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Request for Comments:
IAASB's Proposed Strategy for 2020-2023 and
IAASB's Proposed Work Program for 2020-2021

Dear Mr. Gunn,
Dear Ladies and Gentlemen,

We are pleased to take this opportunity to comment *IAASB's Proposed Strategy for 2020-2023 and Proposed Work Program for 2020-2021*. Please find our comments below.

Question 1 – Do you agree with our Goal, Keys to Success and Stakeholder Value Proposition, as well as the Environmental Drivers?

We basically agree with the stated Goal, Keys to Success and Stakeholder Value Proposition.

However IAASB's goal should not be limited to *sustain public trust in financial and other reporting by providing robust standards*. Considering current discussions in some European countries (UK, Netherlands) about audit market reforms such as mandatory joint audits, extending external rotation or creation of audit-only firms, due to (possible) failures in audit quality and market competition, IAASB and IESBA must be perceived and trusted even more as the international Standard Setters that are willing and able to address possible shortcomings when it comes to

audit methodology and ethics. This might also strengthen IAASB's position considering the Monitoring Group's contemplations about reforming the international standard setting process.

Furthermore IAASB's activities, especially the setting of international standards, take place in the 'public interest'. In this context we think it is important to have a clear understanding of the meaning of the term 'public interest'.

Also we basically agree with the proposed <u>Environmental Drivers</u>. The above mentioned activities and initiatives of legislators and regulators in certain European countries should be part of the driver 'Changing Expectations and Public Confidence in Audits'.

Question 2 – Do you agree with our Strategy and Focus and our Strategic Actions for 2020–2023?

<u>Theme A:</u> We agree with the proposed strategy and strategic actions. Major projects in progress should be completed. From our perception implementation support for ISA 315 (revised) will be highly appreciated.

<u>Theme B</u>: We basically welcome the proposed strategy and strategic actions, especially IAASB's intention to focus on evolving technologies and their implications on the audit methodology. In this context it might be reasonable to include providers of audit software in the connectivity and collaboration activities of <u>Theme E</u>.

Regarding professional scepticism we think IAASB should reduce its activities in this area. Professional scepticism is first and foremost a set of mind, which is hardly influenced by standards.

<u>Theme C:</u> We agree with the proposed strategy and strategic actions and share IAASB's assessment that Audits of Less Complex Entities should be a top priority (page 11).

According to the statement on page 9, the strategy also comprises 'addressing the robustness of auditing standards in an increasing complex business environment…'. We are not quite sure what the difference between this statement and the strategy of Theme B is. We would expect this issue to be covered under Theme B.

<u>Theme D:</u> Please see our comments to Question 3.

<u>Theme E:</u> Please see our comment to Theme B.

Question 3 – Do you agree with the IAASB's proposed Framework for Activities, and the possible nature of such activities?

We are not quite sure what the benefit of the proposed *Framework for Activities* is and how a more formalized process to address and develop activities will enable the IAASB to 'do the right work at the right time'.

The described steps in Appendix 2 and the illustration on page 12 seem somewhat self-evident and we would expect the IAASB to have corresponding procedures and processes already in place.

We consider the time and personnel involved in developing and implementing such a framework to be relatively high („*However, there are still many aspects of the Framework that will need to be further developed if this approach is supported by our stakeholders. At this stage, we also remain mindful that the Framework will need to remain adaptable so as to accommodate any further changes arising from the Monitoring Group review*") and it might reduce flexibility.

Question 4 – Do you support the actions that have been identified in our detailed Work Plan for 2020–2021? If not, what other actions do you believe the IAASB should prioritize?

Basically we agree with the proposed Work Plan for 2020-2021.

As already mentioned above we see the need for implementation support regarding ISA 315 (revised).

In addition, the display of non-binding guidelines on '*Extended External Reporting'* might be split up and Phase 1 and Phase 2 should be presented separately.

The deliberations regarding '*Audits of Less Complex Entities'* should be prioritized, whereas resources on 'Professional Scepticism' should be reduced.

Finally, the line item 'Research' within the section 'Research Phase' seems to be rather general and from our point of view hard to assess, but we ask the IAASB not to put too many resources in general research on how to create and implement a 'Framework for Activities'.

Question 5 – Are there any other topics that should be considered by the IAASB when determining its 'informationgathering and research activities' in accordance with the new Framework for Activities?

No comments.

We would like to thank you for the opportunity to comment on the proposed strategy and work program and hope that you will find our comments useful. We would be delighted to answer any further questions that you may have.

Kind regards

Dr. Reiner Veidt   Dr. Eberhard Richter

Executive Director   Deputy Executive Director