

**Basis for Conclusions**  
**Prepared by the Staff of the IAASB**  
*April 2024*

*International Auditing and Assurance Standards  
Board*®

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# IAASB Strategy and Work Plan for 2024–2027

**IAASB**

**International Auditing  
and Assurance  
Standards Board**

## About the IAASB

This document has been prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB). It does not constitute an authoritative pronouncement of the IAASB, nor does it amend, extend or override the International Standards on Auditing (ISAs) or other of the IAASB's International Standards.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

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 (PIOB), which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group (CAG), which provides public interest input into the development of the standards and guidance (a new Stakeholder Advisory Council will commence activities in 2024 and replaces the IAASB CAG).

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# BASIS FOR CONCLUSIONS: IAASB STRATEGY AND WORK PLAN FOR 2024–2027

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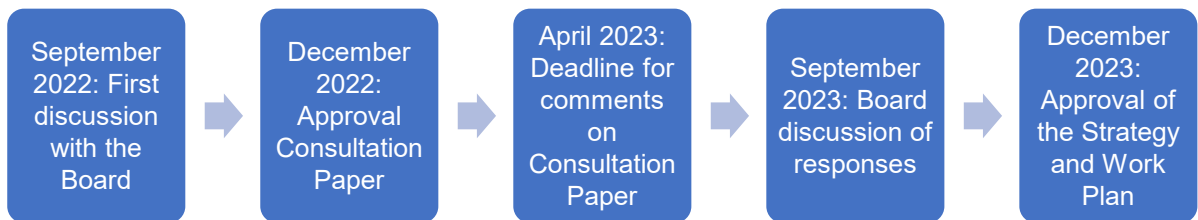
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The Staff of the IAASB has prepared this Basis for Conclusions. It relates to but does not form part of the IAASB Strategy and Work Plan for 2024–2027.

The IAASB Strategy and Work Plan for 2024–2027 was approved at the December 2023 IAASB meeting with affirmative votes of 18 out of 18 IAASB members.

## A. Development of the IAASB’s Strategy and Work Plan

1. The IAASB commenced its process of developing the Strategy and Work Plan for 2024–2027 (the Strategy and Work Plan)<sup>1</sup> in March 2022. Work was driven by the IAASB Planning Committee, which was the Task Force, and progressed in accordance with the following timeline:



2. Following the IAASB’s [Due Process and Working Procedures](#) as it applies to the Board’s strategy and work plan, and consideration of changes resulting from a joint meeting of the planning committees of the IAASB and the International Ethics Standards Board for Accountants (IESBA) in October 2022, the IAASB approved a complete draft of its proposed Strategy and Work Plan in December 2022. The approved draft was issued as a [Consultation Paper](#) in January 2023 (the Consultation Paper) to obtain stakeholders’ feedback on the proposals.
3. Appendix 1 of the Consultation Paper provided a summary of the activities that informed the development of the proposed Strategy and Work Plan.
4. The consultation period closed in April 2023. The IAASB received 61 comment letters, compared to 45 comment letters received on the previous Consultation Paper issued in 2019 in developing the Strategy and Work Plan for 2020–2023. The overview of respondents by stakeholder type and by region as presented to the Board in September 2023 indicated a good diversity of respondents, which included three Monitoring Group members and nearly half (48%) of responses from respondents other than accounting firms or member bodies and other professional accountancy organizations.
5. In addition to the responses to the Consultation Paper, the development of the Strategy and Work Plan benefited from ongoing engagement with stakeholders as part of the IAASB’s outreach program in 2023, and meetings with the IAASB Consultative Advisory Group and the IESBA in September 2023.
6. In September 2023 and December 2023, the IAASB considered an analysis of the significant comments raised by respondents on the Consultation Paper, including the prioritization of projects and other activities identified in the Consultation Paper, and respondents’ suggestions for new projects or activities. The IAASB deliberated the significant matters raised by respondents to the

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<sup>1</sup> The Strategy and Work Plan comprises two main parts, Strategy for 2024–2027 and Work Plan for 2024–2027. The phrases “the Strategy” or “the Work Plan”, respectively, are used in this Basis for Conclusions when referring to these parts separately. Also, “strategy period” and/or “work plan period” refers to the period 2024–2027.

Consultation Paper and from other related feedback received and amended the Strategy and Work Plan accordingly.

7. This Basis for Conclusions explains the more significant issues raised by respondents and from other feedback received, and how the IAASB has addressed these issues in finalizing the Strategy and Work Plan.

## **B. Strategy for 2024–2027**

### **Goal, Keys to Success and Stakeholder Value Proposition**

#### *Feedback Received*

8. Respondents broadly supported the IAASB's proposed Goal, Keys to Success and Stakeholder Value Proposition as presented in the Consultation Paper.
9. With respect to the proposed goal of the IAASB, respondents suggested that the goal encapsulate all the IAASB standards, including the Quality Management Standards.<sup>2</sup> In addition, respondents suggested enhancing certain key messages and clarifying through additional or different wording certain matters addressed as part of the proposed goal.
10. Respondents supported the main points in the section, Keys to Success and Stakeholder Value Proposition, with some suggestions to elaborate on certain points.

#### *IAASB Decisions*

11. Regarding the IAASB's Goal, the Board reaffirmed that it was appropriate for the goal to refer to certain standards only, because the goal is intended to emphasize the Board's focus on audits and reviews of financial statements and other assurance engagements during the strategy period. However, given respondent's feedback, the IAASB added text in the Strategy section to highlight the Board's commitment to the full suite of IAASB international quality management and engagement standards.
12. The IAASB accepted various other suggestions from stakeholders in finalizing the wording of the goal and to clarify the overall message. Although these were all good enhancements, the revisions did not alter the intent of the goal.
13. Regarding Keys to Success and Stakeholder Value Proposition, although certain respondents proposed changes to add specificity or more detailed descriptions, on balance, the IAASB was of the view that this section was at the appropriate level for a strategy document. Some proposals from stakeholders on the point about "Our Work Plan" were better addressed in the detailed Work Plan section of the Strategy and Work Plan (see **Section C**, below).

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<sup>2</sup> The Quality Management Standards comprise ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

## Strategic Drivers

### *Feedback Received*

14. Responses received across stakeholder groups, including two Monitoring Group members, indicated strong support for the proposed strategic drivers. Respondents did not identify any other strategic drivers, but variously suggested refinements to certain elements of the strategic drivers.
15. In addition, respondents provided comments that elaborated on or provided suggestions in relation to *how* the IAASB may respond to certain strategic drivers (which were more appropriately addressed in the Work Plan section of the Strategy and Work Plan – see **Section C**, below). Respondents' main points related to the strategic driver, Increased and More Diverse Demand for Our Standards:
  - **Impact of Technology:** Respondents suggested the need for a more strategic, broadly considered approach, including a long-term strategy for addressing technology as part of the IAASB's standard-setting activities.
  - **Supporting the implementation of our standards:** Respondents encouraged the IAASB to clarify its role and commitment to developing or facilitating the development of implementation and other non-authoritative guidance.

### *IAASB Decisions*

16. Given the strong support for the strategic drivers, the Board reaffirmed that these were the environmental factors that would most impact the Board's ability to achieve its goal and should drive the choices the Board makes for the 2024–2027 strategy and work plan period.
17. In addition to accepting individual suggestions for refinement and improving the readability and understandability of certain strategic drivers, the IAASB decided to specifically clarify the following strategic drivers based on respondents' comments:

#### Increased and More Diverse Demand for Our Standards

- **Impact of technology (see also paragraph 18):** Emphasizing that entities are increasingly operating in a digital environment and use technology for their business models, information systems and reporting processes and that auditors and other practitioners use technology in undertaking audit, assurance, and related services engagements. Also, artificial intelligence was highlighted as a necessary consideration. Therefore, a sentence was added to highlight that stakeholders are expecting standard setters to be proactive in their approach to dealing with technologies.
- **Diverse demands across the spectrum of stakeholders reflecting the breadth of the global economy:** Better contrasting the diversity of demands in terms of, on the one hand, demands for more principle-based, understandable, scalable and proportionate standards and, on the other hand, demands for standards that address specific elements of an engagement, or specific subject matter information or services, with more granular requirements and application material. In addition, explaining that detailed rule-based standards could, for example, become obsolete in times of rapid change (engagement quality perspective) and could reduce the attractiveness of the profession (capacity building perspective) by eroding the application of professional judgement, which is a fundamental characteristic of auditing and assurance.

Changing demands to our ways of working

- **Implement the Monitoring Group reforms:** Expanding the description to highlight the nature of the changes, for example, the Board’s composition and adoption of a staff-driven model and to emphasize that the IAASB will remain focused on maintaining appropriate resources, skills and mix of experience.
  - **Increasingly tight timelines to meet heightened expectations:** Better reflecting the pressures on both sides in terms of increased expectations for timely action and the timely delivery of standards, as well as the potential negative impact on the public interest arising from not having sufficient time to implement standards and absorb changes.
18. The IAASB accommodated respondents’ additional comments about how to address the impact of technology in the following sections of the Strategy and Work Plan:
- **Our Strategic Actions:** Adding a strategic action to “Articulate a clear vision and roadmap on our approach to addressing technology, because of the use of technology by entities and auditors. This vision and roadmap will guide standard-setting and other related activities.”
  - **Our Work Plan for 2024–2027:** Adding as a new initiative for the work plan period, “Establish a Board position on addressing the impact of technology in the IAASB’s standards, including the Board’s vision and roadmap.” Also, including in the Work Plan, standard setting projects with a focus on technology and that will be informed by this position (see also **Section C**, below).
19. Regarding respondents’ encouragement to clarify the Board’s role and commitment to implementation and other non-authoritative guidance, the IAASB reaffirmed its position as encapsulated in the Consultation Paper. While the Board recognizes the importance of such guidance in supporting the effective implementation and application of IAASB standards, the IAASB will prioritize its work for the revision and development of standards. To provide clarity, the IAASB enhanced the description of “Implementation Support Activities” in the Work Plan section of the Strategy and Work Plan, as follows:
- Emphasizing that the IAASB will include the development of this material in the timeline of a project, when it determines the need for development of first-time implementation guidance (e.g., to avoid that staff is prematurely allocated to another project to ensure timely delivery of materials).
  - Highlighting the relevant factors that the IAASB would consider in deciding to develop specific non-authoritative guidance.
  - Clarifying that others may also be well positioned to develop first-time implementation support materials or other non-authoritative guidance. Therefore, such materials or guidance may be developed by the IAASB or the IAASB may facilitate and support action by others, including coordinating or collaborating with jurisdictional/ national standard setters (NSS), the International Federation of Accountants (IFAC) or other bodies.

## Strategic Objectives and Strategic Actions

### *Feedback Received*

20. Respondents supported the four strategic objectives as proposed in the Consultation Paper.
21. Respondents also broadly supported the IAASB's strategic actions, with some suggestions to further enhance or clarify certain strategic actions.
22. Specific suggestions from respondents to expand or to add certain strategic actions, included:
  - Developing a “quick response” process for updating affected standards resulting from changes to the standards of other International Standard-Setting Boards (e.g., the IESBA and the International Accounting Standards Board (IASB)).
  - Adding an action to undertake a comprehensive review of the IAASB's standards based on the Complexity, Understandability, Scalability and Proportionality (CUSP) principles.
  - Emphasizing that the IAASB would stay focused on developing principle-based standards (see also paragraph 17 where this was raised in the context of principle-based versus rule-based standards under the Strategic Drivers).
  - In relation to sustainability assurance, emphasizing the need to create topic specific standards to complement the proposed overarching standard, ISSA 5000.<sup>3</sup> Other respondents cautioned that it might be too early to decide on specific topics and that sufficient time should initially be allowed for the adoption and implementation of ISSA 5000. There also were suggestions for the IAASB to develop a vision on how ISSA 5000 should work with topic specific standards.
  - Requesting that for the strategic action about coordination with IESBA (under Strategic Objective 3), the Strategy and Work Plan should be more descriptive about the nature and extent of coordination, including providing more specifics around the planned topics for coordination.

### *IAASB Decisions*

23. The IAASB considered and responded as follows to specific suggestions to expand or to add certain strategic actions:
  - **A “quick response” process:** The IAASB noted that the Narrow Scope Maintenance of Standards as contemplated in Component III of the Framework for Activities is a quick response process. However, the IAASB updated the second strategic action under Strategic Objective 1 to emphasize the Board's consideration of the use of narrow scope amendments to standards (with a footnote to explain the nature of such amendments).
  - **A comprehensive CUSP review of standards:** The IAASB noted that the strategic actions for Strategic Objective 1 already included a commitment to apply the CUSP drafting principles and guidelines. In addition, the IAASB noted that the CUSP drafting principles and guidelines were developed in 2022 to be applied on a prospective basis. The IAASB decided to also include the same strategic action for Strategic Objective 2 related to standards for assurance on sustainability reporting.

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<sup>3</sup> Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*



- **Principle-based standards:** The IAASB enhanced for Strategic Objective 1, and added for Strategic Objective 2, a strategic action to focus on drafting principle-based standards in line with the CUSP drafting principles and guidelines and the qualitative characteristics that standards should exhibit as set out in the [Public Interest Framework](#).
  - **Topic-specific standards for sustainability assurance:** The IAASB decided to retain the relevant strategic action under Strategic Objective 2 since it was important to signal the Board's commitment to establishing a bespoke suite of standards on sustainability assurance over time. The IAASB clarified the strategic action by explaining that the initiation of further standards on sustainability assurance includes developing a view on how the overarching standard will relate to topic specific standards.
  - **Coordination with IESBA:** The IAASB enhanced the description of this strategic action to emphasize the systematic nature of the two Boards' coordination activities, including a focus on project identification, scoping and timing. The IAASB also expanded the section "Our Coordination with IESBA" in the Work Plan, by adding that:
    - Ongoing coordination includes undertaking joint outreach with key stakeholders, as appropriate.
    - Coordination activities relate to all projects on both Boards' agendas. However, it was highlighted that efforts at the start of the work plan period will particularly focus on the two Boards' parallel projects relating to sustainability reporting and assurance and Track 2 of the IAASB Listed Entity and Public Interest Entity (PIE) project. In addition, from the perspective of possible matters of mutual interest and interoperability, the IESBA Use of Experts projects and IESBA's completed and ongoing work on technology will continue to receive attention.
24. In addition, the IAASB accepted various other suggestions from stakeholders to enhance the descriptions of some of the strategic actions. The following changes, or decisions not to make changes, warrant specific mention:
- Respondents suggested that the IAASB should focus on the public interest when prioritizing projects and that there is a need for contingency as new and time urgent issues may emerge. The Board decided not to make any changes to the strategic actions in this regard, because this matter is addressed in the Work Plan section of the Strategy and Work Plan, as follows:
    - The introduction to the Work Plan emphasizes that the IAASB recognizes the need to be flexible in responding to environmental changes, which include changes that may be needed to accommodate capacity to address urgent or unexpected issues that arise and are not known at the time of approval of the Work Plan.
    - The criteria for selecting and prioritizing topics are discussed in the Work Plan, under "Planned Commencement of New Projects During 2024–2027". This includes the public interest need and other criteria set out in the IAASB [Framework for Activities](#).
  - Regarding outreach activities for the ISA for LCE<sup>4</sup> under Strategic Objective 1, the IAASB added that its outreach also will focus on the adoption of the ISA for LCE (not implementation alone).

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<sup>4</sup> The International Standard on Auditing (ISA) for Audits of Financial Statements of Less Complex Entities (LCE)

- Although certain respondents requested that the strategic actions for Strategic Objective 3 should include various other specific stakeholders, the IAASB reaffirmed its choice for the strategy period to specifically focus on coordination with IESBA and other leading standard setters and regulators, and therefore no changes were made. However, the IAASB noted that it will continue its outreach and engagement with the full spectrum of IAASB stakeholders through its general outreach program and project-specific outreach.
- In response to comments on Strategic Objective 4, the IAASB expanded the strategic action relating to the IAASB technical team by emphasizing the enhancement of capacity and competencies to keep pace with the developments of the profession and the business environment.

## C. Work Plan for 2024–2027

### Structure of the Work Plan Section

#### *IAASB Decisions*

25. The IAASB made structural changes to the Work Plan to improve the flow and readability of the Work Plan and to better highlight the main themes of the Board’s work plan considerations, as informed by respondents’ comments to the Consultation Paper and ongoing outreach during 2023:
- Restructured the Work Plan under three main headings: “Our Planned Actions for 2024–2027”, “Our Coordination with IESBA” and “Allocation of Our Resources”.
  - Restructured the section, “Our Planned Actions for 2024–2027”, to include information about our projects underway at the start of 2024, the planned commencement of new projects during 2024–2027, and other initiatives and ongoing activities.
  - Included the following tables and an appendix to summarize the Board’s commitments for the work plan period:
    - Table A for projects underway at the start of 2024, with a column that addresses the targeted timeframe for approval of these projects.
    - Table B for planned new initiatives for 2024–2027, including a brief description of each new initiative or project, and a column that addresses the targeted timeframe for the commencement of these initiatives or projects.
    - Appendix 3 that summarizes the Work Plan as at the date of approval of the Strategy and Work Plan and includes the projects underway at the start of 2024 and the planned new initiatives to be commenced, with targeted milestones for each across the calendar years in the work plan period.
26. The IAASB also noted that the notion, as presented in the Consultation Paper, of maintaining a balance in terms of the IAASB’s focus on both the traditional area of audits and reviews of financial statements and the evolving area of sustainability and other assurance engagements resonated with stakeholders. However, a Monitoring Group respondent expressed some caution with respect to such ‘balance’, highlighting that while the importance of the focus on sustainability assurance engagements is recognized, the IAASB also should clearly message that the public interest attached to the further improvement of the ISAs has not changed. In response, the IAASB has retained the distinction between the two broad focus areas of Audits and Reviews and Sustainability and Other

Assurance Engagements, but also added a statement that it expects “a majority of resources (approximately 70 percent) to be devoted to standard setting for audits and reviews of financial statements.”

## Criteria Applied and Work Plan Topics Considered

### *Feedback Received*

27. The criteria for selecting and prioritizing topics to be taken up in the Work Plan was presented in the Consultation Paper. Although no specific question was asked about the criteria, some respondents alluded to the criteria in their responses to various questions in the Consultation Paper. The following specific matters were raised:
  - That the IAASB should focus on the public interest when prioritizing projects.
  - The notion of ‘a stable platform’ for standards over time and the possible unintended consequences for the quality of engagements of successive fundamental changes to standards.
28. On a spectrum of support, all the candidate topics for possible new projects set out in the Consultation Paper received some level of support. Respondents provided detailed feedback on individual candidate topics, which was analyzed and considered by the Board in plenary session. See summary of respondents’ comments to Questions 4 and 5 of the Consultation Paper in [Agenda Item 5-A](#) of the September 2023 IAASB meeting.
29. A Monitoring Group member proposed the following additional topics for consideration of possible new standard-setting projects:
  - ISA 402,<sup>5</sup> given the evolution of business practices such as increased use of cloud-based organizations and outsourcing of key functions and considerations about whether the work of the service organization’s auditor provides sufficient appropriate audit evidence.
  - ISA 540 (Revised),<sup>6</sup> expressing their view that certain key matters were not addressed in the revision of ISA 540 (completed in 2018).
  - Internal Control, noting that such a focused project is needed to support high-quality audits.
30. Some other respondents variously suggested topics that could be added to the list of candidate topics. See summary of respondents’ comments to Question 6 of the Consultation Paper in [Agenda Item 5-A](#) of the September 2023 IAASB meeting.

### *IAASB Decisions*

31. The IAASB noted that the criteria for selecting and prioritizing topics that were set out in the Consultation Paper are in accordance with the Framework for Activities. Also, the public interest, which was raised by certain respondents, was already addressed in the criterion “A known public interest need or benefit for pursuing a project, taking account of the Public Interest Framework” (see also paragraph 24).
32. The IAASB added the following criterion based on respondents’ feedback: “Maintaining an appropriate balance in taking on new projects to revise or develop standards with an awareness of

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<sup>5</sup> ISA 402, *Audit Considerations Relating to An Entity Using a Service Organization*

<sup>6</sup> ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

the possible cumulative effect of successive fundamental changes to standards (e.g., the potential negative impact on the public interest, including the quality of engagements, arising from stakeholders not being given sufficient time to absorb changes).”

33. The IAASB determined the relative priority of the candidate topics by using the criteria in paragraphs 31 and 32 to evaluate respondents’ rationale for either supporting or not supporting individual candidate topics, or their other views about these topics. In addition, the IAASB’s programming decisions were shaped by input from relevant ongoing outreach with stakeholders in 2023, as well as considering the timing for completion of projects underway at the start of 2024, the nature and mix of possible new projects, and the anticipated capacity to accommodate around five to seven parallel standard-setting projects at any given time during the work plan period.
34. The following projects underway at the start of 2024 were not impacted by feedback received and were included in Table A of the Strategy and Work Plan, with an indication of their targeted final approval (unchanged from the Consultation Paper):
- Going Concern (Revision of ISA 570 (Revised))<sup>7</sup>
  - Implications for IAASB Standards of IESBA’s Project on Listed Entity and PIE – Track 2
  - Fraud (Revision of ISA 240)<sup>8</sup>
35. Regarding possible new projects to be included in the Work Plan, one candidate topic in the Consultation Paper was removed from the list: Joint Audits. This topic was excluded primarily because feedback indicated that the criteria of global prevalence and urgency were not satisfied.
36. The following candidate topics were either included as projects to commence during 2024–2027 or as reserve topics, based on the evaluation in paragraph 33:
- Projects to commence during 2024–2027 (see Strategy and Work Plan, Table B, for a description of each project and its targeted commencement):
    - Review of Interim Financial Information (Revision of ISRE 2410)<sup>9</sup>
    - Materiality (Revision of ISA 320)<sup>10</sup>
  - Reserve topics (included after Table B in the Strategy and Work Plan, with an indication that these could be elevated to projects because factors and circumstances that originally informed the Board’s programming decisions may change):
    - Using the Work of an Auditor’s Expert (Revision of ISA 620)<sup>11</sup>
    - Auditor Responsibilities Relating to Other Information (Revision of ISA 720 (Revised))<sup>12</sup>

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<sup>7</sup> ISA 570 (Revised), *Going Concern*

<sup>8</sup> ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

<sup>9</sup> International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

<sup>10</sup> ISA 320, *Materiality in Planning and Performing an Audit*

<sup>11</sup> ISA 620, *Using the Work of an Auditor’s Expert*

<sup>12</sup> ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*

- Assurance Engagements on Digital Reporting Tagging (which was described as “Assurance on XBRL” in the Consultation Paper)

37. With respect to the following candidate topics (and one topic from the projects underway at the start of 2024), the evaluation in paragraph 33 revealed certain specific matters that warranted further consideration, which are discussed in the remaining sections of this Basis for Conclusions.

Topics from the Consultation Paper	Section in this Basis for Conclusions	See paragraphs
Technology Audit Evidence (Revision of ISA 500) <sup>13</sup> Responding to Assessed Risks of Material Misstatement (Revision of ISA 330) <sup>14</sup> Various Standards in the ISA 500 Series (ISAs 501, <sup>15</sup> 505, <sup>16</sup> 520 <sup>17</sup> and 530) <sup>18</sup>	Specific Matters Raised on Technology, Audit Evidence and Risk Response	40-52
Overarching Standard for Assurance on Sustainability Reporting (ISSA 5000) Further Standards for Assurance on Sustainability Reporting	Specific Matters Raised on Sustainability Assurance	53-65
Post-Implementation Reviews	Specific Matters Raised on Post-Implementation Reviews	66-73

38. Regarding proposals from respondents for other topics to be added, the IAASB noted that none of the individual topics identified, were raised or supported by three or more respondents. This was a strong indication that the criteria for selecting a topic would probably not be met, also taking into account the broad support across stakeholder groups for most of the candidate topics already on the list and limitations on the number of new topics that could potentially be accommodated in the work plan period. This also applied to the additional topics that were identified by a Monitoring Group member (see paragraph 29); however, the following are noted with respect to two of those topics:

- ISA 540 (Revised) – see Board decision about post-implementation reviews in paragraph 72.
- Internal Control – see Board decision on adopting an integrated approach to audit evidence and risk response, *including a focus on technology and internal control* in paragraphs 47-49.

39. Although the Consultation Paper did not specifically address the ongoing IESBA Use of Experts project or the ISA for LCE which was approved in September 2023, the Board decided to include projects for these topics in the Work Plan, as follows:

The IESBA Use of Experts Project

<sup>13</sup> ISA 500, *Audit Evidence*

<sup>14</sup> ISA 330, *The Auditor’s Responses to Assessed Risks*

<sup>15</sup> ISA 501, *Audit Evidence – Specific Considerations for Selected Items*

<sup>16</sup> ISA 505, *External Confirmations*

<sup>17</sup> ISA 520, *Analytical Procedures*

<sup>18</sup> ISA 530, *Audit Sampling*

- In responding more broadly to coordination between the IAASB and IESBA, certain respondents highlighted the importance of ongoing coordination in relation to certain specific projects, including on the IESBA Use of Experts project. In addition, the IESBA project was noted during the September 2023 joint plenary session of the IAASB and IESBA and was a topic of ongoing coordination between the IAASB and IESBA teams in 2023.
- Based on feedback received and input from ongoing coordination activities, the IAASB concluded that the IESBA Use of Experts project could give rise to possible amendments to IAASB standards to ensure that the two Boards' standards can continue to be effectively applied together. Therefore, the IAASB decided to include in the Work Plan:
  - Narrow Scope Amendments Arising from IESBA's Use of Experts Project

#### The ISA for LCE

- Feedback received on the ED-ISA for LCE<sup>19</sup> and outreach during the finalization of the standard relating to the ongoing maintenance of the ISA for LCE after initial issuance and implementation became relevant considerations when finalizing the ISA for LCE and the Work Plan.
- Based on the IAASB's decision when finalizing the ISA for LCE, for an initial period of stability of at least three years once the ISA for LCE becomes effective, the IAASB decided to include in the Work Plan:
  - Maintenance of the ISA for LCE
- The targeted commencement time of this project recognizes that the ISA for LCE is effective for audits of financial statements of LCEs for periods beginning on or after December 15, 2025. Therefore, the first revisions to the standard after initial implementation would not be effective before periods beginning on or after December 15, 2028 (three years after December 15, 2025).

### Specific Matters Raised on Technology, Audit Evidence and Risk Response

#### *Feedback Received*

40. Respondents encouraged the IAASB to adopt a more strategic, broadly considered approach for addressing the impact of technology as part of its standard-setting activities (see also paragraph 15 where this was raised in the context of *how* to address the strategic driver related to technology).
41. In relation to the ISAs, respondents indicated that addressing technology-related matters would need to be a significant part of any project(s) on ISA 330 and standards in the ISA 500-series (i.e., those topics set out in the Consultation Paper, ISAs 501, 505, 520 and 530). Some respondents highlighted that revising these standards would not only be about addressing technology but there also were other additional or specific matters to be addressed in each of these standards.
42. In addition, in relation to the Audit Evidence project, respondents questioned whether the proposed revisions in ED-500<sup>20</sup> were sufficiently ambitious. This feedback was consistent with comments the IAASB received on ED-500. In particular:
  - That the revisions to ISA 500 alone are not sufficient to address all audit evidence-related matters across the ISAs, often referring to the proposed projects for ISA 330 and targeted standards in

<sup>19</sup> Exposure Draft, *Proposed ISA for Audits of Financial Statements of LCE*

<sup>20</sup> Exposure Draft, *Proposed ISA 500 (Revised), Audit Evidence*

the ISA 500-series as set out in the Consultation Paper, including in relation to the technology aspects of revisions to these standards.

- Whether the objective of modernization, especially in relation to the impact of technology, was achieved, including calls that technology-related matters should be more broadly addressed in ED-500 as well as other standards.
43. Responses, particularly from regulatory authorities, indicated the need to more inclusively consider and concurrently address revisions to ISA 500 and ISA 330. These commentators described the need to evaluate the revisions together to determine whether the public interest objectives were met effectively.
44. Outreach undertaken in Q4 2023, including members of the Monitoring Group and other regulators, expressed reservations over elements of ED-500 and indicated the value of a more integrated approach for addressing issues related to audit evidence and risk response.
45. The IAASB also further reflected on the topic of internal control, which was identified by a Monitoring Group member as a possible additional candidate topic for a new project (see paragraphs 29). The IAASB noted that a further two Monitoring Group members, as well as all but one of the regulator and audit oversight authority respondents, encouraged the IAASB to undertake a project to revise ISA 330 and viewed that such project should include a focus on internal control testing. Reasons provided included the high level of inspection findings in this area and the lack of clarity in ISA 330 on the level of internal control testing.

#### *IAASB Decisions*

46. In response to feedback to adopt a more strategic approach for addressing the impact of technology, and taking into account the related strategic action that was added to the Strategy (see paragraph 18), the IAASB decided to include the following initiative in the Work Plan:
- Establish a Board position on addressing the impact of technology in the IAASB’s standards, including the Board’s vision and roadmap
47. In relation to standard-setting projects, the IAASB concluded that it is appropriate to pursue an integrated and more strategic approach for addressing issues relating to audit evidence and risk response, and included the following project in the Work Plan:
- Integrated Approach to Audit Evidence and Risk Response, Including Focus on Technology and Internal Control
48. The above integrated project represents a reconsideration of the Audit Evidence project in response to comments and feedback received and the Board’s related deliberations. The resulting broadened project would deal with the ‘reference framework’ aspects relating to judgments about sufficient appropriate audit evidence (ISA 500) and the ‘performance’ aspects of the auditor’s responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence (ISA 330 and potentially ISA 520). This project would include considering and responding to the comments received on ED-500 and engaging with stakeholders on the appropriateness of changes.
49. In addition to the feedback received, the Board noted that the PIOB Observer encouraged the IAASB in September 2023 to consider “an overarching project on internal controls”. Because internal control would have been part of a project to revise ISA 330, regardless, the IAASB decided to highlight the focus on internal control as part of the new integrated project.

50. The Strategy and Work Plan, Table A, Note 1 explains the IAASB’s decision to include ED-500 as part of an integrated approach to audit evidence and risk response. The Strategy and Work Plan, Table B includes a description of the new project with a revised timeline.
51. In addition, the following new project, which the IAASB added to the Work Plan, also includes a focus on addressing the impact of technology that would be informed by the Board’s position in paragraph 46. However, the description of this project in Table B of the Strategy and Work Plan indicates that the project would not be limited to technology-related matters; rather, it would address relevant technical auditing issues related to each of the standards concerned, including the impact of technology:
- Modernization of Other Targeted Standards in the ISA 500 Series, Including Focus on Technology
52. In addition to the two specific projects identified in paragraphs 47 and 51, a Board position on addressing the impact of technology will continue to provide a strategic framework for applying a technology lens to decision-making for projects to revise and develop standards, and related activities such as implementation support and other non-authoritative guidance.

### **Specific Matters Raised on Sustainability Assurance**

#### *Feedback Received*

53. Respondents expressed overwhelming support for the IAASB’s work to establish an overarching standard as a global baseline for sustainability assurance engagements, with encouragement for the IAASB to continue with outreach activities to understand stakeholder needs and challenges in this evolving area and monitoring developments in sustainability reporting and assurance (at a global and jurisdictional level).
54. Respondents also highlighted the need for implementation support materials/ guidance to facilitate the adoption and effective implementation of proposed ISSA 5000. In addition, feedback received from the comprehensive outreach activities undertaken during the consultation period of ED-5000<sup>21</sup> in 2023, revealed, amongst other key themes, the demand for the development of non-authoritative guidance. Moreover, that there was a need for key elements of guidance to be available around the same time that the standard was finalized.
55. Respondents were supportive of the IAASB’s stated commitment to establish a bespoke suite of standards on sustainability assurance over time. In particular, respondents broadly agreed with the IAASB adopting a phased approach, comprising immediate action to develop ISSA 5000 and future action to develop further standards in the ISSA 5000 series.
56. Some respondents encouraged the IAASB to first ensure a stable platform for the effective implementation of ISSA 5000 (i.e., it is in the public interest to allow a reasonable period for the adoption and implementation of ISSA 5000 for it to be properly integrated and embedded in practice and for experience and learning to build up).
57. Possible candidate topics identified for further standard setting, included:
- Estimates and forward-looking information (including scenario analysis)

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<sup>21</sup> Exposure Draft, *Proposed ISSA 5000, General Requirements for Sustainability Assurance Engagements*



- Materiality (double materiality, multiple materialities, the qualitative consideration of materiality, and using materiality in planning the engagement and in evaluating misstatements)
  - Group engagements or “consolidated” sustainability information
  - Using the work of experts
  - Fraud risks (including greenwashing)
  - Climate-related sustainability disclosures
58. In addition to future standard setting, certain respondents highlighted the need for the IAASB to turn its attention to ISAE 3000 (Revised),<sup>22</sup> ISAE 3410,<sup>23</sup> and the EER Guidance<sup>24</sup> after completion of ISSA 5000. Respondents viewed this as important to avoid confusion among practitioners that will be using the ISAEs and ISSA 5000 for different assurance engagements and to remove any inconsistencies among different assurance engagement standards (also specifically mentioning the relationship between ISAE 3410 and ISSA 5000). In addition, they identified the need to update the EER Guidance, since the continued relevance and usefulness thereof, after completion of ISSA 5000, would be difficult without revision.

#### *IAASB Decisions*

59. The IAASB acknowledged the support of respondents for the timely completion of proposed ISSA 5000 as part of the projects underway at the start of 2024 (included in the Strategy and Work Plan, Table A – unchanged from the Consultation Paper).
60. Given the feedback from respondents to the Consultation Paper and the strong steer from Stakeholders as part of the ED-5000 outreach activities, the IAASB added the following project to the Work Plan:
- Implementation Support and Other Actions Related to ISSA 5000
61. The IAASB concluded that it would be premature to include in the Work Plan possible topics for further standards in the ISSA 5000 series. However, it would be appropriate and prudent to recognize the possibility of further standard setting should specific public interest issues or urgent matters arise that are not known at the time of approval of the Work Plan.
62. The IAASB agreed with the feedback from respondents to ensure a stable platform for the effective implementation of ISSA 5000. As alluded to in the Consultation Paper, the IAASB would expect additional standard setting to be driven by the relative importance and urgency at the time for further action within the ISSA suite of standards. In addition, experience from the implementation of ISSA 5000 would be an important source of information to inform possible future action.

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<sup>22</sup> International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

<sup>23</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

<sup>24</sup> Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements

63. Consistent with the Board’s commitment to establish a bespoke suite of standards on sustainability assurance over time, the IAASB believed that it was appropriate to include the following as a placeholder in the Work Plan:
- Additional Standard Setting Related to Sustainability
64. The IAASB decided against a project to revisit ISAE 3000 (Revised). The feedback received from respondents who were in favor of a project should be balanced with the role and function of ISAE 3000 (Revised) as an umbrella standard for all assurance engagements for which no stand-alone standard(s) outside of the ISAEs exists. Although a future project to revisit ISAE 3000 (Revised) is not excluded, the IAASB noted that a project to revise ISAE 3000 (Revised) will not be possible within the upcoming work plan period, considering the priority, nature and mix of other projects included in the Work Plan.
65. Regarding work on the EER Guidance and ISAE 3410, the IAASB decided to encapsulate this within the project, Implementation Support and Other Actions Related to ISSA 5000, described in paragraph 60. That project acknowledges that the work may include focusing on updating the EER Guidance and developing other non-authoritative guidance, as well as addressing the positioning and application of ISAE 3410 vis-à-vis ISSA 5000.

### **Specific Matters Raised on Post-Implementation Reviews**

#### *Feedback Received*

66. Respondents who commented on the strategic actions for Strategic Objective 1, included comments that highlighted the importance of the use of post implementation reviews as a mechanism to inform the IAASB about whether public interest needs have been met, or about changing public interest needs, relating to standards that were recently issued and implemented.
67. Respondents broadly supported and encouraged the IAASB to undertake post-implementation reviews for ISA 540 (Revised), ISA 315 (Revised 2019)<sup>25</sup> and the Quality Management Standards during the upcoming work plan period. However, support for the Quality Management Standards was less than the support for ISA 540 (Revised) and ISA 315 (Revised 2019).
68. A Monitoring Group member and certain regulators and audit oversight authorities suggested that ISA 540 (Revised) and ISA 315 (Revised 2019) could be addressed together in one post-implementation review.

#### *IAASB Decisions*

69. The IAASB noted that the Consultation Paper had recognized the importance of post-implementation reviews by including it as a strategic action in the Strategy section and highlighting candidate post-implementation review topics in the Work Plan section.
70. The IAASB reaffirmed its position that post-implementation reviews would only be considered after a significant period of global adoption and implementation of a standard (i.e., 3–5 years).
71. Based on the rationale in paragraph 70, the effective dates of the various post-implementation review candidate standards, respondents’ feedback, and the anticipated capacity for new projects during the

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<sup>25</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

work plan period, the IAASB concluded that it is unlikely that a post-implementation review for the Quality Management Standards would be possible during 2024–2027.

72. The IAASB decided to include post-implementation reviews of ISA 540 (Revised) and ISA 315 (Revised 2019) in the Work Plan. The former also would be a necessary first step to address the suggestion from a Monitoring Group member for considering a possible new project on ISA 540 (Revised) (see paragraphs 29).
73. The Work Plan recognizes that the two post-implementation reviews above could be undertaken together. However, circumstances prevailing at the time will impact how these projects are structured and undertaken.

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