4 June 2019

Submitted electronically at www.iaasb.org,

Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board (IAASB)
529 Fifth Avenue

New York
10017 USA

Dear Willie

SAICA COMMENT LETTER ON THE IAASB'S PROPOSED STRATEGY FOR 2020-2023 AND WORK PLAN FOR 2020-2021

The South African Institute of Chartered Accountants (SAICA) is the home of chartered accountants in South Africa – we currently have over 44,000 members from various constituencies, including members in public practice (±29.6%), members in business (±48.8%), in the public sector (±6.7%), education (±2.0%) and other members (±14.9%). In meeting our objectives, our long-term professional interests are always in line with the public interest and responsible leadership. SAICA is currently the only professional accountancy organisation that has been accredited by the Audit Regulator in South Africa, the Independent Regulatory Board for Auditors (IRBA).

In response to your **Proposed Strategy for 2020-2023 and Work Plan for 2020-2021 (Proposed Strategy and Work Plan),** please find included the comments prepared by SAICA.

We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments. You are welcome to contact Thandokuhle Myoli (thandokuhlem@saica.co.za) or Hayley Barker Hoogwerf (hayleyb@saica.co.za).

Yours sincerely

Signed electronically

Thandokuhle Myoli
Project Director – Assurance

SAICA'S APPROACH TO RESPOND

1. SAICA's approach to gather information to inform our comment letter can be summarised as follows:

    a. SAICA developed a survey to obtain the views of the members in relation to the proposals included in the Proposed Strategy and Work Plan. This survey was distributed to all members, with a dedicated email being sent to members in practice. A general trend noted in completing the survey was that the respondents answered the multiple choice questions but provided little or no commentary in support of their answer. Where commentary was provided, this has been incorporated into the comments below. Refer to Appendix A for the SAICA survey.

    b. An internal Working Group was established through SAICA's Assurance Guidance Committee to review and provide additional inputs in finalising the comment letter.

Results of the SAICA survey

2. The SAICA survey was completed by 13 respondents, all of whom are SAICA members. As indicated below the majority of respondents (84%) were members in public practice.
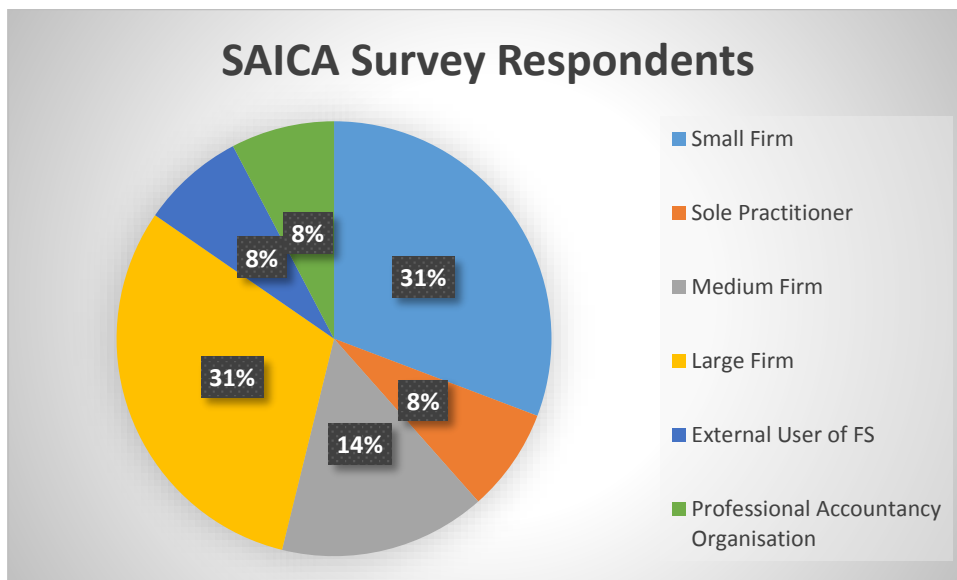
3. In the analysis above, the following meaning is attributable to the relevant terms:

    a. Large Firms are practices with more than 10 partners;
    b. Medium Firms are practices with 5 to 10 partners; and
    c. Small Firms are practices with 2 to 5 partners.

4. Throughout this comment letter we present the results from the survey by referring to "**survey respondents**". The survey results have not been analysed statistically and cannot be extrapolated. The results are presented as perceptions and views that have been observed, and although not necessarily representative of a general or common view, provide some insights into the issues and possible actions discussed in the Proposed Strategy and Work Plan.

SAICA's COMMENTS

5. Our comments are presented in the sequence of the questions as they have been included in the Proposed Strategy and Work Plan. We have responded to all 5 questions.

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

IAASB's Goals

6. 100% of survey respondents agree with the IAASB's goal.

7. We support the IAASB's goal to sustain public trust through the delivery of robust global standards that are capable of consistent and proper implementation. Sustaining public trust is critical as the profession will cease to exist without it. The key to this is the consistent performance of high-quality audits, which is achieved by planning, performing and reporting in accordance with high-quality professional standards. The integrity of the auditing process is also crucial to the continued existence of the auditing profession in that this process gives the public a certain level of trust in the financial statements subject to an audit. For these reasons, we agree with the goal of the IAASB.

Keys to Success

8. We agree with the Keys to Success. SAICA believes that we have seen this being practically implemented and working over the past few years. As an example, with the issue of the Invitation to Comment (ITC), Enhancing Audit Quality in the Public Interest – A Focus on Professional Scepticism, Quality Control and Group Audits as an outcome of the post implementation review of the clarified ISAs and the subsequent approval of the IAASB projects on quality control, professional scepticism and ISA 600.

Stakeholder Value Proposition

9. In principle we agree with the IAASB's Stakeholder Value Proposition. One respondent to the survey noted that, although they agree with the stakeholder value proposition, they get the impression that it will result in a lot of work and effort, therefore, care should be taken that they are realistically achievable. Below, please find additional commentary on certain of the identified stakeholder value propositions:

Our Standards

10. 60% of the survey respondents agree that the performance of an assurance engagement in accordance with the IAASB standards fosters confidence in audit quality.

11. Due to the rapid pace at which business and the modern world are evolving, the importance of the IAASB being forward-looking in ensuring that the standards are revised to be as future-proof as far as possible should not be underestimated. It is SAICA's view that the impact of technological developments in revising the ISAs should remain a focal point, especially as it relates to how audit evidence is gathered and the types of evidence gathered for audit and assurance engagements. The development and issue of any implementation guidance in

relation to the impact of technological developments on the ISAs and the auditing process will also be most welcomed by the profession.

12. In continuing with the theme of keeping abreast with developments in setting standards that are fit-for-purpose, timely response to changes that impact on the profession is of paramount importance. In responding timeously to these changes, SAICA's is of the view that, in addition to the international standards issued as part of the formal due processes, the IAASB should consider implementing and following a less formal or more flexible approach, with a shorter time around time that allows for issuing authoritative pronouncements, such as International Auditing Practice Notes or Staff Questions and Answers or other staff publications. To this end, we are pleased to see that the development of non-authoritative practical guidance is included in as part of the framework of activities.

13. 80% of the survey respondents believe that the IAASB should explore opportunities to follow a less formal or more flexible approach than that required in issuing authoritative pronouncements that result in shorter turnaround.

14. SAICA is aware of and recognises the IAASB's continuing efforts to address the needs of Small and Medium Practices (SMPs) in the audit of smaller and less complex entities. This includes that scalability has been a strategic focus in each of the IAASB's current projects relating to the revision of certain ISAs. In our response to IAASB Future Strategy Survey, we indicated that we are supportive of the move away from the concept of Small-and Medium-Sized Entities (SMEs) and SMPs auditing SMEs, to a more inclusive approach of all types of audit firms (i.e. not only SMPs) auditing smaller and less complex entities. We indicated that this is more representative of the actual practice environment, for example, there are smaller entities that could still have complex businesses and complex financial statement items.

15. In the South African jurisdiction, there are many SMPs that do not necessarily operate in the space of auditing complex entities that are considered to be of significant public interest and it may be argued that there is no need for these practitioners to comply with all the requirements set out in the IAASB standards. One respondent stated, "The IAASB serves an international community for international companies and their reporting. E.g. this net is big and works well with big fish. It is however too big and cumbersome for any other kind of fishing community. As a perception of prestige all local entities align with the IAASB but at the detriment of the local circumstances and unique reporting that may be required. Standardization comes at a price and actually provides the opportunity for clients to manipulate the system because of the audit and accounting need to force everything into the same box."

16. On the other hand, it can be argued that since the ISAs are principles based, they are capable of being adapted and practically applied to the audit of any engagement, large or small, simple or complex.

17. We are aware of the calls for standards that are scalable and support initiatives to further explore and understand the challenges of using the ISAs in the audits of SMEs. To this end, we welcome the Discussion Paper, Audits of Less Complex Entities: *Exploring Possible Options to Address the Challenges in Applying the ISAs* (Discussion Paper: LCE). SAICA will continue to engage with our members in soliciting input to inform the SAICA comment letter on the Discussion Paper: LCE.

Engagement with Stakeholders

18. 80% of survey respondents are aware of the IAASB outreach activities and are satisfied with the level of engagement by the IAASB. Of the 80% that are aware of the outreach activities, only 20% have actually been involved in such activities.

19. It is our view that engagement with preparers and users of financial statements as part of the outreach activities is of particular importance. The reactions of the public towards recent corporate failures, both locally and internationally seem to indicate that there is a gap between what the public expects an audit to achieve and what is being delivered based on the current auditing model, especially in relation to the auditors role in detecting and reporting fraud. SAICA believes that the IAASB is best positioned to lead engagements with all stakeholders in order to understand and manage expectations of all parties, thereby address this expectation gap. These engagements may provide the basis for meaningful discussions regarding changes that may be necessary to ensure that audit and assurance reports remain relevant.

20. It may be useful for the IAASB to consider conducting an in-depth study on the shortcomings that have led to the recent corporate failures, analyse their root causes and the regulatory environments in which these failures have occurred. The results of this study can then be used to identify potential shortcomings in the ISAs and the standard-setting process and provide a basis for the development of future strategies and the related work plan.

21. In the engagement with stakeholders, it is recommended that the IAASB monitor developments in the various regulatory environments and their impact on audit quality. For example, in South Africa the Independent Regulatory Board for Auditors (IRBA) is working on a number of initiatives such as Mandatory Audit Firm Rotation (MAFR), which comes into effect in 2023, Audit Firm Transparency Reporting and a project on Audit Quality Indicators.

Implementation Support on Major New and Revised Standards

22. In relation to current IAASB projects underway, 100% of the respondents to survey agreed that implementation guidance should be issued for the projects on Group audits and Quality Management. One respondent noted, "Any implementation support is useful to practitioners to assist with proper and consistent implementation. I believe implementation support will be very useful for the smaller firms as the standards require a new way of thinking and application."

23. The changes proposed in the new and revised requirements for Quality Management standards are significant. Since quality management is the corner-stone to the performance of high quality engagements, achieving consistent, appropriate and effective implementation of the new and revised requirements by practitioners of all sizes, with varying circumstances is of paramount importance. To assist practitioners to achieve this, it is SAICA's recommendation that the IAASB issue implementation guidance and provide implementation support on these standards. We welcome and support the FAQ for Proposed ISQM 1 as well as the practical examples but our outreach activities seem to suggest that more implementation support and guidance may be needed. At the time of writing this letter, the results of the outreach activities to solicit comments on the Quality Management Exposure Drafts were yet to be formally analysed. Please refer to the official SAICA comment letter for a more detailed recommendation in this regard.

24. In relating to Extended External Reporting (EER), this initiative comes at a time when there is an increased focus on enhancing creditability and trust in EER. SAICA welcomes and supports the IAASB's initiative on issuing non-authoritative practical guidance with respect to certain aspects of these types of assurance engagements.

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25. In addition to issuing non-authoritative guidance, it is SAICA's view that the IAASB should also consider other less formal, timelier means of providing implementation guidance such as Frequently Asked Questions, case studies, Infographics and other diagrams to clarify complex concepts in the standards.

Environmental Drivers

26. SAICA is in agreement with the Environmental Drivers identified by the IAASB. The Environmental Drivers noted are all very important. Quick turnaround time to adapt to these drivers is of utmost importance. One respondent noted, "through the recent updates of revised standards, one gets the comfort that the standards are constantly updated and revised for the modern world." 80% of survey respondents do not believe that there are other significant factors that the IAASB should consider in shaping the IAASB strategy.

27. In ensuring that the auditing and assurance profession remains relevant to in relation to the needs of the market, SAICA supports the IAASB's continued collaboration with the Consultative Advisory Group (CAG). It may be beneficial for the IAASB to consider collaborating with the International Accounting Education Standards Board (IAESB) to ensure that the professional accountants have the required competencies to cope with these future needs. The IAASB may have robust standards in place, however, without a competent auditor to comprehend and apply those standards, the efforts of the IAASB may be futile.

Question 2
Do you agree with Our Strategy and Focus and Our Strategic Actions for 2020-2023?

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28. 100% of survey respondents agree with the Strategy and Focus description of the IAASB.

29. SAICA is in agreement with the themes identified in the Proposed Strategy and Work Plan. We support the fact that there is focus on reviewing the extant standards and to revise them in order to incorporate emerging technologies. In this regard, we recommend that the IAASB continues being responsive to other developments in business and other challenges facing practitioners. In addition to the strategic areas identified by the IAASB, external inspections findings from audit regulators and bodies such as the International Forum of Independent Audit Regulators (IFIAR) could be used as a reference point to determine other areas where clarity or revision of requirements may be required.

30. Theme C, *Develop Ways to Address Complexity, while maintain Scalability and Proportionality* is seen as an important theme because of the concerns around scalability of the suite of standards that are perceived as a one size fits all. As indicated above, SAICA welcomes the issue of the Discussion Paper: LCE and we will continue to engage with our members in soliciting input to inform the SAICA comment letter on this.

31. The timely response to changes will go a long way in achieving the robust global standards that result in the performance of high quality audits thereby sustaining and maintaining the public's trust in the profession. To this end, SAICA is in agreement with Theme D, *Strengthening and Broaden our Capacity to Respond by Innovating our Ways of Thinking*. Some of the respondents to the SAICA survey expressed the sentiment that in achieving the identified strategic objectives, the IAASB will have to move swiftly in advancing the Proposed Strategy and Work Plan. We envisage that the strengthening and broadening of capacity will aid the IAASB in responding on a timelier basis to identified issues and challenges.

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32. With respect to Theme E, *Deepen Our Connectivity and Collaboration Opportunities* in the performance of outreach activities, the important role that the users of financial statements play in directing the standard setting activities must not be underestimated. We believe that meaningful engagement with users of financial statements with the aim of understanding their expectations of the auditor will go a long way in address the audit expectation gap. Other stakeholders we have identified include IFIAR and other audit regulators, as well as the IAESB and the role that they play in setting the standards on the competence of professional accountants.

33. Collaboration with the IAESB could prove particularly important in the professional scepticism project as the competency framework for professional accountants could be revised to address the concept of professional scepticism and how it should be applied in practice. The earlier in their careers that professional accountants are made aware of this skill, the greater the chances that it will be better applied in practice.

34. In the survey, we posed a question to the respondents on what additional guidance or projects the IAASB can implement in relation to the concept of professional scepticism. One of the respondents noted, "Professional scepticism is a difficult topic to teach a person, especially at a younger age (trainees) whereby the person does not necessarily have the experience as to how to apply professional scepticism. At this stage, the only additional guidance that I can think of is constant reminder of applying professional scepticism throughout an engagement."

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

35. 100% of survey respondents are in agreement with the Framework for Activities developed by the IAASB.

36. We believe that the narrow scoped maintenance of the standards as well as developing non-authoritative practical guidance may improve the turnaround time to achieve the planned projects of the IAASB. This will address the criticism that the IAASB does not respond timeously to changes in business.

> **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 prioritise?

37. 100 % of survey respondents are in agreement with the actions that have been identified in the detailed Work Plan.

38. To add to our support for the actions identified on the detailed Work Plan for 2020-2021, SAICA is in agreement with the planned timing of the completion of the projects. Completion of projects that are currently under way should take main priority. This includes the development of any additional implementation guidance that may be required to assist practitioners with the implementation of any new or revised requirements relating to these projects.

39. There will always be a need to revise extant standards due to developments in business. The IAASB should establish an effective mechanism for prioritising urgent projects as they arise.

This requires the detailed Work Plan to be a live and nimble document that is responsive to the most urgent needs of practitioners, as well as ensuring that the methods used to revise and issue new pronouncements are flexible.

40. Post implementation review and implementation guidance on the standards of Quality Management should be high on the agenda of the IAASB. These standards are crucial in driving robust quality environments and ensuring that firms of professional accountants fulfil their responsibilities in accordance with professional standards and applicable legal requirements.

41. In revising or issuing new standards, integration with existing standards should also be considered. For example, there is current revision of ISA 315, however we have not seen any project to revise ISA 330, *The Auditor's Responses to Assessed Risks.* Since these standards go hand in hand, there is an expectation that there should be integration of projects to revise these two standards.

Question 5

Are there any other topics that should be considered by the IAASB when determining its 'information-gathering and research activities' in accordance with the new Framework for Activities? The IAASB has provided its views on tentative topics to be included in its 'information-gathering and research activities.

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42. In the survey, we solicited information from the survey respondents as to what the IAASB can do to enhance the accessibility and ease of use of the standards. One respondent noted that, it would help if one could copy and paste wording from the standards in order to easily provide guidance to fellow practitioners or to provide clients with evidence of the requirements of the standards.

APPENDIX 1

SAICA – IAASB Consultation Paper: Proposed Strategy for 2020-2023 and Work Plan for 2020-2021 (Consultation Paper)

The SAICA survey on the IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021 includes extracts from *Proposed Strategy for 2020-2023 and Work Plan for 2020-2021,* published by the International Federation of Accountants (IFAC) in February 2019. Contact permissions@ifac.org for permission to reproduce, store or transmit, or to make other similar uses of these extracts.

Survey to be distributed to SAICA members and facilitate members' input on the Consultation Paper.
Comments are requested by **24 May 2019**

Section 1: General information

1. Are you a SAICA member?
    [Yes / No]

2. Are you currently registered with the Independent Regulatory Board for Auditors (IRBA) as a Registered Auditor?
    [Yes / No]

3. Are you currently conducting Assurance engagements?
    [Yes / No]

4. Are you currently:

In Public Practice	Not in Public Practice
○	○

[Question if "In public practice" is selected] *Which one of the following constituencies does your firm belong to?
[Respondent is allowed to choose one]

- o   Sole Proprietor
- o   Small firm (2-5 partners)
- o   Medium firm (5-10 partners)
- o   Large firm (10+ partners)

[Question if "Not in public practice" is selected] *Which one of the following best describe your current position, or capacity, or association?
[Respondent is allowed to choose one]

- o   Academia/ Education institutions
- o   Investor or Analyst
- o   National Standard Setter
- o   Preparer of financial statements
- o   Public Sector
- o   Regulator or Audit Oversight Body
- o   Those Charged with Governance (e.g. Members of board of directors and audit committee)
- o   Professional accountancy organisation
- o   External users of financial statements
- o   Other interested parties

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    o   Describe other… (text)

Section 2: Specific Questions

The IAASB developed a Consultation Paper that was informed by significant outreach efforts. The Consultation Paper indicates a work plan that the IAASB believes with meet the evolving needs of the various stakeholders. The purpose of the Consultation Paper is to provide global stakeholders with the opportunity to shape the IAAB's strategy for 2020-2023.

To inform SAICA's response to the Consultation Paper, we developed this survey to obtain views of the members. For ease of reference, each question is preceded by an extract of the relevant information from the Consultation Paper. For further information or clarity, we refer members back to the actual Consultation Paper, which is available on the IAASB's website.

In answering the questions, please explain why you agree or disagree with the IAASB's proposals.

IAASB Goal, keys to success and stakeholder value proposition

    1.1 The IAASB's goal is to sustain public trust in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards that are capable of consistent and proper implementation. *(Page 6 of the Consultation Paper, "Our Goal" section).*

        • Do you agree with *the IAASB's s Goal?* [Yes / No]

    Please provide the reasons for your answer below:

    1.2 The IAASB's keys to success in achieving its strategy: *(Page 6 of the Consultation Paper, "Keys to our success" section)*.
      a. One of the focus areas includes its commitment **to engage, listen and learn and to lead and adapt** in their global standard setting responsibilities.

          Are you aware of IAASB outreach activities?
          [Yes / No]

        • Have you been involved in an IAASB outreach activities?
          [Yes / No]

          If yes, did they have the desired outcome? Please provide further details below:

        • Overall, are you satisfied with the level of engagement by the IAASB?
          [Yes / No]

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Please provide the reasons for your answer below:

- Do you believe that the IAASB is a leader in their global standard setting responsibilities?
[Yes / No]

Please provide the reasons for your answer below:

- Do they sufficiently and appropriately respond and adapt to change?
[Yes / No]

Please provide the reasons for your answer below:

b. The second IAASB focus area is to **foster confidence** in the quality and relevance of its processes and standards.

- In your view, does the performance of an assurance engagement in accordance with the IAASB standards foster confidence in audit quality?
[Yes / No]

Please explain the reason for your answer below:

- In your view, is the process of the IAASB and the related standards relevant to the current environment?
[Yes / No]

Please explain the reason for your answer below:

1.3 The IAASB Stakeholder Value Proposition includes (*Page 6 of the Consultation Paper, "Our Stakeholder Value Proposition"*):
   a) IAASB Strategy – public-interest focused activities and future-oriented processes and work plans that are viewed as meaningful in the achievement of the IAASB goal.
   b) IAASB Standards – globally relevant, scalable, forward-looking and operable; timely and responsive activities according to the needs of the stakeholders.
   c) Engagement with Stakeholders – timely and meaningful dialogue with a broad range of stakeholders.

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d) IAASB Work plans – timely identification and appropriate resolution of issues that affect the global standards, while balancing speed and quality, capacity utilisation, and coordination with others.
e) IAASB Methods – Rigorous and inclusive, yet nimble, leveraging external resources where feasible.
f) IAASB Collaboration efforts – strengthened coordination and cooperation with IESBA and National Standard Setters (NSS).
g) Implementation support on major new and revised standards – supporting the development of timely and effective implementation of the IAASB's standards.

- Do you agree with the IAASB Stakeholder Value Proposition?
  [Yes / No]

    Please explain the reason for your answer below:

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1.4 The most significant environmental drivers that have shaped the IAASB Strategy for 2020–2023 and Work Plan for 2020–2021 include (*Page 7 of the Consultation paper, "Our opportunities and Challenges – Environmental Drivers*):
a. Advancement in, and Use of, Technology
b. Environment for Small- and Medium- Sized Entities
c. Increasing Complexity and Its Implications
d. Changing Reporting Needs of Stakeholders
e. Changing Expectations and Public Confidence in Audits

- Do you agree that these drivers are the most significant environmental drivers that should shape the IAASB strategy?
  [Yes / No]

    Please explain the reason for your answer below:

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- Do you believe that there are other significant factors (other than the significant drivers mentioned) that the IAASB should consider in shaping the IAASB strategy?
  [Yes / No]

    Please explain the reason for your answer below:

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- Do you believe that the IAASB should explore opportunities to follow a less formal or more flexible approach than that required in issuing authoritative pronouncements that results in shorter turnaround such as the development of, for example International Auditing Practice Notes or Staff Questions and Answers?
  [Yes / No]

    Please explain the reason for your answer below:

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1.5 In your view, how can the IAASB change their strategy and stakeholder value proposition to better achieve their goal?

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Strategy and Focus

2. The IAASB's Strategy and Focus sets out how they intend to focus on timely identification and resolution of issues that affect global standards in response to current and forward-looking challenges and risks to the standards. *(Page 8 of the Consultation paper, "Our Strategy and Focus")*

2.1 Do you agree with the Strategy and Focus description of the IAASB?
[Yes / No]

2.2 In your view, what else should be included in their strategy and focus to make the work effort more directed towards the mandate of the IAASB?

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2.3 The IAASB has divided the Strategy and Focus into five key themes (*Page 8-9 of the Consultation Paper, "Our Strategy and Focus"*):
- Theme A – Complete our major Audit Quality enhancements and enable them to "Take Root"
- Theme B – Further challenge and enhance the fundamentals of our International Standards
- Theme C – Develop ways to address complexity, while maintaining scalability and proportionality
- Theme D – Strengthen and broaden capability and capacity to respond by innovating our ways of working
- Theme E – Deepen our connectivity and collaboration opportunities

2.3.1 Do you agree with the strategic themes identified by the IAASB?
[Yes / No]

Please provide the reasons for your answer below

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2.4 In your view, what additional themes should be included to enhance the public-interest focus and/or to make the processes and work plans future-oriented?

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Strategic Actions for 2020 – 2023

2.5 Strategic actions (*Pages 10 – 13 of the Consultation paper, "Our Strategic Actions"*) have been developed to provide more detail on how the Strategy and Focus of the IAASB will be executed. These actions have been developed for each of the Strategic themes listed above.

- Theme A – Complete major audit quality enhancements and enable them to take root, as follows (Page 10)
    - Complete projects on Quality Management and Group audits and to monitor the need for developing implementation support on both projects
    - Implementation support for ISA 540 (Revised) and ISA 315 (Revised)
    - Complete Post-implementation reviews on Auditor reporting and ISA 540 (Revised)

2.5.1 In your view, is there a need for the IAASB to develop implementation support for the projects on Quality Management?
[Yes / No]

Please explain the reason for your answer.

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2.5.2 In your view, is there a need for the IAASB to develop implementation support for the projects on Group Audits?
[Yes / No]

Please explain the reason for your answer.

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2.5.3 Do you agree that the IAASB should be focusing their attention on the projects as listed under this theme?
[Yes / No]

In your view, what other projects should be prioritised by the IAASB in order for the IAASB to be seen as continuing to act in the best interests of the public?

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- Theme B – Further challenge and enhance the fundamentals of the International Standards (*Page 10*)
    - Complete guidance for Extended External Reporting (EER)
    - Identify and prioritise future actions through research activities based on assessment of:
        - The need for changes in standards to address challenges related to audit evidence
        - Implications on standards of evolving technologies
        - The changing corporate reporting environment
        - Ongoing work of the IESBA that may require changes in the standards
        - Other possible topics as stated in page 10 of the Consultation paper
    - Continue focus on professional scepticism in the ongoing ISA projects

2.5.4 Do you agree with the IAASB Projects as listed under this strategic theme?
[Yes / No]

Please provide the reasons for your answer below:

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2.5.5 The results of external findings globally suggest that the root cause of findings/deficiencies is often that practitioners do not appropriately apply professional scepticism. In your view, what additional guidance or projects can the IAASB implement in relation to the concept of professional scepticism?

2.5.6 What additional topics can the IAASB include to further challenge and enhance the fundamentals of International Standards?

2.5.7 In your view, how can the IAASB directly address the issue of the "Audit Expectation Gap"?

- Theme C – Develop ways to address complexity, while maintaining scalability and proportionality (*Page 11*)
  - o Complete information-gathering and research activities relating to audits of less complex entities
  - o Consider how to develop principle-based standards and guidance that is able to be applied to a wide variety of circumstances
  - o Enhance the accessibility and use of standards

2.5.8 Do you agree with the IAASB Projects as listed under this strategic theme?
[Yes / No]

Please explain the reason for your answer below.

2.5.9 Do you find the IAASB's Standards easy to use?
[Yes / No]

Please explain the reason for your answer below.

2.5.10 Do you find the IAASB's Standards applicable to your professional activities?
[Yes / No]

Please explain the reason for your answer below.

2.5.11 In your view, what can the IAASB do to enhance the accessibility and ease of use of the standards?

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2.5.12 In your view, what can the IAASB do to ensure that the standards can be applied to a wide variety of circumstances?

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- Theme D – Strengthen and broaden capability and capacity to respond by innovating ways of working (*Page 11*)
  - Develop and implement a Framework for Activities that will ensure that the IAASB does "the right work at the right time."
  - Key features of the framework will include:
    - Robust information-gathering and research activities
      - Fact-finding activities to understand emerging issues and developments
      - Defining the problem/issue/challenge being addressed
      - An assessment of available options, including the impact of possible actions.
      - Scoping future projects
    - Mechanisms for addressing issues and challenges on a more timely basis (*Page 12*)
      - Developing non-authoritative practical guidance
      - Developing a process for 'limited-scope' revisions to standards (with appropriate due process to support more timely changes)
      - Considering whether to implement an 'interpretations' mechanism to help communicate Board intentions when originally setting the standards.

2.5.13 In your view, does the IAASB respond timeously to changes that affect the profession e.g. evolving technology, changes in accounting standards?
[Yes / No]

Please explain the reason for your answer below.

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2.5.14 In your view, will the mechanisms mentioned above improve the timeliness of the IAASB's responses to issues/challenges?
[Yes / No]

Please explain the reason for your answer below.

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2.5.15 In addition to the mechanisms for addressing issues and challenges mentioned above, what other mechanisms, in your view, could be useful?

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- Theme E – Deepen connectivity and collaboration opportunities (*Page 13*)
  - Interact with the CAG
  - Enhance coordination efforts with the IESBA
  - Expand collaboration with NSS
  - Enhance working relationships with regulators, firms and others
  - Explore whether IAASB can collaborate with International Federation of Accountants (IFAC) and its committees
  - Establish subject-specific Advisory Panels
  - Continue two-way liaison with the International Accounting Standards Board (IASB)
  - Continue communication with stakeholders through timely and meaningful outreach activities focused on:
    - Promoting adoption and effective implementation of the ISAs and other standards, in particular for audits of less complex entities, emerging markets and the public sector
    - Understanding issues that affect the standards, including financial reporting issues, implementation challenges, and opportunities for collaboration

2.5.16 In your view, are there any other stakeholders that the IAASB should be interacting with but not included above?
[Yes / No]

Please explain the reason for your answer below.

2.5.17   In your view, what else can the IAASB do to improve their outreach activities?

Framework for activities

3. The Framework for Activities includes (*Pages 12, 19-20 of the Consultation Paper*, "*Detailed Description of the Framework for Activities*").
- Research Phase
  - Identifying and understanding causal factors of issues and challenges within existing standards
  - Information-gathering to understand emerging issues and developments
  - Post-implementation reviews to understand whether standards are achieving their objectives
- Revising and developing standards will only occur when required which is generally when:
  - The benefits to the public interest will enhance public trust in the project
  - The issues are pervasive and affect the global profession
  - It is in the public interest to undertake the work, and not delay it; and
  - It is feasible to undertake the work within a realistic timeframe
- Developing Non-Authoritative Guidance will start when the research phase indicates that this is required, e.g. when
  - The marketplace is still developing and detailed standards could risk stifling innovation and experimentation
  - The issues relate to a specific industry (e.g. banking or insurance) or a specific topic (e.g. financial instruments)
- Narrow scope maintenance of standards
  - Narrow-scope amendments to a standard if that is determined to be the most appropriate action

- o Supporting the application of the standards by providing interpretations to specific questions about standards
- Implementation and Application of Standards – this includes supporting the implementation of new and revised standards by developing support materials such as:
  - o Webinars
  - o Train-the-trainer events
  - o Implementation working groups to develop supporting materials
  - o Targeted outreach
  - o Working or coordinating with others such as NSS or IFAC
- Outreach which includes regular interactions with key stakeholder groups such as project advisory panels as well as targeted outreach that may be project-or-topic specific

3.1 Are you in support of the Framework for Activities developed by the IAASB?
[Yes / No]

Please explain the reason for your answer below.

3.2 In your view, do you foresee the nature of the activities included in the Framework resulting in more robust global standards that lead to the performance of high quality audits?
[Yes / No]

Please explain the reason for your answer below.

IAASB Detailed Work Plan

4. With reference to the IAASB detailed Work Plan (we request that you review the *"Detailed Work Plan for 2020-2021" on pages 16 and 17 of the Consultation Paper* as this is too large to extract into this document):
   4.1 Do you support the actions that have been identified in the detailed Work Plan for 2020–2021
   [Yes / No]
   4.2 If not, what other actions do you believe the IAASB should prioritise?

Please explain the reason for your answer below:

Other
5. Do you have any other comments on the IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021**?**
   [Yes / No]

Please include your comments below:

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