

International Auditing and Assurance Standards Board (IAASB)
529 Fifth Avenue
New York, 10017
USA

05 April 2023

Comment letter relating to the IAASB's Proposed Strategy and Work Plan for 2024-2027

Dear Board Members,

1. The Irish Auditing and Accounting Supervisory Authority (IAASA) appreciates the opportunity to comment on the IAASB's Proposed Strategy and Work Plan for 2024-2027.
2. IAASA is the independent statutory body in Ireland responsible for oversight of the audit profession and adoption of standards on auditing, professional ethics and internal quality control, as well as the inspection and promotion of improvements in the quality of audits of public interest entities.
3. IAASA is committed to improving audit quality through the adoption of high-quality auditing and professional standards. In addition, IAASA seeks to ensure that audits appropriately meet the needs of the market.

Strategy

4. IAASA broadly supports the IAASB's proposed strategy for 2024-2027.
5. The public interest attached to statutory audit engagements should be the overarching consideration when setting the IAASB's goals and priorities. Prioritising public interest issues in IAASB projects should always outweigh requests from individual stakeholder groups.
6. We welcome the statement that setting auditing standards remains a key priority. In particular, the IAASB should focus on the strategic action to continue engagement and communication with stakeholders through timely and meaningful outreach activities. Stakeholder involvement will be particularly important for sustainability assurance since this may impact services providers other than the traditional auditors and accountants the IAASB currently deals with.
7. The IAASB's strategic actions also need to include engagement with regulators as stakeholders who are key to identifying weaknesses in the standards that have an impact on audit quality. We welcome the statement that regulators and oversight bodies are key players in the external reporting ecosystem and that enhancement of the IAASB's relationships with regulators is a strategic objective.
8. IAASA supports the inclusion of coordination with the International Ethics Standards Board for Accountants (IESBA) and other standard setters in the IAASB's proposed strategic objectives. We

continue to stress the importance of efforts aimed at fostering coordination and cooperation in the setting of auditing, assurance and ethical standards.

9. In the course of implementing the Monitoring Group reforms, the IAASB will need to allocate sufficient human resources to the important projects currently in progress to ensure their timely completion.

Work plan

10. There is limited information provided in the consultation on the specific outputs expected from the projects proposed in the IAASB's work plan for 2024-2027. The IAASB should develop more detailed plans regarding the timing, expected outputs and resources required by the various topics. Clarity on the objectives of the IAASB's projects is essential to ensure that the final outcome meets expectations.

Prioritisation of topics

11. IAASA will continue to urge the IAASB to carefully consider all inputs that regulators, national standard setters and others share from a public interest perspective.

Sustainability assurance

12. IAASA supports the IAASB's project for the timely development of standards for assurance engagements on sustainability reporting. It is essential that the IAASB meets its timelines in this area given the requirements for the assurance of sustainability reporting that will soon be applicable in Europe.
13. In particular, it is important that the IAASB delivers a set of standards that will lead to a globally consistent approach to the limited assurance of sustainability reporting before the end of 2024, and reasonable assurance after that. This will allow European countries including Ireland to implement the standard, if it is aligned with the requirements of the European Corporate Sustainability Reporting Directive.

Responses to assessed risks – ISA 330

14. We support the proposal to revise and clarify ISA 330 "Responding to Assessed Risks of Material Misstatement" to drive more consistent and appropriate responses by auditors.
15. It is important that ISA 330 is reviewed in the context of the amendments to ISA 315 (on risk assessment), given the links between these two standards. In particular, it is important to make sure that all the concepts in ISA 315 are consistently used and aligned in ISA 330 and other standards dealing with risk assessment or their implications, such as ISA 240 (on fraud) or ISA 550 (on related parties).
16. Insufficient clarity on the level of internal control testing is also an area of particular concern in ISA 330 which was identified during inspections by members of the Committee of European Auditing Oversight Bodies, especially when substantive testing alone is not sufficient.

Materiality – ISA 320 / ISA 450

17. The project to assess and enhance the standards on materiality also deserves priority. The concept of materiality is one of the fundamental principles of auditing, and further clarity to facilitate a consistent approach for the determination of materiality levels would be very useful.

Audit evidence series

18. It appears that the proposed revisions to ISA 500 (audit evidence) alone will not address audit regulators' concerns around the assessment of the sufficiency of audit evidence. IAASA supports revising and updating the other standards in the ISA 500-series, including reflecting the impact of new technology.
19. The project should cover enhancement of the provisions on professional scepticism, as well as refining the provisions on materiality, audit sampling, and analytical procedures. The IAASB should consider the integration of new technologies such as data analytics in audits as part of this project. The audit evidence project may also require further revisions to ISA 330 as the use of new technology for testing financial information and internal controls may have an impact on the means of responding to risks in extant ISA 330.

Electronic formats of reporting (XBRL)

20. Given the increasing use of financial statements in a digitalised format, and the proposed requirement to prepare sustainability statements in such a format, IAASA supports the proposed development of an ISA to address the specific needs and challenges relating to the audit of statements produced in electronic format.

Other information accompanying audit financial statements – ISA 720

21. IAASA supports a project to revise ISA 720 and is of the view that the IAASB project should include an assessment of how the auditor should better deal with any ESG information disclosed in an entity's management report. This topic will be particularly relevant for the auditors of companies that are not required to apply the European Corporate Sustainability Reporting Directive but voluntarily provide ESG information in their management report.

Review of Interim Financial Information (Revision of ISRE 2410)

22. IAASA is of the view that there is a need to revise ISRE 2410. It should be commenced after completion of the ISSA 5000 project to take account of any enhancements identified in that project which may clarify the concept of limited assurance and the related work effort.

Post implementation reviews

23. IAASA supports the IAASB's proposal to perform post-implementation reviews. We would suggest preparing a detailed timeline of completed projects and when each post-implementation review needs to

be performed. Post implementation reviews of ISA 315 and ISA 540 could be dealt with in the same project given the connections between those topics.

Joint audits

24. We do not support the proposal to develop a standard for joint audits at this time given the number of other high priority items identified by the IAASB for 2024-2027. Joint audits are not widely used and it would not be in the public interest to develop a standard that will be used in a small number of jurisdictions.

I hope that you find the comments useful. Please do not hesitate to contact me if you have any questions.

Yours faithfully



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Chief Executive

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