

June 4, 2019

Prof. Arnold Schilder, Chairman
International Auditing and Assurance Standards Board

Dear Professor Schilder,

The Institute of Internal Auditors (IIA) is pleased to share feedback on the International Auditing and Assurance Standards Board's consultation paper, *Proposed Strategy for 2020-2023 and Work Plan for 2020-2021*.

The IIA is a tireless supporter of effective organizational governance in all sectors. With over 200,000 members worldwide, The IIA is pleased to add its voice to that of the IAASB and others in the promotion of organizational transparency, accountability, and integrity, underpinned by strong controls and sound standards. We have provided active participation to the Consultative Advisory Group of the IAASB for many years through our volunteers and staff, and value highly the important work that your board delivers.

We commend you on a thorough and well-conceived plan. We particularly welcome the emphasis on ensuring that standard-setting is relevant and timely. It is a difficult balance to maintain both the necessary rigor and the much needed responsiveness in such a complex and fast changing world. Ultimately, timeliness and relevance are issues that can impact credibility, and others may step in to fill any perceived gaps caused by delay, resulting in possible confusion and fragmentation.

The focus on key topics that include a continued spotlight on technology, agility, and extended forms of external reporting are also welcomed. It is vital that the work of the IAASB is, and is seen to be, innovative and transformative. Theme A is critical in helping the profession gain trust from stakeholders. These are among the areas of great importance to The IIA, and the internal audit profession stands ready to work alongside external auditors and professional accountants in business toward a common purpose. The roles are highly complementary and we urge the IAASB to encourage its audience to work closely with internal auditors, drawing upon their work, judgment, and expertise, confident in the

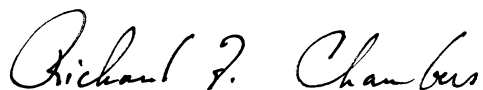
knowledge that it is underpinned by comparable and exacting standards. Internal auditors are experts in governance, risk management, and control, and are deeply familiar with how these operate within their organizations. At the same time, they provide credible, objective assurance by reporting to the governing body independently of management. In the same way that it is good practice for external auditors to use independent valuation experts, in the future there will be an increasing need to leverage others who can provide assurance related to distributed ledgers, AI algorithms, nonfinancial reporting, and so on. In many instances, these are areas where internal audit is able to provide valuable support.

The paper identifies a number of opportunities and challenges, including the need for more estimates and management judgments. This is a practice that has resulted in more subjectivity in financial reporting and can increase the risk of poor judgment and inaccuracies. IAASB may wish to review standards that allow for more subjectivity in financial reporting as part of a single point of focus to determine whether improvements can be made. This links to Theme B and the drive to enhance standards.

Theme E of the paper calls for a deepening of connectivity and collaboration opportunities. This can certainly extend beyond the national standard-setters identified to include global standard-setters, such as The IIA. Being able to promote our respective standards as part of a single coherent, integrated framework could add considerable benefit to the practitioners we aim to serve and the organizations and stakeholders they support. The paper references the development of principle-based standards, non-authoritative practical guidance, and an interpretations mechanism to communicate intentions of a standard, all of which are approaches The IIA has adopted over many years. We would be pleased to share our experiences and insights on this matter.

The collaboration between our respective organizations continues to provide real benefits to the audiences we serve and we are pleased to be able to provide input to the strategic planning and delivery of the work of the IAASB.

Sincerely,

A handwritten signature in cursive script that reads "Richard F. Chambers".

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA
President and Chief Executive Officer
The Institute of Internal Auditors