

Basis for Conclusions
Prepared by the Staff of the IAASB
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*International Auditing and Assurance
Standards Board*

The IAASB's Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives

IAASB

International Auditing
and Assurance
Standards Board

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The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

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THE INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD'S WORK PLAN FOR 2017–2018 AND CONTINUING RELEVANCE OF ITS STRATEGIC OBJECTIVES

This Basis for Conclusions has been prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB). It relates to, but does not form part of:

- The IAASB's [Work Plan for 2017–2018](#) (the 2017–2018 Work Plan), that was approved by the IAASB in December 2016, with affirmative votes by 18 out of 18 IAASB members present at the December 2016 IAASB meeting.¹
- The [Supplement](#) to the IAASB's [Strategy for 2015–2019: Fulfilling Our Public Interest Mandate in an Evolving World](#) (the Strategy), approved in September 2014 and published in December 2014 (specifically the IAASB's three identified strategic objectives).

Background

1. The Strategy and [Work Plan for 2015–2016](#) (2015–2016 Work Plan) were published in December 2014.
2. The Strategy was described through three strategic objectives, which helped illustrate how the IAASB intended to focus its activities over the five-year strategy period, taking into account the strong platform of standards the IAASB had developed, the current environment, and feedback from its stakeholders through outreach and consultation on its strategy and work plan. In finalizing the Strategy, the IAASB agreed to undertake a mid-period review to determine whether the three strategic objectives remain relevant or needed to be adjusted.²
3. In its Strategy, the IAASB agreed to give priority attention to its first strategic objective, "Ensuring that ISAs Continue to Form the Basis for High-Quality, Valuable and Relevant Audits Conducted Worldwide by Responding on a Timely Basis to Issues Noted in Practice and Emerging Developments," in particular when considering the overall balance and timing of all of the planned initiatives for 2015–2019. Accordingly, in 2015–2016 the IAASB has focused a significant amount of its resources on meeting the expectations of stakeholders regarding the application of the International Standards on Auditing (ISAs) and International Standard on Quality Control (ISQC), both of which serve a fundamental role in underpinning audit quality. As a result, various projects for revising a number of ISAs and ISQC ¹³ commenced during the period, with the expectation that these projects would take a number of years to complete.

Process for the Development of the IAASB's Work Plan for 2017–2018 and Assessment of the Continuing Relevance of Its Strategic Objectives

4. The IAASB commenced the process for determining whether its three strategic objectives remained relevant for the remainder of the strategy period or needed to be adjusted, and the development of

¹ For a full record of the voting on the 2017–2018 Work Plan and the IAASB's agreement of the continuing relevance of its strategic objectives, see the minutes of the [December 5–9, 2016 IAASB meeting](#) under the heading "Minutes."

² In changing from a three- to five-year strategy period, the Public Interest Oversight Board agreed to the change in periods provided that during the five-year period the IAASB undertook a re-evaluation of its Strategy by considering the continuing relevance of the strategic objectives.

³ ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*

the 2017–2018 Work Plan, in March 2016. In light of the topics on its 2015–2016 Work Plan, and the stage of progress on those topics (including the consultations on a number of these topics through the Invitation to Comment, [Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits](#) and specific feedback in that consultation from many stakeholders relating to the IAASB's future work), the IAASB had the view that the 2017–2018 Work Plan consultation should not be viewed as duplicative or unduly burdensome by its stakeholders. Accordingly, the IAASB agreed that a focused and transparent consultation would be appropriate and issued its [Survey Consultation—The IAASB's Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives](#) (the Survey Consultation) in July 2016.

5. The aim of the Survey Consultation was to enable the IAASB to assess whether stakeholders agreed with continuing to progress and complete the topics prioritized in 2015–2016, as well as to identify any other topics stakeholders believed should be added to the IAASB's agenda as a priority above any of the topics already underway (if any). The Survey Consultation explained the limited capacity for new projects in the 2017–2018 period, given the ongoing priority projects, and provided transparency about the rationale for the IAASB's priorities proposed for the 2017–2018 period. The survey also highlighted a continuing emphasis on the future interactions and topics of mutual interest with the International Ethics Standards Board for Accountants (IESBA) as well as addressing the concerns of small- and medium-sized practices (SMPs).
6. As part of this consultation, the IAASB also sought to understand stakeholder views on the continuing relevance of its strategic objectives.
7. Ninety-three responses were received to the Survey Consultation from a wide range of stakeholders,⁴ including an investor organization, regulators and audit oversight authorities, national auditing standard setters, accounting firms, a public sector organization, member bodies and other professional organizations, and individuals and others.⁵
8. Respondents to the Survey Consultation were generally supportive of the proposed Work Plan for 2017–2018, in particular the planned completion of work on topics already underway at the start of 2017. This Basis for Conclusions explains the more significant issues raised by respondents to the Survey Consultation, and how the IAASB has addressed these and other significant developments in finalizing its Work Plan for 2017–2018.
9. The IAASB discussed the proposed Work Plan for 2017–2018 and the continuing relevance of its strategic objectives with its Consultative Advisory Group (CAG) on two separate occasions during 2016: prior to the issuance of the Survey Consultation, and by teleconference prior to finalization by the IAASB of the Work Plan for 2017–2018.

⁴ Responses were received from three Monitoring Group members: Basel Committee on Banking Supervisors, the International Association of Insurance Supervisors and the International Forum of Independent Audit Regulators (IFIAR).

⁵ Of the ninety three responses, thirty-eight (41%) were from individuals. In these responses the individuals had, in limited instances, noted the organization they are associated with, but did not indicate that it was an organization view being represented. Accordingly, these responses were considered as responses from individuals. The other fifty-five responses (59%) were from organizations and were considered as representing an organization view. In analyzing and considering the results of the survey responses, the IAASB noted which responses were from organizations, and also, in some cases, groups of organizations representing specific stakeholders (e.g., the European Audit Inspection Group or IFIAR).

Continuing Relevance of the IAASB's Strategic Objectives

10. In developing its strategic objectives for 2015–2019, the IAASB articulated its strategic vision through three strategic objectives:
 - (a) Ensuring that International Standards on Auditing (ISAs) Continue to Form the Basis for High-Quality, Valuable and Relevant Audits Conducted Worldwide by Responding on a Timely Basis to Issues Noted in Practice and Emerging Developments.
 - (b) Ensuring the IAASB's Standards Evolve as Necessary to Adequately Address the Emerging Needs of Stakeholders for Services Other than Audits of Financial Statements.
 - (c) Strengthening Outreach and Collaboration with Key Stakeholders in the Reporting Supply Chain on Public Interest Issues Relevant to Audit, Assurance and Related Services.
11. The vast majority of respondents to the Survey Consultation agreed that the strategic objectives remain relevant and should be retained as the basis for developing the IAASB's Work Plan for 2017–2018.

IAASB Decision

12. Given the support from respondents to the Survey Consultation, the IAASB agreed that the strategic objectives continue to be relevant and should remain unchanged for the remainder of the strategy period 2015–2019. The IAASB has issued a "*Supplement to the IAASB's Strategy for 2015–2019*" to attach to the Strategy that presents the IAASB's findings from the mid-period review and the continuing relevance of the strategic objectives.

The IAASB's Focus on Its Priority Projects in 2017–2018

13. The Survey Consultation provided respondents with a summary of the IAASB's projects and initiatives commenced in the 2015–2016 period (and therefore would be underway at the start of 2017). The Survey Consultation noted that the Board would continue to focus on the following priority projects (unless stakeholder responses indicated that other topics should have a higher priority):
 - (a) ISA 540;⁶
 - (b) ISA 315 (Revised);⁷
 - (c) ISQC 1 and ISA 220⁸ (Quality Control project); and
 - (d) ISA 600⁹ (Group Audits project).

In addition, initiatives to address professional skepticism and the effects of technology on the audit, including data analytics, were also proposed as a priority for the IAASB in the 2017–2018 in light of work to date on these topics, as well as strong support for addressing issues in these areas from stakeholders.

⁶ ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

⁷ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

⁸ ISA 220, *Quality Control for an Audit of Financial Statements*

⁹ ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

14. The vast majority of respondents agreed with the Board's view that the IAASB's priority projects and initiatives currently underway (as noted in paragraph 13) should continue to be progressed to completion as a priority (i.e., that the IAASB's projects related to ISA 540, Quality Control, Group Audits, Professional Skepticism, ISA 315 (Revised) and the Effects of Technology on the Audit, Including Data Analytics, should be prioritized over the IAASB's other activities).
15. Respondents, however, cautioned that the proposed Work Plan for 2017–2018 is ambitious and suggested that robust standard-setting on each of the priority topics should take precedence over starting projects on new topics or trying to address too many topics.
16. Responses to the Survey Consultation indicated strong support for completing ISA 540 as planned, i.e., to continue to place an emphasis on completing this project in a timely manner for the upcoming changes in the accounting standards, in particular IFRS 9.¹⁰ Respondents also strongly supported the continuation of projects on quality control and group audits.

IAASB Decisions

17. Based on the Survey Consultation responses, the IAASB concluded that there is no need to re-evaluate the current priorities of the Board (as noted in paragraph 13) and therefore that the priority projects currently underway should continue to be prioritized in the 2017–2018 period.
18. The IAASB agreed that the revision of ISA 540 should take precedence over the other projects to facilitate the project to be able to be completed on a timely basis. Although respondents did not rate the revision of ISA 315 (Revised) ahead of other priority projects (namely projects on quality control and group audits), the IAASB recognizes the importance of prioritizing ISA 315 (Revised) due to the interdependency of the concepts in this standard to other standards, in particular ISA 540 (which is on an accelerated timeline), ISA 220 and ISA 600. Accordingly, the IAASB concluded that the revision of ISA 315 (Revised) would also continue to be prioritized.
19. With regard to professional skepticism and the effects of technology on the audit, including data analytics, the IAASB agreed that these topics should also continue to be prioritized, especially in light of the work already undertaken in these areas. These topics are discussed further below in the section on "New Projects in the 2017–2018 Work Plan."
20. In relation to the proposed timing for completion of the priority projects, the IAASB acknowledged the ambitiousness of the Work Plan for 2017–2018, but noted that timing and the targeted dates for completion were based on the:
 - Significant consultation that has already taken place on many of these topics;
 - Interrelationship between the standards being revised (including the need to sequence some of the revisions); and
 - Intended focus by the IAASB on these topics.

Further, the IAASB noted that the Board's capacity would be increased in 2017 with three additional IAASB teleconferences and an additional three-day meeting in October 2017, to enable sufficient Board time for discussions.

¹⁰ In early 2016, the IAASB agreed to accelerate this project, recognizing the importance of addressing the issues identified relating to ISA 540, but also the importance of being responsive to concerns in relation to the audits of financial institutions and other entities applying International Financial Reporting Standard (IFRS) 9, *Financial Instruments*.

21. At the same time, the IAASB also emphasized the importance of taking sufficient time to set standards of appropriate quality, especially in light of some of the significant issues that are being addressed. The IAASB agreed that it would therefore be important to:
- Provide full and periodically updated transparency about the timing of the priority projects, in particular when the timing as presented in the Work Plan 2017–2018 changed.
 - Acknowledge in the Work Plan for 2017–2018 that the IAASB's priorities may change because the progression of the projects may follow different timelines to completion given the significant nature of some of the issues being addressed, but also in light of national and international developments, which the IAASB continues to monitor on an ongoing basis.

New Projects in the 2017–2018 Work Plan

22. As previously noted, the IAASB's priority projects as set out in paragraph 13 (a)–(d) above will require a large portion of Board and Staff capacity in the 2017–2018 period. However, as larger projects are completed (e.g., ISA 540) capacity opens up for other projects and initiatives to progress more substantially.¹¹

New Project on Audit Evidence

23. Work commenced in 2015–2016 on professional skepticism and the effects of technology on the audit, including data analytics. Consultations on both topics have already been undertaken:
- Professional skepticism—included in the IAASB's ITC. Responses have been analyzed and discussions undertaken as to an appropriate way forward.
 - The effects of technology on the audit, including data analytics—a consultation through a Request for Input on [Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics](#) has been undertaken. Responses to the Request for Input will further inform the IAASB on how to progress with the data analytics project more broadly, and an appropriate way forward will be discussed by the IAASB once the responses to the consultation have been analyzed.
24. In its Survey Consultation, the IAASB identified professional skepticism and the effects of technology on the audit, including data analytics, as a priority, and respondents to the Survey Consultation agreed that these topics should be prioritized.
25. The IAASB noted that aspects of both professional skepticism and data analytics are rooted in issues related to 'audit evidence.' The IAASB has therefore agreed that, once capacity for commencing a significant new project becomes available, a project on 'audit evidence' should commence. In addition to including aspects of professional skepticism and data analytics in this project, the IAASB also agreed that this project should include a revision of ISA 500.¹² In addition, consideration will also be given to exploring how issues related to audit evidence affect aspects of sampling and analytical procedures, as well as the impact of any changes on ISA 230, *Audit Documentation*. In developing the project proposal, further consideration will therefore be given by the IAASB to the appropriate scoping of the project.

¹¹ Subject to available Staff (or other as appropriate) resources, a working group may be set up to commence initial activities on a new project in advance of the project coming onto an IAASB meeting agenda.

¹² ISA 500, *Audit Evidence*

26. In addition to the new project incorporating aspects of professional skepticism, the Board also agreed that the Professional Skepticism Working Group would continue to work with the other IAASB Task Forces and Working Groups, as appropriate, to consider how to strengthen requirements and guidance in key standards currently under revision to emphasize the importance of the application of professional skepticism, and set forth expectations about how professional skepticism is expected to be applied (e.g., accounting estimates in ISA 540, risk assessment in ISA 315 (Revised), quality control (at the firm level) in ISQC 1, quality control (at the engagement level) in ISA 220, and group audits in ISA 600).
27. In a similar vein, the IAASB also agreed that the Data Analytics Working Group would continue to work with the other IAASB Task Forces and Working Groups, as appropriate, to contribute to the revisions of key standards currently underway, as needed, in relation to the impact of data analytics. This includes identifying areas where reference should be made to, or inclusion of, language related to data analytics (e.g., relating to accounting estimates in ISA 540, risk assessment in ISA 315 (Revised), quality control (at the firm level) in ISQC 1, quality control (at the engagement level) in ISA 220, group audits in ISA 600 and professional skepticism) and assisting with changes as appropriate.

New Project on Agreed-Upon Procedures

28. In 2015–2016 the IAASB also commenced initial efforts on Agreed-Upon Procedures (AUPs), after a project on this topic was postponed in the 2012–2014 Work Program due to the acceleration of the project to revise the auditor's report. These efforts have culminated in the need for further consultation, with a Discussion Paper, [*Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards*](#) (the AUP Discussion Paper) issued to explore various matters related to AUP engagements and multi-scope engagements.
29. Certain respondents to the Survey Consultation (specifically SMPs, those that represent the interests of SMPs, and others that perform other assurance services for SMEs) identified the IAASB's AUP project as a high priority for various reasons (e.g., ISRS 4400¹³ has not been revised using the clarity conventions, whether ISRS 4400 continues to be fit for purpose in relation to the types of engagements being performed, and the importance of the project to SMPs who have seen an increase in demand for non-audit assurance services such as AUP engagements). Other respondents did not support IAASB efforts on a project to revise ISRS 4400, noting in particular that the IAASB's efforts should rather be to revise the ISAs as a priority.
30. On balance, the IAASB agreed that it was important to continue to emphasize the importance of AUP engagements, and with the focus by the IAASB on the needs of SMPs (see paragraph 49), the IAASB has the view that subject to support from its stakeholders from the responses to the AUP Discussion Paper, a project to revise ISRS 4400 should commence.
31. Further consideration of the IAASB's actions in relation to the other aspects of the AUP Discussion Paper, including as it relates to multi-scope engagements, will be determined once the responses have been analyzed. Appropriate resources to staff the project to revise ISRS 4400 will be

¹³ International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

considered at the time of the commencement of the project in light of support provided to date by the Canadian national auditing standard setter (NSS).

Emerging Forms of External Reporting

32. In addition to the priority and other projects and initiatives described above, in the 2015–2016 period the IAASB continued to explore developments in assurance on integrated reporting and other emerging developments in external reporting. The IAASB is currently consulting on this topic through a [Discussion Paper, *Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements*](#) (the EER Discussion Paper).¹⁴ Respondents to the Survey Consultation generally considered a project in this area to be of lower priority. However, recognizing that efforts are well underway, the IAASB agreed that the responses to the EER Discussion Paper will provide context for further action by the IAASB in this area. Once the responses to the EER Discussion Paper are received and analyzed, the Integrated Reporting Working Group will make recommendations for an appropriate way forward later in 2017. In considering possible actions, the IAASB will consider Staff resources and Board capacity at the time, and further consideration may be given to others assisting in progressing the actions that are recommended.

Other Topics Considered for the 2017–2018 Work Plan

33. To understand stakeholder views on the Board's next priorities, the Survey Consultation provided respondents with a list of various 'other' topics (i.e., that were not the priority projects already identified by the IAASB) that could commence in the 2017–2018 period. Respondents were asked to indicate the relative importance of these 'other' topics, and to indicate whether any of these topics should be prioritized over the priority projects set out in paragraph 13.
34. In expressing their views regarding the relative importance of the 'other' topics, respondents did not indicate that any of the topics should be considered to be higher priority than the IAASB's current priority projects (i.e., those projects noted in paragraph 13), and that the IAASB's current priority projects should continue to receive the Board's focus until completed.
35. Based on the responses, the 'other' topics ranked as having higher relative priority included:
- (a) *Materiality and Evaluating Misstatements* (ISA 320¹⁵ and ISA 450)¹⁶—However respondents suggested that the IAASB should delay significant focus on materiality until the International Accounting Standards Board (IASB) has concluded its projects on this topic.¹⁷ It was suggested that the IAASB consider greater collaboration with the IASB as the IASB makes progress on its projects on materiality.
 - (b) *Going Concern, including further actions related to auditor reporting*—mixed views about a project in this area were expressed by respondents to the Survey Consultation, including that:

¹⁴ The EER Discussion Paper is out for comment until February 3, 2017.

¹⁵ ISA 320, *Materiality in Planning and Performing an Audit*

¹⁶ ISA 450, *Evaluation of Misstatements Identified during the Audit*

¹⁷ The IASB has projects to develop a [Materiality Practice Statement](#), as well as to [refine the definition of materiality](#) and clarify its characteristics.

- Going concern should be considered as part of the IAASB's post implementation review of the new and revised Auditor Reporting standards, noting that additional guidance for auditors in dealing with matters related to going concern is what is needed.
- The IAASB should not advance any work in this area until the IASB has started a project on the topic of going concern.
- The topic should receive greater priority, particularly due to the diversity seen in procedures performed related to going concern during a review of interim financial information.
- Work should continue in this area, noting requirements in local jurisdictions where more is required of the auditor than ISA 570 (Revised)¹⁸ requires.

(See paragraph 38 below relating to the Auditor Reporting post-implementation review and going concern.)

- (a) *Exploring issues related to audit evidence*—support was given to potential revision of the IAASB's standard dealing with audit evidence (ISA 500) (see discussion above in paragraph 25 on new project on audit evidence).¹⁹
- (b) *Potential revision of the IAASB's standard addressing the auditor's responses to assessed risks (ISA 330)*—the majority of those who expressed support and who provided supporting comments were of the view that a revision of ISA 330 should be a logical progression of the current project on ISA 315 (Revised).²⁰

IAASB Decisions

36. The IAASB agreed that the responses to the Survey Consultation did not indicate that there should be any reconsideration of the priority projects. Accordingly, the IAASB will focus its efforts on its current priority projects (paragraph 13(a)–(d)) and new projects (paragraphs 25, and 30), with new projects commenced if and when it is realistically feasible.
37. Due to the limited capacity for new projects, and agreement that these should comprise projects in areas where work already commenced in the 2015–2016 period, it is unlikely that any other new projects would commence during 2017–2018. Projects on the topics above would therefore be considered, in light of other considerations and developments at the time, for work plans after 2018.

Other IAASB Efforts in 2017–2018

38. The IAASB has agreed that it is important to continue to monitor the application of the new and revised Auditor Reporting standards in 2017 and 2018,²¹ with the agreed post-implementation

¹⁸ ISA 570 (Revised), *Going Concern*

¹⁹ ISA 530, *Audit Sampling*

²⁰ The IAASB expects consequential changes to be made to ISA 330 arising from its project to revised ISA 315 (Revised). The ISA 315 (Revised) project may also inform the IAASB about the need to for further revisions to ISA 330, which will form part of the considerations of a future work plan in light of the current priorities of the IAASB.

²¹ The new and revised Auditor Reporting Standards comprise ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; New ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; ISA 705 (Revised),

review targeted to commence in late 2017. The post-implementation review will include evaluation of experience with key audit matters and with communications in the auditor's report relating to going concern and materiality, as well as experience with the implementation of ISA 720 (Revised).²²

39. With regard to ongoing monitoring of global developments:
- The work of the IASB will continue to be monitored by the IAASB's IASB Liaison Working Group. In particular, the IASB Liaison Working Group will continue to coordinate and liaise with IASB Staff on its materiality project as appropriate.
 - The Innovation Working Group will continue to monitor environmental and other developments that may warrant IAASB attention, and provide updates to the IAASB periodically.
40. The IAASB is of the view that toward the end of the 2017–2018 Work Plan period there may be capacity for the IAASB to start to consider additional projects that are not on the IAASB's current list of priority or new projects planned for 2017–2018. At the appropriate time, the IAASB will discuss which project is the next priority.
41. In 2018, activities and consultation on the IAASB's Strategy for 2020–2024 and next Work Plan will need to be undertaken to determine the IAASB's priorities for the next period. As significant capacity is expected to be opened up as the current priority projects are targeted for completion in December 2018 and early 2019, the topics in paragraph 35 as well as other topics that may necessitate priority attention at the time, will be considered.

Consideration of Matters Related to IESBA Coordination; and SMPs and Audits of SMEs

42. As noted, the Survey Consultation also highlighted that in progressing the standard-setting projects during the 2017–2018 Work Plan period, the IAASB would enhance its focus on the following two areas:
- Coordination with the IESBA; and
 - Consideration of matters related to SMPs and audits of small- and medium-sized entities (SMEs).

IESBA coordination

43. The majority of the respondents indicated that coordination with IESBA should continue to be a priority for the IAASB. Respondents to the Survey Consultation encouraged proactive and ongoing coordination between the IAASB and the IESBA to ensure consistent and timely project development, commenting variously that such collaboration would likely:
- Increase efficiency of both Boards through avoiding duplication of tasks;
 - Encourage consistent and coherent development of definitions and terminology, frameworks and standards; and

Modifications to the Opinion in the Independent Auditor's Report; ISA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report; ISA 570 (Revised), Going Concern; ISA 260 (Revised), Communication with Those Charged with Governance; and conforming amendments to other ISAs.

²² ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

- Enhance the practical usability of both Boards' standards.
44. Respondents to the Survey Consultation acknowledged that the overlapping of issues between the IAASB's and the IESBA's activities may be finite. However, it was noted that those aspects of projects common to both Boards should be 'effectively executed in tandem.' The IAASB was encouraged not to neglect other potential avenues of collaboration, in particular with IFAC's other Boards and Committees, IFIAR and the Committee of European Auditing Oversight Bodies (CEAOB).
45. Respondents to the Survey Consultation noted some caution that collaboration with other Boards may potentially negatively impact the adoption of the IAASB's standards. The standards or materials of the other Boards may not be as widely adopted as those of the IAASB, which may consequently lead to increased reluctance to adopt the IAASB's standards if for example, too much of the IESBA Code of Ethics for Professional Accountants (the IESBA code) is repeated in the IAASB's standards.

Consideration of matters related to SMPs and audits of SMEs

46. Respondents to the Survey Consultation generally expressed significant support for consideration of matters related to SMPs and audits of SMEs. However, there were some respondents to the Survey Consultation who were of the view that the IAASB's standards were already scalable and that the IAASB should focus its limited resources on matters related to issues that affect capital markets, with NSS and the IFAC SMP Committee best suited to provide application guidance to SMPs on the scalability of the ISAs.
47. Themes expressed by respondents to the Survey Consultation who expressed support for consideration of matters related to SMPs and audits of SMEs included that:
- The IAASB should consider more carefully what it can do better to meet the changing audit and assurance needs of smaller entities in the public interest, particularly when public interest appears to be equated only with the needs of the capital markets.
 - SMEs are a significant contributor to the global economy and are a large portion of the profession's clients, therefore warranting appropriate focus.
 - The current work of the IAASB has been targeted to serve the capital markets in response to the financial crisis, leading to increased cost and complexity in the practical application of the ISAs. A number of respondents echoed the view that the ISAs are too complex, expensive and impractical to apply in practice by SMPs for audits of SMEs, resulting in increasing tension that currently exists between 'audit quality' and 'audit affordability' with respect to SMPs and audits of SMEs.
 - The "considerations specific to smaller entities" sections in the ISAs are useful but do not provide the level of clarity sought. Additionally respondents encouraged the Board to consider developing implementation guidance for the ISAs.

IAASB Decisions

48. Consistent with the responses to the Survey Consultation, the IAASB recognizes the importance of continued coordination with the IESBA on matters that may impact both the IESBA Code and the IAASB's International Standards. The IAASB therefore continues to have the view that it is important to coordinate with the IESBA in the context of specific topics, through aligning efforts by

Staff and the relevant Boards where necessary and appropriate, and through periodic leadership communications.

49. The IAASB also has the view that a continued focus on matters related to SMPs by the IAASB in the context of both audits of SMEs and other services performed is supported by stakeholders generally. Accordingly, as part of each ongoing project and initiative the IAASB agrees that it should continue to focus on understanding the issues and implementation needs of SMPs, and consider changes accordingly.
50. Views gathered from SMPs and other interested stakeholders at the IAASB's January 2017 working conference are expected to further inform the IAASB about the practical implications of applying the IAASB's International Standards and explore how the IAASB and others might respond to the challenges and opportunities relating to SMPs.

Recognizing the Need to Remain Flexible to Ensure the IAASB is Fulfilling Its Public Interest Mandate

51. The initiatives specified for the period 2017–2018 represent the IAASB's current best thinking of how to deliver on its strategic objectives. However, the IAASB also recognizes the need to be flexible, both in the projects it has identified as priority projects and in its approach to future Work Plans. Through ongoing discussions and outreach with others,²³ the IAASB will monitor national and international developments to continually assess the prioritization of its future planned projects. As necessary, the IAASB is prepared to strategically reallocate resources, or prioritize one or more project(s) to commence sooner, even though doing so may mean deferral of work on other projects.
52. The IAASB also notes that consideration of additional projects or the acceleration of work on specific projects may be possible through additional support by others, for example, NSS or researchers, technical advisors, or through other steps to enhance resources available to the IAASB.

²³ Including the IAASB CAG, the Public Interest Oversight Board, regulators, NSS, practitioners and other key stakeholders, and through ongoing monitoring by the Innovation Working Group.

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