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June 13, 2025

Auditing Standards Board
American Institute of Certified Public Accountants
1345 Avenue of the Americas, 27th Floor
New York, NY 10105

Via Email to CommentLetters@aicpa-cima.com

Re: Proposed ASB Strategic Plan 2026 – 2030

Dear Board members and Staff:

Grant Thornton LLP appreciates the opportunity to comment on the Proposed ASB Strategic Plan 2026 – 2030. We respectfully submit our responses to the requests for comment for your consideration.

Responses to requests for comment

Question 1: Do you agree with “Our Mission and Keys to Our Success”?

We agree with the ASB’s proposed “Mission and Keys to Our Success.”

Question 2: Do you agree with the “Factors Driving Our Strategy”?

We broadly agree with the ASB’s proposed “Factors Driving Our Strategy,” but we ask the Board to consider clarifying the factors driving Expectations of Stakeholders to avoid potential misinterpretation by stakeholders. We suggest the following revisions:

- Bullet 1: Remove the reference to “broadening information needs” as auditors are bound by confidentiality requirements not to disclose nonpublic information to individuals outside the entity and those charged with governance. This statement, combined with the phrase “reporting of fraud,” implies that financial statement users expect auditors to report certain nonpublic information to those outside the entity and that the ASB would revise AU-C section 240 accordingly.

We suggest a more accurate summary of the challenges associated with Bullet 1 are as follows: “Stakeholders’ expectations about the auditor’s responsibilities are increasing, for example, in relation to the detection of fraud. Standard setters must respond to changing stakeholder expectations without widening or perpetuating

expectation gaps about what the auditor is capable of performing in the context of a reasonable or limited assurance engagement.”

- Bullet 2: We are concerned that the last sentence is overly broad and may have the unintended consequence of implying that standard setters are expected to coordinate perspectives and align their standards with those of other jurisdictions that may have different public interest needs.

We suggest revising as follows: “We are increasingly expected to align our standards in a timely fashion with those of the IAASB, PCAOB, and GAO, as applicable, for the public interests of the people and institutions we serve.”

- Bullet 3: We believe that peer review results are also relevant in determining whether extant standards should remain unchanged in the face of changes to standards by other regulators and standard setters in order to preserve extant standards in an unchanged state. This could promote periods of stability during which practitioners can master executing standards to the highest quality possible.

We suggest revising as follows: “Peer review results are monitored to determine whether existing standards are sufficiently clear and commonly understood and, if not, whether changes to standards or additional implementation guidance is needed.”

Question 3: Do you agree with “Our Strategic Initiatives”?

We agree with the ASB’s proposed “Our Strategic Initiatives.”

Question 4: Do you agree with “Our Strategic Actions”?

We agree with the ASB’s proposed “Our Strategic Actions,” but suggest that the Board develop formal project proposals (Initiative C) to explicitly include consideration of actions that may be needed to both set new standards or develop or revise existing authoritative and nonauthoritative guidance (for example, audit and accounting guides and technical questions and answers). Such information would help the ASB in understanding the full scope of potential projects at the outset, the resources needed, and the breadth of publications impacted. This revision would also memorialize as a strategic action the ASB’s response to the numerous references to application guidance in Strategic Initiatives B, C, D, and E.

We support the strategic action to consider the frequency and format of ASB meetings and suggest that it may be appropriate to conduct more than one meeting per year in-person. We believe the intangible benefits of working together in person would facilitate the board’s strategic evaluation of projects and keeping up with the IAASB’s ambitious standard-setting agenda.

Refer to Question 6 for additional comments related to convergence with the IAASB’s standards.

Question 5: What topics do you believe should be at the forefront of our standard-setting agenda to achieve our mission and succeed in our strategic initiatives over the next five years?

We believe the following two topics should be at the forefront of the ASB's standard-setting agenda over the next five years as these projects could have the biggest impact on the broadest audience (excludes ongoing ASB projects):

- Monitoring and influencing the IAASB's Audit Evidence and Risk Response project to reflect the interest of the individuals and institutions that the AICPA serves.
- The use of technology-enabled procedures and technology resources by auditors and practitioners across the suite of the ASB's standards, including the use of AI and other emerging (and currently unknown) technologies.

Question 6: Are there any other considerations that we should address related to our strategy?

We support the convergence of the ASB's standards, to the extent practicable, with those of the IAASB, as proposed in Strategic Initiative A and related strategic actions. However, we are concerned that recent standards issued by the IAASB are becoming increasingly prescriptive and focused on publicly traded and "public interest entities," as well as the larger firms serving those clients, which could jeopardize those standards' ability to remain effectively scalable, implemented, and applied.

As a result, we believe that a more holistic approach to convergence with IAASB standards is needed, whereby the ASB would converge only with the overarching, principles-based requirements that are expected to either enhance quality or result in a meaningful difference in how the engagement would be performed, focusing less on adopting the IAASB's prescriptive requirements and related application material verbatim.

For example, recent projects approved by the IAASB have, on average, 3.2 times the number of application material paragraphs compared to requirement paragraphs (excluding the ISA for LCEs and the Listed Entity and Public Interest Entity Track 1 projects due to nature of these projects), as follows:

- ISA 240 (Revised): 178 application material paragraphs, 48 requirements; 3.7 times ratio application material to requirements (pending PIOB approval of the standard approved by the IAASB in March 2025)
- ISSA 5000: 555 application material paragraphs, 193 requirements; 2.9 times ratio application material to requirements
- ISA 570 (Revised 2024): 98 application material paragraphs, 33 requirements; 3.0 times ratio application material to requirements
- ISA 600 (Revised): 153 application material paragraphs, 49 requirements; 3.1 times ratio application material to requirements

While application material is helpful and enhances practitioners' understanding of the requirements, we believe that standard setters need to prioritize developing principles-based requirements that are easy to understand without such a large

volume of application material. We believe the nature and volume of such application material might be more appropriately included in a guide instead of in the standard itself, which is an option available to the ASB that the IAASB does not have. Such lengthy standards risk practitioners adopting a check-the-box mentality rather than exercising professional judgment and maintaining professional skepticism, and may in fact perpetuate the gap in stakeholder expectations related to the auditor's responsibilities when performing a reasonable or limited assurance engagement.

In response to IAASB standards that are increasingly focused on publicly traded and "public interest entities," as well as the larger firms that typically serve those clients, we suggest that the Board members and Staff approach convergence with an increased focus on evaluating both individual and overall requirements and related application material to determine whether (1) they reflect the interest of the individuals and institutions that the AICPA serves, and (2) will continue to be adaptable and scalable to engagement circumstances.

We would be pleased to discuss our comments with you. If you have any questions, please contact Jeff Hughes, National Managing Partner of Audit Quality and Risk, at (404) 475-0130 or Jeff.Hughes@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP