

BRIEFING MEMO

for the IAASB meeting, 18-21 March 2024

Disclaimer: This memo is prepared by PIOB staff, in advance of the SSB meeting, applying their best knowledge and their own judgement in identifying and communicating matters of public interest and due process. PIOB Staff views are discussed with the PIOB observer and the PIOB Board and do not pre-empt further PIOB's views or discussions. The main objectives of this memo are to support the PIOB member in his/her SSB/SAC meeting observation and to help maintaining consistency and continuity of oversight.

The memo contains the key issues that are expected to be discussed at the SSB meeting and an outline of the PIOB position on each issue, as agreed during the briefing session. The structure and contents of the memo follows the official agenda of the meeting with the following items:

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Use of main acronyms

PIOB	Public Interest Oversight Board
IAASB	International Auditing and Assurance Standards Board
IESBA	International Ethics Standards Board for Accountants
MG	Monitoring Group
NSS	National Standard Setter
ED	Exposure Draft
ISA	International Auditing Standards
ISAE	International Standard on Assurance Engagements
ISSA	International Standard on Sustainability Assurance
GC	Going Concern
CL	Comment Letter
TF	Task Force
AETF	Audit Evidence Task Force
GCTF	Going Concern Task Force
SATF	Sustainability Assurance Task Force
PI	Public Interest
PIF	Public Interest Framework

PIE Public Interest Entity
KAM Key Audit Matters

1. INTRODUCTION AND OPENING REMARKS

The minutes from Dec 2023 IAASB meeting will be approved during this session. The PIOB received draft minutes in mid-February and our observer did not have any comments, which was confirmed to IAASB on 21 Feb 2024.

2. GOING CONCERN (GC)

2.1. Background information

The objective of this one-hour session is to provide to Board members a high-level overview of the stakeholder feedback to the Exposure Draft (ED-570) and an update on the GCTF activities and outreach undertaken since the publication of ED-570. The ED was approved at the March 2023 Board meeting and subsequently issued with a deadline for comment letters by 24 Aug 2023. In total 78 comment letters have been received with the following breakdown by the type of respondent and their geographical origin:

Type of respondent	Number of responses
Monitoring Group	4
Regulators and Audit Oversight Authorities	7
Jurisdictional/National Auditing Standard Setters	11
Accounting Firms	16
Public Sector Organizations	5
Member Bodies and Other Professional Organizations	31
Academics, Individuals and Others	4
TOTAL	78

Geographical region	Number of responses
Asia Pacific	17
Europe	18
Middle East and Africa	11
North America	13
South America	3
TOTAL	78

It must be emphasized that among the comment letters there is none from the users of financial statements or investors. We have enquired IAASB about this issue and the reaction was that IAASB is aware of the lack of feedback from investors generally. Users and investors usually do not want to comment on highly technical stuff in the auditing standards. Alternatively, the IAASB does outreach with many stakeholders and users of the financial statements are among them. It was noted by the IAASB that for the ED-5000 there was also an online survey in place, besides the standard feedback through comment letters. The structure of survey was simpler than the response template and this method was also applied for the ISA LCE to attract feedback from smaller practitioners. However, for the ED-570 the survey was not used although it has a significant impact on the auditor's report. As it is a public interest to obtain wider feedback for new standards, the IAASB should consider adopting the simplified survey method to a greater extent.

During preliminary discussions it was also indicated to us that some controversial matters have been noted following their analysis of the comment letters and that the GCTF will put up some of these issues for consultation with Board members for the March 2024 Board meeting (see a presentation by the GCTF in Agenda Item 2-A). Afterwards, the GC project is expected to be further discussed by the Board at its June, September, and December 2024 quarterly meetings. The IAASB's approval of the final pronouncement is targeted for December 2024.

2.2. PIOB position on key issues

Considering the most recent corporate and audit failures and the additional going concern risk placed on entities due to the global economic and geopolitical risks, auditors have an important role to play in this regard, to serve the public interest. The PIOB considers Going Concern a high priority project in the IAASB's current Strategy and Work Plan. The latest version of our PI issues document highlights two main areas of PI, which PIOB has been expecting the new standard to address and which are also stated by the SSB among key PI objectives addressed in the project:

- (i) strengthening the requirements in ISA 570, making more robust the procedures performed by the auditor in evaluating management's GC assessment and
- (ii) including an explicit conclusion in the auditor's report about the use of the GC assumption.

The use of the PIF qualitative characteristics to assess the different objectives and how the revisions met those objectives has been provided by IAASB on pages 38-47 of the ED Explanatory Memorandum.



Appendix -
Mapping of ED ISA !

We have performed our own analysis of a sample of comment letters in which we have covered the following two broad stakeholder groups of respondents:

- A. MG Member, Audit Oversight Regulators, Financial Market Regulators (full coverage of 10 CLs, further referred to as Group A)
- B. Professional Associations, National Standard Setters, Audit Firms/Networks (covered through a sample of 9 CLs, further referred to as Group B)

Firstly, it must be noted that the first question in the Request for Comments asked whether the ED was responsive to PI and basically all reviewed comment letters expressed strong support for the ED and appreciated its responsiveness to PI.

When comparing the responses further, we have noted that they show some similarities but, in some cases, quite different patterns as well. We identified the following key issues where the two stakeholder groups express similar or different views to various degrees. At the same time, these are the keys issues we expect will be covered during the discussion, although the total time dedicated is only one hour.

2.2.1. New requirements of the ED vs requirements of financial reporting frameworks

Both groups of respondents raised concerns that some the requirements of the ED (12-month period for GC review, extension of this period, extent of GC disclosures in the financial statements) may override the relevant financial reporting and suggested that IAASB should continue liaising with IASB in this regard. Most respondents from our sample of Group B and one respondent (International Organization of Securities Commissions, IOSCO) from Group A warned that such requirements fall outside of the remit of the IAASB.

In its comment letter IOSCO even went further and suggested that:

- the requirement about auditor requesting management to extend the 12-month period of GC assessment contradicts ISA 200.4, which states that ISAs cannot impose additional responsibilities on management or those charged with governance and cannot override laws and regulations that govern their responsibilities.
- the auditor's responsibility related to GC should be accounting framework neutral and references to any particular framework, for example references to IFRS, should be avoided.

Other comments suggested the following:

- More guidance is needed for situations when management is unwilling to extend their assessment, eg. a requirement for the auditor to modify the audit opinion in such a case.
- An additional requirement about consideration whether there are any control implications when the auditor identifies any GC events or conditions that management has not previously identified or disclosed to the auditor (IOSCO).

Also, the requirement to perform GC audit procedures in all circumstances has been supported generally with some extra suggestions to further clarify their minimum scope, together with scalability considerations.

PIOB position

As noted in our PI issues document we perceive as one of the goals of the ED-570 the requirement of *“strengthening audit procedures in relation to identification of events and conditions that may contradict management’s assessment of GC, the evaluation of cash-flow forecasts, underlying assumptions and scenarios and the impact on the going concern assessment of subsequent events (e.g. pandemic, war)”*

Virtually all financial reporting frameworks are based on the assumption of going concern. In case there are going concern risks identified the auditor should obtain sufficient and appropriate audit evidence relating to a longer period of management’s going concern assessment to form a view on the going concern assumption as well as on the adequacy of the disclosures. Therefore, the PIOB maintains its position that it is in the public interest that auditors are required to request and obtain management’s going concern assessment for such an extended period.

As further noted in our PI issues document, *“the PIOB continues to encourage further dialogue with the IASB about the need for enhanced reporting requirements on going concern, most notably given developments in the banking sector earlier in 2023. In summary, the PIOB supports the IAASB’s proposals in the exposure draft, including additional procedures required when the auditor identifies “events or conditions” not considered by management, which address the PIOB concerns that the auditor should consider the risks to going concern beyond those identified by management.”*

In respect of other specific issues in the comment letters, the PIOB supports the suggestions:

- For more guidance is needed for situations when management is unwilling to extend their assessment,
- An additional requirement about consideration whether there are any control implications when the auditor identifies any GC events or conditions that management has not previously identified or disclosed to the auditor.

- to further clarify minimum scope of GC procedures generally, together with relevant scalability considerations.

2.2.2. Risk-based approach and scalability of the new standard.

Group A welcomed the new requirements, with some extra suggestions to incorporate further aspects of ISA 315 into ISA 570, to further clarify minimum audit procedures in the GC area, together with scalability considerations. In our sample, the Group B respondents were generally much more critical and commented on several inconsistencies within the ED, with ISA 315 and ISA 330 and with a risk-based approach to audit generally. The ED requires performance of audit procedures even where there is no risk of material misstatement while the application material guidance is more risk-based. Where the comments of two respondents' groups overlap was a suggestion to articulate the extent of work effort required by the auditor in straightforward cases where the entity is clearly a GC, in which case management may not perform, or need to perform a formal GC assessment. Some respondents also suggested including a specific reference to sustainability risks along with other risks that should be considered.

Some further aspects of ISA 315 were suggested to be covered by the standard, such as consideration of regulatory factors, information system and communication, control activities.

In respect of scalability, the Group B generally criticised the lack of scalability to a greater extent, however also some respondents from Group A suggested that the application material should be adjusted or extended for smaller entities and entities with no GC risks identified.

PIOB position

As stated in our PI issues document "it is important that, to achieve the objectives of ED-570, the revisions to the extant standard consider how to enhance an auditor's evaluation of management's assessment (for example, by developing their own expectation of the analysis and assessment provided by management), and the basis of such evaluation (for example, being based on the auditor's risk assessment procedures and other information gathered, and through the exercise of professional skepticism and professional judgment)."

While the extent of GC related audit procedures should indeed be risk-based, there should be a mandatory minimum of such procedures. The minimal scope of procedures should allow the auditor to reach a conclusion about the risk of material misstatement and without performing them the auditor would not be able to assess the GC related risks properly. It should be noted that the scalability aspect is also covered by the ISA for LCE.

On the other hand, the PIOB supports the suggestions:

- Incorporation of some further aspects of ISA 315 into ED-570, such as consideration of regulatory factors, information system and communication, control activities.
- Extension of the application material for smaller entities and entities in order to achieve better scalability.

2.2.3. Need for specific guidance for auditors of the banking sector.

Two of the reviewed comment letters have come from financial market regulators who pointed out that the standard needs to have more specific guidance for auditors of banks, especially around auditing compliance with IRFS 9.

In addition, the BCBS (Basel Committee on Banking Supervision, Switzerland) expressed a concern about potential contagion effects through the financial system and financial stability that could be brought about by overly cautious reporting of “Material Uncertainty Related to GC” or a modified opinion in respect of GC matters, where the auditor has not sufficiently engaged with the relevant supervisory authority.

PIOB position

The relevant PI issue from our PI issues document is that the ED-570 should be *“enabling the auditor to identify and deal with risks to going concern such as those highlighted by recent issues in the banking sector”*. The PIOB continues to encourage further dialogue with the International Accounting Standards Board about the need for enhanced reporting requirements on going concern, most notably given developments in the banking sector earlier in 2023.

It not clear whether the specific comments mentioned above are included in the papers, therefore the observer should pay attention during the session if these comments are mentioned. If not, then IAASB should be reminded about them.

The concern expressed by the BCBS can be resolved by sufficient engagement of the auditor with the relevant supervisory authority.

2.2.4. Separate GC section in the audit report.

There was an overlap of comments by the two groups of respondents pointing out that the proposed wording may imply that the auditor is expressing an opinion on a specific matter in addition to the opinion on the financial statements taken as a whole. Group B was generally more critical and warned IAASB that some aspects of the new required reporting may result in increasing rather than reducing the expectation gap regarding the auditor’s responsibilities relating to GC. Some respondents from both groups then suggested an alternative wording for the GC paragraph, to clarify the

auditors' responsibility around the GC, while others proposed to keep the reporting about GC (for listed entities) under the existing requirements for Key Audit Matters.

Specific comments included the following:

- In responses from NSS representatives, there was an overall support for the proposals in ED-570 to enhance transparency about the auditor's work and responsibilities related to going concern in the auditor's report. In particular, there was strong support from those jurisdictions who have implemented (or are considering implementing) similar enhancements in their national equivalent standards.
- The UK audit regulator FRC (Financial Reporting Council) suggested requesting an explanation from the auditors in all situations where there is a conclusion that no material uncertainty exists. The proposed ED requires such an explanation only in circumstances where some GC events and conditions were identified.
- Need for further clarification, including illustrative examples, for a situation of an adverse opinion due to GC issues, including guidance on how to distinguish whether an issue that relates to GC is "fundamental" and "pervasive".

PIOB position

As noted in our PI issues document, *"the PIOB is of the view that it would be in the public interest for auditors' reports to make explicit reference to going concern. During the development of the ED, the PIOB encouraged the IAASB to explore how this might be implemented, for example "it might require a conclusion as to whether the going concern assumption applied in the preparation of the financial statements in terms of the relevant financial reporting framework was appropriate. The auditor may consider reporting on what audit work has been performed in assessing and concluding on going concern"*.

As stated in our PI issues document *"the PIOB welcomes the IAASB's proposals in the exposure draft to include an explicit conclusion in the auditor report about management's use of the going concern assumption. If such an assumption is not appropriate, then the financial statements are fundamentally misstated anyway. Therefore, the auditor's explicit reference and conclusion on GC should not be interpreted as an opinion on a specific matter, it is rather a conclusion whether the going concern assumption used in preparing the financial statements is appropriate.*

PIOB also supports the suggestion of requesting an explanation from the auditors in all situations where there is a conclusion that no material uncertainty exists.

2.2.5. Dealing with 'close call' situations.

The Group A of respondents generally did not object to the new requirements about 'original information' to be included in auditors' reports (par. A76, A77 of the ED),

with only one comment letter (from IRBA, an audit regulator from South Africa) which suggested that the auditor should not provide original information about GC issues in the audit report and proposed to wait until similar disclosure requirements are required by IFRS. In Group B, there was generally an opposition against inclusion of additional material in the audit report in relation to GC, especially when eg. equivalent conclusions are not required to be explicitly stated by management in the financial statement disclosures. There is also a concern that information users may not be able to clearly distinguish the concept of GC from other similar concepts such as financial soundness or sustainability.

PIOB position

As noted in our PI issues document, *“the PIOB encourages the IAASB to consider further the transparency requirements and to assess, in case of close calls or when a material GC uncertainty exists, whether “original information” might be included in the audit report to appropriately communicate to users of financial statements the situation of the entity and ensure that the auditor meets expectations of stakeholders.”* During the ED’s development process we reiterated our recommendation to consider how to appropriately communicate to users of the financial statements relevant and decision useful information to reduce the expectation gap. The application material that cautions against disclosing “original information” in the auditor report may limit the usefulness of disclosures made by the auditor, especially in “close call” situations. Also, the PI issue that *“the auditor should consider the GC risks beyond those identified by management”* is relevant in this context.

It must be emphasised that disclosing “original information” in the audit report is nothing extraordinary because all audit reports with modified opinions contain such original information.

2.2.6. Communication with authorities.

All reviewed comment letters expressed support for how the ED covers communication with TCGW, with some suggestions to the wording and to highlight that the timing of the auditor’s communication with TCWG shall be throughout the audit engagement.

The requirement to report significant GC issues to an appropriate authority was supported and several respondents suggested even a stronger requirement to consider the PI value of reporting significant GC matters to an appropriate authority:

- even where the auditor has no such responsibilities under law or regulation to make such a report,
- with encouraging early reporting, and
- coordinating with the IESBA on ethical requirements in this area.

PIOB position

As stated in our PI issues document, *“the PIOB supports the proposals in the ED whereby the auditor should determine whether it may be required, or appropriate under the circumstances, to communicate directly with external authorities, such as regulators or prudential supervisors, in case of doubts about the entity’s ability to continue as a GC”*. The PIOB therefore also supports the suggested enhancements of the ED-570 of even stronger requirements for auditors to communicate with appropriate authorities even without a direct legal responsibility, with an emphasis on early reporting.

2.2.7. Extension of requirements from listed entities to PIEs.

Virtually all reviewed comments letters also contained a suggestion to consider expanding this requirement to include public interest entities.

PIOB position

As noted in our PI issues document, the PIOB was looking forward to the discussion whether the requirement of *“additional disclosures related to GC proposed for listed entities should also apply to PIEs”*.

The PIOB therefore supports the suggestion about such a requirement expressed by an overwhelming majority of respondents.

2.2.8. Other issues.

There were two specific additional areas suggested in the comment letters to be covered by the new standard:

- an additional requirement for the auditor to obtain written representation when GC events and conditions have not been identified,
- extra documentation requirements, i.e. application of ISA 230 for the GC area specifically.

In respect of auditing estimates and relationship with ISA 540 the respondents suggested:

- adding extra application material to cover cases when information from external sources is contradictory to management’s assertions,
- cover situations when management is reluctant to make highly sensitive disclosures about GC,

- include more robust references in respect of professional skepticism.
- It has also been suggested to incorporate further requirements of ISA 540 around verifying relevance and reliability of data. In addition, several respondents pointed out that the terminology 'Method Assumptions and Data Used in Management's Assessment' might lead the auditor to overly focus on forecasts or models, undermine professional judgement and overlook critical events or conditions (eg. breaches of key conditions in operator's license).

PIOB position

The comments above do not contradict any of the PI issues and can be perceived as an additional enhancement of PI responsiveness of the ED. The PIOB therefore supports them.

3. SUSTAINABILITY ASSURANCE

3.1. Background information

The objective of the IAASB discussion in March 2024 is to provide an overview of respondents' comments on 15 out of 27 questions from the ED-5000 that generated the most significant comments and represented the main themes that emerged from the feedback and obtain the Board's input on the Sustainability Assurance Task Force's (SATF) views and recommendations for the approach to addressing the key themes identified from the responses. The feedback on the remaining 12 questions will be discussed in June 2024.

3.2. PIOB position on key issues

The PIOB appreciates the timely response by the IAASB to dedicate resources to the assurance on sustainability reporting, in its 2022-2023 Work Plan and proposed 2024-2027 Strategy, which has ensured a resource allocation to date, consistent with the focus on this high priority project. The current expected completion date is before the end of 2024, in line with the market expectations.

During the process of development of this ED the PIOB has supported:

- the IAASB's collaboration with key stakeholders, including the IESBA, other standard setters, and the regulatory community, to ensure consistency and alignment in the process.
- the establishment of the two Reference Groups (experts in sustainability, including professional accountants and professionals other than accountants) and has recommended ensuring broad geographic diversity in both.
- the approach undertaken by the IAASB to develop a stand-alone overarching standard, which is "neutral" with respect to the reporting framework, the type of assurance provider and which addresses both limited and reasonable assurance.

The use of the PIF qualitative characteristics to assess the different objectives and how the revisions met those objectives has been provided by IAASB on pages 39-49 of the ED Explanatory Memorandum.



Appendix -
Mapping of ED-ISSA

During the feedback period, IAASB received 143 comment letters with the following breakdown by the type of respondent:

Type of respondent	Number of responses
Monitoring Group	4
Preparer and Users of Sustainability Information	13
Those Charged with Governance	2
Regulators and Audit Oversight Authorities	11
Jurisdictional/National Standard Setters	14
Global Standard Setter	2
Assurance Practitioner or Firm - Accounting Profession	21
Assurance Practitioner or Firm - Other Profession	5
Public Sector Organizations	5
Member Bodies and Other Professional Organizations	53
Academics, Individuals and Others	13
TOTAL	143

The 15 questions that the TF selected for the March 2024 IAASB meeting represent the main themes which have emerged from the feedback have been grouped by topics and during the meeting they will be introduced one by one asking the Board for its views on the SATF’s recommendations tabled for the Board’s decision. These themes are summarised in the sections below.

3.2.1. ISSA serving as an over-arching standard.

(Question 1 - covered in Appendix 4 of Agenda Item 3)

The question asked whether the ED-5000 can serve as an over-arching standard to provide global baseline for sustainability assurance engagements, i.e. whether it can be applied for all sustainability topics, all mechanisms for reporting, any suitable criteria, all intended users, limited and reasonable assurance engagements and for use by all assurance practitioners. A majority of 65% of the respondents that answered Question 1 agreed that ED-5000 can serve such a purpose, while the certain recommendations included in the feedback have been addressed by the TF in the specific areas below.

PIOB position

As stated in our PI issues document, “reporting on sustainability is a global demand, actively included in the agenda of international standard-setters. Assurance on sustainability reporting is critical for stakeholders’ confidence and the integrity of such reports. The complex and multi-disciplinary nature of sustainability reporting bring very significant challenges to providing assurance, regardless of whether it is provided by the audit profession or other professionals.”

It has been noted by the PIOB that in order to receive feedback from non-practitioners and users of sustainability reporting the IAASB decided to perform an online survey (besides the standard feedback through comment letters). The structure of survey was simpler than the response template and as a result 36 responses were received. As it is in the public interest to obtain wider feedback for any new standards, the IAASB should consider adopting the simplified survey method to a greater extent (eg. for the ED-570 it was not used although the revised standard has a significant impact on the auditor's report).

We also have noticed in some comment letters from other practitioners suggestions for significantly stronger competence requirements for engagement partners, specifically competencies in sustainability reporting as the subject matter of assurance. The PIOB position is that the concept of relying on experts (tax, valuations, actuarial models, IFRS, etc.) has been a usual assurance practice. Therefore, and taking into account also the fact that competence on all ESG matters is difficult to be found in one person, the PIOB does not support any significantly stronger competence requirements in the subject matter than those contained in the current ED.

3.2.2. Clarity of scope and scalability.

(Question 3 - covered in Agenda Item 3-A)

This question was about clarity of scope and scalability of the ED-5000 and the main feedback was following:

- Additional clarity is needed about the scope and applicability of ED-5000 as described in paragraph 2 of ED-5000, particularly when the sustainability information includes GHG ("Greenhouse Gas") information that does not comprise a "GHG statement."
- The different approaches to risk assessment in ED-5000 and ISAE 3410 would result in different procedures being performed for a limited assurance engagement on a GHG statement that is presented along with other sustainability information, depending on whether a separate conclusion is provided on the GHG statement.
- ISAE 3410 should be integrated into the ISSA suite of standards or relevant requirements from ISAE 3410 should be incorporated into proposed ISSA 5000, along with additional guidance as necessary.

SATF proposal: A clarification that ISSA 5000 to apply to all sustainability assurance engagements (see paragraphs 17- 23 of Agenda Item 3A for details). Until such time as the proposed ISSA 5000 becomes effective, ISAE 3410 will continue to apply for assurance engagements related to GHG statements.

PIOB position

The PIOB supports the proposal about clarification of the scope of ISSA 5000 in relation to ISAE 3410, including incorporation of ISAE 3410 requirements into ISSA 5000 and potential withdrawal of ISAE 3410 (according to Agenda item 3-A par. 24 and 25 “any decision to sunset ISAE 3410 is subject to a vote of the IAASB”).

3.2.3. Clarity of definitions

(Questions 5 and 6 – covered in Agenda Item 3-B)

These questions were about clarity of definitions of sustainability information and sustainability matters and the relationship between them. The main feedback was:

- Support for including “governance” as one of the core elements and some confusion about the inclusion of “cultural” and “economic” in the definition of sustainability matters.
- Concerns about the term “sustainability information” being used inconsistently in ED-5000
- Strong support for the clarity of the relationship between the terms, and in particular Appendix 1.
- The term “disclosures” may be confused with financial statement disclosures, and therefore suggestions to replace the term with “sustainability disclosures.”

<p><u>SATF proposal:</u> Definitions of sustainability matters, sustainability information and disclosures have been amended according to the received feedback.</p>
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PIOB position

The ED-5000 should comply with the requirement of clarity from the PI Framework. As stated in our PI issues document, *“Language in the standard is a key factor to ensure applicability and understandability to a broad range of stakeholders. To meet the public interest and the objectives of the project, ISSA 5000 should use clear, neutral and simplified language, to allow not only accountants but also professionals other than accountants to understand and apply the standard, although not at the expense of assurance quality. The balance between these potentially competing public interest factors should be a key focus of the IAASB’s consultation on the ED.*

The PIOB acknowledges the IAASB’s work to ensure that the standard is responsive to the public interest by avoiding terminology that might represent a “barrier to entry” for assurance providers other than professional accountants and that may not meet market expectations in other respects, especially taking into consideration the past criticism of ISAE 3000 (Revised)”

In addition to that, our PI issues document states that the *“The PIF includes “clarity” as one of the qualitative characteristics which is a fundamental aspect to consider in the development of the standard. Key definitions and concepts such as “sustainability information”, “disclosures”, “performance materiality” and “double materiality” should include enhanced references to sustainability matters, allow accessibility to professionals other than accountants, and facilitate the use of the standard in relation to different reporting frameworks”.*

The PIOB therefore supports the clarification efforts, as suggested by the feedback.

3.2.4. Linking the ED to requirements of the IESBA Code and the ISQM 1

(Question 4 - covered in Agenda Item 3-C)

This question was about linking the ED to requirements “At Least as Demanding” as the IESBA Code and the ISQM 1. The summary of received feedback is as follows:

- Support for the fundamental principles of requiring the application of robust ethical and quality management requirements by practitioners.
- Various requests to either require compliance with ISQM 1 and the IESBA Code, establish minimum baseline requirements, or endorse alternative requirements as being at least as demanding.
- Further guidance is needed on how an evaluation of “at least as demanding” can be performed and by whom. National regulators or standard setters have an important role to play.
- Transparency within the assurance report is needed to describe other relevant ethical requirements applied when not the IESBA Code (such a requirement was included in ED-5000 with respect to quality management).

SATF proposal: The suggested requirement of direct compliance with the IESBA Code and ISQM 1 by all assurance practitioners has been concluded as not a viable proposition, as this would contravene the objective of developing a profession-agnostic standard. Therefore, the SATF proposed to restructure paragraph 29 of the ED to explain that a practitioner is a member of a firm that applies:

a) ISQM 1 directly,

b) Professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding (with a key role of Regulators and Jurisdictional/National Standard Setters), or

c) Professional requirements, or requirements in law or regulation, that are otherwise determined to be at least as demanding (eg. the practitioner should be required to document the basis for this determination)

Similar amendments have been proposed regarding the requirements of the IESBA Code.

PIOB position

The PIOB appreciates that *“the IAASB has recognized the need for the standard to require a level of ethical and quality requirements that will enable the standard to be robust as well as capable of being used alike by accountants and professionals other than accountants”*. It is in the public interest that the ISSA-5000 is a profession agnostic standard, on the other hand the assurance engagements should be performed at the same quality levels, no matter whether performed by auditors or by other practitioners. As further stated in our PI issues document, the ISSA 5000 should find *“a balance between:*

- *ethical and quality requirements that will enable the standard to be robust,*
- *capability of the standard to be used alike by accountants and professionals other than accountants.”*

The PIOB therefore supports the clarification suggested by the SATF about incorporation of references to quality management and independence/ethical requirements into the ISSA-5000. We are concerned though about option (c) i.e. where the practitioner would have to determine the requirements to be “at least as demanding” and to document the basis for this determination. This option is risky and most of MG members emphasised robust and comparable quality management and independence/ethics from a level playing field perspective and transparency for users. The reference in the auditor report to which quality management and independence/ethics standards have been applied will vary from jurisdiction to jurisdiction and may be confusing for the users of the sustainability reporting.

As also stated in the PIOB PI document, *“it is crucial that the IAASB coordinates its Sustainability project with the IESBA. Both Boards have identified coordination as a critical matter. The approach, terminology, definitions (e.g. sustainability information, sustainability matters), and the activities undertaken by the two Boards need to be consistent and aligned, to support public interest responsiveness of the respective standards and avoid confusion.”*

As a related public interest matter beyond the remit of the IAASB, our PI issues document emphasises, in this context, the necessity to set *“a robust level of public interest oversight, to avoid fragmentation and potential market confusion, in respect of the work effort and the level of assurance provided by all professionals on sustainability reports. Regulators and those charged with governance have a role in ensuring that those preparing the sustainability information and also assurance providers have the appropriate skills, experience and comply with robust ethical requirements”*.

3.2.5. Materiality process of the entity and practitioner's materiality

(Questions 9, 11, 12 - covered in Agenda Item 3-D)

These questions were about terms of entity's double materiality and practitioners' materiality, and also assurance approaches with these concepts. The summary of received feedback is as follows:

- the ED-5000 did not clearly address the entity's materiality process or specify the practitioner's work effort with respect to that process. Also, the terminology used is inconsistent and potentially confusing and does not sufficiently delineate between the entity's materiality process and the practitioner's consideration of materiality. The ED-5000 as well did not address how the practitioner should build on the preliminary knowledge of the entity's materiality process during the engagement or respond to misstatements identified.
- For the notion of "Double Materiality" there were suggestions to better align it with leading reporting frameworks. The responses also had calls for a conditional requirement to address the practitioner's considerations of double materiality and for streamlining existing guidance and supplementing with additional guidance.
- For the practitioner's approach to materiality there were suggestions to further clarify the distinction between the approaches, the work effort and the concept of performance materiality. There were also calls for guidance on how to consider/ determine materiality, accumulation or aggregation of misstatements, consideration of intended users and materiality for groups.

<p><u>SATF proposal:</u> In the response to the received feedback several amendments to the ED have been proposed by the SATF, including rearrangement and addition of the main body of the ED as well as guidance in the application material.</p>

PIOB position

The PIOB PI issues document addresses the topic with a requirement that the "*key definitions and concepts such as "sustainability information", "disclosures", "performance materiality" and "double materiality" should include enhanced references to sustainability matters, allow accessibility to professionals other than accountants, and facilitate the use of the standard in relation to different reporting frameworks*".

During our preliminary discussions it was noted by the IAASB that misunderstanding of terms was visible from many comment letters, therefore clearer distinction between entity's materiality process and practitioners' materiality was needed.

The PIOB therefore supports the SATF’s clarification efforts. A related question is whether the explanations of materiality from FAQs will be incorporated into the standard’s requirements or application material.

3.2.6. Using work of others and ‘group’ sustainability assurance

(Questions 14, 15, 18 - covered in Agenda Item 3-E)

These questions related to using work of others and ‘group’ sustainability assurance. The summary of received feedback is as follows:

- “Another practitioner” should be defined in the standard and further clarity is needed on the concept of “sufficient involvement” in the work of firms or individuals that are not part of the engagement team.
- A range of concerns around the practical challenges in complying with the requirements for using the work of another practitioner, in particular in relation to value chain entities, and requests for clarifications on expected work effort.
- Requests for further alignment with the requirements of ISA 620 regarding communications with, and evaluation of the work of, a practitioner’s expert.
- Need to clarify the expected work effort when an expert is a practitioner’s internal versus external expert and when the work of a practitioner’s expert may be referenced in the assurance report.
- Mixed views about whether the principles-based requirements are sufficient for group sustainability assurance engagements without certain additional requirements and guidance in ISSA 5000.
- Additional guidance for groups is needed on certain specific topics including materiality, scoping, communications among those involved in the engagement, the “consolidation” or aggregation process, and information from the value chain. Support for the development of a separate ISSA for group sustainability assurance engagements in the future.

SATF proposal:

In the response to the received feedback the SATF firstly defined some principles based on which the requirements around using work of others should be built. The key principle is that sufficient appropriate evidence needs to be obtained irrespective of whether the information arises from an entity within the operational control of the reporting entity or from a value chain entity.

As a result, several revisions of the ED have been proposed by the SATF, including enhanced definitions and clarifications, added requirements and application material covering various scenarios of using the work of practitioner's experts or work of another practitioner or related to “group” engagements. However, the Board will be asked to provide consultations on certain issues outlined below:

- The SATF has proposed a new scalability requirement that for a limited assurance engagement, the practitioner should be required to obtain an understanding about whether the reporting entity has designed and implemented any controls over the information obtained from the [source][value chain] entity, but not required to test their operating effectiveness, while for a reasonable assurance engagement, the practitioner should be required to test the operating effectiveness of those controls.
- SATF agreed that reference to an expert in a report containing an unmodified conclusion should not be precluded, however the application material explains that it is important that the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert.
- Possible ways of enhancements of the ED-5000 in the area of group audits – 1. through an appendix to the standard or 2. by adding separate “Considerations for Group Assurance Engagements” to various sections in the ED as used in ISA 600 (Revised) or 3. by providing additional application material to deal with the unique aspects of group engagements.
- The extent of additional guidance for group audits and which topics should be covered, eg. engagement strategy and approach, scoping decisions, communications during the engagement, understanding and risk assessment of the “consolidation” or aggregation process, obtaining evidence about information from the value chain.

It must be emphasised that the SATF admitted current lack of understanding about what is considered to be sufficient appropriate evidence for information relating to an entity outside the organizational boundary of the reporting entity (e.g., a value chain entity), including information that may be incorporated by reference in the reported sustainability information. This matter will be further explored by the SATF after the March meeting.

PIOB position

The ISSA 5000 will be first applied during assurance engagements in large corporations, which mostly have a group structure. It is therefore crucial that the standard contains group assurance clauses, as it is emphasised in our PI issues document: *“Given the significance of “group” sustainability assurance engagements and the extensive involvement of professionals other than accountants, the PIOB stresses the importance of including and expanding in ISSA 5000, before it is finalized, the overriding principles which apply to group audits, such as requirements for the engagement leader to direct, supervise and review the work of others, as well as documentation requirements.”*

During our preliminary discussions it was emphasised by IAASB that one of the main challenges of sustainability assurance are the value chains, which have brought uniqueness of necessity to collect audit evidence outside entity's boundaries. For ISSA 5000 the IAASB has redefined the term "component", which now includes traditional groups (inside entity's boundaries) and value chains (outside entity's boundaries).

The PIOB supports the SATF's efforts to incorporate fully into the final version of the standard the principles of:

- Using work of experts,
- group assurance,
- sufficient and appropriate assurance evidence for value chains.

Concerns remain in respect of controls over information from value chain entities. If assurance reports are part of those controls, then their availability and timing could be a challenge. A transparent disclosure of % of sustainability information covered by assurance could be in public interest. Coordination of IAASB with IESBA in the topic of value chains is critical.

For enhancements of the ED-5000 in the area of group audits the PIOB supports option 2, i.e. adding separate "Considerations for Group Assurance Engagements" to various sections in the ED. The main reason is the public interest in enforceability of these clauses which requires requirements and not only application material. The PIOB generally supports an approach where key principles are taken from ISA 600 and incorporated into ISSA 5000 for the interim period while there is no separate ISSA on group assurance engagements. It has to be emphasised that one of the relevant requirements should be the sole responsibility of the group assurance provider.

3.2.7. Differentiation between limited and reasonable assurance

(Questions 7, 13, 17 - covered in Agenda Item 3-F)

These questions related to the differentiation between limited and reasonable assurance, specifically in the area of internal controls and risk assessment material misstatement of disclosures. The summary of received feedback is as follows:

- Need for further clarity around the differentiation between limited assurance and reasonable assurance, and more specificity as to the minimum requirements, especially for limited assurance engagements.
- Differing opinions on the nature, timing and extent of procedures that should be required in a limited assurance engagement.

- A need for further guidance or examples to demonstrate the differentiation in approach to understanding the system of internal control and the extent of the work effort required to obtain the understanding for each level of assurance.
- Differing opinions as to whether the risk assessment should be at the level of the disclosure or at the assertion level.
- Calls for clarity regarding the difference in the risk assessment approach between limited and reasonable assurance engagements.

SATF proposal:

Several revisions of the ED have been proposed by the SATF, covering both requirements and the application material, eg:

- suggestion to present the requirements to understand the components of internal control for limited and reasonable assurance side-by-side in the columnar format, with separate requirements for each component. Overall, the SATF recommends retaining the requirements to understand the components of internal control for reasonable and limited assurance engagements.

- recommendation to align the risk-based approach with ISAE 3410 and requiring the practitioner, in a limited assurance engagement, to identify and assess the risks of material misstatement for disclosures as a basis for designing and performing further procedures.

PIOB position

As it is emphasised in our PI issues document, *"The PIOB supports the approach undertaken by the IAASB to develop a stand-alone standard for sustainability assurance (i.e. ISSA 5000) which is "neutral" with respect to both the reporting framework and the type of assurance provider (professional accountants or professionals other than accountants), and which addresses both limited and reasonable assurance."*

During our preliminary discussions it was noted by IAASB that there have been mixed views in the comment letters about the extent of limited assurance and there were suggestions to move it in both directions. The understanding of internal controls over sustainability reporting is suggested to be required for both limited and reasonable assurance. Also, the decision to align the risk-based approach with ISAE 3410 seems to be the most reasonable one, also in the light of intention under consideration to withdraw ISAE 3410 once ISSA 5000 is in force as there is a concern, that ISAE 3410 does not incorporate the amendments to risk assessment introduced by the revised ISA 315.

Considering the clarity requirement from the PIF, the PIOB supports the clarification of differentiation between limited and reasonable assurance and defining minimum requirements for internal controls in ISSA 5000.

3.2.8. Other matters

(Question 25 - covered in Agenda Item 3-G)

The question 25 was about any other matters and several suggestions were made in the comment letters:

- development of additional guidance and educational materials,
- add provisions to address the assurance of sustainability information available in digital format,
- updating ISSA 5000 after conducting a post-implementation review and collecting practitioners' feedback,
- future ISSAs on estimates and forward-looking information, using the work of other practitioners, group/consolidated sustainability information, materiality, value chains, revising ISAE 3410 as a separate standard under the ISSAs,
- transitional provisions for initial sustainability assurance engagements,
- competencies of the engagement leader and team members
- coordination with IESBA and other standard setters,
- comments and editorial suggestions on specific paragraphs in ED-5000.

However, the main and frequent issue highlighted by the SATF which has been tabled for consultation with the Board at this meeting is about the connectivity between the sustainability information and the audited financial statements and other information.

The summary of received feedback on this specific matter is as follows:

- Suggestions for a requirement for the practitioner to communicate with the auditor of the financial statements, unless prohibited by law or regulation.
- Challenges were noted arising from the requirements for the practitioner's responsibilities in relation to "other information." There were calls for additional clarity and guidance, and requests for the IAASB to consider whether ISA 720 (Revised) is the appropriate base on which to build the requirements for other information for sustainability assurance engagements.

SATF proposal:

Two approaches regarding communication requirements between the practitioner and the auditor of the entity's financial statements have been outlined for consultation with the Board:

1. A conditional requirement if a material inconsistency is identified between the sustainability information and the audited financial statements, when the financial statements are part of the other information under proposed ISSA 5000, or
2. A broader requirement for such communication is appropriate.

The SATF is also seeking the IAASB's views and direction regarding whether ISA 720 (Revised) remains an appropriate basis for the requirements related to other information in proposed ISSA 5000, including that following the requirements and guidance in ISAE 3000 (Revised) or ISAE 3410 may be more appropriate.

PIOB position

The PIOB PI issues document emphasises the *"need to strengthen requirements on the use of "Other information". This information may be relevant in corroborating or contradicting the evidence provided by management, particularly given the likelihood that qualitative sustainability information will be less "mature" than financial information"*.

The new requirements planned for communication between the practitioner and the auditor of the entity's financial statements are in line with PI. The PIOB supports the option of broader communication requirements because there is a clear connection between sustainability and financial reporting (eg. sustainability issues may trigger impairment consequences for financial reporting or 'greenwashing' as a type of fraudulent reporting would require addressing the integrity of management). Also, modern business models rely on analysis of sustainability risks. On the other hand, issues of confidentiality or timing of sustainability and financial reporting could be a challenge for communication between two assurance providers. From a user perspective there needs to be an appropriate communication, which should not have different outcomes based on whether the financial auditor is or is not the same as the assurance provider. It has to be emphasised that in case of two-way communication, consequential amendments to relevant ISAs would be needed.

The PIOB PI issues document also mentions a requirement to *"allow the assurance provider to include key audit matters (KAMs) in the assurance report where the entity is a PIE."* The observer should therefore monitor whether this aspect has been covered during the consultations.

4. TECHNOLOGY POSITION

4.1. Background information

The goal of this session is to make substantial progress in shaping the IAASB's Technology Position. The IAASB has presented this agenda item as a new initiative, which was added to the IAASB Strategy and Work Plan for 2024–2027 in December 2023. The initiative is building on the work that has been undertaken as part of the Board's Disruptive Technology initiative in 2022 and 2023 and a strategic discussion is expected on establishing a Board vision, roadmap and position in respect of addressing the impact of technology in the IAASB's standards. The TF has developed an outline of a conceptual framework, which will guide the Board in deliberating on the key components of its Technology Position. As a follow-up, a series of private workshops will be held in at the March and June 2024 meetings. Also, summary feedback that has been received from a Board member survey will also be presented during the Mar 2024 meeting.

4.2. PIOB position on key issues

The papers for this agenda item contain conceptual framework developed by the relevant TF, which is intended to provide a common reference point for the Board and which comprises three key components:

- Component 1: Clear Articulation of the IAASB's Technology Posture. This involves defining the IAASB's Technology Posture, ensuring clarity and alignment with the IAASB's strategic objectives.
- Component 2: Approach to Operationalize the Technology Posture. This focuses on devising strategies and actions to effectively implement and integrate the Technology Posture in the IAASB's standard-setting activities and related processes and procedures.
- Component 3: Process for Ensuring the Technology Posture Remains Appropriate. This involves establishing a robust process to continually evaluate and, if necessary, recalibrate the Technology Posture to ensure its ongoing relevance and effectiveness.

The paper for this agenda item contains notes with key points and a list of questions, which will presumably guide the discussion among Board members. The critical aspects of the first two components will be covered at the March 2024 meeting, while deliberation on the third component is scheduled for the June 2024 meeting. Appendix 1 to the paper has links to various publications in the technology area, which IAASB issued during the years 2017-2023.

PIOB position

The PIOB welcomed the IAASB's work in respect of its Disruptive Technology initiative to anticipate and prepare for the impact of emerging technology on audit and

assurance. As noted in our PI issues document, *“the IAASB should continue to integrate and consider the pervasive impact of technology in the consideration of its standards and the value of non-authoritative guidance as a potential approach for a timely response to public interest needs.*

The PIOB has also suggested that *“the IAASB continue its work to get broad perspectives on the impact of technology which could benefit audit quality, as well as whether current standards may include aspects which represent a barrier to the adoption of technology. A further discussion with regulators on the risks of overreliance on technology tools in audit and to what extent they provide audit evidence, on the extent of reliance on IT General Controls of their clients, on assessing the regulators’ most significant inspection findings would be a useful source of information, especially in identifying main causes/factors which affect or prevent audit quality”.*

The presented framework for technology posture fits under the ‘Relevance’ qualitative characteristic of the PIF (*‘recognizing and responding to emerging issues, changes in business or public practice environments, developments in accounting practices, or changes in technology, and developing principles-based requirements that enable the objectives of those requirements to be achieved in differing circumstances’*).

It must be emphasized though that this agenda item 4 (Technology Position) should be viewed in relation to agenda item 5 (Audit Evidence) and agenda item 6 (Risk Response) as it is part of the Integrated Project. Co-ordination between the relevant TFs is therefore crucial.

Coordination with IESBA in the area of technology is of critical importance. The technology topic is also on the agenda of concurrent IESBA March 2024 meeting, with AI being the main theme. It is important that both IAASB and IESBA staff are participating in each other’s workshops.

5. AUDIT EVIDENCE

5.1. Background information

The main goal of the project is to clarify auditor’s responsibility regarding information used as audit evidence (AE). The project aims to adapt and modernize ISA 500, clarifying its relationship with other standards, as well as the concept of sufficient appropriate audit evidence and fostering professional skepticism. Especially in the post-Covid world, which has introduced a high level of uncertainty on how information is obtained, various issues around accounting estimates impact the risk of material misstatements and call auditors for exercising higher level of professional skepticism.

At the December 2023 IAASB meeting, the Audit Evidence Task Force (AETF) presented to the Board proposals for addressing key themes from the responses to ED-500 as well as additional information-gathering and analysis performed to date. The SWP anticipates that after March 2024, the revision of proposed ISA 500 (Revised) will pause temporarily, while work is undertaken to identify, understand and scope the risk response elements of the new ‘integrated project’: *“Integrated Approach to Audit Evidence and Risk Response, Including Focus on Technology and Internal Control”*. In parallel, the Board will also undertake work to establish a position, including a vision and roadmap, on addressing the impact of technology in the IAASB’s standards (see Agenda Item 0).

The objective of the IAASB discussion in March 2024 is to obtain the Board’s input on the AETF’s proposals for addressing key themes from the responses to the ED-500 and updates to the conforming and consequential amendments to other ISAs. In addition, the Board will be presented with the AETF discussion for certain topics that are relevant to other ongoing IAASB workstreams. The IAASB claims that although the revision of proposed ISA 500 (Revised), which is reflected in this so called “Pre-finalization Holding Package” is temporarily put on hold while work is undertaken to identify, understand and scope the risk response elements of the integrated project, the Board has made significant progress in responding to the comments received on ED-500. Work to finalize proposed ISA 500 (Revised) will resume in due course in accordance with the project proposal for the integrated project, which will also include engagement with stakeholders on certain changes that have been proposed.

5.2. PIOB position on key issues

Based on the review of the documentation for this meeting we note that a revised text of ISA 500 is presented (Agenda item 8-A), which includes the following key changes since December 2023:

- Definition of Audit Evidence, (Par. 7(b), A12A)

- Threshold for the Attributes of Relevance and Reliability of Information (Par. 9(b), A35, A40, A50, A53–A53A, A56C–A56D)
- Accuracy and Completeness (Par. 10)
- Doubts About Relevance or Reliability of Information (Par. 12–12A, A78B–A83)
- “Stand-Back” Requirement and Objectives (Par. 1, 4, 6, 13, A84–A88)
- Other Matters (points 36-40 of the paper)

Points 41-49 of the paper include updates to the Conforming and Consequential Amendments to other ISAs (presented in a separate item 8-B of the agenda) and points 50-60 cover the AETF Discussion of Topics Relevant to Ongoing IAASB Workstreams, specifically on two topics:

- Technology, mostly ATT
- Analysis of “Stand-Back” Requirements

PIOB position

It must be emphasized that this agenda item 5 (Audit Evidence) should be viewed in relation to agenda item 4 (Technology Position) and agenda item 6 (Risk Response) as it is part of the Integrated Project as decided by the Board last September.

Previously, the IAASB had considered “integrated” vs. “stand-alone” approach on how to address relevant audit evidence and technology-related matters. At the September 2023 meeting it was decided in favor of the integrated approach, which is also supported by the PIOB. This approach is responsive to calls from regulators that the revisions to ISA 500 alone are not sufficient to address all audit evidence-related matters across the ISAs and that they would imply revisions also to the whole ISA 500 series standards and to ISA 330.

According to the latest PI issues document, the PIOB supports the AE project and “urges the IAASB to ensure that the revision of ISA 500 goes beyond embedding concepts already used in the audit practice (such as automated tools and techniques, blockchain, etc.)” With putting the ED-500 on hold the IAASB confirms that the concerns received from the feedback are valid regarding not having yet achieved the modernization objectives with respect to relevant audit evidence and technology-related matters. Enhancements have been made, especially in terms of ATT, Professional Skepticism and attributes of Audit Evidence and although the revised ED-500 has covered some of the current PI issues partially, the following outstanding items need to be addressed to a fuller extent according to our PI issues document:

- *explanation and communication by the IAASB of the implications of the options considered, how other standards will be affected, and the timing of the changes envisaged, including possible delays in finalizing the revisions in ISA 500.*

- *there should be clarity and transparency about which public interest issues will be addressed and how stakeholders' expectations will be met by the new projects, in line with the PIF requirements.*
- *as audit evidence is deeply interrelated with Technology, Fraud and other projects and requires close coordination among the working groups and task forces of both the IAASB and the IESBA, to avoid duplication of efforts and to ensure appropriate sharing of information.*
- *the balance of application material vs. requirements.*

The current PIOB PI document also highlights the following areas where the ISA 500 should be strengthened and which the observer should emphasise during the discussion:

- (i) the auditors' role in respect of the relevance and reliability of information which is used as audit evidence, in view of possible fraudulent information or unreliable sources of information,*
- (ii) encouraging auditors, where appropriate, to seek external sources of specific information, which could contradict or corroborate audit evidence obtained from the client,*
- (iii) addressing new technologies (digital information),*
- (iv) professional skepticism in evaluating whether there is sufficient appropriate audit evidence obtained to support the opinion and regarding the reliability of information which will be used as audit evidence,*
- (v) clarifying the minimum level of audit evidence from internal control testing and its impact on audit evidence needed from substantive testing,*
- (vi) considering the balance between Application Material and Requirements in the revised standard, in view of driving improved behavior, clarity and enforceability (e.g. persuasiveness of audit evidence).*

6. RISK RESPONSE

6.1. Background information

The objective of the session is to obtain the Board's views on the issues identified to date regarding ISA 330 'The Auditor's Responses to Assessed Risks' and ISA 520, Analytical Procedures.

In December 2023, the IAASB approved the SWP for 2024–2027,¹ in which the Board agreed to pursue an integrated approach to audit evidence and risk response based on feedback, particularly from regulatory authorities, that there is a need to concurrently address revisions to ISA 500, ISA 330, and other targeted standards in the ISA 500-series. This Integrated Project on audit evidence and risk response includes a focus on technology and internal control. The paper presented for discussion at this session focuses on the issues identified related to the 'performance' aspects of the auditor's responsibility to design and perform audit procedures to obtain sufficient appropriate audit evidence addressed in ISA 330 and ISA 520. Once key issues have been identified and clarified through discussion and other information gathering activities, strategic actions will be identified to mitigate these issues.

The expected discussion will comprise:

- Plenary discussion (90 minutes) on the applicability and completeness of the initial issues identified (as set out in Sections B and C of this Agenda Item 6).
- Private workshop (breakout) session (90 minutes) where Board members will be asked to reflect on specific questions to obtain deeper insights on selected issues identified. In total, 29 issues have been identified and the selected ones will be further discussed during the breakout sessions.

6.2. PIOB position on key issues

Various feedback has been received on the Audit Evidence ED, which relates to risk response. In ISA 330, some 23 issues have been identified (par. 14-71 of the Agenda Item 6) in the following areas (with references to specific sections of the paper):

- a) Alignment with ISA 315 (Revised 2019) (Section B-I);
- b) Alignment with proposed ISA 500 (Revised) and other issues relating to an integrated approach to audit evidence and risk response (Section B-II);
- c) Addressing the use of technology in responding to assessed ROMMs (Section B-III); and
- d) Enhancing the auditor's work effort relating to internal controls (Section B-IV)

Another 6 issues have been identified in ISA 520 (par. 72-89 of the paper) in terms of scope and clarity of the standard (Section C-I) and the increased role of technology in performing audit procedures (Section C-II).



PIOB position

The PIOB supports the Integrated Project (ISA 330 Risk Response, ISA 500 Audit Evidence and other targeted standards in the 500 series) in which also Technology and Internal Control will be addressed. The PIOB observer will attend both the Technology private workshop and the ISA 330 private workshop to oversee the IAASB's process to identify which public interest issues the integrated project should address.