

4 April 2014

Mr James Gunn
Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, 10017
USA

Dear James,

IAASB Consultation paper on the IAASB's Proposed Strategy for 2015-2019, and the IAASB's Proposed Work Program for 2015-2016

Thank you for the opportunity to comment on this Consultation Paper. We submit the feedback from the New Zealand Auditing and Assurance Standards Board (NZAuASB) in the attachment.

The NZAuASB acknowledges the more strategic based approach the IAASB has taken in developing the proposed strategy for 2015-2019, and welcomes the context provided in the introduction to the proposed strategy. The NZAuASB further notes and supports the IAASB's intention to actively monitor global developments and to undertake a mid-period review of the Proposed Strategy to determine the continued relevance of the objectives or if they need to be adjusted. The NZAuASB applauds the IAASB's continued efforts in its outreach activities with various stakeholder groups in exploring how best to meet the public interest need in an evolving world. The NZAuASB encourages the IAASB to continue with its very strong outreach program to key stakeholders.

Should you have any queries concerning our submission please contact either myself at the address details provided below or Sylvia van Dyk (sylvia.vandyk@xrb.govt.nz).

Yours sincerely,



Neil Cherry

Chairman – New Zealand Auditing and Assurance Standards Board

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Submission of the New Zealand Auditing and Assurance Standards Board

IAASB Consultation paper: *Proposed Strategy for 2015-2019, and Proposed Work Program for 2015-2016*

I Schedule of Responses to the IAASB's Specific Questions

Proposed Strategy for 2015-2019

- a. **Are the strategic objectives identified considered appropriate for the period 2015-2019? If not, please explain.**

Response:

Yes, the NZAuASB considers that the strategic objectives the IAASB identified for the period 2015-2019 are appropriate. The strategic objectives take into account the maintenance and development of high quality assurance standards, the future proofing of the assurance standards by considering their continued relevance to stakeholders needs, and recognise the importance of collaboration and cooperation with contributors to the financial reporting supply chain.

- b. **Do the factors included in Appendix 2 represent a reasonable basis for the IAASB to use in developing its Work Programs beyond the *Work Program for 2015-2016***

Response:

Yes, the factors included in Appendix 2 represent a reasonable basis for the IAASB to use in developing its future Work Programs.

Proposed Work Program for 2015-2016

- a. **What are respondents' views on the approach taken to the development of the *Work Program for 2015-2016*, in particular the IAASB's decision to focus on fewer key projects towards the goal of their completion by 2017?**

Response:

The NZAuASB considers the approach taken to the development of the *Work Program for 2015-2016* to be appropriate and supports the IAASB's decision to prioritise and focus on completing key projects by 2017. The NZAuASB considers it is appropriate to devote more resources to fewer topics, and to move forward more quickly on those deemed to be most important and with the greatest potential to serve the public interest. The NZAuASB supports the IAASB's approach to focus on those key projects that meet the identified criteria in Appendix 2.

The NZAuASB notes that the International Ethics Standards Board for Accountants (IESBA) is also currently seeking comments on its proposed strategy, but that the IESBA's strategy period covers 2014-2018, which is different to the strategy period of 2015-2019 covered by the IAASB. The work of IAASB and IESBA complements each other in that IESBA provides high quality ethical standards for professional accountants, including independence requirements for assurance engagements. Given the strategic linkages between the two Boards, the NZAuASB encourages the IAASB to continue to work closely with IESBA, and to consider aligning the strategic planning timeframes of the two Boards more closely.

- b. What are respondents' views on the appropriateness of the topics chosen as the focus for the *Work program for 2015-2016* (see paragraph 4 of the *Work program and Table A on pages 26-29*) in light of the strategic objectives set out in the IAASB's *Strategy for 2015-2019*.**

Response:

The NZAuASB agrees that the topics chosen by the IAASB for inclusion in the Work Program for 2015-2016 (Quality Control, Professional Scepticism, Special audit Considerations relevant to financial institutions) are appropriate in light of the strategic objectives set out in the IAASB's strategy for 2015-2019.

The NZAuASB notes that the topics chosen by the IAASB include some of the key areas for improvement identified by the Financial Markets Authority (FMA), the auditor regulator, in New Zealand, in their first audit quality review report issued in December 2013 on quality reviews undertaken on licensed auditors of issuers for the period 1 July 2012 to 30 June 2013.

- c. Is there an action(s) or project(s) that has not been included in the *Work Program for 2015-2016* that respondents believe the IAASB should address during that period? For example, should any of the topics in Appendix 1 (on pages 39-41) be prioritised sooner? If so, which initiative(s) identified in table A (on pages 26-29) do respondents believe should be replaced by this action(s) or project(s). Please provide an explanation of your views.**

Response:

The NZAuASB has not identified an additional action(s) or project (s) it believes the IAASB should address in 2015-2016.

However, the NZAuASB notes that the IAASB is not considering revising ISAE 3400 *The Examination of Prospective Information* for the period 2015 to 2019. The standard is out of date and in need of revision. An assurance standard on prospective information is relevant for both listed entities and in the public sector. For example, in New Zealand all local government entities are required to prepare a 10 year Long Term Plan that has to be audited every 3 years. The NZAuASB encourages the IAASB to monitor the global relevance of ISAE 3400 and to consider the potential implications if revision to the standard is delayed much beyond 2019.

The NZAuASB further notes that the IAASB plans to commence the project on integrated reporting in 2017. In the New Zealand context this timing may be appropriate, but the NZAuASB is aware that an earlier commencement of this project may be important in other jurisdictions, such as Australia, and that it may be appropriate for the IAASB to consider bringing this project forward.

- d. Are there alternative approaches for the IAASB to consider in order to enhance the IAASB's ability to address calls from stakeholders for IAASB efforts on a variety of important topics, in light of the constraints of available resources and the need for due process to be applied in the development or revision of standards?**

Response:

The NZAuASB does not have any suggestions on alternative approaches for the IAASB to consider other than those already identified by the IAASB. However, the NZAuASB

strongly encourages the IAASB to continue to strengthen its efforts to collaborate and cooperate with contributors to the Financial Reporting Supply Chain to foster audit quality.