

JULY 2022

IAASB PUBLIC REPORT

JANUARY 1, 2021 – DECEMBER 31, 2021

SPEARHEADING CHANGE TO ENHANCE CONFIDENCE IN AUDITS AND ASSURANCE



IAASB

International Auditing
and Assurance
Standards Board



The International Auditing and Assurance Standards Board (IAASB) is a global independent standard-setting body that serves the public interest by setting high-quality international standards which are generally accepted worldwide.

The IAASB believes that robust international standards contribute to enhanced engagement quality and consistency of practice throughout the world and strengthened public confidence in the global auditing and assurance profession. The IAASB sets its standards in the public interest with advice from the IAASB Consultative Advisory Group (the CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

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CHAIR'S MESSAGE

At the end of 2021, the IAASB approved its revised future work plan, *[A Public Interest Focus in Uncertain Times](#)*. The title is apt. It captures both the IAASB's strategic commitment to the public interest and the reality of the continued change confronting audit and assurance.

The IAASB is united in the belief that high-quality audit and assurance standards should contribute to market functioning and economic growth. Our stakeholders measure our success in terms of their confidence in the quality of audit and assurance engagements performed under our standards. We also know that we constantly need to evolve to maintain the respect of those 130 jurisdictions throughout the world that adopt our standards.

This public report explains how we at the IAASB accelerated our efforts in 2021 to serve the public interest in audit and assurance. We made continued progress against three strategic objectives, agreed formally at the end of 2019. In that strategy, we committed to:

1. Increase the emphasis on emerging issues to ensure our standards remain relevant;
2. Innovate our ways of working to create a more agile standard setter; and
3. Enhance our interactions with stakeholders.

In 2021, the IAASB made an important transition to its standard-setting work plan. With the approval of *[International Standard on Auditing \(ISA\) 600 \(Revised\)](#)*, *[Special Considerations—Audits of Group Financial Statements \(Including the Work of Component Auditors\)](#)*, the IAASB completed an ambitious work program initiated under my predecessor, Professor Arnold Schilder. That work program saw the revision of foundational standards that improved the transparency and value of audit reports and sought to affect behavior aimed at improved audit quality.

With the completion of this work and consistent with our strategic objective, the IAASB is now focused on the topics that have generated the greatest public interest attention in recent years. These include fraud, going concern, audit evidence, and the desire to reduce complexity and enhance the proportionality of our standards. Completion of these projects are our priority on the audit side.

We have taken advantage of the completion of the previous work plan to address growing demands for enhanced sustainability assurance standards. In December 2021, the IAASB approved a dedicated workstream on sustainability assurance and a process to establish new "sustainability bespoke" assurance standards. These new sustainability assurance standards will provide the necessary focus and specificity to ensure global consistency and be both framework-agnostic and principles-based—they will need to work with all sustainability / environmental, social, and governance (ESG) reporting frameworks. The sustainability workstream will be a priority area for years to come.



TOM SEIDENSTEIN



During the past year, the IAASB also maintained a close partnership with the International Ethics Standards Board for Accountants (IESBA). This partnership was instrumental on several fronts, including completing ISA 600 (Revised), progressing our transition work on the Monitoring Group reforms, and convergence efforts related to the definitions of Listed Entity and Public Interest Entity (PIE).

Over the last three years, I benefited greatly from the sound advice of my IESBA counterpart, Dr. Stavros Thomadakis, who recently completed his tenure. Stavros' contributions to the IESBA and, more generally, to the cause of high-quality global standards and the effective functioning of markets are substantial and deserve great appreciation. I look forward to continuing the close coordination with the IESBA under their new chair, Gabriela Figueiredo Dias.

None of our work would be possible without the extraordinary efforts of the IAASB's volunteer board and their talented and dedicated technical advisors. Special appreciation goes to my deputy chair Len Jui, who provided strong support to the IAASB throughout the year. In December, Roger Simnett and Imran Vanker finished their terms—we will miss their tireless commitment to the public interest and the IAASB. The staff leadership team—Beverley Bahlmann, Sally Ann Bailey, Willie Botha, James Gunn, Brett James, and Natalie Klonaridis—have all played an invaluable role in our work. They lead a talented, dedicated, and hard-working team who have helped steward us throughout the pandemic.

It is truly a privilege to have the opportunity to serve the public interest as chair of the IAASB. We have an opportunity to improve confidence in the essential work of audit and assurance practitioners worldwide. The pandemic, rapidly evolving demands, and increased complexity of the marketplace pose real challenges—but we believe that the timely execution of our strategy and work plan provide a roadmap to serving the public interest effectively.



PROGRAM AND TECHNICAL DIRECTOR'S MESSAGE

The year under review brought the IAASB to the mid-point of our Strategy period, 2020-2023. This provided us with an opportunity to reflect on the work that we have done to date (whether completed or started and progressed) and to look ahead to the remaining two years of our strategy period, as reflected in our Work Plan 2022-2023 that the IAASB approved in December 2021.

While the COVID-19 pandemic was ongoing in 2021, we also saw many “wins” on the front of combatting the virus and remain amazed at the adaptability and resilience of society and business during these difficult times. This applied to the IAASB as well, as we took the learnings from 2020. We pivoted when necessary and stayed sharply focused on the work at hand. Our goal remained to deliver robust global standards in the public interest that support the consistent performance of high-quality audits and assurance engagements.

The IAASB's core work is our technically focused standard-setting and related activities, which I elaborate on below (and that is addressed on [pages 19-33](#) of this report). The success of these activities is very much dependent on and interrelated with our ways of working (see [page 34](#)) and the outreach and collaboration that we undertake (see [pages 35-37](#)) – enabled by “Our People” and “Our Structures” (see [pages 12-15](#)) and guided by our strategic objectives (see [page 16](#)).

Without detracting from the importance of individual projects, workstreams or initiatives as detailed in this report, which all contributed to delivering on the IAASB's mandate, I draw attention to a few prominent outputs in the paragraphs that follow.

Framework for Activities: One of the initiatives to better enable us to select and prioritize specific activities to deliver on committed actions was the development of the *IAASB Framework for Activities*. This framework describes our operating processes and procedures for advancing standard-setting and other related activities in four components: information gathering and research activities; revising and developing standards; narrow scope maintenance of standards; and activities to support standards' implementation. The Framework for Activities was finalized and issued in May 2021.

Group Audits: It was clear at the start of 2021 that this will be the year for completing ISA 600 (Revised). The final standard was approved in December 2021, and forms part of the “package of work” relating to improving the fundamentals of audit quality that was initiated under our previous Strategy (2015-2019). ISA 600 (Revised) is a significant step forward to enhance the consistent performance of quality engagements, in particular group audits which are of systemic importance to global markets.

Also, for 2021: At the start of 2021, we also determined that there were two other “non-negotiables” for the year, finalizing an exposure draft for a separate standard for audits of less complex entities and approving a project proposal on fraud, following the extensive information gathering and research activities undertaken on the topic in 2020.

ED-ISA for LCE: *The Proposed ISA for Audits of Financial Statements of Less Complex Entities* was approved in June 2021 (and was out on exposure from July 23, 2021 through January 31, 2022). Less complex entities (LCEs) play a vital role in the world's economy and the development of a separate standard for audits of financial statements of LCEs responds to stakeholder-identified needs and is aimed at reducing the risk of fragmentation at jurisdictional level. The broad aim is appropriately focusing the work of auditors through requirements designed to be proportionate to the typical nature and circumstance of an LCE, without compromising on the quality of the audit. After issuance of the exposure draft, we launched an unprecedented outreach campaign to solicit feedback from as broad base of stakeholders as possible, who are interested in and potentially affected by our work in this area (including doing many translations of materials to extend our reach of relevant stakeholders).



WILLIE BOTHA

Fraud: The IAASB approved a project proposal to revise ISA 240, *The Auditor’s Responsibilities Relating to Fraud in An Audit of Financial Statements*, in December 2021. This project proposal is focused on specific standard-setting actions aimed at enabling consistent and improved auditor behavior. The project will seek to clarify the auditor’s responsibilities and enhance the robustness of the required auditor’s procedures and reporting on fraud in an audit of financial statements, while considering the important interaction between ISA 240 and other relevant ISAs, for example, ISA 315 (Revised 2019).¹

Sustainability and other extended external reporting: In March 2021, the IAASB approved *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements*. This marked the completion of a significant piece of work that commenced in 2015/2016 and that responds to ten key stakeholder-identified challenges commonly encountered in applying ISAE 3000 (Revised)² to such engagements.

Tom has highlighted in his chair’s message the IAASB’s focus on sustainability assurance – we have included a dedicated workstream in our Work Plan 2022-2023 on assurance of sustainability reporting, reflecting the growing global attention and urgency around sustainability reporting and the assurance thereof. The non-authoritative guidance above will form a key part of the work we will leverage in developing a sustainability assurance engagement solution (work commenced in January 2022).

Other focus areas: We continued to progress our work in a number of other key areas, including development of an exposure draft of proposed ISA 500 (Revised), *Audit Evidence*; analysis of issues and development of recommendations as a basis for a project proposal on Going Concern; consideration of the implications for our standards of IESBA’s project on the Definitions of Listed Entity and PIE; and enhancing our knowledge base and appropriately positioning the IAASB in respect of the near-term and possible future impact of disruptive technologies.

e-Handbook: A transformational milestone during 2021 was the launching of our first fully digital IAASB Handbook. The Handbook went live through the new online platform, [e-International Standards \(eIS\)](#) (developed with the support of and in collaboration with the International Federation of Accountants (IFAC)). eIS responds to the demand for increased accessibility and is another step in pursuing our strategic focus on technology and innovation.

Thank you: Our achievements in 2021 are attributable to the commitment and dedication of our board members, technical advisors and the IAASB staff team. The credibility and quality of our work is further enhanced by the advice and direction we receive from the IAASB CAG, other official observers and the oversight provided by the PIOB. Thank you to all who played a part in the IAASB having a successful 2021, and a special thank you to the IAASB staff team, who I am privileged to be part of.



¹ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

² International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

IAASB AT A GLANCE



OUR PEOPLE



OUR WORKING, LIAISON AND ADVISORY GROUPS



APPROVALS AND PUBLICATIONS

APPROVALS AND PUBLICATIONS FROM JANUARY 1, 2021 TO DECEMBER 31, 2021

2

Revised Standard and Consequential and Conforming Amendments



2

Exposure Drafts



4

Other IAASB Approvals and Publications



2

Consultation Surveys



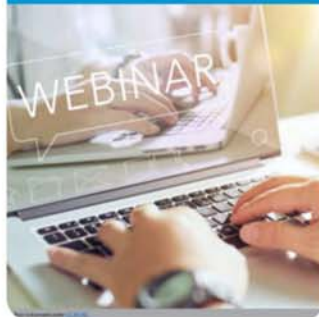
11

Implementation and Exposure Draft Support Materials, Feedback Statements and Project Updates



12

Videos, Webinars and LinkedIn Live Discussions



29

Translations by the IAASB



2

IAASB Responses to Public Consultations



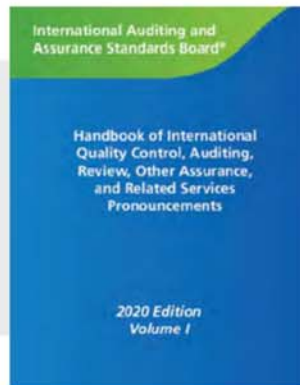
OUR STANDARDS ACROSS THE WORLD

In November 2021, the first fully digital IAASB Handbook went live on a new web application, [e-International Standards \(eIS\)](#). This first iteration of the platform marks a milestone in the IAASB's commitment to improving the usability of, and access to, its standards by harnessing technology. For the first time, users are able to benefit from optimized search functions, cut and paste capabilities, and easy navigation.

eIS was launched by IFAC and developed collaboratively with the IAASB, the IESBA, and the IPSASB.³ Designed to meet stakeholders' needs, the platform also allows for quick reference to other standard-setting boards' standards and related resources, driving a strong connection between adherence to the IAASB standards and the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*.



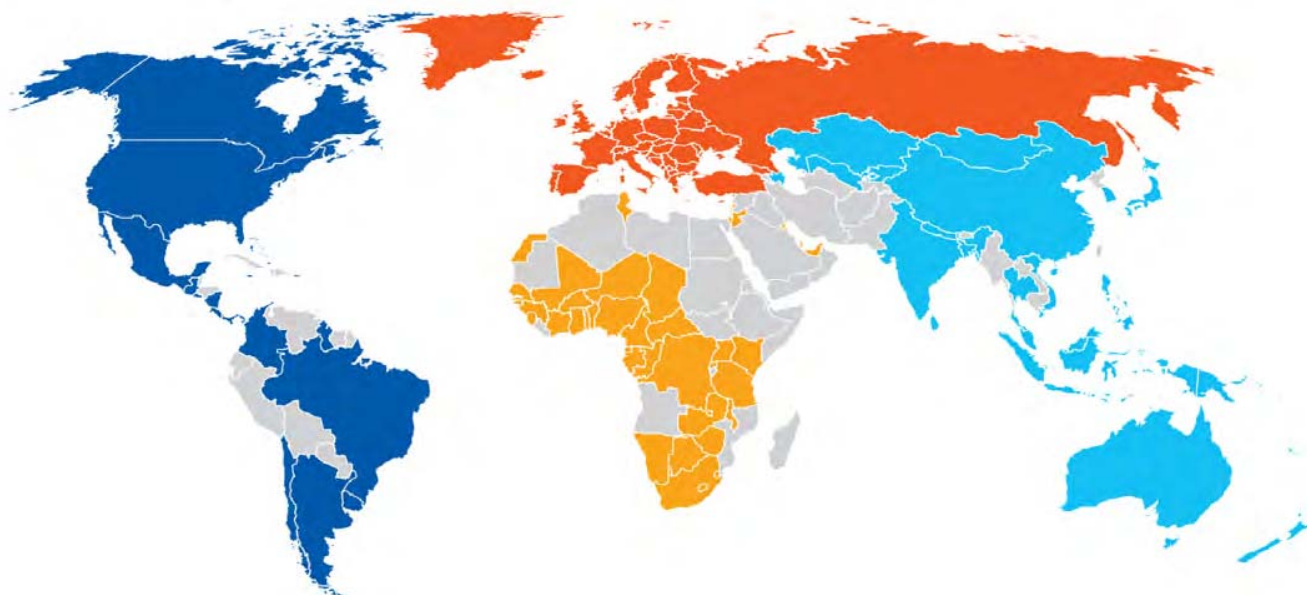
In September 2021, we released the [2020 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements](#) in PDF (which was incorporated in the eIS above).



³ International Public Sector Accounting Standards Board (IPSASB)

Jurisdictions Using or Committed to Using the International Standards on Auditing⁴

As of December 31, 2021, 130 jurisdictions worldwide use or are committed to using the International Standards on Auditing (ISAs).



Americas (20)

Argentina, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico (private companies), Trinidad and Tobago, Uruguay, USA (private companies)

Europe (44)

Albania, Armenia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France (Experts Comptables), Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of North Macedonia, Romania, Russia Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

Asia and Oceania (24)

Australia, Bangladesh, Bhutan, Cambodia, China, Hong Kong, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Uzbekistan (listed entities), Vietnam

Africa / Middle East (42)

Azerbaijan, Bahrain, Benin, Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Malawi, Mali, Mauritius, Morocco, Namibia, Niger, Nigeria, Palestine, Republic of the Congo, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, United Arab Emirates (Abu Dhabi and Dubai), Zambia, Zimbabwe

⁴ This content was compiled from publicly available information on jurisdictions using or committed to using the ISAs.

OUR STRUCTURES



OUR PEOPLE

IAASB MEMBERS – NON-PRACTITIONERS AS OF DECEMBER 31, 2021



Tom Seidenstein,^P Chair

United States



Chun Wee Chiew

Singapore



Kai Morten Hagen

Norway



Josephine Jackson

United Kingdom



Kai-Uwe Marten^P

Germany



Lyn Provost^P

New Zealand



Roger Simnett^P

Australia



Eric Turner

Canada



Imran Vanker^P

South Africa

IAASB MEMBERS – PRACTITIONERS AS OF DECEMBER 31, 2021



Len Jui, Deputy Chair

China



Sue Almond

United Kingdom



Julie Corden

Canada



Sachiko Kai

Japan



Edo Kienhuis

Netherlands



Diane Larsen

United States



Fernando Ruiz Monroy

Mexico



Wendy Stevens

United States



Isabelle Tracq-sengeissen

France

^P Public Member

Technical Advisors

AT DECEMBER 31, 2021 (MEMBER IN BRACKETS)



Helene Agélie

(Kai Morten Hagen)



Sara Ashton

(Sue Almond)



Viviene Bauer

(Fernando Ruiz Monroy)



Wolfgang Böhm

(Kai-Uwe Marten)



Fabien Cerutti

(Isabelle Tracq-sengeissen)



Antonis Diolas

(Chun Wee Chiew)



Johanna Field

(Eric Turner)



Rene Herman

(Roger Simnett)



Susan Jones

(Len Jui)



Ian Mtegha*

(Imran Vanker)



Thokozani Nkosi

(Josephine Jackson)



Tania Sergott

(Julie Corden)



Jamie Shannon

(Edo Kienhuis)



Sylvia van Dyk

(Lyn Provost)



Denise Weber

(Diane Larsen)



Brian Wilson

(Wendy Stevens)



Kohei Yoshimura

(Sachiko Kai)

* Yussuf Choonara, Sinethemba Maseko and Kumu Matambo also served as Imran Vanker's technical advisors in 2021.

Staff

FOR THE PERIOD FROM JANUARY 1, 2021 TO DECEMBER 31, 2021



James Gunn

Managing Director,
Professional Standards



Willie Botha

Program and
Technical Director



Beverley Bahlmann

Director



Sally Ann Bailey

Director
(Joined November 2021)



Brett James

Director
(Until October 2021)



Natalie Klonaridis

Director



Amy Fairchild

Principal
(Joined March 2021)



Kalina Shukarov Savovska

Principal



Jasper van den Hout

Principal



Yvonne Chan

Senior Manager
(Until March 2021)



Phil Minnaar

Senior Manager



Hankenson Jane L. Talatala

Senior Manager



Armand Kotze

Manager



Danielle Davies

Staff Fellow
(Joined November 2021)



Angela Donnelly

Staff Fellow
(Until September 2021)



Nicolette Bester

Consultant
(Until June 2021)



Dan Montgomery

Consultant



Michelle Harrison

Associate



Megan Leicht

Associate
(Joined March 2021)

OUR WORK

Delivering on Our Strategic Objectives

We have continued to focus on our goal, which is to sustain trust in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards that are in the public interest and capable of consistent and proper implementation.

Our three strategic objectives help us focus our efforts. Our [Work Plan for 2020–2021](#), which was approved in December 2019, was developed in this context.⁵ In 2021, we commenced development of our Work Plan for 2022–2023 in the context of our strategic objectives. The [Work Plan for 2022–2023](#) was approved by the IAASB in December 2021.

Strategic Objectives

Increase Emphasis on Emerging Issues



(I) Increase the emphasis on emerging issues to ensure that our International Standards provide a foundation for high-quality audit, assurance and related services engagements

Innovate our Ways of Working



(II) Innovate our ways of working to strengthen and broaden our agility, capabilities, and capacity to do the right work at the right time

Maintain and Deepen Relationships



(III) Maintain and deepen our relationships with our stakeholders to achieve globally relevant, progressive and operable standards

Strategy for 2020–2023 and Work Plan for 2022–2023



This document, developed through extensive external consultation over two years, looks to build sustained trust in financial and other reporting through high-quality audits, assurance, and related services engagements. The IAASB also recognizes the need to address the impact of technology, demands relating to changing reporting needs (including demands in relation to non-financial reporting), and changing expectations for the audit.

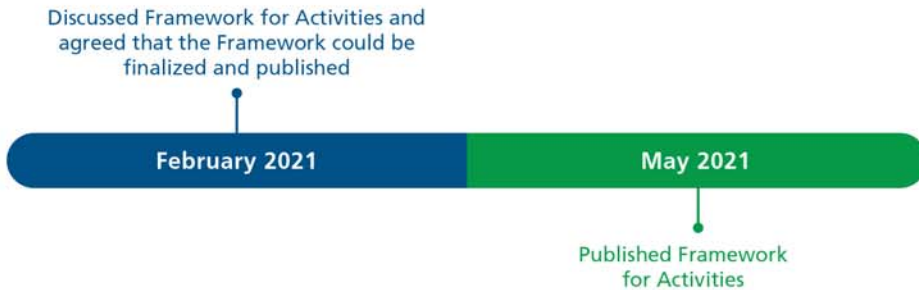
**April 2020:
Published Strategy
for 2020-2023**

This document describes, at the time of the December 2021 approval, how the IAASB intends to focus on the progression and completion of projects underway at the start of 2022, including audits of financial statements of LCEs, audit evidence, going concern, and fraud. In the Work Plan, the IAASB anticipates increased time and resourcing for 2022–2023 on sustainability and ESG assurance. It also highlights candidate topics in the audit and review space.

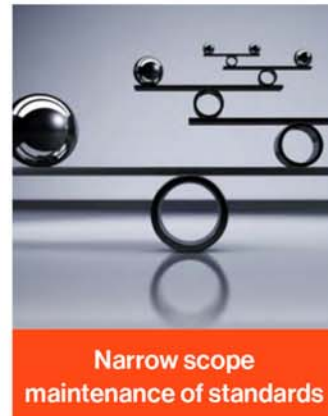
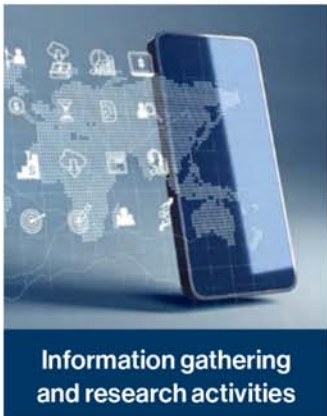
**January 2022:
Published Work Plan
for 2022-2023**

⁵ Changes were made to planned timing of the IAASB's projects and initiatives in [February 2021](#) and [May 2021](#).

Developing and Implementing Our Framework for Activities to Guide the IAASB’s Selection and Prioritization of Actions



In May 2021, we published our [Framework for Activities](#) (the Framework). We developed the Framework to support a more agile standard-setting process. The Framework describes our operating processes and procedures for advancing standard setting and other related activities. By being more deliberate and evidence-based, we will be more responsive to the key public interest challenges in audit and assurance. The Framework also provides additional public transparency around the IAASB’s prioritization activities, beyond the formally approved due process (but addresses the different components within our due process for advancing topics onto and through our work plan). The Framework sets out the following key components:



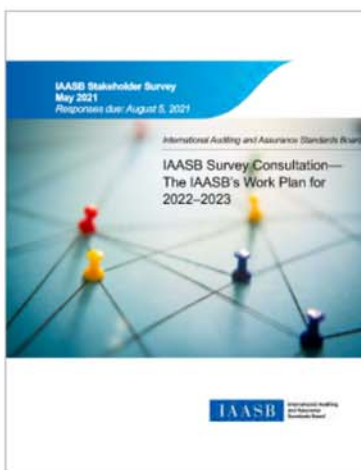
The first three components focus on our core standard-setting mandate, while the last component sets out the processes and procedures with regard to non-authoritative materials to support the adoption and implementation of our standards.

Developing and Approving Our Work Plan for 2022–2023 to Guide the IAASB’s Work in 2022 and 2023

Discussed approach to develop an online survey as a means of public consultation on the IAASB Work Plan for 2022–2023

Discussed responses to online survey on the IAASB Work Plan for 2022–2023

Approved the IAASB Work Plan for 2022–2023



In May 2021, we issued a [survey on our Work Plan for 2022–2023](#). Guided by our strategic objectives for 2020–2023, our current—and future—work is tailored to serve the public interest. The survey was designed to help us develop our Work Plan for 2022–2023.

In November 2021, we published a [detailed quarterly forward work plan](#) setting out the expected progression of our projects for the IAASB’s proposed Work Plan for 2022–2023.

The image shows a screenshot of the 'IAASB Detailed Quarterly Work Plan Table for 2022–2023'. It is a complex table with multiple columns for months (March, April, May, June, July, August, September, October, November, December) and rows for various project categories. The table uses a color-coded system (green, yellow, red) to indicate the status of projects in each month. The categories include 'Developing the Core Plan on Emerging Issues to Develop and Get International Sustainable Practice', 'Developing the Core Plan on Emerging Issues to Develop and Get International Sustainable Practice', 'Developing the Core Plan on Emerging Issues to Develop and Get International Sustainable Practice', and 'Developing the Core Plan on Emerging Issues to Develop and Get International Sustainable Practice'. The table is titled 'IAASB Detailed Quarterly Work Plan Table for 2022–2023' and includes a 'Page 1 of 1' indicator at the bottom.



In December 2021, we approved a new work plan, [A Public Interest Focus in Uncertain Times](#). The activities in the Work Plan focus on a number of substantial projects already underway at the start of 2022, including Fraud, Going Concern and Audit Evidence. The new Work Plan also focused on pivoting and creating capacity to be responsive to the increased demands for sustainability reporting and assurance thereon.

With regard to new projects, the Work Plan describes how we will select any other new projects commencing during the Work Plan period (i.e., once the other substantial projects are completed).

The following sets out an overview of our activities for the period from January 1, 2021 to December 31, 2021:

Revising and Developing Standards

STRATEGIC OBJECTIVE (I)

OUR PROJECTS COMPLETED BETWEEN JANUARY 2021 AND DECEMBER 2021

ISA 600 (Revised) – Group Audits (Final standard approved in December 2021 and published in April 2022)



Approval of standard in December 2021



ISA 600 (Revised), Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors), was finalized in December 2021 and published in April 2022. The standard was revised to address the key public interest matters that were identified for this project:

- Keeping the Group Audits standard fit for purpose (i.e., in terms of its scoping, as a “special considerations” standard linked to and building on other ISAs, addressing scalability and enhancing audit documentation);
- Encouraging proactive management of quality in the context of, amongst other matters, the responsibility of the group engagement partner and the group auditor, planning and performing the group audit, materiality in a group audit, and the group auditor’s involvement with the work of component auditors;
- Fostering an appropriately independent and challenging skeptical mindset of the auditor; and
- Reinforcing the need for robust communication and interactions during the audit.



ISA 600 (Revised) is effective for audits of group financial statements for periods beginning on or after December 15, 2023.

The [project page](#) sets out our discussions and other activities in completing this project.

**Conforming Amendments to Other Standards⁶ Arising from Quality Management Standards⁷
(Final Conforming Amendments approved in October 2021 and published in January 2022)**



The Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards resulted in limited amendments to our other standards in response to the new and revised Quality Management Standards. The conforming amendments to our other standards are effective for reviews of financial statements for periods beginning on or after December 15, 2022, and other assurance and related services engagements beginning on or after December 15, 2022.



Basis for Conclusions (January 2022): Includes an explanation of how we came to our conclusions regarding comments received for the proposed *Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards*

⁶ The IAASB's Other Standards comprise the International Standards on Review Engagements (ISREs), the International Standards on Assurance Engagements (ISAEs) and the International Standards on Related Services (ISRSs).

⁷ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

OUR PROJECTS COMMENCED OR ONGOING BETWEEN JANUARY 2021 AND DECEMBER 2021

Separate Standard for Audits of Financial Statements of Less Complex Entities
(Project progressed)



The project progressed to an exposure draft (ED), *Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE)*, approved in June 2021 and published in July 2021. The ED was open for comment until January 31, 2022. This new draft standard responds to demands to have a set of high-quality requirements tailored for the needs of LCEs. The proposed ISA for LCE will provide a globally consistent approach at a time when there are several jurisdictional-specific LCE standards or related initiatives. The release of the ED is part of our broader effort to reduce complexity, improve understandability, and make ISAs more scalable and proportionate to circumstances of audited entities. The ED was also translated into Finnish, French, Japanese, Polish, Russian and Spanish to encourage greater participation in the consultation.



In July 2021, we published a draft supplemental guidance on the authority of the proposed ISA for LCE.



Draft Supplemental Guidance on the Authority of the Proposed ISA for LCE (July 2021): Provides additional information that may be of assistance when adopting and implementing the IAASB’s proposed ISA for LCE. It has been developed to further explain matters and circumstances that may be relevant in determining the use of the proposed ISA for LCE in accordance with Part A of the standard.

In July 2021, we also released video overviews of the proposed ISA for LCE in English, French and Spanish.

Proposed ISA for LCE – Video Overviews



Audits of Less Complex Entities: ISA for LCE
Kai Morten Hagen, Task Force Chair
July 2021

This video overview in English (featuring LCE Task Force chair and IAASB member Kai Morten Hagen) provides detailed explanations on the proposed ISA for LCE.

July 2021: Released Video Overview in English



L'audit des entités peu complexes: "ISA for LCE"
Isabelle Tracq-Sengeissen
Juillet 2021

This video overview in French (featuring IAASB member Isabelle Tracq-sengeissen) provides detailed explanations on the proposed ISA for LCE.

July 2021: Released Video Overview in French



Auditorías de Entidades Menos Complejas: NIA para LCE
Fernando Ruiz Monroy, Miembro de la Junta de IAASB
Julio 2021

This video overview in Spanish (featuring IAASB member Fernando Ruiz Monroy) provides detailed explanations on the proposed ISA for LCE.

July 2021: Released Video Overview in Spanish

In August 2021, we published a targeted outreach plan to continue driving engagement and soliciting feedback on our public consultation on the proposed ISA for LCE.



IAASB ISA for LCE Outreach Plan

PROPOSED INTERNATIONAL STANDARDS OF AUDITING FOR REPORTS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES

Summary Plan


Approved by the IAASB on 20 August 2021. Approved by the IASB on 20 August 2021. Approved by the IASB on 20 August 2021.

Activity	Start Date	End Date	Lead
Roundtable with IAASB members	15 August 2021	16 August 2021	IAASB
Roundtable with IAASB members	17 August 2021	18 August 2021	IAASB
Roundtable with IAASB members	19 August 2021	20 August 2021	IAASB
Roundtable with IAASB members	21 August 2021	22 August 2021	IAASB
Roundtable with IAASB members	23 August 2021	24 August 2021	IAASB
Roundtable with IAASB members	25 August 2021	26 August 2021	IAASB
Roundtable with IAASB members	27 August 2021	28 August 2021	IAASB
Roundtable with IAASB members	29 August 2021	30 August 2021	IAASB
Roundtable with IAASB members	31 August 2021	1 September 2021	IAASB
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Outreach Plan for Proposed ISA for LCE (August 2021): Details our focused efforts to facilitate feedback from different stakeholder groups through roundtables, presentations and other related activities.

In September 2021, we published a supplemental guidance on auditor reporting and mapping documents.

Proposed ISA for LCE – Supplemental Guidance on Auditor Reporting and Mapping Documents



IAASB Audit Engagement Guidance

SUPPLEMENTAL GUIDANCE FOR THE PROPOSED INTERNATIONAL STANDARDS OF AUDITING FOR REPORTS OF FINANCIAL STATEMENTS OF LESS COMPLEX ENTITIES – AUDITOR REPORTING

1. Introduction

2. Scope

3. Objectives

4. Definitions

5. Reporting requirements

6. Reporting format

7. Reporting content

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IAASB Mapping Documents (ISA for LCE)

Supplemental Guidance on Auditor Reporting and Mapping Documents

1. Introduction

2. Scope

3. Objectives

4. Definitions

5. Reporting requirements

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This document provides further guidance on modifications and other changes to the auditor's report when using the proposed ISA for LCE.

These documents help users navigate between existing, equivalent ISAs and the requirements in the proposed ISA for LCE.

September 2021: Published Supplemental Guidance on Auditor Reporting

September 2021: Published Mapping Documents

We launched a three-part discussion series on LinkedIn on the proposed ISA for LCE.

Proposed ISA for LCE – Linked-in Livestream Discussion Series



In the 1st session, IAASB chair Tom Seidenstein, IAASB member and LCE Task Force chair Kai Morten Hagen, IAASB director Beverley Bahlmann and IAASB principal Amy Fairchild addressed the journey to the proposed new standard, its key principles, how it compares to the existing suite of ISAs and why it is important for stakeholders.

September 2021: Held 1st LinkedIn Livestream Discussion



In the 2nd session, IAASB program and technical director Willie Botha, IAASB member Chun Wee Chiew and IAASB CAG member Claes Norberg addressed for which entities the proposed standard can be used, who makes decisions regarding using the standard, and how those decisions are made. IAASB technical advisor and LCE Task Force member Vivienne Bauer moderated the discussion.

October 2021: Held 2nd LinkedIn Livestream Discussion



In the 3rd session, IAASB member Julie Corden, LCE Reference Group member Andrew Braithwaite, and IAASB LCE Task Force member Brendan Murtagh discussed what the proposed new standard means for audit firms and practitioners, including the benefits of the standard, what firms and engagement teams need to consider in decision making, and the potential impact on small- and medium-sized practices.

November 2021: Held 3rd and last LinkedIn Livestream Discussion

In November 2021, we released an online survey that was developed in collaboration with IFAC to offer an alternative way for stakeholders to participate in the LCE consultation and provide their views. The survey was open until January 14, 2022 and was available in English, French and Spanish.

The [project page](#) and [focus area](#) set out details about the LCE Reference Group, our discussions and other activities in progressing this project.



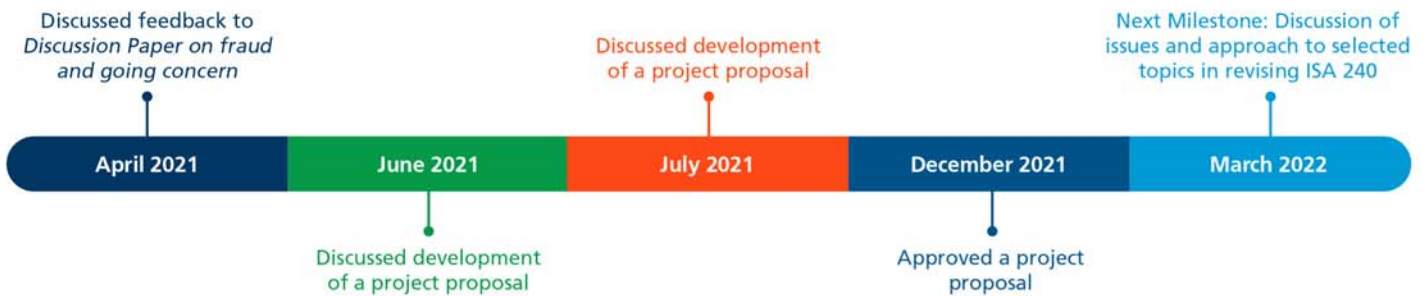
ISA 500 (Revised) – Audit Evidence
(Project progressed)



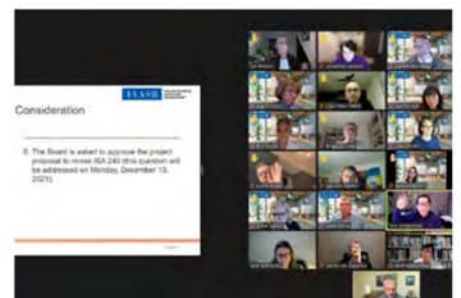
Following the approval of the project proposal in December 2020, we progressed the development of an ED of proposed ISA 500 (Revised), *Audit Evidence*, in 2021. Our discussions in March and July 2021 focused on the Task Force’s views on, and initial drafting to address certain key issues, including the definition of audit evidence, the meaning of audit procedures, the exercise of professional skepticism, and the relevance and reliability of information intended to be used as audit evidence.

The [project page](#) sets out the IAASB’s discussions and other activities in progressing this project.

ISA 240 (Revised) – Fraud
(Project progressed)



The project progressed to the approval of a project proposal, [Revision of ISA 240 and the Conforming and Consequential Amendments to Other Relevant ISAs to Enhance or Clarify the Auditor’s Responsibilities on Fraud in an Audit of Financial Statements](#), in December 2021.



Approval of project proposal in December 2021

The project intends to expand and build on how ISA 315 (Revised 2019), ISA 330⁸ and other ISAs are to be applied with a “fraud lens.” The project proposal sets out various standard setting and related proposed actions to address key issues identified in order to:

- (a) Clarify the role and responsibilities of the auditor for fraud in an audit of financial statements.
- (b) Promote consistent behavior and facilitate effective responses to identified risks of material misstatement due to fraud through strengthening ISA 240 to establish more robust requirements and enhance and clarify application material where necessary.
- (c) Enhance ISA 240 to reinforce the importance, throughout the audit, of the appropriate exercise of professional skepticism in fraud-related audit procedures.
- (d) Enhance transparency on fraud-related procedures where appropriate, including strengthening communications with those charged with governance (TCWG) and the reporting requirements in ISA 240 and other relevant ISAs.



<p>Role and Responsibilities</p>	<p>Risk Assessment Procedures and Responses</p>	<p>Professional Skepticism</p>	<p>Transparency</p>

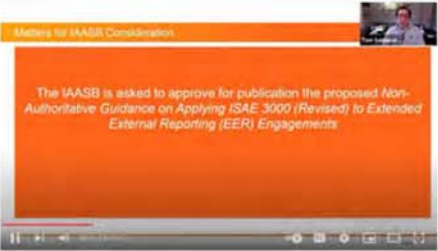
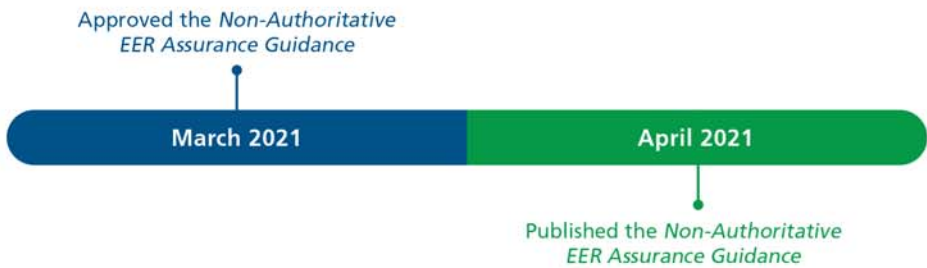
The [project page](#) sets out the IAASB’s discussions and other activities in progressing this project.

⁸ ISA 330, *The Auditor’s Responses to Assessed Risks*

Assurance of Sustainability and Other Extended External Reporting



Sustainability and Other Extended External Reporting Assurance Engagements (Guidance published in April 2021)



Approval of EER Assurance Guidance in March 2021



The [Non-Authoritative Guidance on Applying ISAE 3000 \(Revised\) to Sustainability and Other Extended External Reporting \(EER\) Assurance Engagements](#) (the Guidance) was approved in March 2021 and published in April 2021. The Guidance promotes consistent high-quality application of ISAE 3000 (Revised) in sustainability and other EER assurance engagements to:

- Strengthen the influence of such engagements on the quality of sustainability and other EER;
- Enhance trust in the resulting assurance reports; and
- Increase the credibility of sustainability and other EER so that they can be trusted and relied upon by their intended users.



The [project page](#) sets out the IAASB’s discussions and other activities in completing this project.

Activities to Support Implementation of the IAASB Standards

STRATEGIC OBJECTIVE (I)

Quality Management Implementation Support (Including ISQM 1, ISQM 2 and ISA 220 (Revised))



We continued to provide implementation support for the new and revised Quality Management Standards. In April 2021, we published a video on the suite of Quality Management Standards.

Quality Management Standards – Perspectives on Initial Implementation Efforts



This video addresses considerations for firms when preparing to implement the standards, such as what may be retained from current systems, the time and resources needed, the impact on the firm as a whole, and various ways to approach implementation. The video emphasizes the need for firms to start early and prepare for implementation. The video features IAASB member Julie Corden, IAASB director Natalie Klonaridis and the Head of Assurance and Business Services at Nexia Smith and Williamson Ireland, Brendan Murtagh.

April 2021: Published a video on Quality Management Standards in English

In June 2021, we released two guides to help stakeholders implement the suite of Quality Management Standards. The guides will help stakeholders understand the standards and properly implement the requirements in the manner intended.

Quality Management Standards – First-Time Implementation Guides



The objective of this First-Time Implementation Guide is to help understand and apply ISQM 1. ISQM 1 strengthens firms' systems of quality management through a robust, proactive and effective approach to quality management. The standard encourages firms to design a system of quality management that is tailored to the nature and circumstances of the firm and engagements it performs.

June 2021: Published
ISQM 1 First-Time Implementation Guide

The objective of this First-Time implementation Guide is to help understand and apply ISQM 1 and ISQM 2, as it relates to Engagement Quality Reviews. ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer, and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review.

June 2021: Published
ISQM 2 First-Time Implementation Guide

Reissuance of ISQM 1 First-Time Implementation Guide (September 2021): Released an updated version of the First-time Implementation Guide for ISQM 1, which was previously issued in June 2021. The update was made in response to questions we received from various sources about how to interpret the illustrative table on evaluating the firm's system of quality management.

In collaboration with IFAC, we held a series of quality management webinars as part of our implementation support efforts.

Quality Management Standards – Webinar Series



The 1st webinar in English, *All You Need to Know about the Firm's Risk Assessment Process*, was held on June 24 and featured IAASB members Julie Corden and Chun Wee Chiew, and IAASB director Natalie Klonaridis.

June 2021: Hosted
1st Webinar in English



The 2nd webinar in English, *Resources – Expectations for Firms and Engagement Partners*, was held on July 29 and featured IAASB members Josephine Jackson and Sue Almond, and IAASB director Natalie Klonaridis. Discussion included the linkage between ISQM 1 and ISA 220 (Revised).

July 2021: Hosted
2nd Webinar in English



The 3rd webinar in English, *What's New for Firms' Monitoring and Remediation Processes*, was held on August 5 and featured IAASB member Chun Wee Chiew, IAASB technical advisor Denise Weber, and IAASB director Natalie Klonaridis.

August 2021: Hosted
3rd Webinar in English






The 4th webinar in English, *Bringing it All Together – Exploring all the Components of a Quality Management System*, was held on August 18 and featured IAASB members Julie Corden and Sachiko Kai, and IAASB director Natalie Klonaridis.




August 2021: Hosted
4th Webinar in English

We also participated in a webinar on the Quality Management Standards (facilitated in English, with simultaneous translations into Bosnian-Serbian-Croatian, Russian, Ukrainian, Georgian and Albanian) hosted by the IFAC and the World Bank Centre for Financial Reporting Reform (CFRR).

Quality Management Standards – Participation in IFAC Webinar

		
<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in English</p>	<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in Bosnian-Serbian-Croatian</p>	<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in Russian</p>

Quality Management Standards – Participation in IFAC Webinar

		
<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in Ukrainian</p>	<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in Georgian</p>	<p>June 2021: Featured IFAC webinar on <i>Raising the Bar on Quality Management: The IAASB’s New QM Standards</i> in Albanian</p>

The [focus area webpage](#) sets out the implementation activities in support of the new and revised Quality Management Standards.

Technology
(Ongoing)



We continued to explore the impact of disruptive technologies, including their potential transformative effect on audit and assurance. In January 2021, we discussed an [Innovation Report](#) created with Founders Intelligence summarizing technology trends and the possible significance and timing of disruption to audit and assurance standard-setting.



Building on that work, our Technology team prepared and published its [first market scan exploring Data Standardization Platforms for Enabling Data Access](#) in October 2021. Data standardization is not within the IAASB’s remit because it is fundamentally a matter for how the entity manages its data. However, we have an interest in improving the data available to assurance practitioners as this may enable the performance of more advanced analytics and otherwise improve areas of the audit that use data (e.g., evaluating models and related controls). Data standardization also

enables collaboration between the entity and others, including auditors or assurance practitioners. Data standards are of particular interest in the sustainability space as a tool for entities to satisfy different reporting standards.

The Technology Working Group continues to focus on the effect of technology when applying certain aspects of our current standards and providing input to other IAASB projects. We issued two Technology Working Group publications providing guidance relating to how to apply the ISAs in light of technology developments.

Technology – Frequently Asked Questions (FAQs)

This non-authoritative FAQs help auditors address the risk of overreliance on technology, whether relating to the auditor’s use of automated tools and techniques or from using information produced by an entity’s information system(s) (i.e., the entity’s use of technology).

March 2021: Published Technology FAQs

December 2021: Published Technology FAQs

The [project page](#) and [focus area](#) set out the IAASB’s discussions and other activities in progressing this project.

Information Gathering and Research

STRATEGIC OBJECTIVE (I)

Auditor Reporting Post-Implementation Review



Early in 2021, we discussed the results of the Auditor Reporting Post-Implementation Review (PIR) Stakeholder Survey and thereafter published a [feedback statement](#) in June 2021. The PIR relates to the release in 2015 of the IAASB Auditor Reporting Standards⁹ to enhance the communicative value, transparency and relevance of the auditor's report in the public interest. Stakeholders expressed broad support for the new and revised standards, and the resulting auditor's report, and indicated that the standards have largely met the IAASB's objectives for the project. In September 2021, we concluded the Auditor Reporting PIR.

The [project page](#) and [focus area](#) set out the activities in concluding this PIR.

Complexity, Understandability, Scalability and Proportionality



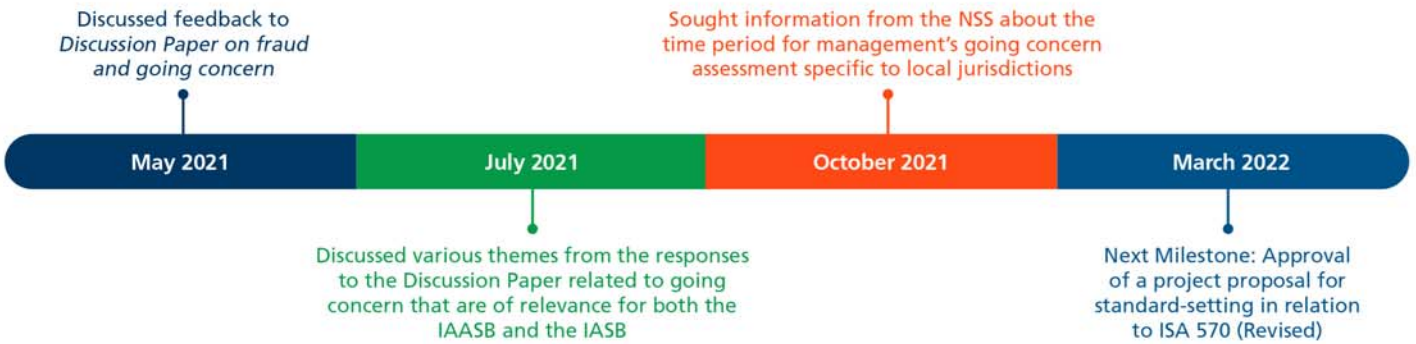
As its primary action, the CUSP Working Group developed [proposed Drafting Principles and Guidelines](#), which was finalized in April 2022 (Agenda Item 1-B), to improve the quality of the drafting of standards and respond to the related concerns. It is intended that the proposed Drafting Principles and Guidelines will be non-authoritative and subject to adaptation over time.

The [project page](#) sets out the IAASB's discussions and other activities in progressing this workstream.

Following the decision in 2020 to pursue two workstreams (i.e., complexity, understandability, scalability and proportionality (CUSP) workstream and a separate standard for audits of financial statements of LCEs workstream) to address the issues identified by respondents to the Discussion Paper, [Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs](#), we discussed the CUSP Working Group's proposed actions to address the CUSP of the ISAs.

⁹ The Auditor Reporting Standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and conforming amendments to other ISAs.

Going Concern



We discussed the overview of the feedback received to date related to going concern in an audit of financial statements, including from the Discussion Paper, *Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit*.



The Going Concern Working Group continued to develop a [project proposal on ISA 570 \(Revised\)](#),¹⁰ which was discussed and approved by the IAASB in March 2022.

The [project page](#) sets out the IAASB's discussions and other activities in progressing the information gathering and research activities.

¹⁰ ISA 570 (Revised), *Going Concern*

Listed Entity and Public Interest Entity



We closely coordinated with IESBA on this project since 2020, recognizing that public interest entities (PIEs) play crucial roles in global markets. Convergence between audit and ethics standards on terms and concepts is in the public interest and remains a leading priority. We introduced a separate workstream in the IAASB work plan because of the possible implications for IAASB Standards arising from the proposed revisions to the IESBA Code and continued to provide IESBA with input as they finalized their pronouncement at the end of 2021.

In July and October 2021, we discussed feedback received from IESBA's ED, *Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code* that is relevant to the IAASB in considering a separate IAASB narrow scope maintenance of standards project, and aspects that would be addressed in a project proposal, respectively.



The IAASB PIE Working Group continued to develop a [project proposal on listed entity and PIE](#), which was approved by the IAASB in March 2022.

The [project page](#) sets out the IAASB's discussions and other activities in progressing the information gathering and research activities.

INNOVATING OUR WAYS OF WORKING



STRATEGIC OBJECTIVE (II)

The IAASB remains committed to enhancing and strengthening our processes, which is critical to our success, and will enable our standards to remain relevant, robust and operable. This can be accomplished through a focus on strengthening and broadening our agility, capabilities and capacity. We continue to:

1. Develop our Framework for Activities, which was published in May 2021 (see section on “Developing and Approving Our Framework for Activities to Guide the IAASB’s Selection and Prioritization of Actions”).
2. Develop the transition plan that will enable a timely implementation of the Monitoring Group’s recommendations¹¹ on strengthening the international audit and ethics standard-setting system. In particular, we welcome the opportunity these reforms present in relation to, among other aspects, the composition and governance of the IAASB, renewed focus on the public interest, the IAASB’s and the IESBA’s Terms of Reference, and our due process and operating procedures.
3. Embrace technology in how it can help support new ways of working to ensure that we are able to progress our work in unprecedented times, while remaining responsive to stakeholder needs. In October and December 2021, we held our first hybrid task force and IAASB meetings, respectively. Our hybrid meetings benefited from the value of face-to-face meetings for those of our task force and Board members who were able to travel, and at the same time leveraged the power of technology for those of us who were unable to do so because of pandemic-related travel restrictions within certain jurisdictions.
4. Explore how to progress projects and implement our standards in a more agile way – see the innovations we have adopted in launching our first fully digital IAASB Handbook, developing the separate standard for audits of financial statements of LCEs, and supporting the implementation of the Quality Management Standards.
5. Explore the impact of disruptive technologies on audit and assurance as already noted in relation to our Technology workstream (see Strategic Objective (I) above). Our work in this area would also be relevant in terms of innovating our ways of working, for example, pertaining to the standard-setting process and those involved in such process (including matters relating to the Board and staff skills and expertise, utilizing external expertise or advisory groups, and potentially leveraging technology to improve our processes and operating procedures).



¹¹ [Strengthening the International Audit and Ethics Standard-setting System](#)

OUR OUTREACH AND COLLABORATION

The IAASB remains committed to a rigorous program of international outreach, including regular interactions with key stakeholder groups in promoting adoption and effective implementation of the ISAs and other IAASB standards, and understanding the issues that affect our standards. Our stakeholders bring their unique perspectives to our standard-setting activities and our information-gathering efforts on new topics. It is important during the development process of standards, as well as after their finalization, to maintain an active dialogue with all parties that have an interest in using them.

The IAASB has ongoing liaison with many key stakeholders, including:

- Regular meetings with Monitoring Group and PIOB members.
- Meeting annually with our Jurisdictional / National Auditing Standards Setters (NASS) Liaison Group to discuss topics of mutual interest, which helps us identify opportunities for collaboration and resource sharing.



- Country visits, which typically involve meetings with regulators, jurisdictional / national standards setters (NSS) and IFAC professional accountancy organization (PAO) members, as well as auditors, users and preparers, and one-on-one meetings with policymakers and investor groups.



As the COVID-19 pandemic limited our ability for any in-person visits during the peak of the pandemic, we changed how we engaged with our key stakeholders around the world. The COVID-19 pandemic dictated that we pivot our activities to conducting stakeholder engagements almost exclusively through videoconferencing (also see “our COVID-19 response” [in our previous report published in April 2021](#)). Despite the effects of the COVID-19 pandemic, we continued to connect with our stakeholders around the world through virtual outreach events and endeavored to pivot back to in-person outreach activities in the fourth quarter of 2021. The IAASB’s general outreach program and project-specific and other targeted outreach activities remain key to fulfilling our standard-setting mandate.

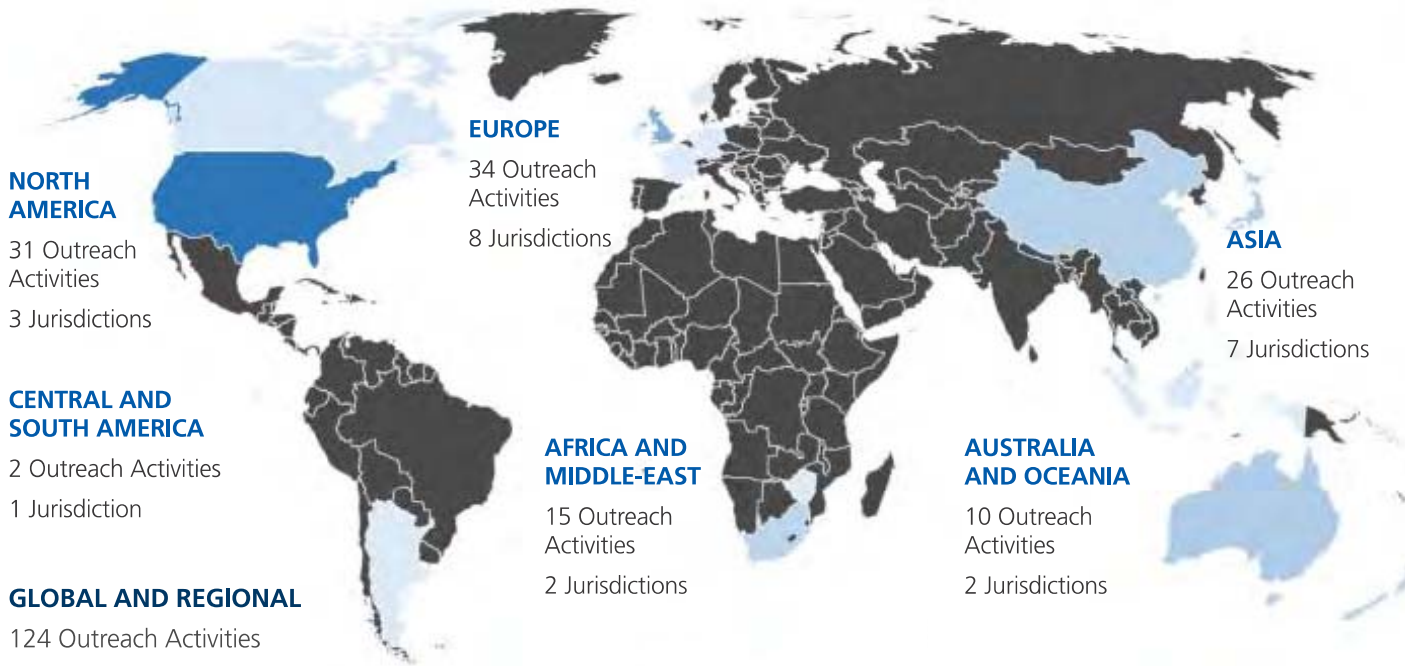


For purposes of this report (and consistent with our report for the period from July 1, 2019 to December 31, 2020), taking into account the effects of the COVID-19 pandemic, outreach activities within a region and country visits include both events held in-person and events undertaken virtually during the period under review. In the case of the latter, the region or country is indicated by the location of the parties with whom we engaged. Outreach activities with global organizations, whether in-person or virtual, have been classified as “global” as in previous reports.

The IAASB engaged in 242 outreach activities for the calendar year 2021 (231 outreach activities for 2020). These included limited in-person and many virtual meetings with stakeholders in global, regional and local jurisdictions. A comprehensive summary of our outreach activities for each quarter is included in Agenda Item 1 in the Agenda Papers for [IAASB meetings](#).

IAASB Global Outreach Activities (January 1, 2021 to December 31, 2021)

242 Outreach Activities in Global, Regional and Local Jurisdictions



Coordination Efforts with Other International Standard Setters

Coordination Activities with IESBA

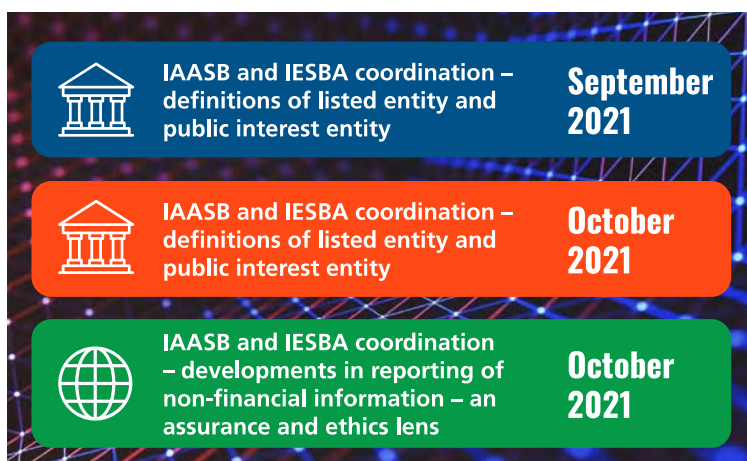
Our coordination activities with IESBA involve proactive collaboration, and transparent and timely communications between staff and members of the two boards to identify and address matters of mutual impact. In addition to ongoing project-level coordination that is noted in relevant issues papers of various projects of both boards, we highlight a number of specific activities below.

In February 2021, we encouraged broad stakeholder participation in IESBA’s consultation on their [ED, Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#). There has been close coordination with the IESBA relating to their project, including IAASB correspondent members on the IESBA PIE Task Force, IAASB deliberations in plenary session and staff-level engagement. We agreed to utilize IESBA’s public exposure process as part of our information gathering activities to consider possible implications for the IAASB Standards. The IESBA project benefited from two IAASB discussions at board meetings in July and October 2021 to provide feedback on the proposals, as well as joint IAASB-IESBA CAG and NSS sessions in September and October 2021, respectively. In addition to providing feedback on the proposals more broadly, IAASB members have focused on key areas of particular relevance to the IAASB in considering any implications for, and the way forward in relation to, the IAASB’s International Standards.

- February 2021**: IAASB encouraged stakeholder participation on IESBA’s consultation on the ED, Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code
- May 2021**: IAASB and IESBA coordination – transition planning efforts on the Monitoring Group’s recommendations
- July 2021**: IAASB and IESBA coordination – definitions of listed entity and public interest entity

During the joint IAASB-IESBA NSS session in May 2021, we received an update on the scope and progress of the transition planning efforts on the Monitoring Group's recommendations on strengthening the international audit and ethics standard-setting system.

During the joint IAASB-IESBA NSS session in October 2021, we discussed national developments of international relevance regarding the reporting of non-financial information, and the provision of assurance thereon, whether related to assurance and ethics (including independence) perspectives, via a "tour de table." In particular, there was an interest in developments pertaining to sustainability or ESG.



Liaison Activities with the International Accounting Standards Board

We continue our two-way coordination with the International Accounting Standards Board (IASB) providing input on the audibility and verifiability of new and revised International Financial Reporting Standards (IFRSs), thereby contributing to the quality of financial reporting. Our comment letters to IASB consultations are developed by the IAASB's IASB Liaison Working Group.

In July 2021, staff of the IAASB and the IASB discussed various going concern-related themes from the responses to the [IAASB's Discussion Paper on fraud and going concern](#) that are of mutual interest. In July 2021, we submitted a comment letter on the [IASB's ED on Regulatory Assets and Regulatory Liabilities](#). Although broadly supportive of the proposed enhancements, we highlighted a number of areas where there may be a potential lack of clarity and that require significant judgment by management, which will require significant judgment by the auditor in evaluating management's financial reporting decisions. In September 2021, we provided comments on the [IASB's Request for Information, Third Agenda Consultation](#). These comments highlighted matters of particular interest to the IAASB, including going concern, emerging risks and events (specifically climate-related risks, and cryptocurrencies and related transactions), and the auditability and verifiability aspects of any proposed changes in the IASB's future projects.

The [project page](#) sets out our formal responses to the IASB's consultations.



OUR PRESS AND SOCIAL MEDIA ENGAGEMENT



STRATEGIC OBJECTIVE (III)

Interviews, Speeches and Press Mentions in Key Publications

IAASB Chair: Assurance Standards Keeping Pace on Sustainability Reporting

In March 2021, the IAASB chair [published an article](#) detailing the Non-Authoritative Guidance on EER Assurance Engagements and how it supports the application of ISAE 3000 (Revised), and the growing demands for, and current global developments relating to, non-financial information reporting (and assurance thereon).



Tom Seidenstein

“Together with ISAE 3000 (Revised) and ISAE 3410, the Guidance provides a solid foundation for consistent performance of quality assurance engagements relating to non-financial information reporting. At the same time, we know that this will not be our last action in this rapidly evolving area.”

– Tom Seidenstein, IAASB chair

On April 6, 2021, this article was also [published in Japanese](#).

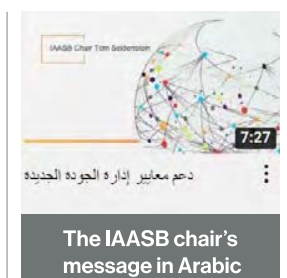
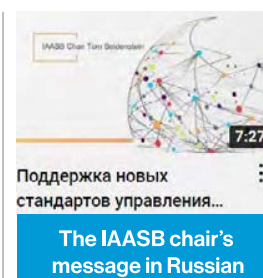
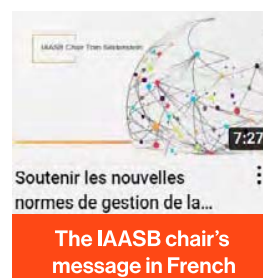
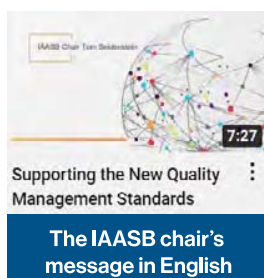


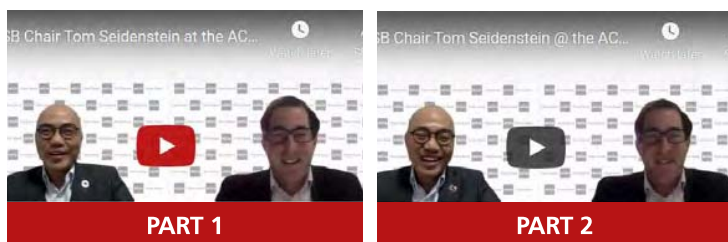
IAASB Chair: Supporting the New and Revised Quality Management Standards

In June 2021, the IAASB chair delivered a message supporting the new and revised Quality Management Standards for PAOs in English, which were translated in Spanish, French, Russian and Arabic.

“We believe that these standards significantly raise the bar for quality within firms and on engagements. The standards strengthen and modernize how an audit firm of any size or any level of complexity approaches quality management.”

– Tom Seidenstein, IAASB chair





A Video Conversation with the IAASB Chair as Part of the ACCA¹² Virtual Conference

In December 2021, as part of the ACCA's virtual conference, the IAASB chair spoke with IAASB member Chun Wee Chiew in a [two-part conversation](#) about his first two years as chair and the key projects and priorities of the IAASB.

IAASB Chair: The Demand for Assurance Engagements on Sustainability and ESG Reporting Is High. Here is How the IAASB Is Responding.

In December 2021, the IAASB chair [published an article](#) about how the IAASB is responding to the high demand for assurance engagements on sustainability and ESG reporting. He noted that the IAASB expects the drive for added corporate reporting and disclosure on sustainability and climate-related information only to accelerate. This is seen in trends moving from voluntary reporting commitments to requirements mandated by jurisdictions throughout the world.¹³



In his article, he noted that the IAASB's previous work on ISAE 3000 (Revised), ISAE 3410¹⁴ and the [non-authoritative EER guidance](#) provide a solid foundation to build upon in addressing assurance on sustainability / ESG reporting. Based on its approved Work Plan for 2022–2023, the IAASB agreed to dedicate capacity and resources to the assurance of sustainability / ESG reporting. Information gathering and research activities, using dedicated staff resources to determine future IAASB action was planned to commence in January 2022. This initial work was intended to determine the precise scope and timing of the IAASB's efforts. The initial work was also intended to include a willingness to collaborate with key stakeholders throughout the world, including the standard-setting and regulatory communities.

“We recognize that our initial consultations could lead to:

- **Developing new subject-matter specific standard(s) that build on and supplement ISAE 3000 (Revised);**
- **Targeted enhancements to ISAE 3000 (Revised), as necessary; or**
- **Other related actions that are necessary in the public interest. For example, revising our existing guidance or developing new guidance.”**

– *Tom Seidenstein, IAASB chair*

¹² Association of Chartered Certified Accountants (ACCA)

¹³ The European Union's proposed Corporate Sustainability Reporting Directive is an important example in that direction. The establishment of the International Sustainability Standards Board (ISSB) by the IAASB's counterpart organization, the IFRS Foundation, enhances the likelihood of a trusted and independent source developing globally accepted reporting standards as the basis of requirements.

¹⁴ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

Social Media Engagement



STRATEGIC OBJECTIVE (III)

In 2021, we continued to improve our social media presence in YouTube, Twitter and LinkedIn.

Our social media engagement for the period from January 1, 2021 to December 31, 2021:



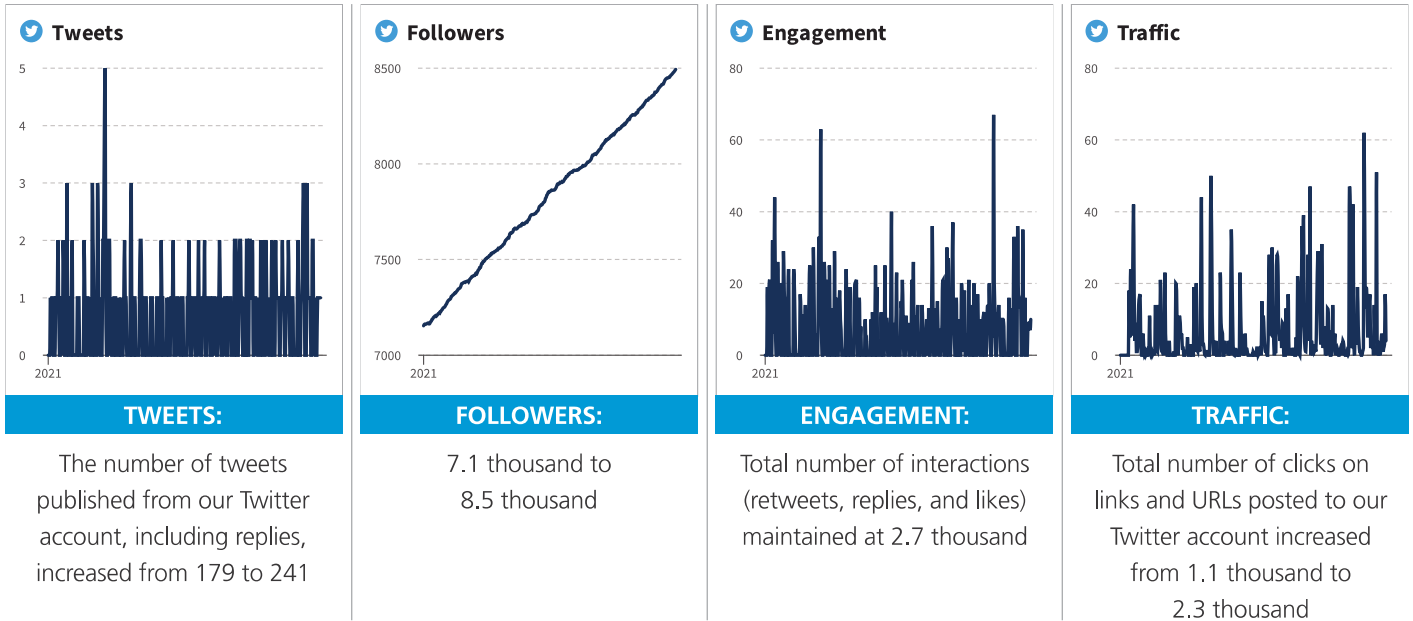
YouTube Videos and Subscribers

We released 70 videos in 2021 (56 videos in 2020) and have 1,549 subscribers as of December 31, 2021 (608 subscribers as of December 31, 2020).

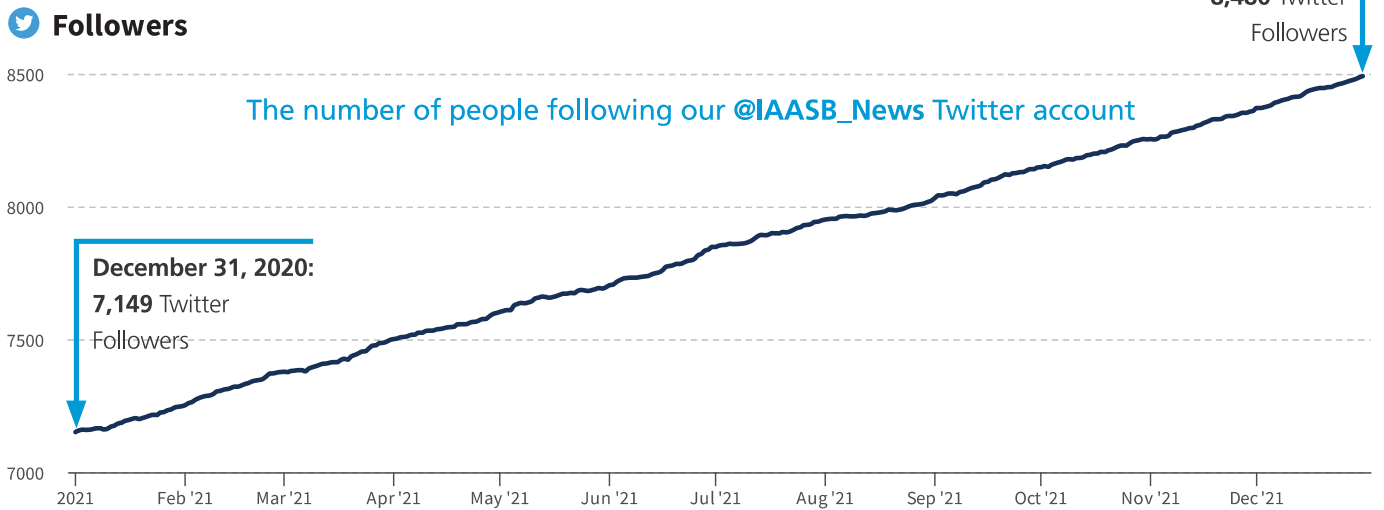
The collage displays a variety of video content from IAASB, including:

- IAASB Board Meetings:** Virtual sessions from March 15-17, 2021, with view counts ranging from 85 to 143.
- IAASB CAG Meetings:** Meetings from January and February 2021, with view counts ranging from 73 to 121.
- Conferences and Calls:** February 2021 IAASB Video Conference Call (Auditor...) with 128 views, and a February 2021 IAASB Videoconference Call with 152 views.
- Presentations and Standards:** Videos on 'Raising the Bar on Quality Management', 'Technology Disruption in Audit and Assurance', and 'Nuevo estándar propuesto para entidades menos...' (1.3K views).
- Quarterly Board Meetings:** Meetings from September 15-17, 2021, with view counts ranging from 45 to 73.

Twitter Overview



Twitter Followers



LinkedIn Overview

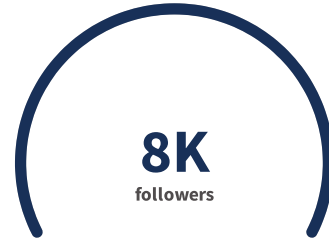
Posts



POSTS:

Increased from 45 to 186

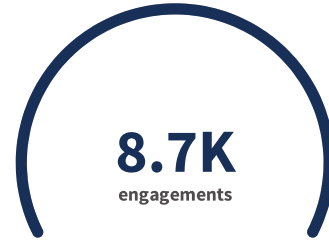
Followers



FOLLOWERS:

Increased from 2.8 thousand to 8 thousand

Engagement



ENGAGEMENT:

Increased from 2.1 thousand to 8.7 thousand likes, comments, and shares

Page Clicks

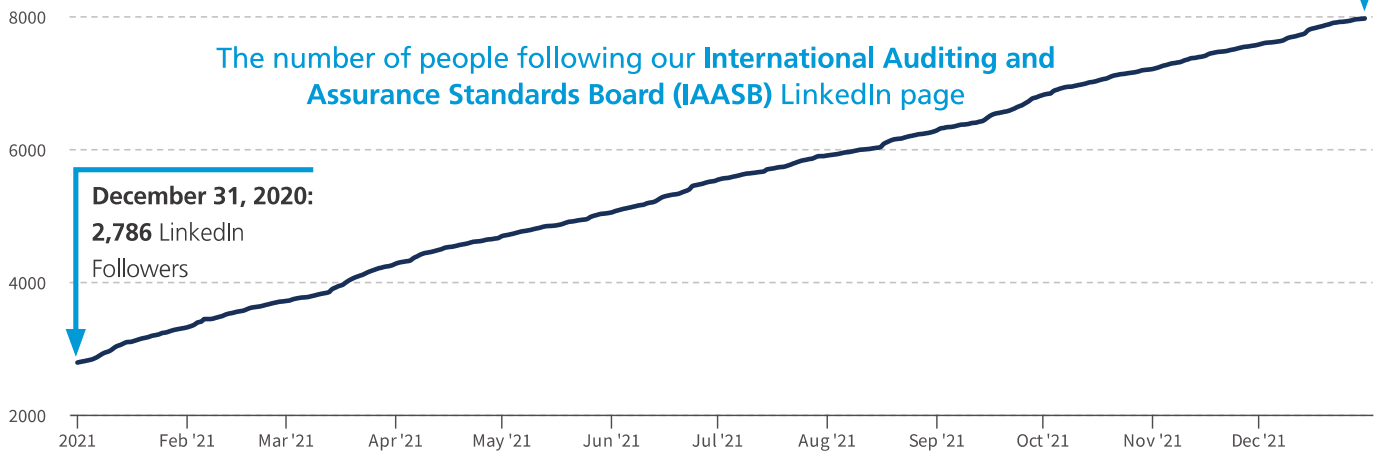


PAGE CLICKS:

Increased from 2.6 thousand to 11 thousand

LinkedIn Followers

Followers



IAASB CONSULTATIVE ADVISORY GROUP CHAIR'S MESSAGE

I have been honored to continue to serve as the Consultative Advisory Group (CAG) chair since January 2017. Over the years, I have developed an appreciation for the importance and role of the CAG. The CAG offers a diversity of views for the IAASB to consider as it deliberates a standard. The CAG is involved from a standard's project proposal to the final approval.

The pandemic has had profound global impact. While the CAG changed operational modes to virtual, we were able to successfully continue our role. It was through the dedication of CAG members that we were able to arrange meetings that crossed many time zones. In short, our work continued. I also appreciate the willingness of the IAASB chair to constantly keep the CAG informed during these challenging times.

Since my last update, we have provided input to standards that will have a significant impact on the profession, stakeholders, and financial systems. Our consultative process informs the IAASB, elevates their deliberations and promotes standards in the public interest.

I would like to highlight the CAG's active role in the following completed and in-progress standards that will contribute to high quality audit, assurance and related services engagements, strengthen public confidence and improve the global auditing and assurance profession.

IAASB Work Plan for 2022-2023: We advised the IAASB on the Work Plan for 2022-2023. We encouraged the IAASB to remain strategic and focus on standards with the greatest impact. The CAG supported efforts to improve the process by which potential standards became part of the work plan.

ISA 600 (Revised): The CAG spent considerable time and effort providing its views on ISA 600 (Revised). At the end of the process, CAG members believed they contributed to a much stronger and clearer standard focused on risk. This standard exemplifies how the CAG worked from inception to the final approval of the revised standard.

ED-ISA for LCE: The LCE standard has a particular interest of the CAG since certain members and observers represented in some form the less complex audit community. We have remained engaged with the IAASB over the direction of the new standard and its impact.

Sustainability / ESG: Sustainability / ESG have long term implications for the globe and the CAG has been supportive of IAASB efforts to proactively address sustainability reporting. While reporting frameworks are being developed, the CAG has provided perspectives to encourage the IAASB to proceed with a standard that leverages existing standards and guidance. I expect this effort to continue to receive substantial CAG-IAASB interaction of the next year.

Fraud: Fraud can have substantial negative repercussions to financial markets and the perception of the independent auditor. The CAG has been consistently supporting an updated fraud standard focusing on the auditor's activities related to considering the risk of fraud. We plan to continue to closely monitor this standard as it is updated.

Listed Entity and PIE: The CAG has been highly supportive of the Listed Entity and PIE project as it promotes transparency and further enhances the public interest. We dedicated a recent CAG meeting to specifically provide feedback on the Listed Entity and PIE project. The IAASB has made substantial progress on this project.



JIM DALKIN

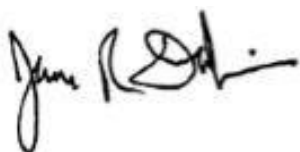
Going Concern: The Going Concern standard has generated significant interest and input from the CAG. This is an area where many in the CAG community have provided input to the IAASB as part of our regular meetings. We continue to see our comments reflected in the IAASB's deliberations.

Audit Evidence: Audit Evidence serves as foundation for audit work. The CAG has been engaged with the IAASB as it deliberates a revision that incorporates the current audit environment. The CAG expects to be engaged through final deliberations on this standard.

Looking Ahead: While these past two years have been operationally challenging, I am proud of the CAG's dedication and efforts to continue to add value to the standard-setting process. Our mode of communication may have changed, but our commitment to improving the standards through our advisement has not waived.

Further, I have seen positive responses that indicate the IAASB has considered our input in their deliberations. The CAG has also provided feedback to IAASB task forces on issues that allow the task forces to further refine their work. Our discussions always consider the public interest when providing feedback to the IAASB. I strongly believe the CAG has fully participated in the due process for each standard as it is considered for approval.

Over the course of the next year, the CAG will continue to evolve in response to recommendations from the Monitoring Group. We remain ready to facilitate a smooth transition and further serve the standard-setting process and the public interest.



OUR CONSULTATIVE ADVISORY GROUP

The IAASB Consultative Advisory Group (CAG) is an integral and important part of our due process.

CAG Representatives provide advice on numerous areas of public interest, including our strategy, work program and priorities, and other matters of relevance to the IAASB's activities. All IAASB standard-setting projects are discussed with the CAG at each key stage of development—project inception, during the development of a proposed standard prior to exposure and prior to finalization of the standard. The IAASB also formally reports back to the CAG on how its input was considered.

The CAG consists of 27 Member Organizations representing global regulators, business and international organizations, and users and preparers of financial statements.

The CAG is led by an independent chair (see previous page). The CAG meets physically twice per year, supplemented by CAG teleconferences as needed. The meetings of our CAG are open to the public and its agenda material is publicly available.

MEMBER ORGANIZATIONS

Accountancy Europe

Associação Brasileira de Instituições Financeiras de Desenvolvimento

Basel Committee on Banking Supervision

BUSINESSEUROPE

CFA Institute

European Commission

European Federation of Accountants and Auditors for SMEs

Financial Executives Institutes International

Information Systems Audit and Control Association

Institute of Internal Auditors

International Accounting Standards Board

International Actuarial Association

International Association of Financial Executives Institutes

International Association of Insurance Supervisors

International Bar Association

International Corporate Governance Network

International Organization of Securities Commissions

International Organization of Supreme Audit Institutions

International Valuation Standards Council

Islamic Financial Services Board

Japan Securities Dealers Association

National Association of State Boards of Accountancy

Organisation for Economic Cooperation and Development

Sri Lanka Accounting and Auditing Standards Monitoring Board

United Nations Conference on Trade & Development

World Bank

World Federation of Exchanges

OBSERVERS

Financial Services Agency, Japan

International Monetary Fund

US Public Company Accounting Oversight Board



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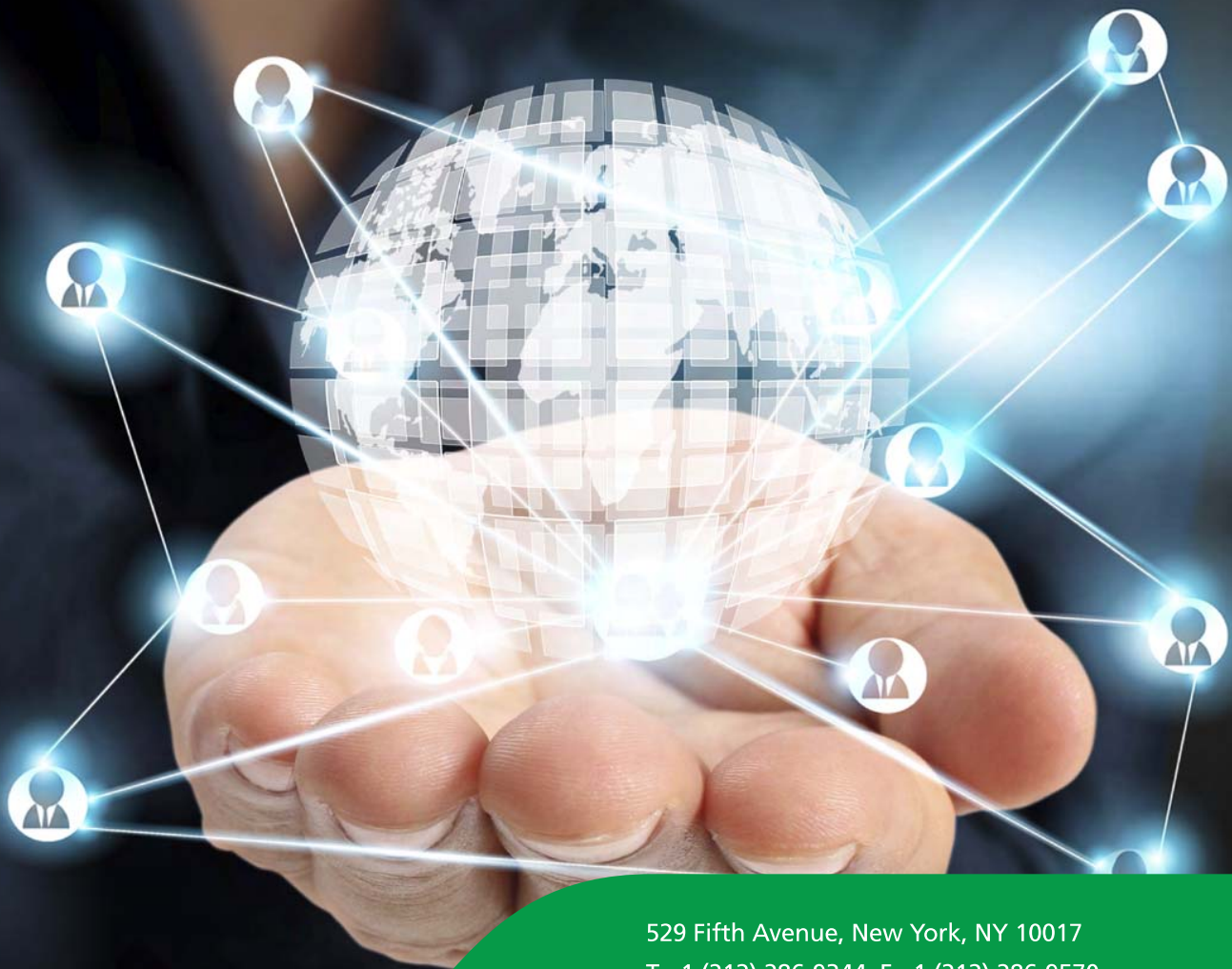
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IAASB

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