



**KPMG IFRG Limited**  
15 Canada Square  
London E14 5GL  
United Kingdom

Tel +44 (0) 20 7694 8871  
[sranderson@kpmg.com](mailto:sranderson@kpmg.com)

Professor Arnold Schilder  
International Auditing and Assurance  
Standards Board  
International Federation of Accountants  
529 Fifth Avenue  
New York, NY 10017  
USA

Our ref

SRA/288

30 May 2019

Dear Professor Schilder

**Re: IAASB Proposed Strategy for 2020-2023 and Work Plan for 2020-2021**

We appreciate the opportunity to comment on the above Consultation Paper issued by the IAASB. We have consulted with, and this letter represents the views of, the KPMG network.

We are fully supportive of the IAASB's ultimate goal of "*sustained public trust in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards that are capable of consistent and proper implementation*". We welcome the strategic actions set out in the IAASB's *Keys to Our Success And Stakeholder Value Proposition*, which we agree are fundamental to achieving this overarching goal.

As we noted in our response to the 2018 IAASB Consultation Paper: *Envisioning the Future: IAASB Strategy 2020-2023*, we agree with the opportunities and key challenges that the IAASB has identified as being of primary relevance for this strategic cycle, and with the environmental drivers that are of most significance in shaping their objectives.

We are supportive of the IAASB's planned response to these matters, set out in more detail in *Our Strategy and Focus* and *Our Strategic Actions*, as well as the proposed *Framework for Activities*. We consider these to be appropriate proposed responses to the identified opportunities and challenges. The responses include the need to prioritise addressing the significant changes to the audit environment as a result of rapid developments in technology, including data analytics, as well as the need for standards that are capable of consistent and effective implementation, in a manner that allows them to be scalable, acknowledging that audits are performed in an increasingly global environment, with businesses ranging across a broad spectrum in terms of nature, size and complexity.

We recognise and welcome the significant activity undertaken by the IAASB in recent years in developing new/clarified standards addressing key aspects of an audit, and in enhancing the reporting suite of standards. We are supportive of the IAASB's focus on completion of existing projects in its detailed Work Plan for 2020-2021.

As we noted in our response to the 2018 Consultation Paper, we believe it critical that, as part of achieving its overall objectives, the IAASB direct a significant proportion of effort to deepening their understanding of specific implementation challenges as well as more widespread issues/areas of stakeholder concern, to help ensure that targeted and effective solutions are developed in response to market need in a fast-paced environment. We believe this would involve consideration of more immediate solutions to address these matters on a timely basis, which would not be limited to the development of new, or revisions to existing, standards, but rather would focus on non-authoritative guidance such as issuance of Staff Papers.

We therefore welcome the IAASB's plans in this area, including the current project to address Extended External Reporting (EER) Assurance through development of a guidance document, which considers assurance challenges more holistically, and addresses broader concepts such as application of materiality to an assurance engagement.

We are also supportive of the planned activities to deepen understanding of implementation challenges/concerns in respect of the reporting suite of standards; the recently issued standard, ISA 540 (Revised); the Exposure Drafts of ISA 315 (Revised) and the Quality Management standards/ ISA 220 (Revised), which we believe are important, in particular, because these (proposed) standards involve a significant degree of complexity. We are also supportive of the research activities planned, most notably in respect of Audit Evidence, Professional Skepticism, and Audits of Less Complex Entities. We consider these workstreams to be very important as they aim to address feedback from various stakeholders regarding the need for solutions that address more pervasive challenges, in particular, that of scalability, as we note above.

We also welcome the plans for stakeholder outreach and coordination/ liaison with other standard setters, including IESBA and IASB. We reiterate our previous comments regarding the importance of broad outreach also to National Standard Setters, to help address stakeholder needs in a coordinated and efficient manner.

We also suggested, in our response to the 2018 Consultation Paper, that the IAASB consider interactive solutions, both in terms of stakeholder outreach and standards development processes, as well as, more broadly, regarding the ability to facilitate end user application of the standards themselves. We believe that in a technologically evolving environment it would be helpful to explore innovations to increase user interaction with standards, and to investigate increased inter-connectivity within the



ISAs as part of the overall audit process, as well as with other sets of standards, e.g. financial reporting standards, such as IFRSs.

We are also supportive of the IAASB's plans to consider changes to its operations, structure and processes, driven by the outcome of the Monitoring Group review.

Please contact Sheri Anderson if you wish to discuss any of the issues raised in this letter.

Yours sincerely

*KPMG IFRG Limited*

KPMG IFRG Limited