

SURVEY CONSULTATION—THE IAASB'S WORK PLAN FOR 2017–2018 AND CONTINUING RELEVANCE OF ITS STRATEGIC OBJECTIVES

Note: This PDF version of the survey is being provided to assist organizations that may need to consult internally in preparing their response. Survey responses will only be accepted via Survey Gizmo by following this link: [IAASB Survey on Work Plan for 2017-2018 and Continuing Relevance of Its Strategic Objectives](#).

Objective of the Consultation

The IAASB undertook extensive public consultation to develop its [Strategy for 2015–2019](#) (the Strategy) and [Work Plan for 2015–2016](#) (the current Work Plan), including an initial survey to help understand the needs of stakeholders at that time.

In embarking on its plans for the five-year strategy period, the IAASB identified three strategic objectives for this period, based on input from its stakeholders, as a means for them to understand more broadly how their needs are being addressed in a changing environment.¹ Respondents to the public consultation agreed with the IAASB's focus, including that the right topics for the Work Plan had been identified, recognizing that many were quite complex and revised standards were not likely to be completed within the two-year period.

The IAASB's extensive outreach in 2015 and 2016 indicates broad support for the Board's current focus and actions. Some stakeholders have urged the IAASB to progress these standard-setting topics as quickly as possible. Accordingly, the IAASB and its [Consultative Advisory Group](#) (CAG) generally believe that, absent a significant change in the external environment or a strong stakeholder view otherwise, the Board's initiatives should continue, albeit they may need to be re-prioritized.

Having formed its views, the IAASB would like to hear from its stakeholders whether they agree. The objective of this consultation is therefore to:

- Solicit feedback whether the IAASB's **strategic objectives** continue to be appropriate (**Section I** of this consultation).
- Obtain stakeholder views on the IAASB's proposed **Work Plan for 2017–2018** (**Section II** of this consultation).

Feedback to this consultation will assist the Board in evaluating its priorities and allocating its resources in the best way possible, given the volunteer nature of the Board and staff complement. *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 and planned timelines.*

¹ In moving to a five-year strategy, the IAASB agreed with the Public Interest Oversight Board that it would undertake a mid-period reevaluation of its strategic objectives.

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The accompanying *Supplement to the IAASB Strategy and Work Plan Consultation* provides background information for those respondents who may not be familiar with the IAASB's structure and processes and how it develops its work plans.

Respondent Information

Are you responding:

On behalf of an organization? If so, please name the organization. _____

As an individual providing your personal views?

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

Academia

Accounting Firm

- Large accounting firm
- Small or medium sized practice
- Sole practitioner

IFAC Member Body or Other Professional Organization

- IFAC Member Body, Affiliate or Regional Organization
- Other professional organization

Investor/Analyst/User

National Standard Setter

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

Preparer of Financial Statements

- Listed entity
- Non-listed entity
 - Small- or medium-sized entity [Yes/No]

Public Sector

- Preparer
- Auditor
- Public sector organization
 - Do you apply International Standards of Supreme Audit Institutions (ISSAIs) for financial audits? [Yes/No]

Regulator or Audit Oversight Body

- Regulator
- Audit Oversight Body

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Those Charged with Governance

- Private sector
 - Listed entity
 - Non-listed entity
- Public sector

Other - Please specify _____

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

Member, Technical Advisor or Official Observer of the IFAC Board or Other IFAC Committee

Member of Forum of Firms

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

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.

Question for Respondents:

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 NZAuASB considers that the strategic objectives the IAASB identified for the period 2015-2019 continue to be appropriate. The strategic objectives take into account the maintenance and development of high quality assurance standards, the future proofing of the assurance standards by considering their continued relevance to stakeholders needs, and recognise the importance of collaboration and cooperation with contributors to the financial reporting supply chain.

The NZAuASB supports the IAASB's decision to prioritise and focus on continuing current projects in the 2017-2018 period, and to start preparing for the future.

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).

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Standard-Setting Activities (project proposals to be approved in 2016)

- 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)
Current Status:
The IAASB is developing an Exposure Draft (ED) of a holistic revision of its standard dealing with accounting estimates and anticipates approving an ED in Dec 2016. A final standard is expected to be approved in Dec 2017. In Mar 2016, the IAASB issued a [project publication](#) highlighting the audit issues arising from the International Accounting Standards Board's (IASB) standard on financial instruments (IFRS 9), particularly the shift to expected credit loss accounting for loan losses.

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

The NZAuASB agrees that the Revision of ISA 540 is timely and should remain a priority project given the amendments to IFRS 9.

- Quality control (including revisions to the IAASB's quality control standards at the firm level (ISQC 1) and the engagement level (ISA 220))
Current Status:
Included in the IAASB's [Invitation to Comment \(ITC\)](#). A standard-setting project proposal is expected to be approved in Dec 2016, with plans for EDs in mid-2017. Addressing topics such as firms' quality management approach and tone at the top, and monitoring and remediation, engagement partner responsibilities, and engagement quality control reviews.

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

The NZAuASB supports the IAASB's project to enhance audit quality in the public interest, but continues to encourage the IAASB to carefully consider the cost of compliance with increased requirements versus a possible limited increase in audit quality. The NZAuASB stresses the importance of the principles based approach to the development and structure of the Standards, as well as the continued need and importance of the application of professional judgement, as opposed to the introduction of new rules, which could potentially have the unintended consequence or opposite effect of what is being sought as such rules may undermine the importance of critical thinking throughout the audit. The NZAuASB considers it would be more helpful to improve guidance to assist small firms and sole practitioners in the application of ISQC1, and does not recommend restructuring ISQC1 to incorporate a QMA. The NZAuASB is supportive of a focus on how the role of the engagement partner can be clarified in the standards, and considers that clarifying the engagement partner role will ensure

ongoing effective implementation of the principles based ISAs. Further guidance and clarification on the role of the engagement quality control (EQC) reviewer would be helpful.

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

Current Status:

Included in the IAASB's ITC. A standard-setting project proposal is expected to be approved in Dec 2016, with plans for an ED in late 2017. Addressing topics such as scoping and risk assessment, communications, responsibilities regarding the work of component auditors, and situations where the engagement partner is not located where the majority of the audit work is performed.

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

The NZAuASB believe that there are very few complex cross border multi location group audits conducted in New Zealand that require the use of component auditors in other jurisdictions. Nevertheless, the NZAuASB considers it would be helpful to have more guidance on how to assess the competency of the component auditor, and to provide further examples to illustrate the variety of circumstances that may affect the determination of the necessary nature, timing and extent of the involvement of the group auditors in the work of the component auditor. The NZAuASB considers it would be useful to clarify the role of the engagement partner where other auditors are involved by providing further guidance, and no new requirements.

- 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

Current Status:

The IAASB has had initial discussions to inform its future standard setting and identify other potential actions to respond to concerns noted. A standard-setting project proposal is expected to be approved in Sept 2016, with an ED in late 2017. Addressing topics such as scoping and risk assessment, communications, identification of significant risks, expectations regarding tests of controls, understanding the entity, and the scalability of the standard.

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

The NZAuASB agrees that this project should continue to be prioritised and that the revision of ISA 315 is timely. The NZAuASB considers it would be helpful to improve guidance to assist small firms and sole practitioners in the application of ISA 315 (Revised). The NZAuASB noted that terms defined in the glossary of terms have been used in ISA 315 (Revised) but have not been defined in the ISAs. It would be helpful if the definitions in the glossary were included in the ISAs.

Other Initiatives

- Professional skepticism

Current Status:

Included in the ITC. Discussions about an appropriate way forward to enhance auditors' application of professional skepticism in audits are expected in Sept and Dec 2016. This topic is being explored jointly with the International Ethics Standards Board for Accountants (IESBA) and the International Accounting Education Standards Board (IAESB).

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

The NZAuASB is strongly of the view that the application of professional scepticism is one that goes to the heart of the challenge to the maintenance of audit quality, but can most effectively be enhanced through high quality education that encourages and develops the mind-set of the auditor. A focus on training auditors to demonstrate higher levels of professional scepticism will provide a better avenue for improving the application of the concept in practice. Audit standard setting and additional guidance is unlikely to be effective, on their own or in isolation unless these measures are complemented by appropriate training and education.

The NZAuASB considers there is scope for further guidance to improve the application/ evidencing and/or documentation of professional judgement. Further guidance on how to better document the auditors' thought processes, various scenarios considered etc. when dealing with highly judgemental matters may better demonstrate the application of professional scepticism to regulators and may also encourage auditors to better apply professional scepticism.

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

Current Status:

The IAASB is currently exploring emerging developments in data analytics, and whether changes to the ISAs are needed in light of these developments. A publication to solicit further input will be issued later in 2016 with further consideration in 2017 about how best to address this topic within the ISAs or whether guidance would be useful. Interaction with other projects noted, such as the projects addressing auditing accounting estimates and the auditor's understanding of the entity and its environment and risk assessment, as well as the quality control standards.

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

The NZAuASB considers it is appropriate for the IAASB to prioritise this project, specifically in the light of the IAASB's strategic vision and what it is intending to achieve through its three strategic objectives. This is an important project to ensure the maintenance and development of high quality standards and the future proofing of the assurance standards by considering their continued relevance to stakeholders needs.

- Auditor Reporting Implementation

Current status:

The IAASB will continue to monitor implementation of its new and revised auditor reporting standards. The IAASB's consideration of the design of the post-implementation review is expected in late 2016.

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

The NZAuASB is very supportive of this project. Implementing the new and revised auditor reporting standards, in particular the requirements to include KAM, should remain a short term focus and priority of the IAASB if it is seeking further enhancement and maturity in audit quality. It is important for the IAASB to continue, directly or indirectly through other IFAC bodies, education and support for the implementation of these new standards. The IAASB should give the KAM regime time to work and continue to provide guidance and support material for the practitioners to ensure that significant perceived benefits are achieved.

- Integrated reporting and other emerging developments in external reporting

Current Status:

The IAASB is considering emerging developments in external reporting, including integrated reporting, in relation to the need for assurance on such information. A discussion paper is expected to be published in Q3 2016.

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

The External Reporting Board (XRB) has recently revised its strategic plan to include a specific strategy to actively promote the awareness, understanding and development of extended external reporting (EER) among New Zealand constituents to ensure New Zealand keeps up with emerging international trends and developments in reporting non-financial information to complement the disclosure of financial information. The NZAuASB considers it is appropriate for the IAASB to prioritise this project, specifically in the light of the IAASB's strategic vision and what it is intending to achieve through its three strategic objectives, i.e. the maintenance and development of high quality assurance standards, the future proofing of the assurance standards by considering their continued relevance to stakeholders needs, and the importance of collaboration and cooperation with contributors to the financial reporting supply chain. It is vitally important for the IAASB to keep up with the emerging developments in reporting of non-financial information.

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- Agreed-upon procedures

Current Status:

The IAASB is currently exploring emerging developments with respect to agreed-upon procedures and multi-scope engagements, and whether changes to its related standard (ISRS 4400) are needed in light of those developments and user needs. Incorporates national developments. Discussion Paper is expected to be published later in 2016, with a decision on standard-setting activities in this area in late 2017.

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

The NZAuASB is very much interested in the IAASB's project to revise ISRS 4400. The current Agreed-Upon Procedures standard applied in New Zealand is very much out of date, having been issued in October 1992. Due to the need to update the New Zealand standard, there is much interest as to how this international project will proceed.

- Innovation Working Group

Current status:

The IAASB's Innovation Working Group monitors developments in emerging areas of audit, assurance and related services and makes recommendations to the IAASB on specific topics for the Board to pursue, including whether there is a need for a standard-setting response. Current monitoring efforts are focused on corporate governance and cybersecurity.

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

The NZAuASB considers it is appropriate for the IAASB to prioritise this activity, specifically in the light of the IAASB's strategic vision and what it is intending to achieve through its three strategic objectives.

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

1. *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 Standard 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.
2. *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.

Question for Respondents:

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

Yes / No

The NZAuASB considers the approach taken to the development of the Work Program for 2017-2018 to be appropriate and supports the IAASB's decision to prioritise and focus on continuing with priorities currently underway. The NZAuASB considers it is appropriate to devote more resources to fewer topics, and to move forward more quickly on those deemed to be most important and with the greatest potential to serve the public interest.

Why or why not? If you believe any project(s) or initiative(s) should not be prioritized, please provide your reasons for this view.

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

	Not important	Moderately important	Very Important
Consideration of matters related to SMPs and SMEs	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

In progressing all projects, the NZAuASB stresses the benefits of principles based standards, and cautions against increasing the requirement burden on practitioners, not just in the context of SMPs, unnecessarily as this may ultimately detract from audit quality, decreasing the attractiveness of the profession, and impacting the ability to attract and/or retain good talent.

Consideration of matters related to SMPs and SMEs is very important to ensuring a sustainable business model for the auditing profession. SMPs are faced with the challenge of maintaining and adhering to high standards of quality versus 'audit affordability' for SMEs. Another challenge is operating in a more regulated market and having to meet audit licensing arrangements. There is a real risk that the number of SMPs that perform audits will reduce and that this will lead to a shortage of auditors in the market. Any ongoing increase in auditing requirements needs to be carefully considered (and the costs quantified) to ensure that they do not have the unintended consequence of driving audits to become unaffordable for SMEs and uneconomical for SMPs (in particular in the not-for-profit sector). It is in the public interest that these entities have access to high quality audit services which are cost effective and affordable, but where the maintenance and adherence to high standards of quality are also paramount.

The NZAuASB is currently performing research on the assurance needs of users of financial information of small entities in the not for profit (NFP) Sector. The results of the research will be used to inform future consideration of whether a new simple assurance engagement should be developed for small entities.

Coordination with the IESBA



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

The NZAuASB is responsible for issuing both assurance standards and the Code of Ethics for Assurance Practitioners in New Zealand. This includes the adoption of both the ISAs and the IESBA Code of Ethics. The NZAuASB is very supportive of close collaboration between these two Boards working to avoid differences in terminology and consistent use of defined terms. Efforts to remove conflicts and inconsistencies may enhance the usability of both the IAASB's and IESBA's standards when they are to be applied by the same practitioner.

In addition to ensuring that there are no conflicting requirements in the IESBA's standards and the IAASB's standards, the NZAuASB strongly encourages the IAASB to remain mindful of the impact of changes proposed individually by the IAASB, and collectively by all IFAC standard setting Boards, and the potential impact of increased requirements on the existing audit business model, which is already under increasing pressure in jurisdictions of the size and nature of New Zealand.

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.

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

Not
important
Moderately
Important
Very
Important

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)

Materiality and evaluating misstatements (ISA 320 and ISA 450)

The IAASB continues to monitor the progress of the IASB on its work on materiality. Once the outcomes from this work provides further insights into the topic, the IAASB may consider a more holistic exploration of the potential implications to the auditing standards.

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

There will be an increase in importance in this topic with emerging questions on materiality when reporting KAM, including the disclosure of materiality. The NZAuASB supports the IAASB's activities for this project, and acknowledges that the timing for further work in this area is dependent on the IASB's work on materiality. The NZAuASB supports the IAASB's intention to continue to monitor the current work being undertaken by the IASB on materiality and to determine the need to address materiality more broadly in a future project.

The NZAuASB considers there is also a need to include materiality of non-financial information, covering materiality matters raised in the recent IAASB discussion paper on emerging external reporting. The NZAuASB has an active project to develop a domestic standard on service performance information, and the need for additional guidance on the application of materiality more broadly is apparent, to include both qualitative and quantitative factors. Materiality of non-financial information may cover both the relevance of the selection of information to report and the level of misstatement in the reported information that is likely to affect user's decisions.

Going concern, including further actions related to auditor reporting

The IAASB continues to monitor developments in relation to going concern in light of the IASB not including a project on aspects of going concern in its forward agenda. The Board is actively considering the implications of emerging forms of external reporting (including viability disclosures by the entity).

The IAASB is also monitoring developments of the UK Financial Reporting Council, the US Financial

Accounting Standards Board, the US Public Company Accounting Oversight Board and others on the topic of going concern.

The IAASB will also prioritize the topic in its post-implementation of its Auditor Reporting Standards.

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

The NZAuASB supports the IAASB's activities on this project, and encourages the IAASB to continue to discuss with the IASB to include going concern matters on its agenda going forward. Improving the quality of financial reporting in this regard is a prerequisite of significant improvement of audit quality.

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

Consideration will be given as to whether amendments are needed to the standard dealing with the use of the work of an auditor's expert as part of the project addressing the audit of accounting estimates (ISA 540).

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Not
important
Moderately
Important
Very
Important

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

The NZAuASB strongly recommends that the IAASB address this topic as part of the project on the audit on accounting estimates. Feedback from constituents in New Zealand are that the use of experts is a challenging area. This is also an area that has been raised by the audit regulator (FMA) in New Zealand in its review of audit files of issuer entities.

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

Topics related to audit evidence are being considered in the projects addressing professional skepticism, the audit of accounting estimates (ISA 540), and data analytics.

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

The NZAuASB considers that one of the drivers for the appropriate application of professional skepticism is clarity and understanding of what constitutes acceptable evidence. The NZAuASB supports the IAASB's activities on this topic.

Analytical procedures and audit sampling

Consideration will be given in the project addressing understanding the entity and its environment and assessing risks and the Data Analytics project as to whether amendments may be needed to the standards addressing these topics (ISA 520 and ISA 530).

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

There is general awareness of data analytics within the auditing profession in New Zealand. However, our understanding is that this has not progressed much past the general awareness stage for most. Outside of the big 4 and a few of the larger mid-tier firms we are not aware of any significant use of data analytics in New Zealand. Tools currently being used are Excel and ACL, and some of the audit tools have data analytics added in.

The NZAuASB understands that a couple of the big 4 firms in New Zealand have recently been investing in acquiring independent software consultancy businesses partly to deepen their ability in the data analytic space.

New Zealand is also a country of many relatively small entities and hence many of the data sets are not as huge as in other jurisdictions. As a result, data analytics may not be as broadly applicable in

the New Zealand market. However the NZAuASB agrees that this is an emerging area and that it is important to ensure the assurance standards remain relevant.

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

Some conforming changes may be made as a result of revisions made to the standard addressing the understanding of the entity and its environment and assessing risks (ISA 315).

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

The NZAuASB agrees that the project on the revision of ISA 315 is timely and should continue to be prioritised. Any conforming amendments to ISA 330 would be equally important to do on a timely basis.

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

Inspection findings have specifically been noted on this topic in relation to the audit of revenue, and some national auditing standard setters have made further improvements to the standard dealing with the auditor's responsibilities relating to fraud in the audit of financial statements. Some conforming changes may also be made as a result of revisions made to the standard addressing the understanding of the entity and its environment and assessing risks (ISA 315).

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

In New Zealand this topic was also a key inspection finding of the audit regulator in the 2014/2015 reviews conducted on auditors of listed entities. However, feedback to the NZAuASB from the audit regulator is that it is not the standards that need to be improved, but rather the application of the standards.

The IAASB needs to take care to ensure that the response taken is appropriate to the underlying issue or problem that needs to be addressed. The NZAuASB considers that a clear problem definition (including a clear root cause analysis) is required. The NZAuASB encourages the IAASB to carefully consider the cost of compliance with increased requirements versus a possible increase in audit quality. The NZAuASB stresses the importance of the principles based approach to the development and structure of ISA 240, as well as the continued need and importance of the application of professional judgement, as opposed to the introduction of new rules, which could potentially have the unintended consequence or opposite effect of what is being sought as such rules may undermine the importance of critical thinking throughout the audit.

Further revision to the IAASB's
standard dealing with the auditor's



The IAASB recently finalized limited
amendments to its standard dealing with

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Not
important
Moderately
Important
Very
Important

consideration of laws and regulations in an audit of financial statements (ISA 250)

the auditor's consideration of laws and regulations in an audit of financial statements (ISA 250) to resolve actual or perceived inconsistencies of approach between the ISAs and the IESBA's changes for Non-Compliance with Laws and Regulations (NOCLAR). Some stakeholders have suggested a more fulsome revision of ISA 250 may be needed, specifically noting the standard is not founded on the risk-based approach.

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

The NZAuASB is not aware of issues in New Zealand relating to the application of ISA 250. The recent amendments to the IESBA Code of Ethics for NOCLAR has been adopted in New Zealand, and the NZAuASB also intends to adopt the NOCLAR conforming amendments to ISA 250 and the other ISAs.

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))

This topic is included in the current Work Plan but work has not yet commenced due to a focus on other priorities. Input from these reviews may result in identification of a need for further revisions to these standards.

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

It is believed that in New Zealand there has not been widespread use of ISRE (NZ) 2400, the equivalent standard to ISRE 2400, to date as until recently there has been no statutory requirement for reviews to be performed in accordance with the NZAuASB's standards. The NZAuASB is highly supportive of this project in the IAASB work plan, but agrees that from a New Zealand perspective it can be delayed for a couple of years to allow time for use of the standard to increase, which is likely due to recent legislative change for periods beginning on or after 1 April 2015.

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

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



Raised by one or more respondents to the consultation on the Work Plan for 2015–2016, in light of the increasing use of electronic confirmations

The NZAuASB is not aware of issues in New Zealand related to this topic.

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

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



Raised by one or more respondents to the consultation on the Work Plan for 2015–2016, specifically noting concerns relating to the use of internal auditors to provide direct assistance

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

The NZAuASB is not aware of any issues relating to this topic in New Zealand.

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



Raised by one or more respondents to the consultation on the Work Plan for 2015–2016, specifically noting the standard is not in the same format as most recently revised standards (i.e. the clarity format)

SURVEY CONSULTATION—THE IAASB'S WORK PLAN FOR 2017–2018 AND
CONTINUING RELEVANCE OF ITS STRATEGIC OBJECTIVES

Not
important
Moderately
Important
Very
Important

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

The NZAuASB agrees that ISAE 3400 is out of date and in need of revision, and encourages the IAASB to consider the potential implications if revision to the standard is delayed much beyond 2019, specifically giving the developments in integrated reporting and other emerging external reporting. In New Zealand an assurance standard on prospective information is relevant for both listed entities and in the public sector. For example, in New Zealand all local government entities are required to prepare a 10 year Long Term Plan that has to be audited every 3 years.

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)

Consideration of whether revisions may be needed will be informed by the IAASB's planned post-implementation review of its Auditor Reporting standards. Also the standard is not in the same format as most recently revised standards (i.e., the clarity format)

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

The NZAuASB is not aware of issues relating to this topic in New Zealand.

Auditor involvement with earnings releases / preliminary announcements

Raised by stakeholders in previous consultations. Previous discussions have highlighted the difficulty of potential standard-setting on an international basis, but the IAASB recognizes the relevance of this information to investors.

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

The NZAuASB is not aware of any issues in this regard in New Zealand

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

The overarching standard dealing with assurance engagements other than audits and reviews of historical financial information does not explicitly address direct engagements (where the practitioner, rather than management, prepares the subject matter information)

and it has been suggested that a separate standard would be helpful. The IAASB is monitoring national developments in this area.

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

The NZAuASB is in the process of conducting research to determine if there is a need for further guidance in New Zealand to the overarching standard dealing with other assurance engagements. The preliminary results have indicated that the majority of assurance practitioners that refer to the NZAuASB's standards on other assurance engagements (i.e. the 3000 suite of standards) perform compliance engagements. The NZAuASB is working collaboratively with the Australian Auditing and Assurance Standards Board (AuASB) on the revision of a domestic Standard of Assurance Engagements (SAE) 3100 *Compliance Engagements* in New Zealand and its equivalent ASAE 3100 in Australia. This standard covers both attestation and direct engagements. The NZAuASB does not consider that there is a high priority for a separate standard on direct engagements in New Zealand.

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

Joint audits are required in certain jurisdictions, but the topic of joint audits is not explicitly addressed in the ISAs. If necessary, issues could be considered as part of the quality control or group audit projects.

SURVEY CONSULTATION ON THE IAASB'S WORK PLAN FOR 2017-2018 AND
CONTINUING RELEVANCE OF ITS STRATEGIC OBJECTIVES

Not
important
Moderately
important
Very
important

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

The NZAuASB is not aware of any issues in this regard in New Zealand. Joint audits are not required by statute to be performed in New Zealand, and there are not many joint audits performed in New Zealand.

Overarching considerations relevant the *International Framework for Assurance Engagements*

It has been suggested that it would be helpful to explore whether changes to the Assurance Framework are necessary to underpin the IAASB's standard-setting activities.

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

Given the developments in emerging external reporting the NZAuASB agrees that it would be helpful to explore this topic.

Other - as identified by respondent

Please describe the topic and your reason for including

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

The NZAuASB has not identified any other topic to consider for inclusion in the 2017-2018 work plan.

Question for Respondents:

- 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.

Given that the public interest is broader than the role of the auditor, the NZAuASB strongly recommends that the importance of the IAASB's audit quality framework be kept top of mind. The contextual factors that contribute to audit quality need to be remembered, debated and addressed, as the audit is only part of the financial reporting supply chain and highly influenced by the quality of financial reporting. The NZAuASB applauds the IAASB's continued efforts in its outreach activities with various stakeholder groups in exploring how best to meet the public interest need in an evolving world. The NZAuASB encourages the IAASB to continue with its very strong outreach program to key stakeholders.