



IAASB SURVEY CONSULTATION - THE IAASB'S WORK PLAN FOR 2022-2023

Issued 3 August 2021

ICAEW welcomes the opportunity to comment on the IAASB Survey Consultation - The IAASB's Work Plan for 2022-2023 published by the International Auditing and Assurance Standards Board in May 2021, a copy of which is available from this [link](#). The response was submitted via an online survey tool.

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ANSWERS TO SPECIFIC QUESTIONS

CONTEXT FOR THE WORK PLAN FOR 2022–2023

Question 4

Do you agree with our view that the Board's standard-setting projects currently underway (i.e., Audits of Less Complex Entities, Audit Evidence, Fraud, Going Concern and Implications for IAASB Standards of IESBA's project on the Definitions of Listed Entity and Public Interest Entity) at the commencement of 2022 should remain public interest priorities and therefore be completed?

- **Yes / No**
 - **If no, which projects should not be continued and why not?**
1. Yes, we agree that the Board's standard-setting projects outlined above remain important and should be completed.
 2. As explained in our response to the IAASB's Discussion Paper on fraud and going concern, these are areas where, we believe, all stakeholders need to up their game so that fraud and going concern issues are better understood, managed and reported. The issues cannot be addressed by changes to auditing standards alone and it will therefore be crucial for the IAASB to set out clear objectives in the project proposals which take account of the need to engage with all stakeholders to avoid a further widening of expectation gaps here.
 3. Audit evidence is a major project. While the IAASB needs to take time to get it right, we would urge it to avoid any unnecessary delays in revising the standard.
 4. We have been an advocate of the need to develop an auditing standard for LCEs and have actively encouraged IAASB to move forward on this. LCEs play a crucial role in the world economy and their collective economic health is of key public interest. We welcome the publication of the Exposure Draft and will respond in due course.
 5. As we noted in our response to IESBA's consultation on the definition of listed entity and public interest entity, we strongly encourage the IESBA and IAASB to take a consistent approach to the definition of a PIE to provide clarity for auditors and users of accounts. It will therefore be essential to consider whether IESBA's work in this area has implications for IAASB standards.

DETERMINING NEW PROJECTS FOR THE WORK PLAN FOR 2022–2023

Question 5

Please rank the relative importance of the eight topics in the table above to yourself or your organization (with 1 being the highest priority).

- **List with 8 topics – you can only select a topic once by assigning a number (from 1 to 8) to each topic.**
 - **Please provide your rationale and views on the needs and interests that would be served by undertaking such work, why certain topics are relatively more important to you or your organization and any other relevant information to the IAASB)?**
6. We have grouped the projects together into three categories.
 - Priority one reflects the topics in the IAASB's list that either require, in our opinion, more urgent substantive revision to existing standards or represent emerging areas where the IAASB will have no choice but to be proactive because global interest will demand it.
 - Priority two identifies further topics that might benefit from narrow scope amendments.
 - Priority three represents topics where our outreach has identified less pressing need for action.
 7. These categories are based on our understanding of current concerns and stakeholder expectations. It is vital, however, that the IAASB continues to track global developments, such as progress on audit reform, as these may have an impact on future priorities.

Priority One

Responding to assessed risks

8. Given recent changes to ISA 315 and likely changes to ISA 500 as a result of IAASB's current project on audit evidence we believe that a substantive revision to ISA 330 will be necessary to ensure consistency and to modernise the standard. The IAASB should, however, also consider whether proposed changes to ISA 330 might significantly impact other standards to ensure that these are addressed at the same time rather than in a piecemeal way.

Review of interim financial information

9. ISRE 2410 was issued in 2006 and has not been subsequently updated. There is a clear need for a comprehensive review and update of the standard to better align with other reporting standards, to address issues of clarity (as it was not part of the IAASB's clarity project), as well as the introduction of the new Quality Management standards, and to ensure the standard remains fit for purpose in the current environment.
10. Indeed, the FRC recently revised the UK standard to address what it considered to be a potential lack of clarity in relation to going concern when performing a review of interim financial information, a concern that is particularly relevant in the current environment. The feedback statement to the FRC's consultation indicates that many respondents felt that the standard needed a more substantive revision and that this should be done at an international level. To ensure international consistency in approach we would therefore encourage IAASB to prioritise this project.
11. There are likely to be questions about the work effort involved in interim reviews and whether there is a need to mandate substantive testing in specific areas and these deserve a broad programme of outreach with audit firms, audited entities, the users of interim financial information and other relevant stakeholders. Other areas that may also be considered might include the determination of materiality, the degree of work on controls necessary for (i) an incoming auditor and (ii) an existing auditor where a system has changed since their last audit, and the auditors' responsibility for unreviewed narrative information accompanying reviewed interim financial statements.

Assurance for climate change disclosures (and ESG reporting more generally)

12. While it is important to track what is happening with regard to developments on corporate reporting, the IAASB needs to be in a position to move quickly to deliver more specific guidance or assurance standards in this area as there will be competition in this space. While the IAASB's non-authoritative guidance on extended external reporting is helpful, global interest in climate change and climate change disclosures will likely demand more – and it is vital that the accountancy profession is seen to be at the forefront of developments in this area.
13. There is a strong case for standards to be developed by the accountancy profession. Assurance on climate change disclosures – and ESG disclosures more generally – is expected to become an increasingly important part of the assurance portfolio offered by practitioners. The skills of professional accountants, developed through training and experience, ensure that they are well placed to offer these services. It is vital that the accountancy profession remains attractive for young professionals, and ESG is clearly an area that young professionals are passionate about. IAASB must therefore be prepared to respond proactively to developments in these areas or risk being overtaken by others in this space.

Priority Two

Using the work of an auditor's expert

14. While this is not an area that generates a significant number of regulatory findings, we believe that the standard still creates some confusion among auditors, particularly in relation to the difference between an auditor's expert and a specialist in accounting or auditing. In addition, given that the use of experts is becoming an ever-increasing trend, particularly in the current environment, it would be helpful to have more guidance for auditors around considerations in relation to the need to engage an expert or not and the process for engaging experts, particularly for those firms that do not have their own in-house experts. These could be dealt with by limited scope amendments to the standard.

Priority Three

Joint audits

15. While the absence of global guidance or standards on joint audits may present a barrier to further debate about their use and value, respondents to our enquiries generally expressed less enthusiasm for prioritising this project. This will be of greater interest to jurisdictions where joint audits are performed and for networks with member firms in these jurisdictions. In the interests of ensuring consistency in approach, the IAASB should therefore continue to monitor and respond to developments.

Assurance for XBRL

16. Given the pace of change in this area, individual jurisdictions will likely move quickly to identify market solutions for assurance on financial information reported in a digital format. While the IAASB will want to monitor developments, it is unlikely that it will be able to respond at the speed that might be needed to address the demands for this.

Analytical procedures and audit sampling

17. Our outreach suggests that there is less pressing need for action in these areas and that these projects should not therefore be prioritised, at the current time, above the other projects highlighted in the survey.

Question 6

Are there any other topics that are more important than the eight topics in the table above that should be prioritized ahead of these? If so, please explain what the topic is, what topic(s) should it be prioritized ahead of, and why (including your views on the needs and interests that would be served by undertaking such work)?

18. No, at the current time, we are not aware of any other topics that would need to be prioritised ahead of those already identified in the table above. We would, however, encourage the IAASB to also add cyber security to this list of topics. It would be helpful to consider auditors' responsibilities in relation to cyber security (and how cyber security risks fit within ISA 315). Also, given that businesses are likely to come under increasing pressure to demonstrate to stakeholders that they have effective controls in place to deter, detect and respond effectively to cyber security breaches, we also think it would be helpful for IAASB to consider whether there is a need for a specific assurance standard on cyber security controls.

Question 7

Are there any specific topics or issues related to a targeted requirement(s) or issue(s) that could be a candidate for the narrow scope maintenance of our standards (other than what you have already addressed)? If so, please explain what the topic or issue is, which standard it relates to, why this is limited in scope, and why this should be prioritized?

19. Yes, in light of the post implementation review on auditor reporting there is likely to be a need for narrow scope amendments to ISA 720 to address feedback received in relation to implementation challenges and the need for greater clarity around the fact that the auditor's opinion does not extend to 'other information' included in the annual report.