

International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

4 April 2014

Dear Sir/Madam

Re: The IAASB's Proposed Strategy for 2015-2019 / The IAASB's Proposed Work Program for 2015-2016

On behalf of RSM International Limited, a global network of independent accounting and consulting firms, we are pleased to have the opportunity to respond to your Consultation Paper.

We broadly welcome the strategic objectives of the IAASB to continue to develop and maintain high quality standards and to consult with a wide range of stakeholders in the wake of the financial crisis. Continued focus on auditor reporting will be necessary as new regional and national legislation is enacted. However, the IAASB's role is to develop long lasting high quality standards that must include proper due process to develop, a process that has been challenged but nonetheless, in our view, achieved in the wake of the financial crisis by the IAASB.

Overall we are in agreement with the IAASB's proposals to focus on a smaller number of high priority areas including quality control, professional scepticism and the audit of financial institutions. However, we believe that improvements to the standards and guidance related to group audits can be made and should be made, particularly with respect to determining and applying component materiality, and thus should added to the IAASB's prioritised work program.

Innovation in the audit process is also a topic of concern to the profession as well as all participants in the financial (and non-financial) reporting supply chain. While the ISAs are of high quality and if followed appropriately, result in effective audits of financial statements, the ISAs should be continuously evaluated as to whether they continue to function appropriately in continuously changing technology environments. In this respect, we believe that the IAASB should ensure that adequate resources are devoted to staying abreast of developing technology and audit data standards and for being a global leader in how technology can be used to perform more effective audits.

Finally, we welcome the post-implementation reviews of the review, other assurance and related services standards because, as audit exemption limits rise (particularly in Europe) we believe it to be in the public interest that there are high quality standards suitable for smaller entities that are well understood by both the profession and the market.

Following are our responses to the questions set forth in the Consultation Paper:

Proposed Strategy for 2015-2019

(a) Whether the strategic objectives identified are considered appropriate for the period 2015-2019. If not, please explain.

We consider that the strategic objectives are appropriate for the period.

(b) Whether the factors included in Appendix 2 on page 19 represent a reasonable basis for the IAASB to use in developing its Work Programs beyond the Work Program for 2015-2016.

We agree with a planning horizon of about two years and broadly agree with the factors included in Appendix 2. Since the financial crisis, we have participated in a number of consultations with respect to auditor reporting, independence and audit quality. We agree that there has been a sense of urgency amongst many of the participants. However, we urge the IAASB to maintain the solid due process that it has established whilst reaching out to a broad range of stakeholders through that process in order to enhance the quality and longevity of the resulting standards or guidance.

Of particular interest will be the conclusions reached by a number of bodies publishing consultations on audit quality. We agree that audit quality considerations and the results of these consultations should be a key factor in determining the focus of the IAASB's Work Program from 2016 onwards.

Proposed Work Program for 2015-2016

(a) 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.

The members and staff of the IAASB are best placed to understand resources available over the 2016-2017 periods and the scope of the work that needs to be completed. Therefore we are in broad agreement with these proposals subject to some flexibility should other topic areas increase in priority during the intervening years.

(b) 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.

We consider that it is appropriate to focus on the public interest topics included in the 2015-2016 Work Program – Quality Control, professional scepticism and the audit of financial institutions – because they deepen and supplement the higher priority work substantially completed by the IAASB with respect to Auditor Reporting. Of particular interest will be the work on professional scepticism, due to the behavioural aspects of that objective. We also support the other areas of prioritisation, in particular the monitoring of progress with respect to Integrated Reporting to assess the impact and uptake of the International Integrated Reporting Framework.

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

Between them, Appendix 1 and Table A to this consultation provide a thorough analysis of the Work Program action plans for the IAASB to 2019. We note that post-implementation review of the clarified ISAs has not been carried forward as a formal project from the 2012-2014 Work Program. Given the



importance of the clarified ISAs we believe that the continued monitoring and development of these standards should be included in the Work Program.

We would be pleased to discuss our comments further with members of the IAASB or its staff. If you wish to do so, please contact me (tel: +44 207 601 1080; email: robert.dohrer@rsmi.com).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Dohrer'. The signature is fluid and cursive, with a long horizontal flourish at the end.

Robert Dohrer
Global Leader - Quality and Risk
RSM International