

April 4, 2014

International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017

Via IAASB website at www.iaasb.org

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**Re: Consultation Paper – IAASB's Proposed Strategy for 2015-2019 and
IAASB's Proposed Work Program for 2015-2016**

Dear Board Members and Staff:

Grant Thornton International Ltd appreciates the opportunity to comment on the International Auditing and Assurance Standards Board's (IAASB or Board) Consultation Paper comprising the *IAASB's Proposed Strategy for 2015-2019* and the *IAASB's Proposed Work Program for 2015-2016*. Overall, we support the IAASB's strategic objectives and the utilization of a five-year strategy period, which recognizes the need to continually assess planned projects through ongoing monitoring of national and international developments and continued dialogue and outreach with others. We also support the IAASB's post-implementation reviews of prior and future standards as they will play a key role in the prioritization of projects, including the post-implementation reviews expected to be performed with respect to the Board's auditor reporting project. Taking this into account, we have several comments and suggestions related to the IAASB's proposed strategy and work program for your consideration.

With respect to the clarified International Standards on Auditing (ISAs), the findings from the post-implementation review include, among other things, several key themes with respect to risk assessment and audits of group financial statements. We believe that ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, is the cornerstone of a risk-based audit, and therefore, the Board's consideration of potential revisions thereto during the five-year strategy period need to go beyond information gathering and the commencement of a project. This includes consideration of the Committee of Sponsoring Organizations of the Treadway Commission's 2013 *Internal Control – Integrated Framework*, the effects of which are already being considered by certain jurisdictions. Further, we believe that ISA 600, *Special Considerations – Audit of Group Financial Statements (Including the Work of Component Auditors)*, a complex and multifaceted standard, has generated several practical implementation issues and inconsistencies in practice, as well as criticisms from certain regulators. Accordingly, in our view, both of these ISAs need to be elevated to a higher priority within the IAASB's proposed strategy and work program, even more so than general audit quality and professional skepticism matters. Our view is that matters related to audit quality and professional skepticism should be the subject of further, more in depth information gathering

along with coordination and collaboration with others, prior to project commencement. In fact, we believe that appropriate revisions to ISAs 315 and 600 could enhance and promote matters related to audit quality and professional skepticism through better risk assessments and related audit responses, including the consideration of what constitutes sufficient appropriate evidence.

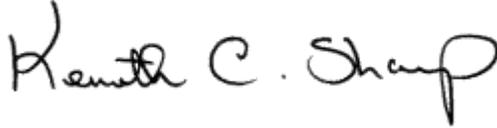
We note that the IAASB proposes to prioritize, in 2015-2016, a project that addresses special considerations relevant to financial institutions. We understand the demand for an IAASB response in this area, particularly in consideration of the financial crisis and the increased expectations and needs of investors, regulators, and other stakeholders. However, we have strong reservations as to the IAASB developing standards or imposing new ISA-based requirements that are industry specific or have a narrow focus. On the other hand, we support the development of specialized guidance, such as an International Auditing Practice Note, that covers the topics outlined in the Consultation Paper. We encourage the Board to involve accounting standard setting bodies and others, where appropriate, in the development of such guidance. We believe that increased IAASB outreach and collaboration and cooperation with others relative to such types of matters, including those related to disclosures and going concern, not only provides more transparency but also raises the likelihood of addressing stakeholder needs more holistically.

We also support the initiatives and activities of the IAASB's Innovation, Needs and Future Opportunities (INFO) Working Group. It is important for the Board to show leadership with respect to subject matters, such as integrated reporting, that may be reported on via the performance of other assurance related services. We believe that the INFO Working Group plays a vital role in assisting the Board with the prioritization of projects in this area in order to be responsive in meeting user needs. From this perspective, the Board's five-year strategy will need to be more ambitious beyond information gathering. Research and projects on other assurance-related services and other emerging topics, such as matters related to cybersecurity, are an opportunity for the IAASB to share staffing resources and collaborate with other professional bodies, such as the American Institute of Certified Public Accountant's Assurance Services Executive Committee. This committee is addressing current and potential future assurance-related services.

We recognize the importance and criticality of the IAASB's activities to the global marketplace and very much appreciate the Board's and staff's dedication to enhancing quality and appropriately responding to stakeholder needs. While we are confident that the Board will remain agile and follow appropriate due process during this upcoming five-year strategy period, we understand the potential resource constraints. It will be essential for the Board to consider all of the factors identified in the Consultation Paper that guide the identification of potential priorities and actions, rather than simply focusing on a smaller set of active projects and then addressing the next set of priorities, as suggested in the Consultation Paper. We believe that this approach may potentially delay other important projects and that the Board will likely need to assess this approach as time passes. We would be pleased to provide assistance in meeting the Board's strategic objectives.

We would be pleased to discuss our comments with you. If you have any questions, please contact Maria Manasses, Managing Director – Auditing Standards, at (312) 208-4655 or at Maria.Manasses@us.gt.com.

Sincerely,



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