

Professor Arnold Schilder
Chairman
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York NY 10017
United States of America

RSM International Limited

50 Cannon St
London
EC4N 6JJ
UK

T +44 (0)207 6011080

www.rsm.global

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Dear Professor Schilder,

IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021

RSM International Limited, a worldwide network of independent audit, tax and consulting firms, appreciates the opportunity to comment on the IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021.

We support the Strategy and Work Plan although we consider that considerable resource needs to be directed towards finding solutions for smaller or less complex entities, whilst still retaining the integrity of the ISAs. We also believe that the IAASB should not under-estimate the resources that will be required to provide implementation support after the final quality standards are issued.

Our responses to the specific questions posed in the IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021 consultation are attached.

We would be pleased to discuss our views further with you or your staff. If you have any questions regarding our comments, please contact Steve Whitcher (steve.whitcher@rsm.global) or me at (marion.hannon@rsm.global).

Yours sincerely,

A handwritten signature in black ink that reads "Marion Hannon".

Marion Hannon
Global Leader, Quality & Risk

1) You agree with *Our Goal, Keys to Success and Stakeholder Value Proposition* as well as the *Environmental Drivers*

Yes, we agree with the Goal, Keys to Success, Stakeholder Value Proposition and Environmental Drivers. It is critical that the IAASB continues to produce standards which are robust and capable of consistent and proper application across all sectors and markets.

We particularly welcome the reference to scalability, as progress in this area is essential for continued confidence in the relevance of the IAASB's processes and standards. We were pleased to hear Professor Schilder's closing remarks at the Paris Conference in May this year dedicated to responding to the challenges of Less Complex Entities in which he stated that the concerns about scalability had been heard and that action would be taken.

In addition, we believe it is imperative that, whilst still maintaining quality through a robust standard setting process, the IAASB is able to react nimbly to the issues faced in applying standards in an environment beset with increasing change and complexity.

Changing expectations and declining trust in audits are critical issues that must be addressed profession-wide. We need to move swiftly in developing responses to the questions raised of us, particularly in relation to the detection and reporting of fraud and the consideration of going concern issues. We encourage the IAASB to be bold its consideration of how these challenges are addressed to ensure the needs of users are met and open-minded in considering the various solutions.

2) You agree with *Our Strategy and Focus and Our Strategic Actions for 2020-2023*

Yes, we agree with the IAASB's Strategy and Focus and Our Strategic Actions for 2020-2023.

Theme A includes implementation support for firms following the introduction of the Quality Management standards. Given the very significant changes that firms will face, our view is that the IAASB will find that there is a considerable need for implementation support and we urge the IAASB to prioritise the development of this support. Unless considerable support is provided in terms of tools, documentation examples, best practice strategies for implementation etc, the benefits of these standards, which are an essential element of quality improvement may take an extended period to emerge.

The completion of existing projects to enhance the standards is important. However, one of the key challenges remains, as mentioned in Theme B, issues relating to audit evidence, with regards to evolving technologies and emerging tools. In our view this should be given a high priority.

3) You agree with the IAASB's proposed *Framework for Activities* and the possible nature of such activities

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.

4) You support the actions that have been identified in our detailed *Work Plan for 2020-21*

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.

5) There are any other topics that should be considered by the IAASB when determining is 'information-gathering' and research activities in accordance with the new *Framework for Activities*.

We agree with the topics included in this section of the Framework for Activities. However, we would to note the following:

- We would like to see convergence between ISAs and US GAAS return to the agenda.
- Regulators are beginning to challenge the nature and scope of an audit and we would like to see the IAASB give some consideration to this topic, particularly in the areas of going concern and fraud.

