



BY E-MAIL ONLY

October 11, 2016

Prof. Arnold Schilder
Chairman
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York
10017 USA

Subject: COMMENTS ON THE IAASB'S FUTURE PRIORITIES INCLUDING THE
WORK PLAN FOR 2017-2018

Dear Prof. Schilder,

The International Auditing and Assurance Standards Board (IAASB) is currently performing outreach to obtain stakeholder feedback on its future work plan for 2017-2018. This outreach includes an online survey of stakeholders. The International Forum of Independent Audit Regulators (IFIAR) appreciates the opportunity to provide input to the IAASB on areas to consider in developing its work plan for 2017-2018 and planning its future projects past this period.

As an international organization of independent audit oversight regulators that share the goal of serving the public interest and enhancing investor protection, IFIAR is committed to improving audit quality globally through the promotion of high-quality auditing and professional standards, as well as other pronouncements and statements.

The IFIAR's objectives are as follows:

- Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity, with a focus on inspections of auditors and audit firms.
- Promoting collaboration and consistency in regulatory activity.
- Initiating and leading dialogue with other policy-makers and organizations that have an interest in audit quality.
- Forming common and consistent views or positions on matters of importance to its members, while taking into account the legal mandates and missions of individual members.



The comments we provide in this letter reflect the views expressed by many, but not necessarily all, of the members of the IFIAR. However, the comments are not intended to include, or reflect, all of the views that might be provided by individual members on behalf of their respective organizations.

Where we did not comment on certain specific matters, this should not be interpreted as either approval or disapproval by the IFIAR.

Through providing insights from audit inspection activities of IFIAR members to standard setters, IFIAR aims at driving changes in the relevant standards, which have the potential to improve audit quality.

The circumstances that give rise to inspections findings require careful analysis: the cause underlying an inspection finding may be related to auditing standards. To address this possibility, IFIAR considers whether knowledge from inspection findings have implications relevant to the international auditing standards. In doing so, IFIAR in particular pays attention to whether those standards are providing sufficient clarity regarding the requirements that the auditor shall comply with and whether standards are driving the auditor to consistent application and the exercise of sufficient professional skepticism.

Based on the results of IFIAR's Surveys, we performed a preliminary review to identify those international standards that address the topics and audit procedures related to the areas with the greatest level and frequency of observed inspection findings.

It was noted that five of those standards and topics were included in the current 2015-2016 IAASB work plan, namely:

- Quality control (ISQC 1 / ISA 220),
- Group audits (ISA 600),
- Professional skepticism,
- Accounting estimates (ISA 540),
- Risk assessment and internal control (ISA 315).

IFIAR, through the Standards Coordination Working Group (SCWG), has maintained an ongoing dialogue with the IAASB in that regard: recent experiences and concerns stemming from inspections on those topics have been discussed during several meetings.

IFIAR supports the initiatives by the IAASB to improve audit quality through those projects which are included in the 2017/2018 work plan and encourages the IAASB to continue to make



progress on these projects. IFIAR recommends that those projects are finalized in a timely manner, to allow for the application in practice of the revision as soon as possible.

IFIAR also supports the inclusion in the 2017/2018 work program of the project on the implications on the international auditing standards of the use, by audited entities and audit firms, of high volumes of data, and of tools dedicated to analyzing this data (*data analytics*).

For the topics that are not currently on the IAASB's work plan and which relate to areas with high numbers of inspection findings in the IFIAR survey such as *materiality*, *use of experts*, *response to assessed risks* and *analytical procedures*, IFIAR encourages the IAASB to consider including one or more of those topics in the upcoming IAASB work plan, after having finalized the others projects mentioned above (related to *quality control*, *group audit*, *professional skepticism*, *accounting estimates* and *risk assessment*).

IFIAR continues to believe that the IAASB should maintain flexibility in its work programs to deal with emerging issues on a timely basis when needed, like, for instance, the development of the use by auditors of data analytics techniques, since it is important that the IAASB remains proactive and responsive to the changing business and audit environment.

Should you wish to discuss any of our comments, please do not hesitate to contact me or Marjolein Doblado, Chair of the IFIAR Standards Coordination Working Group.

Yours Faithfully,

Janine van Diggelen
IFIAR Chair

CC: Brian Hunt
IFIAR Vice-Chair