

11 April 2023

Tom Seidenstein  
Chair  
International Auditing and Assurance Standards Board  
via IAASB website

Dear Tom,

***The IAASB's Proposed Strategy and Work Plan for 2024-2027***

Thank you for the opportunity to comment on the IAASB's Proposed Strategy and Work Plan (SWP) for 2024-2027. We submit the feedback from the New Zealand Auditing and Assurance Standards Board (NZAuASB), of the External Reporting Board (XRBB).

The XRBB is a Crown Entity responsible for developing and issuing accounting, audit and assurance, and climate standards for New Zealand reporting entities. We enable high quality, trusted, and integrated reporting through frameworks and standards that are internationally credible and locally relevant. We are focused on reporting and assurance in New Zealand that promotes trust, confidence, transparency and accountability. The XRBB delegates responsibility for issuing auditing and assurance standards to the NZAuASB.

The XRBB agrees with, and supports, the IAASB's proposed Strategy for 2024-2027 as outlined in section II of the consultation paper. We encourage the IAASB to develop performance-based metrics against which its success can be measured, for example, how will the IAASB assess whether it is achieving more agile, innovative ways of working? As part of this self-assessment, we also encourage the IAASB to perform timely post implementation reviews following revision of key standards such as ISA 315 (Revised 2019) and ISA 540 (Revised).

While supportive of the direction, we recognise the significant challenges ahead for the IAASB in achieving its strategy:

- It is critical that the IAASB is, and is seen to be, an independent standard setter, transparent and operating free from bias. We consider this is particularly important in the context of developing profession agnostic, globally accepted standards for assurance on sustainability reporting. The challenge is to think broadly and recognise the other international assurance standard setters in this space. The XRBB have been developing a standard for assurance over mandatory GHG emissions disclosures, taking care to take an inclusive approach that can learn from others, recognizing that assurance practitioners in this area is broader than professional accountants.
  - To be the recognised leader, we encourage the IAASB to explore what can be learnt from other established assurance practices and collaborate with a far broader range of stakeholders to gain wider acceptance. For standards to be globally accepted they should not alienate other players in the market, rather must be curious to learn from their experiences, and ensure practitioners can see themselves in the standards.
  - We encourage the IAASB to ensure its due process is profession agnostic, including non-accountants in the membership of the board and task forces and in broad consultation from the project proposal stage.
  - There will also be significant challenges ahead in linking the sustainability assurance standard to a quality management standard built by the accounting profession that is not adopted by broader assurance practitioners who use different standards.
  - These same challenges apply in linking the assurance standard to ethical standards for professional accountants. Global support of an international sustainability standard that makes this link, may be dependent on the IESBA's ability to develop an ethics standard that is truly profession agnostic.

- Regulators and oversight bodies are increasingly asking for more specificity of requirements in standards for increased enforceability to help drive improved performance. We challenge the premise that more specificity in auditing standard requirements will improve audit quality.
- We urge the IAASB not to underestimate the value of implementation support to achieve consistent application of the standards. We consider implementation support to be an important element of standard setting and an integral part of the standard's development. As such, the need for implementation support should be built into the project plan. Providing implementation support that provides for clear and consistent application of the standards will go a long way to allaying regulator concerns around the specificity of requirements. We consider that the IAASB is best placed to develop this implementation guidance, but as a national standard setter welcome the opportunity to collaborate more closely.
- Like the IAASB, firms are facing resourcing pressures and are struggling with the volume and pace of change. It is important for firms to be given space and time to implement new standards and to train their staff to use those standards. Providing the time and resource to support firms to implement new standards will drive towards improved audit quality

Our detailed comments regarding the new standard setting projects are included in the attachment.

Should you have any queries concerning our submission please contact Misha Pieters ([misha.pieters@xrb.govt.nz](mailto:misha.pieters@xrb.govt.nz)).

Yours sincerely,

A handwritten signature in black ink, appearing to read "M J Russ". The signature is written in a cursive, slightly slanted style.

**Marje Russ**  
**Chair**

## Submission of the New Zealand Auditing and Assurance Standards Board

### ***The IAASB's Proposed Strategy and Work Plan (SWP) for 2024-2027***

Question 4: Do you support the identified possible new standard setting projects as set out in Table B within the area of audits and reviews (A to K)? Please share your views on the individual topics, including, if relevant why certain topics may be relatively more important to you, your organization or within your jurisdiction?

The XRB supports the identified possible new standard setting projects as set out in Table B within the areas of audits and reviews (A to K). Our views on the specific topics are set out below:

- *Responding to the Risks of Material Misstatement (ISA 330)* – given the revision of ISA 315 (Revised 2019), we consider it would be beneficial to enhance the coherence of the suite of ISAs, making the standard more relevant. We consider revision to ISA 330 is the highest priority among the identified possible new projects.
- *ISA 500 series (501, 505, 520, 530)* - Technology is changing the way the audit is performed. It is important that these standards remain current, either through targeted updates or issuing of non-authoritative material that addresses the use of technology. A benefit of issuing non-authoritative material is that it does not require the same amount of board time and could be developed in partnership with NSS.
- *Using the Work of an Auditor's Expert (ISA 620)* - we consider the use of experts to be a high priority across all assurance, not just limited to the audit of historical financial statements and ISA 620.
- *Auditor Responsibilities Relating to Other Information (ISA 720 (Revised))* - we support targeted revisions to ISA 720 to address issues arising from the auditor reporting post implementation review.
- *Review of Interim Financial Information (ISRE 2410)* - we consider ISRE 2410 is long overdue for revision by the IAASB. A key matter that has raised questions is around the auditor's responsibilities related to going concern for interim review engagements. With further proposed changes to the going concern auditing standard, these same questions will emerge again for interim reviews.
- *Joint audits* are not prevalent here. Clarifying practice in this area has very little relevance for our jurisdiction.
- Targeted, narrow scope amendments should be considered in favour of full standard revisions.

Question 5: Do you support the identified possible new standard setting projects as set out in Table B within the area of sustainability and other assurance engagements (L and M)? Topic L further standards for assurance on sustainability reporting would involve addressing multiple topics (as part of possible multiple projects). Please provide your views about likely candidate topics for further standards.

Use of XBRL is not prevalent in NZ, however, we would support a project on assurance over XBRL if there is demand from other jurisdictions, given the increasing focus on digital reporting of financial information under various reporting frameworks, and the international efforts to standardise this.

Looking forward, we would like to see the IAASB working towards a set of standards that can be used across various subject matters (financial, non-financial, sustainability) presented together in the same report. We do not believe that it will serve global markets to perform assurance engagements on different types of subject matter in accordance with different standards and to report in separate assurance reports in the long term.

Question 6: Are there other topics that we should consider as new standard-setting projects? If so, please indicate whether any such topics are more important than the topics identified in Table B and the needs and interests that would be served by undertaking work on such topics.

The IAASB has identified in its proposed work plan possibly performing reviews of some recently issued standards, e.g., ISA 540 (Revised), ISA 315 (Revised 2019) and the quality management standards. We urge the IAASB to commit to a timely and effective post implementation review of ISA 315 (Revised 2019). ISA 315 is critical to the overall conduct of the audit. We consider that understanding whether the desired response has been achieved is critical before embarking on a revision to ISA 330.

Question 7: Our draft strategy and work plan emphasizes throughout the importance of close coordination with our sister- Board, the IESBA. What are your views about whether and, if so, how coordination could be enhanced in terms of opportunities for ongoing or complementary actions that would better serve the public interest? Suggestions could entail standard-setting work, engagement with stakeholder groups, and improved ways of working, among others.

As both the auditing/assurance and the ethical standards setter in New Zealand, we are very aware of the need for coordination between the International Foundation for Ethics and Audit standards setting boards and the challenges encountered when there are differences/conflicts in the standards. We are fully supportive of close coordination with the IESBA.

It will be challenging for the IAASB to develop profession agnostic standards that link to the IESBA Code in its current form, i.e., the IESBA sets ethical standards for professional accountants.

We have found the joint IAASB/IESBA national standard setters sessions to be very useful in the past.