2019 -2023 (Elevating Ethics in a Dynamic and Uncertain World) issued in April 2019. The IRBA supports coordination between the IAASB and IESBA on the following projects as outlined in the IESBA strategy and work plan 2019-2023:

definitions of listed entity and Public Interest Entity;

materiality;

emerging or newer models of service delivery;

trends and developments in technology; and

the use of consistent terminology and definitions vis-à-vis the IAASB standards and the IESBA Code.

## 09\_UK FRC

We support the actions that have been identified in the work plan in respect of those strategic actions set out in Theme A, including the research activities in respect of audits of less complex entities and audit evidence. There are however a number of other topics that require the IAASB's attention, as discussed in our response to question 1 and question 2, (e.g. the collective impact of the environmental drivers on audit and assurance and the work of the IAASB, technology, the changing corporate reporting environment and so forth). We recognise that the IAASB is resource constrained, and it is not possible to address every topic, however in finalising the SWP, we recommend that the IAASB consider how they intend to approach the other topics, including through collaboration with others.

## 10\_AUASB

As described in our response to Question 2 above, the AUASB fully supports the IAASB's intention under Theme A to prioritise the completion of its existing major audit quality enhancement projects underway and the intention to expand its activities focusing on the effective and efficient implementation of the ISAs in development or finalised over the 2015–2019 strategy period. In particular we believe there is an urgent need to allocate greater priority to the development of implementation materials for ISA 540 and undertake the Post Implementation Review of the Auditor Reporting standards that became effective in December 2016.

Additionally the AUASB is pleased to see a continuing focus on Professional Scepticism in the 2020-2021 Work Plan. However the AUASB consider the actions relating to this need to be more clearly articulated rather than just being included as a generic project throughout the 2019, 2020 and 2021 years. In particular we do not support the activities of the Professional Scepticism Working Group being amalgamated into the Audit Evidence project as suggested in a footnote to Theme B on page 10 in the Proposed Strategy.

## 11\_CAASB

Overall, we support the actions identified in the detailed Work Plan for 2020-2021. However, we note that the timeline on the Group Audits project has already fallen behind the timeline in the Work Plan. This leads us to be concerned that the Work Plan may be overly optimistic. Accordingly, we suggest the IAASB revisit the Work Plan to consider whether the targets are in fact achievable, in light of available resources and comments received on the Proposed Strategy.

We recognize that the Work Plan reflects current projects underway that need to be completed before anything new under the strategy is started. However, the Proposed Strategy includes some key strategic activities that should be started as soon as possible. The Framework for Activities will drive future activities of the IAASB. It is crucial that work be started on developing and implementing this Framework early in the strategic plan period. The Work Plan does not indicate how or when this will be done. We suggest the IAASB make it clear when this activity will commence.

---

## 12\_CNCC - CSOEC

We support the actions identified in the detailed work plan for 2020-2021. However, we have the following comments:  
The framework for activities is not listed in the work plan (please refer to question 2);  
The objective to finalize ISA 315 in June 2019 appears challenging and ambitious and more time may be needed to complete the project.

---

## 14\_IDW

We believe that the proposed timing for the work plan in a number of cases is overly ambitious if the IAASB wishes to maintain the quality of its standards. In particular, we do not believe it to be conducive to high quality standard setting that the IAASB seek to complete the quality management standards in March 2020 or the exposure draft of ISA 600 in December 2019. We believe the IAASB is allowing itself to be pressured into finalizing long and complex standards too quickly, which reduces the quality and scalability of those standards.

We are also not convinced that it would be appropriate to seek to provide an exposure draft in December 2019 that includes phase 2 of Extended External Reporting (EER) without prior consultation on phase 2 as was done for phase 1.

---

## 15\_JICPA

We support the actions described in the Work Plan. However, we propose reconsidering the target time for finalizing some of the projects, such as the Quality Management Project (scheduled to be finalized in March 2020) and the ISA 600 revision project (scheduled to be finalized in March 2021), as it seems unrealistic considering the current status of discussion and resource situation.

In addition, we understand that the ISA 315 revision project is currently scheduled to be finalized in September 2019. However, ISA 315 is the foundation for the risk-based approach, and revisions to ISA 315 also affect other standards. For example, we believe that ISA 240 will be affected by ISA 315 revisions. We propose that the review of the necessity of revising other standards arising from the revision of ISA 315 be treated as a separate project after 2020 if it is not addressed in the ISA 315 revision project.

---

## 16\_MAASB

We support the actions that have been identified by the IAASB in the detailed Work Plan for 2020-2021. We propose that the IAASB to include ISRS 4400 (Revised), Agreed-upon Procedures implementation activities within the work plan as the final standard is planned to be finalised by the end of 2019.

---

## 17\_NBA

As mentioned earlier, we recommend to take enough time to finish off current projects. For example for such an important Standard as ISA 315, sufficient time should be taken to address the consultation issues. Another example is ISA 600. More and stricter requirements might not be enough to change behavior. In our opinion in practice many issues are related to the differences practices in various countries and are in fact implementation issues. IAASB should take sufficient time to address these kind of issues as well.

On the other hand, projects such as research for audit evidence, professional skepticism and less complex entities take a long time in the research phase and therefore need attention to monitor their progress.

Although fraud and going concern are mentioned in the strategy, we cannot find these subject matters back in the work plan. We recommend to incorporate them into the work plan (see also Q5).

---

## 18\_NZAuASB

The NZAuASB agrees that the topics chosen by the IAASB for inclusion in the work plan for 2020-2021 are appropriate in light of the strategic goals set out in the IAASB's strategy for 2020-2023. As noted in response to question 5 below, the NZAuASB is of the view that a revision of ISAE 3400 would also merit inclusion in the current work plan.

There have been significant changes in some of the core standards over the last few years, for example, ISA 540, ISA 315 and the quality management standards. To ensure proper implementation and consistent application of these standards, thereby improving audit quality, it will be necessary to provide appropriate and timely implementation support.

The NZAuASB is supportive of the need to update the audit evidence standard. In particular, the NZAuASB encourages the IAASB to consider the role of technology, noting the changing forms of audit evidence and the difficulties that can be encountered in achieving traditional audit trails.

## 19\_BDO

Generally, we support the actions identified in the detailed Work Plan. We do however ask that a longer implementation period should be considered for the Revised Quality Management Standards and ISA 315 (Revised) to allow firms to sufficiently incorporate the requirements into methodologies, perform pilots, develop policies and provide training to personnel. We realise that the proposed Work Plan does not extend beyond 2020, and we have outlined our reasons for extending the implementation period beyond the proposed 18 months in our detailed response to the Quality Management EDs that will be submitted in July 2019.

We also believe that automated tools and technologies should be at the forefront of the Audit Evidence project. There are differing views and practices developing among firms and regulators and timely guidance in this area would be (1) beneficial for more consistent application and (2) will allow firms to develop policies and procedures that will eventually be in line with any updated requirements. Enabling auditors to gain an insight into increasingly large datasets provides them with another way to view the transactions and activities of an audited entity – letting them 'see' the business from a different perspective. It would be in the public interest to enhance audit quality by providing guidance related to automated tools and techniques in the Audit Evidence project.

We present our responses to each of the specific questions raised below and we also recommend further consideration by the Board of longer implementation periods for both the revision of ISA 315 and the Quality Management standards.

## 20\_CI

We recognise the priority given in the Work Plan to completing the "audit quality" projects.

The Plan ought to indicate how projects listed under "research phase" might progress. Audit of Less Complex Entities is receiving much attention and IAASB ought to present a pathway in the Plan. ISA 500 needs to be revised and an "audit evidence" pathway beyond research would be welcome.

## 21\_DTTL

DTTL recognizes that the delivery of standards is only the first step and that fundamental to the IAASB's work is a commitment to focus on the implementation and adoption of new and revised standards. As such, we are supportive of the actions identified in the Board's detailed Work Plan, including the balance between revising and developing standards and developing nonauthoritative guidance. Specifically, we agree with prioritizing completion of key ISA and other projects underway at the start of 2020 (i.e., Quality Management, Group Audits, Extended External Reporting) and undertaking activities to focus on the effective and efficient implementation of the changes made to these and other core ISAs during the 2015-2019 strategy period. Further, from a directional perspective, DTTL is supportive of focusing on fewer key projects with the aim of completing them on a timely basis.

DTTL is supportive of the considerations identified on page 14 of the Consultation Paper, which assist the Board in determining and prioritizing actions. However, DTTL believes that primary focus should be placed on (a) the significance of the benefits to the public interest and the degree of urgency, including the potential implications for the public interest if action is not taken or delayed, as well as (b) the degree to which an identified issue would be addressed effectively through change to the standards or through other appropriate action by the IAASB.

Related to Auditor Reporting and ISA 540 (Revised), DTTL recognizes and supports the IAASB's efforts in conducting a timely post-implementation review and responding to matters raised, as appropriate, to further improve the consistency and effectiveness of application. Accordingly, DTTL encourages the IAASB to continue the performance of post-implementation reviews of recently-revised standards within two to three years after they become effective, including the reporting of related findings and the determination and execution of necessary actions arising from such reviews.

Related to Professional Skepticism and consistent with the IAASB's current approach, DTTL is supportive of integrating matters related to professional skepticism as a pervasive consideration when developing new, or revising existing, standards, as well as considering what more can be done in this area. As standards are revised, DTTL encourages the incorporation of guidance and examples as additional emphasis.

Further, professional skepticism may be an area in which the IAASB could explore alternate ways to demonstrate how professional skepticism may be demonstrated in applying the requirements of the ISAs, for example, through ongoing consideration of the development of practical (nonauthoritative)

guidance, including examples of what “professional skepticism looks like in practice.”

The exercise of professional skepticism is closely interconnected with the application of professional judgment. In this regard, the IAASB may consider how to incorporate best practices with respect to professional judgment into guidance related to exercising professional skepticism.

DTTL recognizes that revisions to the standards alone will likely not fully achieve the objective of improving auditor performance in this area. As such, DTTL recommends that the IAASB continue to engage with audit regulators and oversight bodies to better understand the root causes of inspection findings related to professional skepticism.

## 23\_EYG

Overall, we support the Work Plan for 2020-2021. We however have the following specific comments and observations:

The bullets on page 14 in the description of the objectives of the Work Plan describe resource needs in terms of the quantity and availability of resources. We would expand these criteria to focus more holistically on the ‘right’ resources (i.e., resourcing of the projects should be based on the appropriate resources v. only the available resources). Such resourcing should include collaboration with others, such as National Standard Setters. Revising and Developing Standards – We agree with the projects included here. However, we would suggest also including the IAASB’s planned project for conforming amendments to its non-audit standards for Quality Management, ISA 315 (Revised) and ISA 540 (Revised).

Implementation Activities – We find footnote 4 to be an indicator that it may be difficult to judge the volume, nature and work effort that will be required to deliver appropriate implementation materials. Implementation materials for new standards are most effective when they are provided concurrently with the issuance of a new standard or very early in the transition period (i.e., within the first six months of the transition period). The revised Quality Management Standards and ISA 315 (Revised) create an enhanced foundation for the audit such that proper implementation is especially important to achieving audit quality. Because of the significance and extent of implementation assistance that may be required for these standards, we strongly encourage the IAASB to pursue cooperation with IFAC, member bodies, National Standard Setters or others in order to obtain assistance with these implementation activities, including potentially outsourcing some of the specific enablement. See our response to Q2 where we believe that a specific strategic action is needed to establish formal coordination with others to successfully deliver robust implementation materials. Research Phase - We strongly agree with the planned Audit Evidence project. We believe this project needs to be expedited and escalated beyond the research phase as quickly as possible in this new Work Plan period to address the challenges in practice, including with respect to the auditor’s use of automated tools and techniques. However:

We believe that the scope of the Audit Evidence project should be much broader than dealing with the auditor’s use of technology. Providing an enhanced framework around the auditor’s determination of what constitutes audit evidence and how to evaluate its sufficiency and appropriateness would be very useful to addressing challenges in current practice. We encourage the IAASB to actively collaborate with the AICPA (which has an equivalent project currently underway and is approaching the release of an exposure draft) as a primary mechanism for expediting the IAASB’s project. We do not believe that the Audit Evidence project alone is sufficient to address the challenges raised to the IAASB’s 2016 consultation on Data Analytics. In particular, we believe ISA 520, Analytical Procedures, needs specific consideration to address challenges in practice resulting from the use of data analytics. When performing data analytics, the approach to setting expectations is an iterative process improved upon by the interaction of the auditor with the entity’s data as well as obtaining evidence independent to that data. This process is not contemplated by the current ISA. We understand that ISA 520 is identified as a standard that will be given further consideration as part of the Audit Evidence project. However, we believe that the responses to the IAASB’s 2016 Data Analytics consultation justify specific research activities related to ISA 520. However, research activities on ISA 520 should not be limited to only challenges resulting from data analytics. We are experiencing increased scrutiny from regulators related to the expectations set by the auditor in performing substantive analytical procedures and the documentation of those expectations. For example, some regulators see an implied requirement in ISA 520 for the auditor to obtain information outside the entity as a basis for setting expectations.

Other Ongoing Activities – Coordination with the IESBA - With the April 2019 release of the IESBA Strategy and Work Plan 2019-2023, we believe that the IAASB’s Strategy and Work Plan should include more specifics around the planned topics for coordination. We believe that coordination with respect to the following IESBA current or new projects should be proactively planned:

Non-audit services and fees (particularly with respect to possible effects on group audits, use of auditor’s experts internal to the firm and auditor reporting)

Trends and developments in technology (noting that the IESBA strategy document highlights intended coordination with IAASB on this project)

Emerging or new models of service delivery (particularly with respect to the effects on the definition of engagement team)

Definition of listed entity and public interest entity (particularly with respect to the relationship with the definition of listed entity and concept of entities of significant public interest used in the IAASB standards)

Other Ongoing Activities - As noted in our response to Q3, we believe a specific project should be added for the design, development and implementation of the Framework of Activities.

## 24\_GTI

We note that detailed Work Plan suggests that professional skepticism will be discussed at every Board meeting through to the end of 2021. While we recognise the importance of professional skepticism, we would suggest that considerations in this area are in support of the existing projects, rather than becoming a project in and of itself.

We also note that resources will be allocated to research, including activities of the Innovation Working Group. It is not clear from the Proposed Strategy, what projects, if any, are expected to result from these activities, or if any other type of output should be expected.

Further, the Proposed Strategy is not clear about the further actions the IAASB expect to take in relation to technology considerations. For example,

will it form part of the Innovation Working Group Considerations; will a separate working group, similar to the previous Data Analytics Working Group be formed; or will it just be a specific consideration in each of the current and proposed projects?

We question whether the proposed timeline suggested in the Work Plan for projects such as the finalisation of proposed ISA 315 (Revised) and the quality management suite of standards is achievable. There is a fine balance between meeting a predetermined timetable and issuing a high-quality standard that respond to issues and concerns raised by stakeholders.

---

## 26\_PWC

We support the completion of the current ongoing standard-setting revision projects outlined in the work plan.

As noted in our response to question 1, the new or revised standards must be understandable, scalable and have benefited from robust consideration of practical implications. It is critical that the Board subject the exposure drafts and final standards arising from these projects to rigorous challenge, to evaluate whether they meet these tests.

We note the importance of the proposed project to revise ISA 500. Many significant questions raised in respect of the appropriate exercise of professional scepticism were in fact questions about the sufficiency of audit evidence. And, as noted above and described in our response to question 1, technology is increasingly challenging how auditors think about risks of material misstatement and how to obtain audit evidence. Ensuring the scope of this project is appropriately defined, with clarity on the issues to be addressed, is essential and the challenge in building consensus not underestimated.

With respect to implementation activities:

We support the development of practical implementation support materials for new and revised standards. With a focus on clearer, principles-based, scalable standards there will be a need for effective examples and other supporting materials that enable effective implementation. In particular, ISA 315 (Revised), ISQM 1 and ISA 220 (Revised) are likely to need significant implementation support. As noted above, others, in addition to the Board, have a role to play in this regard. A balance is needed between the Board developing the implementation guidance itself, as an integral part of standards development, and the Board recognising the need for implementation guidance and collaborating with others to deliver it.

We also support post-implementation reviews on the Board's recently issued standards to identify if they are meeting their objectives and also if implementation support materials have been effective. This will be particularly important as ISA 540 (Revised) and ISA 315 (Revised) become effective, and, in due course, the revised quality management standards.

While the current project on Extended External Reporting is addressing assurance over broader reporting by entities, there continues to be demand for elements of an entity's broader reporting to be covered by the audit itself. The post-implementation review of the revised auditor reporting standards, specifically the responsibilities of the auditor in accordance with ISA 720 (Revised), could usefully better understand global developments in this area.

---

## 27\_RSM

We broadly support the Work Plan, although the timescale for the finalisation of the revised ISA 315 appears ambitious.

Consistent with Professor Schilder's closing remarks at the Paris Conference referred to earlier we would like to see more immediate focus given to the Less Complex Entities project as the applicability of extant ISAs to smaller or less complex entities is an urgent issue.

---

## 28\_ACCA-CAANZ

We support the board in its planned completion of the quality management and group audit standards, the EER project and the revised ISRS 4400.

However, as discussed above, we believe that insufficient time (and resources) have been allocated to:

Post-implementation support for all the audit quality enhancement projects.

Post-implementation support for ISRS 4400, given its importance to the SMP community.

The "Less Complex Entities" project.

Ongoing maintenance of its standards and building effective stakeholder relationships to ensure the continued effectiveness of international standard setting.

---

## 29\_AE

We have serious concerns on the deadlines announced that seem unrealistic. We suggest reviewing the deadline proposed considering a 'worst case scenario'. For example, for such as important standard as ISA 315, sufficient time should be dedicated to address the issues raised in the consultation period. Another example is ISA 600 where stricter requirements may not be the only solution as many of the issues come from differences in application and interpretation of the standard, and not from the standard itself.

As far as the implementation activities are concerned, we are not clear on what the green colouring means. In addition, as included in our response to question 1, we support principles-based standards that stand on their own. Nevertheless, as standards become more and more complex, it is inevitable

---

*IAASB Main Agenda (September 2019)*

that the IAASB will be more and more requested for implementation support. The IAASB will have to find the right balance between making sure that a new standard is well understood and keeping its role focused on international standard-setting.

We think that looking at post-implementation for the new standards on auditor reporting already in 2019 may be seen as too early in several countries in Europe. In some jurisdictions, such as the UK and the Netherlands, there may have been sufficient time and experience for such a review to be performed while others are only in their second year of implementation. Rather, looking at the post-implementation of ISA 720 could be informative at this stage, as we are aware that there are practical issues in determining the scope of other information.

Projects such as research for audit evidence, professional scepticism and less complex entities take a lot of time. We do understand that adequate research is necessary, but we recommend thorough monitoring on the progress. Additionally, the research phase for the project on the audits of less complex entities seems very long in the diagram. On this specific project, stakeholders expect a work plan more focused on delivery. The IAASB needs to be sensitive to the stakeholders' perception in this context as the IAASB could be seen as doing too little too late.

---

### 30\_CPA

Yes, although, as outlined above we are concerned that greater emphasis is needed on addressing technology in the audit. Although evolving technologies and automated tools are addressed to under Theme B, we are concerned that the work plan reflects this as being still in the research phase under the "Audit Evidence" project; at least up until the end of the 1st quarter 2020. The description of the audit evidence project is then open-ended. We would like to see greater priority given to this project so that outcomes may be achieved in a more defined timeframe. As submitted in our response to the IAASB's strategy survey, clarifying how both data analytics methods and new evidence sources can meet evidence requirements in the ISAs will be critical in ensuring that these technologies result in improved efficiency and effectiveness of the audit; rather than duplicated work effort.

---

### 31\_EFAA

We support the actions that have been identified in the Work Plan for 2020-2021.

As indicated above regarding Theme C, we strongly believe that actions by the Board following the Discussion Paper on Audits for Less Complex Entities should be a high priority but that the Board should consider a focus on SMEs or non-PIEs rather than LCEs.

We have consistently urged the Board to expedite the revision of ISRS 4400 (Revised), Agreed-Upon Procedures (AUP) Engagements and duly encourage the Board to adhere as far as possible to its plan to finalize the standard in 2019. In our response to the ED we said:

"EFAA believes that there is a significant need for agreed-upon procedures engagements (AUP), especially in terms of small and medium-sized practices (SMPs) performing such engagements for SMEs and their stakeholders. The realization, however, of this potential rests in large part on the ability of SMPs to innovate and their having a high-quality standard to work with. Hence the importance of this project".

We believe the Board should undertake post-implementation reviews of its compilation (ISRS 4410 Revised) and review (ISRE 2400 Revised) standards. The Board may wish to undertake an information-gathering exercise to understand the adoption and use of IAASB standards other than the ISAs, as well as more deeply understanding what services are being performed by SMPs around the world and whether its standards are appropriate for these purposes.

Please see our remarks above regarding potential deferral of projects under Theme C pending indication of potential outcome of activities under Theme A.

---

### 32\_FACPCE

Answer: We consider that the actions included in the detailed Work Plan for 2020-2021 respond to the established objectives and give early attention to issues of importance such as scalability and proportionality, in view of the need to facilitate the application of the standards in small and medium entities.

We believe that it should also be included in the action plan for the next 2020-2021

- Expectations of the role of auditors in relation to fraud and non-compliance with laws and regulations (for example, against money laundering) in audits of financial statements. As well as the responsibility of the auditors before the fraud report.
- 

### 33\_ICAEW

We support the actions that have been identified. IAASB's work plan is challenging; we would prefer the Board focus only on those ISAs already on the agenda, with a moratorium on any other new or revised standards, to allow for implementation of the significant current changes. We reiterate our call for a moratorium for two years after the current ISA projects come into effect, during which no standards would become effective.

We note that it is likely there will be slippage on the timetable for ISA 315 and potentially for the other challenging projects, such as ISAs 500 and 600; combined with resource constraints, we would not propose additional actions beyond those detailed in the work plan and instead focus on successful implementation. We are concerned that the workload ahead results in a risk that IAASB will struggle to respond to any unexpected events. The risk of such events occurring is currently heightened in our view by the environmental drivers the Board has already identified.

---

## 34\_ICAS

We are concerned that some of the deadlines appear unrealistic. In particular, for an important standard such as ISA 315, sufficient time should be dedicated to address the issues raised during the consultation period. We have similar concerns around the proposed timescale for the revision of ISA 600.

We are supportive of the proposal for a post-implementation review of the new standards on auditor reporting. In particular, we would encourage consideration of the developments in some of the UK auditor reports. These include a reference to the application of the concept of materiality and disclosure of the materiality level in the auditor's report, which have been very much welcomed by investors following its introduction in the UK. A further development is the graduated findings approach to reporting which expresses the findings on a range from cautious to optimistic which the IAASB may wish to consider as part of its post-implementation review of enhanced auditor reporting. Again, this approach has been welcomed by investors. Ultimately, the IAASB has to ensure that its standards remain relevant for the increased transparency that is being expected from auditors by their ultimate clients – the shareholders.

---

## 35\_ICPAU

ICPAU supports the actions that have been identified in the detailed Work Plan for 2020- 2021. However ICPAU believes that the IAASB should reconsider the scale of its implementation activities beyond the projects identified in the Work Plan, with a view to broadening and deepening the scale of IAASB implementation support.

It is also not clear to ICPAU how Themes D and E have been fed into the 2020- 2021 work plan.

---

## 37\_ISCA

We support the actions that have been identified in the work plan.

With the increasing number of audit firms using data analytics to conduct their audits, this has been a focus area of our local regulatory inspections. A recurring challenge noted from the inspection results is how primary audit evidence generated by the use of data analytics tools meet the requirements of SSA 500, Audit Evidence (equivalent of ISA 500, Audit Evidence).

We note from the detailed work plan that the activities surrounding Audit Evidence is still in the research phase, which is not in tandem with the pace of data analytics adoption in audits. We urge the IAASB to provide non-authoritative practical guidance to the profession to serve current needs while the standards are being reviewed and revised.

---

## 38\_MICPA

MICPA supports the actions that have been identified in the Board's detailed "Work Plan for 2020-2021" but would like to remind again on the importance of attending to the issue of the definition of "public interest".

---

## 39\_NFPA

have concerns that the proposed work plan for 2020–2021 is too ambitious. We believe that more time is needed for completing the ongoing projects, such as the revised ISA 315 and the Quality Management standards. In this respect, the IAASB should also take into consideration the time needed for both professional bodies and practitioners to implement these standards.

As mentioned earlier, we believe it is important that sufficient time is allocated to the work of audits of less complex entities. According to the detailed work plan, the work regarding audits of less complex entities is shown under the 'Research Phase' and is estimated to continue until March 2019. This project has been going on for a few years already and during this time we have noticed an increase in national initiatives. Any further actions decided by the IAASB, based on the outcome of the response letters to the discussion paper of audit of less complex entities, should therefore begin directly after the research phase is completed. The work plan for 2020–2021 would therefore have to be amended accordingly.

The 'Research Phase' section of the work plan also includes a general research activity. We would encourage the IAASB to focus such activities on matters that are mentioned under the section 'Changing Expectations and Public Confidence in Audits' on page 7 in this consultation paper.

---

## 40\_SAICA

100 % of survey respondents are in agreement with the actions that have been identified in the detailed Work Plan.

To add to our support for the actions identified on the detailed Work Plan for 2020-2021, SAICA is in agreement with the planned timing of the completion of the projects. Completion of projects that are currently under way should take main priority. This includes the development of any additional implementation guidance that may be required to assist practitioners with the implementation of any new or revised requirements relating to these projects.

There will always be a need to revise extant standards due to developments in business. The IAASB should establish an effective mechanism for prioritising urgent projects as they arise. This requires the detailed Work Plan to be a live and nimble document that is responsive to the most urgent needs of practitioners, as well as ensuring that the methods used to revise and issue new pronouncements are flexible.

Post implementation review and implementation guidance on the standards of Quality Management should be high on the agenda of the IAASB. These standards are crucial in driving robust quality environments and ensuring that firms of professional accountants fulfil their responsibilities in accordance with professional standards and applicable legal requirements.

In revising or issuing new standards, integration with existing standards should also be considered. For example, there is current revision of ISA 315, however we have not seen any project to revise ISA 330, The Auditor's Responses to Assessed Risks. Since these standards go hand in hand, there is an expectation that there should be integration of projects to revise these two standards.

---

## 41\_SMPC

We support the actions that have been identified in the Work Plan for 2020-2021.

As indicated above, we strongly believe that actions by the Board following the Audits for Less Complex Entities Discussion Paper should be a high priority. In our response to the ISA 315 (Revised) ED, we highlighted concerns about the complexity and length of the proposed standards, as well as scalability. We therefore support the IAASB taking the time to explore the different options around what could be undertaken in relation to these concerns. We believe that scalability should be satisfactorily addressed in the standard, rather than trying to be "fixed" in implementation support. The SMPC has continually encouraged the IAASB to prioritize the revision of ISRS 4400 (Revised), Agreed-Upon Procedures (AUP) Engagements (please see our response to the Exposure Draft). As noted in the ED, AUP Engagements are widely used in many jurisdictions and the demand continues to grow. It should therefore be considered in the public interest to ensure the standard is revised in a timely manner to adequately address this market need. We note the anticipated finalization of the revised standard is December 2019 and believe it is important that this timetable is maintained, as close as possible.

The SMPC notes that the IAASB has previously included post-implementation reviews of other standards on its work plan, including compilations (ISRS 4410 Revised) and reviews (ISRE 2400 Revised), but work has not commenced due to a focus on other priorities. Notwithstanding the already extensive work plan and not at the expense of the priorities noted above, we believe that this activity should be undertaken. It may also be helpful for the Board to undertake an information-gathering exercise to understand the adoption and use of IAASB standards other than the ISAs, as well as more comprehensively understanding what services are being performed by SMPs in various jurisdictions and whether the IAASB's International Standards are appropriate for these purposes.

---

## 42\_WPK

Basically we agree with the proposed Work Plan for 2020-2021.

As already mentioned above we see the need for implementation support regarding ISA 315 (revised).

In addition, the display of non-binding guidelines on 'Extended External Reporting' might be split up and Phase 1 and Phase 2 should be presented separately.

The deliberations regarding 'Audits of Less Complex Entities' should be prioritized, whereas resources on 'Professional Scepticism' should be reduced. Finally, the line item 'Research' within the section 'Research Phase' seems to be rather general and from our point of view hard to assess, but we ask the IAASB not to put too many resources in general research on how to create and implement a 'Framework for Activities'.

---

## Nodes\\Q4 Work Plan for 2020–2021\\Q4 4. Not support