

IAASB Survey on Work Plan for 2017-2018 and Continuing Relevance of Its Strategic Objectives

Respondent Information

All questions marked with "*" are required

Are you responding as
an:

*

- Individual
- Organization

1. If you are responding as an Organization, please name the organization: *

AUASB

2. Please select from the following which best describes the capacity in which you are responding to this questionnaire: *

- Academia
- Accounting Firm
- IFAC Member Body or Other Professional Organization
- Investor/Analyst/User
- National Standard Setter
- Preparer of Financial Statements
- Public Sector

- Regulator or Audit Oversight Body
 - Those Charged with Governance
 - Other
-

National standards same as, or based on, clarified International Standards on Auditing [Yes/No] *

- Yes
 - No
-

3. Are you any of the following? *

- IAASB Consultative Advisory Group Member Organization / Representative
 - IAASB Official Observer
 - IAASB Member (current or former)
 - Member, Technical Advisor or Official Observer of International Ethics Standards Board for Accountants (IESBA), International Accounting Education Standards Board (IAESB), or International Public Sector Accounting Standards Board (IPSASB)
 - Member, Technical Advisor or Official Observer of the IFAC Board or Other IFAC Committee
 - Member of Forum of Firms
 - None of the above
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Geographical Region

Please select the geographical region which best describes where you are based:

- Africa-Middle East
- Asia Pacific
- Europe
- South America
- North America
- Global Organization

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Section I: IAASB's Strategic Objectives for 2015-2019

As noted, in developing its *Strategy*, the IAASB articulated its strategic vision and what it is intending to achieve through three strategic objectives:

- i. **Ensuring that ISAs Continue to Form the Basis for High-Quality, Valuable and Relevant Audits Conducted Worldwide by Responding on a Timely Basis to Issues Noted in Practice and Emerging Developments**
- ii. **Ensuring the IAASB's Standards Evolve as Necessary to Adequately Address the Emerging Needs of Stakeholders for Services Other than Audits of Financial Statements**
- iii. **Strengthening Outreach and Collaboration with Key Stakeholders in the Reporting Supply Chain on Public Interest Issues Relevant to Audit, Assurance and Related Services**

These strategic objectives drive the IAASB's decisions about what to include on its future work plans. As agreed when finalizing the Strategy, the IAASB is giving priority attention to the first strategic objective, as stakeholders broadly agreed that it is essential that the IAASB take action to improve audit quality.

Both the IAASB and its CAG believe these strategic objectives remain relevant and should be retained as the basis for developing the Board's next work plan.

4. Do you agree that the three strategic objectives for the strategy

period 2015–2019 continue to remain relevant? *

Yes

No

Why or why not?

The AUASB supports the three strategic objectives and believe they continue to remain relevant.

Based on feedback from our stakeholders we recommend that when pursuing these objectives the IAASB considers maintaining an appropriate balance between the expectations of regulators and the capacity of assurance practitioners to respond to increased requirements and whether these represent cost effective improvements to audit quality.

Consideration should also be given to linkages to the IAESB and whether further education and guidance may be more appropriate than amending standards.

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Section II: IAASB Work Plan for 2017-2018

Context for the IAASB's Work Plan for 2017-2018

During 2015-2016, the IAASB commenced work on a number of projects as set out in the current Work Plan. The Board is investing significant effort to respond to some of the key implementation issues identified from its post-implementation review of the clarified ISAs (the [ISA Implementation Monitoring project](#)) and address auditing issues of importance to supporting global financial stability, including in relation to financial institutions. At the same time, while standard setting remains a priority for the IAASB, the Board also recognized the importance of preparing for the future, both in supporting the effective implementation of its new and revised Auditor Reporting standards and undertaking outreach and other activities to lay the foundation for important initiatives to be undertaken in the future.

A. Projects and Initiatives Underway in 2015-2016

As set out in the current Work Plan, the IAASB has commenced work on the following in 2015 and 2016, which are described in more detail on the [IAASB's project page](#). The projects below set out the IAASB's priorities currently underway, in particular the standard-setting activities that have, or are expected to have, commenced by the end of 2016. The IAASB intends to continue with these priorities during 2017-2018, unless stakeholders are of the view that other topics should have a higher priority (which is explored further in the next section).

Standard-Setting Activities (project proposals to be approved in 2016): (*Note: For Current Status of the activity, hover cursor over text*)

Revision of the IAASB's standard dealing with accounting estimates, including fair values, (ISA 540) (previously characterized as the project regarding special audit considerations relevant to financial institutions)

Please use this space if you wish to share views on this topic:

The AUASB agrees that the revision of ISA 540 should be prioritised given the upcoming release of IFRS 9 (in Australia this standard will apply for periods beginning on or after 1 January 2018) and regulator concern about the application of the standard. The timing of this standard is vitally important.

Quality control (including revisions to the IAASB's quality control standards at the firm level (ISQC 1) and the engagement level (ISA 220))

Please use this space if you wish to share views on this topic:

The AUASB supports the IAASB's projects in relation to enhancing audit quality. The AUASB encourages the IAASB to carefully consider the cost of compliance relating to additional requirements versus a possible increase in audit quality.

In relation to ISQC 1 and its impact on Australia. It is noted that a Quality Management Approach ('QMA') has been adopted by the larger firms in applying the current principles contained in ISQC 1, whereas smaller firms have implemented ISQC 1 in a less systemised manner. The principles in ISQC 1 do not appear to have been interpreted as incomplete, misleading or unclear. The AUASB stakeholders do not view this project as being a high priority.

Additional application material in ISQC 1 that provides illustrations of what the key elements of a QMA approach might include (including clarification of the role of an EQCR) and how these may be adopted by SMPs would be welcomed.

Group audits / using the work of other auditors (including revision of the IAASB's standard addressing audits of group financial statements) (ISA 600)

Please use this space if you wish to share views on this topic:

Updates to ISA 600 have been identified as one of the key priorities by AUASB stakeholders. In relation to group audits, with the advent of ever-changing and more complex business landscapes and the way organisations are structured and operated since ISA 600 was first issued, the AUASB considers that ISA 600 requires broadening. This would include all situations where one auditor uses the work of another auditor (including outsourcing) and not only in a group audit scenario.

The AUASB would support the creation of ISA 221 to cover situations in relation to the role of "other auditors" not covered by ISA 600.

Revision of the IAASB's standard addressing the auditor's understanding of the entity and its environment and assessing risks (ISA 315 (Revised)) and consideration of the need for additional guidance

Please use this space if you wish to share views on this topic:

The AUASB agrees that this project should continue to be prioritised and linked with other key projects such as ISA 540. The scalability issue should be addressed and the use of the term "significant" risk clarified.

Other Initiatives

Professional skepticism

Please use this space if you wish to share views on this topic:

The AUASB supports further exploration with both the IESBA and the IAESB due to the multi-dimensional nature of the issue.

Feedback from our stakeholders indicates concerns, that the IAASB should be mindful of becoming overly prescriptive. The increased regulator focus on professional scepticism may risk promoting a "checklist mentality" and that this may affect how the concept is interpreted by both users and regulators.

The importance of senior personnel setting the "tone at the top", appropriate culture, and education/mentoring of junior auditors cannot be overstated.

The project should be linked with any project to revise ISA 500.

Effects of technology on the audit (the Data Analytics project)

Please use this space if you wish to share views on this topic:

Given recent developments, data analytics has been identified by the AUASB as one of the key priorities for the IAASB, and needs to be given significantly higher priority than it has currently. This is important to ensure the development and maintenance of high quality standards around data analytics which reflect current and emerging assurance practice.

Auditor Reporting Implementation

Please use this space if you wish to share views on this topic:

The AUASB is supportive of this project, especially given the wide reaching impact of changes to Auditor Reporting. We are encouraged by the approach taken by the IAASB to date in relation to the regular release of guidance (including the implementation toolkit and FAQ's).

So far, approximately 25 ASX listed entities have reported using the new format. Given the impending implementation date, the AUASB welcomes the release of further guidance in this area (especially in relation to KAMs).

Integrated reporting and other emerging developments in external reporting

Please use this space if you wish to share views on this topic:

EER is another key project identified by AUASB stakeholders and we welcome its prioritisation by the IAASB. As the provision of non-financial information becomes more prevalent, it is vitally important that the IAASB continues to focus on the emerging developments in this area, as a high priority.

Agreed-upon procedures

Please use this space if you wish to share views on this topic:

The AUASB has maintained its own standard on Agreed-Upon Procedures since 1992. Whilst the current standard (reissued in 2013) is working well, the board would welcome enhancements and a renewed debate.

The AUASB supports this project and will monitor any IAASB developments in this area post the release of the discussion paper later in 2016. The AUASB stakeholders do not view this as a key priority, however, given this has been a work in progress for an extended period, this project needs to be completed in a reasonable time frame.

Innovation Working Group

Please use this space if you wish to share views on this topic:

The AUASB supports the work of the Innovation Working Group and believes it plays a vital role in supporting the IAASB's three strategic objectives.

Do you agree with the IAASB's view that these topics should continue to be prioritized?

- Yes
- No

In addition, in 2017–2018 when progressing the above standard-setting projects, the IAASB will enhance its focus on the following two areas:

(i) Consideration of matters related to small and medium practices (SMPs) and audits of small- and medium-sized entities (SMEs)—As part of each project and initiative, the IAASB will continue to focus on understanding the issues and implementation needs of SMPs, including consideration of the ability of the ISAs and the IAASB's standard addressing quality control at the firm level to be applied in a manner proportionate with the nature and size of the firm or engagement. At the same time, the IAASB will also continue to consider its International Standards that address services for entities that do not require an audit of financial statements. The IAASB intends to establish a Working Group, including national auditing standard setter representatives, to assist it in exploring these issues. An event will be held in early 2017 to gather stakeholders to share the

practical implications of applying the International Standards and explore how the IAASB and others might respond to the challenges and opportunities relating to this stakeholder group.

(ii) Coordination with the International Ethics Standards Board for Accountants—The IAASB has noted that there are issues in certain of its key projects that are likely to be of relevance to the IESBA, and could have potential implications to the Code of Ethics for Professional Accountants (the IESBA Code) (e.g., in relation to quality control and group audits). Similarly, matters under consideration by the IESBA may have implications for the ISAs or other IAASB International Standards. The IAASB and IESBA are therefore considering how best to coordinate in the context of specific topics, where necessary and appropriate. Although both Boards develop their work plans separately in consultation with their stakeholders and conduct their standard-setting activities independently, there are growing expectations from various stakeholders that the IAASB and IESBA will be well-coordinated due to the linkages between the ISAs and the IESBA Code.

Please indicate the relative importance of a focus on the following:

	Please choose one:			Please use this space if you wish to share views on this top
	Not important	Moderately important	Very important	
Coordination with the IESBA	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<p>The AUASB also supports an enhanced focus in relation to coordination with the IESBA, especially given the pervasive nature of ethical principles and terms in the auditing standards.</p> <p>Our stakeholders have also identified a desire for both the IAASB and IESBA to be cognisant of the impact of allowing significant and rapid change to occur without appropriate consultation from a broad range of participants in the audit community.</p>
Consideration of matters related to SMPs and SMEs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<p>Based on consultation with our stakeholders the AUASB supports an enhanced focus in this area. We are especially interested in addressing issues in relation to the scalability of standards which is creating a tension between 'audit affordability' and 'audit quality'.</p>

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B. Other Topics Highlighted for Consideration for the 2017-2018 Work Plan

All of the projects and initiatives described above had been prioritized by the IAASB in finalizing its current Work Plan, recognizing that there was a need to establish a work plan that was both realistic and specific in terms of timing of deliverables. In agreeing to the number of projects and initiatives to commence, as well as the challenging nature and extent of issues to be explored in these topics, there was acknowledgement that (with the exception of the project to revise the auditing standard addressing accounting estimates) the projects would not be completed in an accelerated timeframe and would therefore extend over more than one work plan.

Work on all of these topics is expected to continue in the 2017–2018 period. Based on available current capacity and resources, it is unlikely that any significant new projects or initiatives can commence until at least 2018 without modifying the IAASB's current work plan.

Other topics have been raised for the IAASB's consideration in developing the Work Plan for 2017–2018, either through the previous consultation or in discussions on other projects, albeit with varying views about the need to further explore these topics and whether standard-setting or other actions are necessary. They are described below to solicit views from respondents about the importance of the topic to respondents and whether these or other topics need to be prioritized over one or more of the IAASB's current topics listed above (and why they believe this to be the case). The IAASB will consider these views in developing the final work plan for 2017–2018.

For the topics below, please indicate the relative importance of the topic to yourself or your organization, and answer the questions that follow:

Topics that have linkages to current projects or recently completed projects where it has been identified that revision of a specific standard may be needed (in no specific order)

(Note: Hover cursor over topic to see its description)

Please choose one:

Not important Moderately important Very important

Materiality and evaluating misstatements (ISA 320 and ISA 450)

Please use this space if you wish to share views on this topic:

Materiality has been identified by AUASB stakeholders as a key priority. This topic is especially important given the emergence of EER and other initiatives such as Service Performance Reporting. Other issues identified in this area include KAMs and the increasing complexity of accounting standards.

Please choose one:

Not important Moderately important Very important

Going concern, including further actions related to auditor reporting

Please use this space if you wish to share views on this topic:

Given the recent introduction of the standard the AUASB is of the view that matters related to Going Concern should be initially addressed as part of the Auditor Reporting PIR project. Guidance in this area could be included in the broader Auditor Reporting work currently being undertaken by the IAASB (e.g. FAQ).

Please choose one:

Not Moderately Very
important important important

Potential revision of the IAASB's standard dealing with the use of the work of an auditor's expert (ISA 620)

Please use this space if you wish to share views on this topic:

Given the challenges that the use of an expert can present, the AUASB recommends that the IAASB address this topic as part of the ISA 540 project on the audit of accounting estimates. This is an area that has been raised by the audit regulator (ASIC) as a focus of ongoing audit reviews.

Please choose one:

Not Moderately Very
important important important

Exploring issues related to audit evidence, and potential revision of the IAASB's standard dealing with audit evidence (ISA 500)

Please use this space if you wish to share views on this topic:

The AUASB is supportive of updates in this area but recommend the inclusion of ISA 500 as part of other projects such as Audit Quality/Professional Scepticism and Data Analytics.

Please choose one:

Not important Moderately important Very important

Analytical procedures and audit sampling

Please use this space if you wish to share views on this topic:

The AUASB is supportive of updates in this area but recommend the inclusion of ISA 520 and ISA 530 as part of other projects (especially data analytics). Data analytics is seen as a high priority by the audit profession.

Please choose one:

Not important Moderately important Very important

Potential revision of the IAASB's standard addressing the auditor's responses to assessed risks (ISA 330)

Please use this space if you wish to share views on this topic:

The AUASB is supportive of updates in this area but recommend the inclusion of ISA 330 as part of the ISA 315 project.

Please choose one:

Not important Moderately important Very important

Potential revisions to the IAASB's standard dealing with the auditor's responsibilities relating to fraud in the audit of financial statements (ISA 240)

Please use this space if you wish to share views on this topic:

AUASB stakeholders are concerned with the large number of mandatory requirements and the practicality in relation to their implementation.
The AUASB supports a move to a more principles based approach with improved guidance.

Please choose one:

Not important Moderately important Very important

Further revision to the IAASB's standard dealing with the auditor's consideration of laws and regulations in an audit of financial statements (ISA 250)

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to the application of ISA 250. The AUASB will review this area in the final quarter of 2016 as we adopt the NOCLAR conforming amendments to ISA 250 (and other standards).

Please choose one:

Not important Moderately important Very important

Developing a process for post-implementation reviews of other standards, including the IAASB's standards on compilations (ISRS 4410 (Revised) and reviews (ISRE 2400) (Revised))

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic.

Topics identified through outreach, inspection findings, previous IAASB consultations or other means

Please choose one:

Not important Moderately important Very important

Potential revision of the IAASB's standard addressing external confirmations (ISA 505)

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic.

Please choose one:

Not important Moderately important Very important

Potential further revision of the IAASB's standard dealing with using the work of internal auditors (ISA 610 (Revised 2013))

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic.

Please choose one:

Not important Moderately important Very important

Potential revision of the IAASB's standard addressing the examination of prospective financial information (ISAE 3400)

Please use this space if you wish to share views on this topic:

The AUASB developed ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information (issued in November 2012) that addresses this subject matter.
The AUASB is not aware of any significant issues in Australia in relation to this topic.

Please choose one:

Not important Moderately important Very important

Potential revision of the IAASB's standard dealing with the review of interim financial information performed by the independent auditor of the entity (ISRE 2410)

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic.

Please choose one:

Not important Moderately important Very important

Auditor involvement with earnings releases / preliminary announcements

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic.

Please choose one:

Not important Moderately important Very important

Exploring matters related to direct engagements (i.e., where the practitioner prepares the subject matter information in an assurance engagement)

Please use this space if you wish to share views on this topic:

The AUASB is currently revising our ASAE 3500 standard on Performance Engagements (which includes direct engagements). The AUASB will continue to monitor any IAASB developments in this area.

Please choose one:

Not important Moderately important Very important

Exploring matters relating to joint audits (i.e., where two or more auditors share responsibility for the audit and the auditor's report)

Please use this space if you wish to share views on this topic:

The AUASB is not aware of any significant issues in Australia in relation to this topic. Joint audits are extremely uncommon in Australia.

Please choose one:

Not important Moderately important Very important

Overarching considerations relevant to the International Framework for Assurance Engagements

Please use this space if you wish to share views on this topic:

Given the number and nature of emerging issues such as EER the AUASB supports further work being performed in this area.

Other – as identified by respondent

Topic

No other significant topics identified

Reason for including

The AUASB has not identified any other topic to be considered for inclusion in the IAASB 2017-2018 work plan.

You are invited to share any further views that you believe may be relevant to the IAASB as it seeks to finalize its Work Plan for 2017-2018.

The AUASB consulted with stakeholders on 12 and 13 September (at the AUASB meeting). Whilst there were no significant gaps identified, AUASB stakeholders agreed that the IAASB should prioritise the following:

- Data analytics
- Materiality
- ISA 540
- EER
- Group audits (emerging business models/use of another auditor)

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Thank You!

Thank you for taking our survey. Your response is very important to us.

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100%