

Analysis of Responses of the IAASB Future Strategy Survey

Introduction

1. In the analysis of the IAASB future Strategy Survey responses that follows, Staff took into account many factors in preparing the summary, including whether the views were from an organization or an individual, as well as whether a rationale for a particular view had been presented. Staff were assisted by two national standard setters in preparing this analysis.

Analysis of Responses to Question 1

I: Question Included in the Survey

2. The following question was asked in the survey:

In your view, what will the strategic environment affecting the needs of the IAASB's stakeholders look like in 2020 onward and what will be the impact on the IAASB's International Standards (for example, will the audit market change significantly; will other services dominate stakeholders needs including what the needs may be for different types of evolving services; how evolving technologies, such as cryptocurrency, artificial intelligence or blockchain, will impact the environment in which the IAASB's stakeholders operate, etc.)?

II: Staff Analysis of Respondents' Views¹

3. Overall, respondents to the survey noted a number of current and potential future developments that will affect the IAASB's strategy from 2020 onwards. It was noted that certain of these developments may not directly impact the IAASB standards but that it is important for the IAASB to be fully aware of the significant changes that are happening within the profession. Key developments identified by more than a few respondents include the following:
 - Advances in technology;
 - Changing reporting needs of stakeholders;
 - Changing environment for small- and medium-sized practices (SMP); and
 - Future of the profession, including the perceived value of the audit and the competencies and training of audit personnel.
4. Some respondents noted that the cornerstone for all strategic initiatives should continue to be enhancing audit quality,² with a greater focus on the importance of setting standards in the public interest.³ The fundamental value add of an audit is increasingly being scrutinized in various

¹ In this paper the following terms have been used:

- "A respondent" = 1;
- "A few" = 2–4;
- "Some" = 5–10;
- "Several" = 11–20;
- "Many" = 20–35;
- "Majority" = more than 50%; and
- "Significant majority" = greater than ~80%.

² *Regulators and Oversight Authorities: UKFRC, NSS: CNCC-CSOEC, NBA, Accounting Firms: CHI, Member Bodies and Other Professional Organizations: AE*

³ *Regulators and Oversight Authorities: UKFRC*

jurisdictions, especially following recent high-profile audit scandals affecting the profession. It was noted that the IAASB needs to maintain standards that are perceived as high-quality, robust and fit-for-purpose and that the IAASB should focus on behavioral changes in considering factors that influence audit quality.

5. Some respondents commented generally that more should be done to address the effective implementation of the standards (for example, providing more guidance or implementation tools), noting the importance of this in emerging economies.⁴ However, a respondent noted that the IAASB's focus should be on the development of standards and responding to calls for change, as implementation activities at a global level would be difficult and may be best left to bodies at a jurisdictional level.⁵ In seeking solutions, it was noted that it was important that the root cause of the issues be understood so that appropriate solutions could be developed.⁶
6. A few respondents highlighted the changing nature of engagement team structures in light of other changes in the environment.⁷

Advances in Technology

7. The majority of respondents noted new and evolving technologies as a key ongoing development that will affect the needs of the IAASB's stakeholders in the foreseeable future and beyond.⁸ Among the points noted by these respondents is that the use of technologies by both entities and auditors will be revolutionary for the audit profession as audits become more data driven and highly automated. A respondent also noted that new and evolving technologies will impact both the service delivery model in audit, assurance and other related services, as well as the type of services that will be delivered.⁹
8. A view expressed by a few respondents is that the IAASB will need to make additional efforts to keep up with the pace of change in technologies to maintain the ongoing relevance of standards.¹⁰ A respondent noted that the IAASB's work is seen as falling behind practice and technological advances. It was added that, as a result, some gaps are being filled at the national level leading to inconsistencies between jurisdictions.¹¹
9. A few respondents noted that, while the use of technology, such as data analytics, is not prohibited in the International Standards on Auditing (ISAs), it is not addressed either.¹² It was also noted that silence in the ISAs may be interpreted as not allowing for the use of such technology,¹³ and that the

⁴ *Regulators and Oversight Authorities:* IRBA, *Accounting Firms:* CHI, GTI *Member Bodies and Other Professional Organizations:* AE, SAICA

⁵ *Member Bodies and Other Professional Organizations:* DNR

⁶ *Member Bodies and Other Professional Organizations:* AE, SAICA, SMPC

⁷ *Regulators and Oversight Authorities:* IRBA, UKFRC, *Accounting Firms:* DTT, EYG

⁸ *Regulators and Oversight Authorities:* IRBA, UKFRC, *NSS:* AUASB, CAASB, CNCC-CSOEC, HKICPA, IDW, JICPA, NBA, NZAuASB, *Accounting Firms:* CHI, DTT, EYG, ETY, GTI, KPMG, PWC, RSM, *Public Sector Organization:* OECD, *Member Bodies and Other Professional Organizations:* ACCA, AE, AICPA, CPAA, DNR, EFAA, ICAB, ICAEW, SAICA, SMPC, WPK, XBRL, *Academic:* ND, *Individuals:* BRAVANTE, DIAZ, FLORES, HADJI-ALI, KOTHARI, MULEYA, OSANO, PAGOTO, PEDROSA, REYES, SAYSON III, SHOKO, SINSUAT, SOLIDUM, TUMBAGAHAR, VALINO, PATNUGO, *Others:* SC

⁹ *NSS:* CNCC-CSOEC

¹⁰ *Accounting Firms:* PWC, *Member Bodies and Other Professional Organizations:* CPAA, DNR, SAICA

¹¹ *Regulators and Oversight Authorities:* IRBA

¹² *NSS:* NBA, *Member Bodies and Other Professional Organizations:* AE, EFAA, ICAEW

¹³ *Member Bodies and Other Professional Organizations:* ICAEW

- IAASB needs to continue its efforts to develop its thinking on how to best address emerging technologies in the ISAs so that the international standards do not begin to look obsolete.¹⁴
10. In light of the advances in technology, some respondents stressed the importance of ensuring that International Standards remain principles-based.¹⁵ It was noted that robust, principles-based standards will stand the test of time and will be less susceptible to disruption by new developments in technology. It was noted that the International Standards can never be fully “future-proof,” but they need to be capable of implementation in the face of innovation and changes in the environment that cannot be anticipated, as well as adaptable to the specific environments within the numerous jurisdictions that use the standards. However, it was also noted that there will be increasing calls over time for the standards to be updated to better reflect evolving technologies.¹⁶
 11. Some respondents encouraged the IAASB to consider developing guidance on how to apply existing standards to new situations, including arising from the increased use of emerging technologies.¹⁷ Some of these respondents encouraged the IAASB to resist the urge to completely revise standards to address new developments. Rather, it was noted that the IAASB should first determine basic principles and consider limited scope amendments to its International Standards, as well as developing guidance. A few respondents also noted that the IAASB’s International Standards should reflect evolving practices without inappropriately inhibiting innovation.¹⁸
 12. Finally, some respondents noted that the strategic environment will be impacted by the continuing and accelerated technological changes,¹⁹ such as artificial intelligence, digital ledgers (such as blockchain), cryptocurrencies, cybersecurity, and continuous auditing/assurance, with suggestions that the proposed project to revise ISA 500²⁰, should address these critical issues.²¹

Changing Reporting Needs of Stakeholders

13. Several respondents to the survey stated that the need for, and type of, independent assurance is changing.²² They commented specifically on emerging forms of external reporting (EER) and sustainability reporting. These respondents noted that robust standards around EER are important given the increasing uptake of integrated reporting, along with new requirements for reporting arising from legislative or regulatory requirements in response to issues such as climate change, corporate culture, etc.
14. In addition, some respondents noted that there is a need for more transparency and information in reporting, with a particular focus on reporting on non-financial information, and an increasing demand

¹⁴ *Accounting Firms:* PWC

¹⁵ *Regulators and Oversight Authorities:* UKFRC, NSS: IDW, NZAuASB, *Accounting Firms:* EYG, *Member Bodies and Other Professional Organizations:* ACCA, SMPC

¹⁶ *Accounting Firms:* DTT, PWC, *Member Bodies and Other Professional Organizations:* DNR

¹⁷ *Regulators and Oversight Authorities:* IRBA, *Accounting Firms:* DTT, GTI, *Member Bodies and Other Professional Organizations:* AICPA, SAICA

¹⁸ *Regulators and Oversight Authorities:* UKFRC, *Accounting Firms:* PWC, *Member Bodies and Other Professional Organizations:* ICAEW

¹⁹ *Accounting Firms:* DTT, EYG, GTI, PWC, *Member Bodies and Other Professional Organizations:* AE, AICPA, SAICA, SMPC

²⁰ ISA 500, *Audit Evidence*

²¹ *Regulators and Oversight Authorities:* UKFRC, *Accounting Firms:* PWC, *Member Bodies and Other Professional Organizations:* ICAEW

²² NSS: AUASB, CNCC-CSOEC, HKICPA, NBA, *Accounting Firms:* EYG, PWC, *Member Bodies and Other Professional Organizations:* AE, CPAA, DNR, SAICA, *Individuals:* SINSUAT

for assurance on non-financial information.²³ A few respondents specifically noted broader trends around entities' expanding their reporting beyond financial objectives to also include progress toward achieving environment and social objectives, as well as reporting on key performance indicators, and doing so in a manner that may be more forward-looking in nature rather than the traditional historical financial reporting.²⁴

15. A few of the respondents suggested, as a first step, that the IAASB provide guidance on the application of existing standards, then consider whether standards for additional kinds of services are needed in the long-run.²⁵

Changing Environment for Small- and Medium-Sized Practices

16. A majority of respondents other than individuals²⁶ noted that the SMP environment is changing and that the scalability of the ISAs for audits of smaller or less complex entities is an important topic, and should be a priority for the IAASB. It was noted that the number of audits of small- and medium-sized enterprises (SMEs) in many jurisdictions has reduced in recent years, partly as a result of the introduction of, or increase to, audit thresholds, and therefore that this may result in an increase in demand for review, other assurance and related services engagements.²⁷

17. With respect to the scalability of the standards, respondents noted that:

- The desire to accommodate the larger and more complex audits has resulted in ISAs that are too complex for the needs of smaller entities, with suggestions that the IAASB should seek to write standards that are more principles-based, using a “think small first” approach. Under this approach it is suggested to design requirements for small and less complex entities first and add requirements for larger, more complex entities on top of that.²⁸ A respondent²⁹ also questioned whether a single set of auditing standards still works in the current environment,
- The IAASB should give high priority to its current project on audits of less complex entities, noting that recent attempts to build scalability into standards often do not go far enough.³⁰ The view was expressed that simply asserting that a standard is scalable will not make it scalable and that the IAASB needs to provide examples of how requirements are scalable for SMEs.
- They agree with the principle of a single set of high-quality standards applicable to all entities and understand that, as the world becomes more complex, there is pressure to revise standards to address the complexity.³¹
- Scalability is a critical prerequisite for standards to be suitable for SMEs and to perform a cost efficient audit on smaller engagements.³²

²³ *Regulators and Oversight Authorities:* UKFRG, *NSS:* CAASB, IDW, JICPA, NZAuASB, *Accounting Firms:* DTT, GTI, KPMG, *Member Bodies and Other Professional Organizations:* SMPC, WPK

²⁴ *NSS:* CNCC-CSOEC, *Accounting Firms:* EYG, *Member Bodies and Other Professional Organizations:* CPAA

²⁵ *NSS:* IDW, *Accounting Firms:* GTI, *Member Bodies and Other Professional Organizations:* AE

²⁶ *NSS:* AUASB, CAASB, CNCC-CSOEC, IDW, NZAuASB, *Accounting Firms:* CHI, DTT, ETY, PWC, *Member Bodies and Other Professional Organizations:* AE, DNR, EFAA, ICAEW, SAICA, SMPC, WPK, *Individuals:* GORGULHO, PAGOTO, WALKER

²⁷ *Member Bodies and Other Professional Organizations:* SMPC

²⁸ *NSS:* CNCC-CSOEC, IDW, JICPA, *Member Bodies and Other Professional Organizations:* EFAA, SMPC, *Individuals:* GORGULHO

²⁹ *NSS:* CNCC-CSOEC

³⁰ *NSS:* AUASB, *Accounting Firms:* PWC, *Member Bodies and Other Professional Organizations:* DNR, ICAEW

³¹ *NSS:* IDW, *Member Bodies and Other Professional Organizations:* EFAA, ICAEW

³² *Member Bodies and Other Professional Organizations:* EFAA

Future of the Profession

18. Several respondents identified matters that relate to the future of the profession. This includes the perceived value of the audit,³³ and the characteristics, skills and competencies, including training, of auditors of the future.³⁴
19. With respect to the perceived value of the audit, it was noted that:
- High profile audit failures may undermine the public's confidence in and trust of the competence and integrity of professional accountants and accounting firms of all sizes.³⁵ The IAASB will need to focus on how to maintain and restore, where applicable, the trust in the auditing and assurance profession.
 - The fundamental intrinsic value of the current audit model is being scrutinized in various jurisdictions. The IAASB should identify and implement measures that enhance the value and benefits of audit and assurance in the current environment.³⁶
20. With respect to the future of the profession and auditors of the future, it was noted that the attractiveness of the profession, including ability to attract individuals with the necessary skills and retain staff will become challenging.³⁷ It was noted that this may continue to come under pressure as regulators drive to take control of standard setting and the enforcement landscape and drive for more rules-based standards.
21. Respondents also noted that:
- The role of the auditor is evolving as the need for assurance in areas other than traditional financial reporting is growing. In addition, the use of emerging technologies like blockchain and artificial intelligence dramatically affect the flow of information within companies and how auditors can perform their duties. The value provided by an audit will increasingly have to come from auditor's judgment and critical thinking. As a result, there will be a worldwide challenge to align the knowledge, skills, values, ethics and attitudes of auditors.³⁸
 - The increasing complexity of the standards increases work effort and cost and places the profession under economic pressure. This can have the effect of diminishing the relevance of the audit and the auditor, and can potentially inhibit the ability to attract the best resources to the profession.³⁹
 - The focus should be on enhancing the value and benefit of the audit and assurance engagement and not only the quality of the engagement.⁴⁰

³³ NSS: AUASB, NZAuASB, *Member Bodies and Other Professional Organizations*: AE, DNR, EFAA, SMPC

³⁴ *Regulators and Oversight Authorities*: IRBA, UKFRC, NSS: CNCC-CSOEC, *Accounting Firms*: DTT, KPMG *Member Bodies and Other Professional Organizations*: ICAEW, SMPC

³⁵ *Member Bodies and Other Professional Organizations*: AE, EFAA, SAICA

³⁶ *Member Bodies and Other Professional Organizations*: AE, DNR

³⁷ *Regulators and Oversight Authorities*: UKFRC, NSS: NZAuASB, *Accounting Firms*: RSM, *Member Bodies and Other Professional Organizations*: WPK

³⁸ NSS: NBA, *Public Sector Organizations*: OECD

³⁹ NSS: AUASB, *Member Bodies and Other Professional Organizations*: WPK

⁴⁰ NSS: AUASB

Analysis of Responses to Question 2

I: Question Included in the Survey

22. The following question was asked in the survey

In your view, as the IAASB develops its Strategy for 2020–2023, what are the:

- (a) Key challenges and other factors that may impact the IAASB's focus in relation to its people, processes, technology and activities; and*
- (b) Main opportunities for changing the way it undertakes its activities.*

Your response may include views about the matters identified by the IAASB as set out in Section II, but any views about matters that have not been mentioned are particularly welcome.

II: Staff Analysis of Respondents' Views

23. Several respondents included comments related to the key environment developments that were identified in response to Question 1. Those comments are included in the analysis of Question 1 and are not repeated here. Respondents generally agreed with the IAASB's identified challenges and opportunities.

Challenges

24. Respondents to the survey also identified the following key challenges:

- Monitoring Group consultation;
- Timeliness of standard setting; and
- Addressing demands from various stakeholder groups.

Monitoring Group Consultation

25. Some respondents specifically mentioned the Monitoring Group consultation as a key challenge that the IAASB will face.⁴¹

26. A respondent noted that the Monitoring Group consultation revealed numerous uncertainties and a diversity of views in relation to the need to change the current standard-setting model, the degree of reliance on professional technical staff in the standard-setting process and the composition of the standard setting boards.⁴² It was further noted that the outcome of the consultation and uncertainty it creates during the transition period, including ability to attract technical staff to support the standard-setting process in the current environment, will present challenges to the IAASB. The IAASB will have to be nimble and reactive to keep all options open, and will have to demonstrate a capacity to adapt and accommodate change to avoid having change imposed by third parties.⁴³

⁴¹ NSS: CAASB, HKICPA, NBA, NZAuASB, *Accounting Firms*: CHI, EYG, GTI, PWC, RSM, *Member Bodies and Other Professional Organizations*: WPK

⁴² *Member Bodies and Other Professional Organizations*: AE

⁴³ NSS: HKICPA, NZAuASB

27. Respondents also noted that:

- The IAASB will need to ensure that global adoption of standards continues and that there is no return to national standard setting as a result of any new standard setting process which emerges from the consultation.⁴⁴
- There is a risk that stakeholders may believe that the past work of the IAASB is inadequate because of the consultation.⁴⁵
- In addition to IAASB processes, the Monitoring Group consultation highlights challenges related to resources faced by the IAASB, including both human and financial resources.⁴⁶ It was noted that the limited availability of appropriately skilled human capital (expertise, experience and competence) hinders the IAASB's ability to take on more work, especially in the context of the fast-changing environment. In particular, as noted in responses to Question 1, a key development that will affect the IAASB's future strategy is the increased use of technology. The IAASB will need staff and Board members with greater knowledge about IT issues. With regard to Board membership, it was noted that a key challenge will be to continue to have balanced membership on the IAASB that has appropriate stakeholder group representation and diversity and also comprises members who can bring appropriate expertise, skill and contributions.⁴⁷

28. However, as discussed in the Opportunities Section below, respondents recognized that the consultation is a challenge, but it also presents opportunities for the IAASB.

Timeliness of Standard-Setting

29. The second biggest challenge identified by some respondents to the survey involves the timeliness of standard-setting, noting that the IAASB has a key role to play in both the maintenance and issuance of standards and guidelines in responding to the rapid changes occurring in the profession and the global environment.⁴⁸ It was noted that it is important that the IAASB react to changes within a reasonable timeframe; failing to do so could impede the relevance of the services provided by auditors. In addition, the lack of a timely response has led to a degree of criticism of the profession.

30. These respondents encouraged the IAASB to revisit its processes, to identify new ways of responding to developments. Opportunities for change are discussed in the Section below.

Addressing Demands from Various Stakeholder Groups

31. The IAASB has a number of stakeholders who often hold different, and sometimes opposing, views. Some respondents noted that a challenge for the IAASB is in prioritizing, and responding to, different and competing calls for action from varying stakeholders.⁴⁹

⁴⁴ *Accounting Firms: RSM*

⁴⁵ *Member Bodies and Other Professional Organizations: WPK*

⁴⁶ *Accounting Firms: GTI, PWC, Member Bodies and Other Professional Organizations: ACCA, AE*

⁴⁷ *Regulators and Oversight Authorities: IRBA, NSS: IDW, Accounting Firms: GTI, Member Bodies and Other Professional Organizations: AICPA, WPK*

⁴⁸ *NSS: CAASB, Accounting Firms: CHI, DTT, GTI, KPMG, Member Bodies and Other Professional Organizations: ACCA, AE, SAICA, Academics: LW*

⁴⁹ *NSS: CAASB, NZAuASB, Accounting Firms: DTT, EYG, Member Bodies and Other Professional Organizations: DNR, ICAEW, Academics: LW*

Other

32. Respondents noted other challenges the IAASB will face, including the following:

- An overloaded work program with insufficient resources.⁵⁰
- Scalability of the IAASB's standards for audits of SMEs given that more and more companies may decide to stay in the private domain with increasing amount of funds flowing into these companies.⁵¹
- A growing expectation gap between the auditing profession and its stakeholders in terms of what an audit is and what it entails.⁵²
- A need to develop and maintain standards that will be fit-for-purpose for a number of years and that do not quickly become out-of-date.⁵³

Opportunities

33. Respondents to the survey also identified the following opportunities:

- Change how the IAASB operates;
- Improve the standard setting process;
- Increased use of technology; and
- Collaboration.

Change How the IAASB Operates

34. Some respondents suggested that there are opportunities, especially in light of the Monitoring Group consultation, for the IAASB to change how the Board operates.⁵⁴ A few respondents urged the IAASB to operate in a more strategic manner, noting that the IAASB spends too much time on detailed drafting, limiting its ability to discuss strategic matters and react quickly to deal with emerging issues.⁵⁵ It also was noted that more could be done at the Task Force or Working Group level to free up the IAASB for more strategic matters.⁵⁶

35. A few respondents encouraged the IAASB to split its activities to allow more time to focus on strategic issues, including conducting research to inform the IAASB of emerging developments and to inform the development of project proposals.⁵⁷ It was noted that research is a critical part of the standard-setting process, as it provides comprehensive evidence of the needs, issues and challenges, and would give the IAASB a firm basis to assess feasible solutions and in some cases, research will indicate that revisions to, or development of, standards is not necessary or appropriate. Such research could be undertaken by staff, IAASB members, or through collaboration with other organizations.

⁵⁰ NSS: CAASB, NBA, Accounting Firms: EYG

⁵¹ NSS: CAASB, *Public Sector Organizations*: OECD

⁵² *Accounting Firms*: DTT

⁵³ *Accounting Firms*: GTI

⁵⁴ *Regulators and Oversight Authorities*: IRBA, UKFRC, NSS: JICPA, NBA, *Accounting Firms*: EYG, *Member Bodies and Other Professional Organizations*: ICAEW

⁵⁵ *Regulators and Oversight Authorities*: UKFRC, *Accounting Firms*: EYG,

⁵⁶ *Regulators and Oversight Authorities*: IRBA

⁵⁷ *Regulators and Oversight Authorities*: IRBA, UKFRC, NSS: CAASB

36. A respondent suggested that the IAASB should compare its current processes to those of the International Accounting Standards Board (IASB), which better balances the time spent on drafting standards with research and implementation issues.⁵⁸

Improve the Standard-Setting Process

37. Several respondents made suggestions for how the IAASB may revise its processes, noting that the IAASB is best placed to proactively change its processes in a meaningful manner to meet changed expectations about responsiveness.⁵⁹ Many of these comments were made in response to the challenge facing the IAASB related to timeliness concerns.
38. Respondents noted the importance of due process when setting standards. However, the time taken to follow due process should be balanced with the desire and need to issue timely guidance in an environment where the investor community is faced with rapidly evolving topical and industry-specific issues. Some respondents suggested that the IAASB consider options for more agile, rapid responses, which may involve developing non-authoritative guidance or other staff documents to address more immediate issues or comprise an interim step in a standard-setting project.⁶⁰ In some cases, guidance may be an appropriate response, as opposed to revisions to standards.
39. In addition, a few respondents noted that the IAASB needs to improve perceptions around the length of its development cycle to address potential concerns around the IAASB's ability to understand and address emerging issues or other trends that are important to the continued credibility of the international standards.⁶¹ This will also help to increase the knowledge base that the IAASB has on the particular issues at the time when it is appropriate to commence standard-setting projects. Having a visible and thorough process for emerging issues would also benefit practitioners who may be able to provide timely practical insights or pilot test early thinking from the IAASB on solutions to issues, which may help to shorten the development cycle.
40. A few respondents were of the view that the IAASB should consider its approach to projects.⁶² Large projects that start with a survey usually yield better results, as conversations start earlier at the jurisdictional level. This may ease the pressure on the Board and its staff, task forces and working groups. It may also make it easier for stakeholders to respond to documents for comment, as they have had a chance to consider the project as it develops. In addition, having such a robust analysis before deciding to amend a standard should help clarify the objectives of a project and improve timeliness and responsiveness of the standard-setting process.
41. There also may be opportunities to streamline standard-setting processes by reducing the volume of meeting papers produced (resulting in making deliberations more accessible and transparent), better access to, and utilization of, experts and project advisory panels and seeking more robust coordination and collaboration with others, including increased outreach and interaction with national auditing standard setters (NSS).⁶³

⁵⁸ *Regulators and Oversight Authorities:* UKFRC

⁵⁹ *Regulators and Oversight Authorities:* IRBA, UKFRC, NSS: AUASB, CAASB, CNCC-CSOEC, HKICPA, NBA, NZAuASB, *Accounting Firms:* DTT, EYG, PWC, *Member Bodies and Other Professional Organizations:* AE, EFAA, SAICA, SMPC

⁶⁰ NSS: CAASB, HKICPA, *Accounting Firms:* DTT, PWC, *Member Bodies and Other Professional Organizations:* EFAA

⁶¹ NSS: CNCC-CSOEC, *Accounting Firms:* EYG

⁶² *Regulators and Oversight Authorities:* IRBA, NSS: CAASB, *Member Bodies and Other Professional Organizations:* AE

⁶³ NSS: AUASB, *Accounting Firms:* EYG, *Member Bodies and Other Professional Organizations:* EFAA, SMPC

42. It was noted that the IAASB may also consider alternate staffing models, including seconding staff or obtaining volunteers from outside organizations, including NSS, regulators, firms, academics, while maintaining a core cohort to retain expertise and continuity.⁶⁴
43. Other suggestions to improve timeliness by changing processes include the following:
- More clearly define objectives when beginning a project to improve timeliness and responsiveness of the standard-setting process to emerging developments.⁶⁵
 - Consider better means of streaming projects to avoid bottlenecks. For example, to respond to needs, initially issue guidance to help practitioners in applying standards to reduce the immediate need for revisions to standards, which often takes longer to develop.⁶⁶
 - Develop different processes or approaches to projects (i.e., do not always follow the same approach for every project). This may allow the IAASB to complete projects on a timelier basis or take on more projects at the same time.⁶⁷
 - The IAASB may consider alternative resource models such as asking other NSS to take the lead on certain projects or provide staff and other technical resources,⁶⁸ or supplementing permanent staff with ad hoc contractors with specialized skills.⁶⁹
 - Eliminate traditional/conventional task force and Board meeting minutes. These can be replaced by recordings of meetings and end-of-meeting recap presentations.⁷⁰

Increased Use of Technology

44. Several respondents encouraged the IAASB to leverage communication and technology tools to become more efficient.⁷¹ Respondents noted that:
- Technology may be used to support virtual meetings that are more cost-effective and that reduce the significant amount of travel time incurred by many Board and task force members. However, some of these respondents noted that, even with the availability of technology to host virtual meetings, there is still a need for face-to-face meetings.⁷²
 - The IAASB could keep pace with the increased use of technology in the profession to leverage the experiences of the audit firms⁷³ and enhance the experience of stakeholders, for example, by developing an interactive Handbook, or using technology to connect globally with stakeholders to hear their opinions on documents for comment.⁷⁴

⁶⁴ *Regulators and Oversight Authorities: IRBA, Accounting Firms: DTT*

⁶⁵ *Member Bodies and Other Professional Organizations: AE*

⁶⁶ *NSS: CAASB*

⁶⁷ *NSS: CAASB,*

⁶⁸ *NSS: CAASB*

⁶⁹ *Accounting Firms: DTT*

⁷⁰ *Member Bodies and Other Professional Organizations: EFAA*

⁷¹ *Regulators and Oversight Authorities: IRBA, UKFRC, NSS: AUASB, IDW, NZAuASB, Accounting Firms: CHI, DTT, EYG, PWC, Public Sector: OECD, Member Bodies and Other Professional Organizations: AE, DNR, ICAEW, Academics: ND*

⁷² *Regulators and Oversight Authorities: IRBA, NSS: AUASB, IDW, Accounting Firms: EYG, PWC*

⁷³ *Accounting Firms: DTT*

⁷⁴ *NSS: NZAuASB, Member Bodies and Other Professional Organizations: AE, DNR*

- There are many tools available to allow for sharing and authoring documents. This will save staff a considerable amount of time, as comments from Board or task force members can be made on the same document.⁷⁵

Collaboration

45. Some respondents noted that there is an opportunity for the IAASB to work more closely with other NSSs,⁷⁶ as well as with the International Ethics Standard Board for Accountants (IESBA),⁷⁷ or other standard setters.⁷⁸ The current IESBA strategy consultation identifies proposed projects that will have a direct bearing on IAASB standards, such as the revision of the definitions of public interest entity (PIE) and listed entity, materiality, and communication with those charged with governance. The IAASB should proactively work with the IESBA to ensure balanced decisions are reached.

Other

46. A respondent noted that, in accordance with Audit Quality Framework, there is an opportunity for the IAASB to more explicitly call out the roles of other stakeholders (in particular, preparers) with regard to quality financial reporting.⁷⁹ This may involve more enhanced interaction with the IASB and more directly setting forth the expectations and roles for others in the financial reporting supply chain that are necessary to support quality outcomes.

Analysis of Responses to Question 3

I: Question Included in the Survey

47. The following question was asked in the survey:

Are there specific initiatives within the stakeholder group to which you belong, or of which you are aware, that you believe the IAASB should actively monitor in light of their potential to inform the IAASB's future agenda? If so, what are they, and why do you think they are relevant to the IAASB?

II: Staff Analysis of Respondents' Views

48. Respondents also noted matters that they already highlighted in responses to Questions 1 and 2, as well as the importance of the outcomes from the Monitoring Group consultation. These respondents expressed the view that priority should be given to the following developments before undertaking other projects or initiatives:
- Advances in technology;⁸⁰
 - Changing reporting needs of stakeholders;⁸¹
 - Scalability of standards and developments relating to engagements for SMEs;⁸² and

⁷⁵ Accounting Firms: DTT

⁷⁶ Regulators and Oversight Authorities: UKFRC, NSS: CAASB, CNCC-CSOEC, NZAuASB, Accounting Firms: KPMG

⁷⁷ Accounting Firms: KPMG, PWC, Member Bodies and Other Professional Organizations: AE

⁷⁸ Accounting Firms: KPMG, PWC

⁷⁹ Accounting Firms: DTT

⁸⁰ NSS: AUASB, CAASB, CNCC-CSOEC Accounting Firms: EYG, KPMG, Public Sector Organizations: OECD, Member Bodies and Other Professional Organizations: WPK, XBRL Individuals: OSANO, PAGOTO, PATNUGO, SOLIDUM

⁸¹ NSS: AUASB, Accounting Firms: KPMG, Member Bodies and Other Professional Organizations: AE, SAICA, Academics: LW

⁸² NSS: CAASB, CNCC-CSOEC, NBA, Accounting Firms: CHI, -, Member Bodies and Other Professional Organizations: AE, DNR, EFAA, SMPC, Individuals: AYUNDA, MITRI, WALKER

- Future of audit and the profession, including jurisdictional reviews, thematic reviews and other initiatives.⁸³
49. In addition, respondents highlighted additional topics that they believe to be relevant for the IAASB future strategy:
- *Auditing accounting estimates.* Now that ISA 540 (Revised)⁸⁴ has been finalized, the IAASB should closely monitor how the application of the revised standard responds to the challenges imposed by the application of new financial reporting standards. This should be done for auditors of banks and insurance companies, but also for auditors of SMEs.⁸⁵
 - *Going concern.* A respondent noted jurisdictional developments relating to the auditor's considerations about going concern.⁸⁶
 - *Implementation of ethical standards.* A respondent noted planned activities regarding post-implementation reviews in its jurisdiction.⁸⁷
 - *Collaboration with NSS.* The IAASB should better engage with NSS as there is a potential to leverage relationships to more proactively identify strategic issues. Further, NSSs can support the IAASB by completing research or non-authoritative activities.⁸⁸ Monitoring specific relevant projects of NSS for pronouncements being developed also may help inform the IAASB's future agenda.⁸⁹
 - *Data protection.* A respondent noted that new laws have been passed in the European Union dealing with data protection on which assurance opinions are provided.⁹⁰
 - *Evolving concepts addressed in the ISAs.* In the future audit teams will be increasingly complex in structure with a combination of professionals, centers of excellence and on-demand or specialized resources. As a result, the traditional concepts of "engagement team," "group engagement team," "component auditor," "auditor's expert" and "engagement team members with specialized skills" will become blurred when considering the audit team of the future.⁹¹
 - *Group of Twenty (G20)/ Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance.* The purpose of these principles is to facilitate effective implementation of the G20/OECD Principles of Corporate Governance and to help policy makers, regulators and market participants to respond to developments that may influence the relevance and effectiveness of their existing corporate governance framework.⁹²
 - *Projects being undertaken by others.* Respondents noted that following projects performed by others may inform future projects or initiatives of the IAASB. Some of these projects include:

⁸³ *Regulators and Oversight Authorities:* IRBA, UKFRC,

⁸⁴ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

⁸⁵ *Member Bodies and Other Professional Organizations:* AE

⁸⁶ *Regulators and Oversight Authorities:* UKFRC

⁸⁷ *Regulators and Oversight Authorities:* UKFRC

⁸⁸ *NSS:* CAASB, *Accounting Firms:* RSM

⁸⁹ *Member Bodies and Other Professional Organizations:* SAICA

⁹⁰ *NSS:* IDW

⁹¹ *Accounting Firms:* EYG

⁹² *Public Sector Organizations:* OECD

- Audit of service performance information.⁹³
- Use of technology in the audit, including data analytics.⁹⁴
- Assurance engagements on compliance and on service performance information.⁹⁵
- Assurance standard on the examination of prospective information.⁹⁶
- Review of financial statements performed by the independent auditor of the entity (NZ SRE 2410).⁹⁷
- Engagements to promote credibility in the financial statements when engaged by a smaller entity, and no statutory audit is required.⁹⁸

Analysis of Responses to Question 4

Section I: Question Included in the Survey

50. The following question was asked in the survey:

Section II illustrates that the IAASB has, and will continue to, focus a significant part of its efforts in 2015–2019 on revising and developing standards addressing the audit of historical financial information and quality control. With respect to new standard-setting projects for the period 2020–2023, in light of where you believe IAASB actions are needed and to continue to serve the public interest, in your view what proportion of effort should the IAASB allocate to each of the following? (Allocation should total 100%)

Quality control	(___ indicate %)
Audits and reviews of historical financial information	(___ indicate %)
Other assurance – EER engagements [4]	(___ indicate %)
Other assurance (and related services) - other than EER engagements [18]	(___ indicate %)

⁹³ NSS: AUASB, NZAuASB, Member Bodies and Other Professional Organizations: CPAA

⁹⁴ NSS: AUASB, Member Bodies and Other Professional Organizations: CPAA

⁹⁵ NSS: AUASB, NZAuASB

⁹⁶ NSS: NZAuASB

⁹⁷ NSS: NZAuASB

⁹⁸ NSS: NZAuASB

Crossover Topics:

Professional skepticism (___ indicate %)

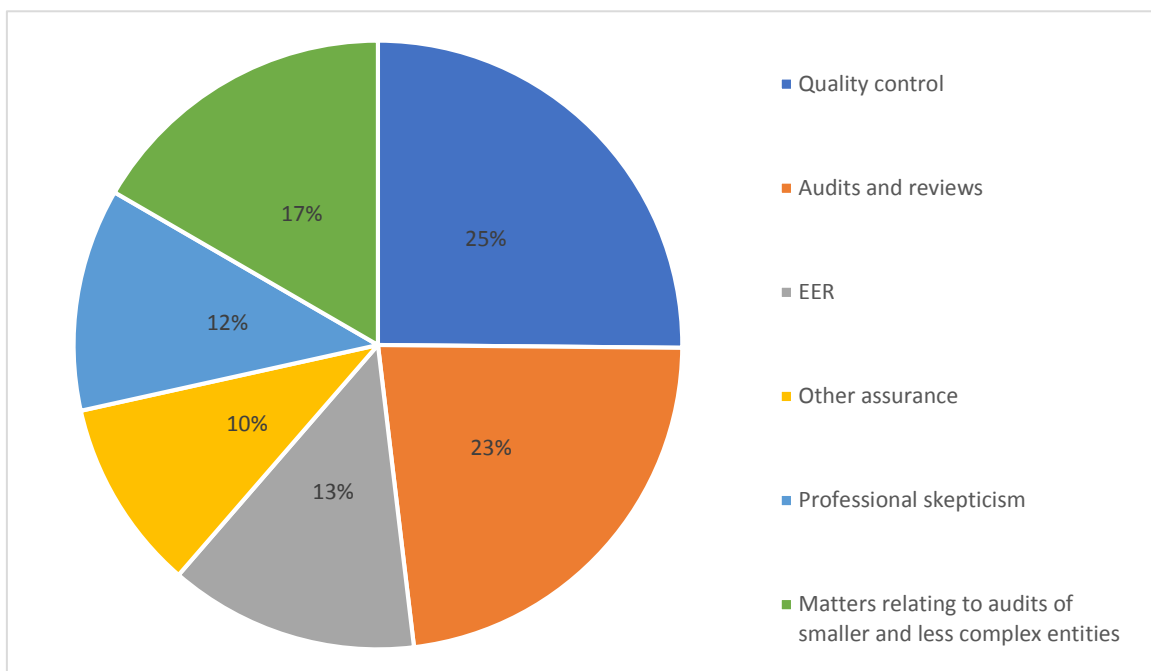
Matters relating to audits of smaller and less complex entities (___ indicate %)

TOTAL = 100%

Please indicate the rationale for your response and any related comments you may have.

II: Staff Analysis of Respondents' Views

51. 76 respondents included a percentage allocation. The average allocated percentage across the identified areas was as follows:



52. The responses show the importance of, and the need to balance work effort to, all of the identified areas, but with particular emphasis on quality control, and audits and reviews. Comments from respondents indicated different approaches or thought processes in providing the percentage allocations. For example, in some cases respondents commented on the nature of the focus (e.g., standard-setting versus implementation) while others did not. In addition, some stakeholders specifically took into account the significant projects being completed at the end of the current strategy period, while others did not mention whether these projects were taken into account in developing the allocations. The need for balance is particularly important given that professional skepticism and matters related to audits of smaller and less complex entities were identified as crossover topics by several respondents.

53. A respondent⁹⁹ did not allocate percentages in response to question 4 as this did not accord with their recommendation for the way forward. They recommended that the IAASB should introduce

⁹⁹ *Regulators and Oversight Authorities: UKFRC*

additional dedicated programs for research and implementation alongside the core program to develop new standards or revise standards.

Monitoring Group Responses

54. A Monitoring Group member did not include a percentage allocation but noted that the IAASB should give priority to improving standards for audits of PIEs.¹⁰⁰ This Monitoring Group member also provided a list of topics viewed to be appropriate priorities for the IAASB for the next few years. Many of these topics fall in the category 'Audits and reviews of historical financial information.' Support for the IAASB's current projects to revise ISA 315 (Revised),¹⁰¹ ISA 600¹⁰² and the quality control projects was also noted.

Quality Control

55. Many respondents¹⁰³ allocated 25 percent or more to quality control. It was noted that:
- After completion of the projects to revise the quality control standards, the focus should be on implementation (including practical guidance) and post-implementation review.¹⁰⁴
 - An increase in findings from inspections of audits, highlights the importance of completing the quality control projects sooner rather than later, to protect the reputation of the profession.¹⁰⁵
56. On the other hand, several respondents¹⁰⁶ allocated 10 percent or less to quality control. They noted that the revisions to the quality control standards are expected to be completed prior to the 2020-2023 period. The respondents variously indicated a need for a long implementation period to allow the significant changes to take root and to avoid poor implementation, with the focus of IAASB activities on implementation activities.

Audits and Reviews

57. Many respondents¹⁰⁷ allocated 25 percent or more to audits and reviews. These respondents variously noted that audits of financial statements remain critical to stakeholders' confidence in capital markets and priority should be given to amending the auditing standards to enhance audit quality

¹⁰⁰ Monitoring Group: **IOSCO**

¹⁰¹ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

¹⁰² ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

¹⁰³ *Regulators and Oversight Authorities*: IRBA, NSS: HKICPA, *Accounting Firms*: ETY, *Public Sector*: OECD, *Member Bodies and Other Professional Organizations*: XBRL, *Individuals*: ACOSTA, AMERIL, BRAVANTE, DIAZ, ELAURZA, FLORES, GADIER, HADJI-ALI, INNA, MAKELA, MITRI, MULEYA, OSANO, PAGOTO, PASION, PEDROSA, RABUSA, RICAFORT, SAYSON, SALIGUMBRA, SHOKO, SILANG, SINSUAT, SOLIDUM, SPITTERS, TAN, TUMBAGAHAN, VALINO

¹⁰⁴ NSS: HKICPA, NZAuASB *Member Bodies and Other Professional Organizations*: SAICA, XBRL, *Individuals*: AYUNDA, SINSUAT

¹⁰⁵ *Regulators and Oversight Authorities*: IRBA, *Individuals*: RIEGO

¹⁰⁶ NSS: AUASB, CAASB, CNCC-CSOEC, IDW, JICPA, NBA, *Accounting Firms*: DTT, EYG, PWC, *Member Bodies and Other Professional Organizations*: CPAA, EFAA, ICAB, ICAEW, DNR, WPK, *Academics*: LW, *Individuals*: BRAUDE, PATNUGOT, WALKER,

¹⁰⁷ *Regulators and Oversight Authorities*: IRBA, *Accounting Firms*: DTT, EYG, GTI, KPMG, PWC, NSS: AUASB, CAASB, IDW, JICPA, NBA, NZAuASB, *Member Bodies and Other Professional Organizations*: ACCA, AE, AICPA, CPAA, DNR, SAICA, SMPC, WPK, *Academics*: LW *Individuals*: ADAJAR, BRAVANTE, GADIER, PAGOTO, RENTOY, REYES, SOLIDUM, TAN, VALINO, WALKER

while balancing regulatory concerns, and also keeping the standards 'fit-for-purpose' for all stakeholders.¹⁰⁸ Identified areas of focus include:

- Matters related to technology, including emerging technologies and the use of data analytics in an audit, with some of the respondents recognizing that aspects of this should be part of a project on audit evidence.¹⁰⁹
- Completion of existing projects, including audit evidence and group audits.¹¹⁰
- Scalability and simplification of the standards, connected to adapting them for SMEs.¹¹¹
- Common themes indicated by inspections findings. It was noted that these themes could be used to determine areas where clarity or revision of requirements or additional implementation guidance may be required. External inspections findings may also complement planned post implementation reviews.¹¹²
- Coordination with other standard setters, e.g., the IASB project on materiality.¹¹³
- Modernization of ISRE 2410.^{114 115}

58. Several of the individual respondents¹¹⁶ allocated 10 percent or less to audits and reviews. These respondents recognized a need for a period of stability after the completion of the current projects.

Matters Related to Audits of Smaller and/or Less Complex Entities

59. Several respondents¹¹⁷ allocated 25 percent or more to audits of smaller and less complex entities. This reflects growing support for allocating more resources and sufficient time to address the challenges of audits of smaller and less complex entities.¹¹⁸ Respondents variously:

- Questioned whether the ISAs are fit-for-purpose for smaller entities, noting that large and listed entities may overshadow the needs of SMEs resulting in highly complex ISAs which may be lengthy and challenging to apply for SME audits.¹¹⁹
- Emphasized that scalability is a critical prerequisite for standards to be suitable for SMEs.¹²⁰ Respondents were of the view that the audit needs to remain a viable service as it offers much value to SMEs and their stakeholders. It was also suggested to conduct research to understand

¹⁰⁸ *Accounting Firms: EYG, Member Bodies and Other Professional Organizations: CPAA, DNR, SAICA*

¹⁰⁹ *NSS: AUASB, CAASB, IDW, Accounting Firms: DTT, EYG, KPMG, Member Bodies and Other Professional Organizations: DNR, Individuals: TAN*

¹¹⁰ *NSS: JICPA, Accounting Firms: EYG, KPMG, Member Bodies and Other Professional Organizations: CPAA, SAICA*

¹¹¹ *NSS: NBA, Member Bodies and Other Professional Organizations: DNR, Individuals: WALKER*

¹¹² *Member Bodies and Other Professional Organizations: SAICA*

¹¹³ *Accounting Firms: KPMG*

¹¹⁴ *International Standards on Review Engagements (ISRE) 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

¹¹⁵ *Accounting Firms: EYG*

¹¹⁶ *Individuals: ACOSTA, BRAUDE, BRAVANTE, DIAZ, KOTHARI, MAKELA, MULEYA, OSANO, PASION, PATNUGOT, RABUSA, SALIGUMBRA, SILANG, SINSUAT, SPITTERS, TUMBAGAHAN*

¹¹⁷ *NSS: CAASB, CNCC-CSOEC, NBA, Accounting Firms: PWC, Public Sector: OECD, Member Bodies and Other Professional Organizations: AE, DNR, EFAA, ICAB, ICAEW, SMPC, WPK, Academics: LW, Individuals: BRAUDE, BRAVANTE, KOTHARI, RENTOY, REYES*

¹¹⁸ *Firms: PWC, Member Bodies and Other Professional Organizations: DNR*

¹¹⁹ *NSS: NBA, Accounting Firms: DTT, Member Bodies and Other Professional Organizations: CPAA, EFAA, SMPC*

¹²⁰ *Accounting Firms: EYG, Member Bodies and Other Professional Organizations: AICPA, DNR, EFAA, SMPC*

the adoption and use of the non-audit IAASB standards and whether the standards are appropriately used.

- Recognized the IAASB's efforts in the current strategic period, but recognized a need to continue to respond to matters related to small and less complex entities going forward.¹²¹
- Identified the need to focus on SMEs for jurisdictions, where the number of audits performed for small and less complex entities is significant. While individually, audits of SMEs may be less significant, a greater part of the economy in many countries is invested in SMEs¹²².
- Suggested a "think simple first approach."¹²³ Scalability should be used as a bottom-up concept, starting with requirements designed for small and simple entities and then adding requirements for larger, more complex entities including PIEs. Respondents noted that it is important to determine whether or not a single set of auditing standards should be maintained. In the absence of scalability there may be no option other than to pursue differential standards.
- Highlighted the need for both post-implementation reviews (for example of ISRE 2400 (Revised)¹²⁴ and ISRS 4410 (Revised))¹²⁵ and implementation support.¹²⁶

60. Many respondents¹²⁷ allocated 10 or less for matters relating to audits of smaller and less complex entities. Some of these respondents noted that this was in light of the IAASB's current initiative relating to SME's and SMPs, and because scalability would also be covered within the IAASB's other projects, in particular those relating to the ISAs.¹²⁸

Emerging Forms or External Reporting (EER)

61. While no respondent allocated more than thirty percent to EER, on balance, the allocation reflects an increasing need to allocate some resources to EER. Respondents noted:

- The growing demand for assurance over non-financial information and forward-looking information.¹²⁹
- The need for monitoring developments and regulations, which may lead to the need for standard setting in the latter part of the strategy period.¹³⁰

¹²¹ NSS: CAASB, HKICPA, *Member Bodies and Other Professional Organizations*: ICAEW, SMPC

¹²² *Regulators and Oversight Authorities*: IRBA, NSS: NZAuASB, *Member Bodies and Other Professional Organizations*: ICAB, SMPC, *Individuals*: RENTOY, SILANG

¹²³ NSS: JICPA, *Member Bodies and Other Professional Organizations*: EFAA

¹²⁴ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

¹²⁵ International Standards on Related Services (ISRS) 4410 (Revised), *Engagements to Compile Financial Statements*

¹²⁶ *Member Bodies and Other Professional Organizations*: CPAA, SMPC

¹²⁷ *Regulators and Oversight Authorities*: IRBA, *Accounting Firms*: ETY, KPMG, RSM, *Member Bodies and Other Professional Organizations*: ACCA, SAICA, XBRL *Individuals*: ADAJAR, AMERIL, DIAZ, FLORES, GADIER, HADJI-ALI, INNA, MAKELA, MITRI, MULEYA, PASION, PATNUGOT, PEDROSA, RABUSA, RICAFORT, RIEGO, SALIGUMA, SALON, SAYSON, SINSUAT, SHOKO, SOLIDUM, SPITTERS, TAN, VALINO, WALKER

¹²⁸ *Member Bodies and Other Professional Organizations*: ACCA, SAICA

¹²⁹ NSS:CAASB, HKICPA, IDW, JICPA, NBA, *Accounting Firms*: DTT, *Member Bodies and Other Professional Organizations*: AE, EFAA

¹³⁰ *Accounting Firms*: EYG, *Member Bodies and Other Professional Organizations*: ICAEW, SMPC

- Other assurance related activities will increase in importance. Engagements to assure the entire annual report, or engagements related to contracts in cryptocurrencies or blockchain are evolving at a rapid pace.¹³¹
- That ISAE 3000¹³² addresses issues at a high level, and only addresses attestation engagements, and does not address the subject matters and nature of the most common EER engagements.¹³³

Other Assurance (Excluding EER)

62. A majority of respondents¹³⁴, across all categories of respondents, allocated 10 percent or less to other assurance (excluding EER). On balance, the responses indicate that the least resources should be allocated to other assurance. Respondents noted that due to recently completed projects on ISAE 3000 and ISRS 4410 (Revised), and the IAASB's current project to revise ISRS 4400¹³⁵ (currently underway), there is no need to focus on this space into the future. However, the following points were noted in support of some resources being allocated to other assurance:

- Other assurance related activities will increase in importance in jurisdictions where the audit threshold has been increased and as the number of regulatory agencies increases.¹³⁶
- To reduce the misuse or misinterpretation of ISRS 4400 as an assurance engagement.¹³⁷
- More detailed standards may be needed to address limited assurance.¹³⁸
- To develop non-authoritative guidance to enable a more consistent and appropriate application of ISAE 3000 (Revised).¹³⁹
- To deal with conforming amendments arising from the revisions to the ISAs (in particular the risk assessment standard) and the quality control projects.¹⁴⁰

¹³¹ *Accounting Firms: RSM, Member Bodies and Other Professional Organizations: ICAEW*

¹³² *International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

¹³³ *Member Bodies and Other Professional Organizations: CPAA*

¹³⁴ *Regulators and Oversight Authorities: IRBA, NSS: AUASB, CAASB, NBA, NZAuASB, Accounting Firms: CHI, EYG, ETY, GTI, KPMG, PWC, Member Bodies and Other Professional Organizations: AE, AICPA, EFAA, ICAEW, DNR, SAICA, SMPC, WPK, XBRL Individuals: ACOSTA, AMERIL, BRAUDE, BRAVANTE, CATUDAY, DIAZ, FLORES, GADIER, MULEYA, MAKELA, MITRI, OSANO, PAGOTO, PASION, RABUSA, RENTOY, REYES, RICAFORT, SALIGUMA, SAYSON, SHOKO, SINSUAT, SOLIDUM, SPITTERS, TAN, TUMBAGAHAN*

¹³⁵ *ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

¹³⁶ *Accounting Firms: RSM, Member Bodies and Other Professional Organizations: ICAEW, SMPC*

¹³⁷ *NSS: NBA, Member Bodies and Other Professional Organizations: CPAA, EFAA*

¹³⁸ *Member Bodies and Other Professional Organizations: CPAA*

¹³⁹ *Member Bodies and Other Professional Organizations: SAICA*

¹⁴⁰ *Accounting Firms: EYG*

Professional Skepticism

63. The majority of respondents¹⁴¹ allocated less than or equal to 10% to work effort on professional skepticism. Respondents noted that:
- This crossover topic would be addressed within other projects.¹⁴²
 - The work effort would be shared between the IAASB and the IESBA.¹⁴³
 - The IAASB will have completed its conceptual work on professional skepticism in the next strategy period.¹⁴⁴
 - It is less likely to have a significant impact in practice.¹⁴⁵
64. Although not a focus area for the majority of respondents, suggestions included exploring alternative ways to demonstrate how professional skepticism may be shown in applying the requirements of the ISAs, e.g., through ongoing consideration of the development of practical (non-authoritative) guidance, including examples of what "professional skepticism looks like in practice."¹⁴⁶
65. Other respondents supported ongoing work in this area.¹⁴⁷ A respondent¹⁴⁸ noted that professional skepticism and auditor behavior continue to dominate conversations with IESBA and International Accounting Education Standards Board (IAESB) and therefore continues to support substantial effort in this area.

Analysis of Responses to Question 5

I: Question Included in the Survey

66. The following question was asked in the survey

Section II has noted another significant challenge for the IAASB is deciding how to heed the call for more efforts to support effective global implementation of the IAASB's standards, for example through the development of implementation guidance. However, the IAASB also recognizes the need to strike a balance between activities related to implementation and the development of new, or revising extant, standards to further enhance practice. Accordingly, the IAASB is also seeking views on the appropriate balance between setting new or revising standards, and implementation activities (e.g., through developing material that assists implementation of the standards, or development of guidance such as Practice Notes or staff publications, as well as post-implementation reviews).

¹⁴¹ NSS: AUASB, CAASB, CNCC-CSOEC, IDW, JICPA, NBA, NZAuASB, *Accounting Firms*: DTT, EYG, GTI, KPMG, PWC, RSM
Member Bodies and Other Professional Organizations: AE, AICPA, CPAA, DNR, EFAA, ICAEW, SMPC, WPK, *Academics*: LW,
Individuals: ACOSTA, ADAJAR, AMERIL, AYUNDA, BRAVANTE, GADIER, GORGULHO, INNA, MAKELA, MITRI, MULEYA,
OSANO, RENTOY, REYES, SALIGUMA, SAYSON, SPITTERS, VALINO

¹⁴² NSS: CAASB, CNCC-CSOEC, *Accounting Firms*: CHI, GTI, DTT, KPMG, *Member Bodies and Other Professional Organizations*:
ACCA

¹⁴³ NSS: NZAuASB, *Member Bodies and Other Professional Organizations*: AE, SMPC

¹⁴⁴ NSS: IDW

¹⁴⁵ *Member Bodies and Other Professional Organizations*: CPAA

¹⁴⁶ NSS: NZAuASB, *Accounting Firms*: DTT, EYG, *Member Bodies and Other Professional Organizations*: SAICA

¹⁴⁷ *Regulators and Oversight Authorities*: IRBA, *Member Bodies and Other Professional Organizations*: SAICA

¹⁴⁸ *Regulators and Oversight Authorities*: IRBA

How, in your view, should the IAASB focus the majority of its efforts:

- (i) Developing new or revised standards; or
- (ii) Undertaking implementation activities; or
- (iii) Apply efforts to both, and if so, in what proportion (please provide relative %; to total 100%)?
 - Quality control - (indicate (i) develop new or revised standards; ii) undertake implementation activities; or iii) apply efforts to both, and if so, in what proportion)
 - Audits and reviews of historical financial information - (indicate (i) develop new or revised standards ; ii) undertake implementation activities; or iii) apply efforts to both, and if so, in what proportion)
 - Other assurance – EER engagements - (indicate (i) develop new or revised standards; ii) undertake implementation activities; or iii) apply efforts to both, and if so, in what proportion)
 - Other assurance (other than EER engagements) and related services - (indicate (i) develop new or revised standards; ii) undertake implementation activities; or iii) apply efforts to both, and if so, in what proportion)

Please indicate the rationale for your responses and any related comments you may have.

II: Staff Analysis of Respondents' Views

Monitoring Group Responses

67. One Monitoring Group member did not include a percentage allocation between implementation and developing new or revised standards but provided a list of topics viewed to be appropriate priorities for the IAASB for the next few years.¹⁴⁹ The majority of these topics fall in the category 'Developing new or revised standards' and relate to audits of historical financial information. The response further indicated limited support for sustainability, climate and integrated reporting (Other Assurance – EER engagements), and did not see a significant need for the project to revise ISRS 4400.

General Observations

68. 70 respondents allocated percentages and/or provided feedback. The way in which respondents approached the question differed; certain respondents allocated percentages only between (i) and (ii) for each topic, while other respondents allocated percentages between (i), (ii) and (iii) for each topic. A few respondents allocated 100% across all topics.

¹⁴⁹ Monitoring Group: IOSCO

69. Ignoring the variation in approach, the average percentage allocations were as follows:

	New or revise standards	Implementation activities	Both
Quality Control	23%	54%	23%
Audit and reviews	39%	40%	22%
EER	37%	39%	24%
Other assurance	43%	35%	22%

70. For respondents who allocated a percentage only to (i) new or revised standards or (ii) implementation activities for each topic, the allocation was as follows:

	New or revise standards	Implementation activities
Quality Control	20%	80%
Audit and reviews	49%	51%
EER	47%	53%
Other assurance	57%	43%

71. For respondents who allocated a percentage to (i) new or revised standards or (ii) implementation activities and (iii) for each topic, the allocation was as follows:

	New or revise standards	Implementation activities	Both
Quality Control	34%	36%	31%
Audit and reviews	37%	35%	29%
EER	38%	37%	25%
Other assurance	40%	35%	25%

72. A respondent¹⁵⁰ did not allocate percentages in response to question 5 as this does not accord with their recommendation for the way forward. Rather the respondent recommended introducing additional dedicated programs for research and implementation alongside the core program to develop new or revise standards. The topics of non-assurance services and matters relating to audits of smaller and less complex entities, should be allocated to the Research Program and appropriate time allocated before any standard setting activity is considered. The topic of professional skepticism underlies all standard-setting activity, and as such should have time allocated to all programs, and should align with the work of the IESBA.

¹⁵⁰ *Regulators and Oversight Authorities: UKFRC*

73. The key themes arising from the respondents' allocations are:
- Strong support for the IAASB to shift efforts to implementation activities across all areas, and not only focus on the development of standards.
 - The need to balance between the activities, i.e., there is a fine line between amending the standards and implementation activities. The need for judgment to identify the best approach to how an issue or challenge is dealt with was highlighted.

However, a few respondents had the view that the IAASB should focus its efforts on standard-setting rather than implementation activities.¹⁵¹

74. A respondent¹⁵² suggested that the IAASB should perform a root cause analysis to decide, on a case by case basis, as to whether amending the standards or an implementation activity is most appropriate. Before issuing new or revised standards, it was recommended that the IAASB should duly assess which standards have implementation issues and address those aspects as a priority. It was also noted that for a specific area it may also be worth considering performing limited scope amendments instead of reopening standards as a whole.
75. A few respondents¹⁵³ commented that in focusing on implementation activities, projects to revise existing or develop new standards will also inevitably arise (i.e., the activities may be interrelated and feed into each other).
76. The balance between amending the standards or implementation activities was also evident in feedback on how best to address matters related to audits of smaller and less complex entities. Some respondents¹⁵⁴ indicated that the IAASB should devote time to developing or revising standards to address scalability matters for smaller and less complex entities. On the other hand, a few respondents¹⁵⁵ suggested the IAASB focus on implementation material to assist in addressing scalability matters and to assist in the application of any new or revised quality control standards.
77. There was strong support to shift effort to implementation activities related to quality control, with a majority of respondents¹⁵⁶ allocating 50 percent or more to implementation activities. Implementation activities received the highest allocation in the area of quality control.
78. The shift to, and support for, implementation activities in the audit and review space has also increased, but to a lesser extent than for quality control. On average, supported a combination of activity to amend the standards while also supporting implementation in light of the significant revisions that have been completed or are due to be completed early in the strategy period. A respondent¹⁵⁷ suggested limiting standard-setting to revising standards related to high priority, high public interest projects, and focusing on implementation support in the upcoming strategy period.
79. A balance between standard-setting and implementation activities (evenly split between standard-setting activities and implementation activities) was also evident in the feedback on EER. While there

¹⁵¹ *Member Bodies and Other Professional Organizations: AICPA, DNR*

¹⁵² *Member Bodies and Other Professional Organizations: AE*

¹⁵³ *NSS: NBA, Member Bodies and Other Professional Organizations: SAICA*

¹⁵⁴ *Accounting Firms: EYG, PWC, Member Bodies and Other Professional Organizations: ACCA, EFAA, Individuals: WALKER*

¹⁵⁵ *NSS: NZAuASB, Public Sector: OECD, Member Bodies and Other Professional Organizations: AICPA*

¹⁵⁶ *Regulators and Oversight Authorities: IRBA, NSS: AUASB, CAASB, CNCC-CSOEC, HKICPA, IDW, JICPA, NBA, NZAuASB, Accounting Firms: DTT, EYG, ETY, GTI, KPMG, PWC, RSM, Member Bodies and Other Professional Organizations: ACCA, AE, CPAA, EFAA, ICAB, ICAEW, SAICA, SMPC, WPK, Academics: LW, Individuals: AYUNDA, BRAVANTE, GADIER, MITRI, MULEYA, REYES, SILANG, SINSUAT, SOLIDUM, TAN, VALINO*

¹⁵⁷ *Regulators and Oversight Authorities: IRBA*

was support from several respondents¹⁵⁸ for the IAASB's current focus on application guidance, there was also recognition that there may be a potential need to develop standards as matters evolve in the latter portion of the strategy period. Further monitoring and research may be needed before standard setting activity is appropriate. With the non-authoritative guidance due to be issued, time will be needed to monitor its adoption and how it is being used in practice, to help inform future activities. A respondent¹⁵⁹ commented that the IAASB may face increasing pressure to reconsider whether the distinction that is made in the assurance standards between financial and non-financial information is still fit for purpose, if the demand for assurance over integrated reporting grows.

80. Other assurance (other than EER) was the only area where, on average, there was less emphasis on implementation activities and more on developing new or revising standards.

81. The rationale noted by respondents for shifting efforts to implementation activities varied and included the following:

- Several respondents¹⁶⁰ highlighted the significance of recent (or under development) changes to both auditing and quality control standards that would necessitate implementation support, while a few respondents¹⁶¹ noted a need for “a period of calm” after completion of these significant revisions.
- Some respondents¹⁶² noted that implementation activities would support auditors of smaller and less complex entities.
- A few respondents¹⁶³ highlighted the possibility to be more agile in the standard-setting process (for example, by issuing frequently asked questions (FAQs) or developing rapid responses to address issues), to address implementation challenges imposed by a changing environment.
- A few respondents¹⁶⁴ noted that inspection findings often relate to application of the standards. While the IAASB's influence is mostly in its International Standards, the IAASB should undertake implementation activities to ensure that auditors are properly executing the standards. Another respondent¹⁶⁵ suggested that the IAASB has a role to play in minimizing and resolving issues arising where regulators and auditors in different jurisdictions interpret the IAASB standards differently.
- A respondent¹⁶⁶ noted that actual and perceived complexity and granularity of the ISAs increases the need to promote practice aids that drive consistency and reduce barriers to implementation.
- A respondent¹⁶⁷ identified the need to deepen an understanding of the implementation challenges to help ensure targeted and effective solutions.

¹⁵⁸ *Regulators and Oversight Authorities:* IRBA, *NSS:* CAASB, CNCC-CSOEC, HKICPA, IDW, JICPA, NBA, NZAuASB, *Accounting Firms:* DTT, EYG, PWC, RSM, *Member Bodies and Other Professional Organizations:* AE, ICAEW

¹⁵⁹ *NSS:* NZAuASB

¹⁶⁰ *Regulators and Oversight Authorities:* IRBA, *NSS:* CAASB, CNCC-CSOEC, HKICPA, IDW, JICPA, NBA, NZAuASB, *Accounting Firms:* DTT, EYG, GTI, PWC, *Member Bodies and Other Professional Organizations:* ACCA, AE, SMPC

¹⁶¹ *Member Bodies and Other Professional Organizations:* SMPC, WPK

¹⁶² *NSS:* NZAuASB, *Public Sector:* OECD, *Member Bodies and Other Professional Organizations:* AE, *Individuals:* WALKER

¹⁶³ *NSS:* NZAuASB *Member Bodies and Other Professional Organizations:* AE, DNR

¹⁶⁴ *NSS:* NBA, *Individuals:* SILANG

¹⁶⁵ *Accounting Firms:* DTT

¹⁶⁶ *NSS:* AUASB

¹⁶⁷ *Accounting Firms:* KPMG

82. Respondents also suggested implementation activities that are needed:

- A few respondents¹⁶⁸ suggested developing non-authoritative guidance, staff papers, FAQ's or interpretations of specific requirements, as well as providing educational support and pre-implementation support for jurisdictions who adopt the ISAs.
- A few respondents¹⁶⁹ expressly supported the planned post-implementation reviews of the auditor reporting standards, including emphasizing that this is important for smaller and less complex entities.¹⁷⁰
- A few respondents¹⁷¹ suggested greater collaboration with NSS, and the willingness to support such activities.

83. Respondents also included specific suggestions for standard-setting activities:

Audits and reviews

- As noted in responses to other questions, some respondents, including a Monitoring Group member,¹⁷² highlighted the need to focus on the modernization of the ISAs for emerging technology, use of data analytics and the recognition of technologies already being used by entities.
- A respondent¹⁷³ highlighted the need to improve standards with regard to scalability, or other matters related to, audits of SME entities, for example, considering whether simpler language can contribute a streamlined approval process.
- A few respondents¹⁷⁴ highlighted the importance of undertaking the audit evidence project.
- A respondent¹⁷⁵ suggested that ISAs that have not been updated beyond the updates resulting from the clarity project should be reviewed for continued relevance.
- A respondent¹⁷⁶ suggested materiality and the use of experts as possible audit projects in the future strategy period. Projects on these topics, among others, were also supported by a Monitoring Group member.¹⁷⁷

Other assurance

- .
- A respondent suggested addressing non-assurance engagements more holistically, based on information sources and broader challenges such as the application of concepts such as materiality.¹⁷⁸

¹⁶⁸ NSS: AUASB, Accounting Firms: KPMG, Member Bodies and Other Professional Organizations: DNR, Individuals: GADIER

¹⁶⁹ NSS: JICPA, Accounting Firms: EYG, KPMG, Member Bodies and Other Professional Organizations: EFAA

¹⁷⁰ Member Bodies and Other Professional Organizations: EFAA

¹⁷¹ NSS: AUASB, Accounting Firms: DTT, EYG

¹⁷² Monitoring group: **IOSCO**; NSS: IDW, JICPA, NBA, NZAuASB, Accounting Firms: EYG, GTI, Member Bodies and Other Professional Organizations: ICAB, SMPC, Individuals: GADIER

¹⁷³ Accounting Firms: EYG, PWC

¹⁷⁴ NSS: IDW Accounting Firms: DTT, EYG, GT, PWC, Member Bodies and Other Professional Organizations: ICAEW

¹⁷⁵ Accounting Firms: GTI

¹⁷⁶ Accounting Firms: DTT

¹⁷⁷ Monitoring Group: **IOSCO**

¹⁷⁸ Accounting Firms: KPMG

- A respondent¹⁷⁹ noted that as a result of progress of IT usage, there is a need to support the implementation of ISAE 3402¹⁸⁰ for service organizations that do not currently engage with the service auditor to issue Type 1 or Type 2 reports.
- A few respondents¹⁸¹ suggested the development of standards that address multi-scope engagements or compliance engagements.

Analysis of Responses to Question 6

I: Question Included in the Survey

84. The following question was asked in the survey:

In relation to the development of new, or the revision of extant, standards as noted in Question 5, and keeping in mind the potential impact of the evolving environment and the challenges and opportunities for the IAASB in 2020–2023, should the IAASB, in your view:

- Focus first on a strategic review of extant standards (for example, consider how the standards could be better structured or presented in light of evolving technologies) before prioritizing projects on new topics. Please provide an explanation for your view.*
- Prioritize projects on new topics (as determined by the consultation on the IAASB's future strategy and priorities). Please provide an explanation for your view.*
- During implementation of the current standards under revision (i.e., those standards that currently have a committed project plan in place), consider a moratorium on developing new or other revised standards? If so, how long should such a moratorium last? Please provide an explanation for your view.*
- Undertake other actions related to the development of new, or revision of extant, standards, and/or implementation support. Please describe what these actions should be and provide an explanation for your view.*

II: Staff Analysis of Respondents' Views

85. Sixty respondents responded to question 6. Some respondents identified or supported more than one option.
- The majority of respondents¹⁸² supported (a) a strategic review of extant standards but a few were opposed to a focus on a strategic review as explained below;
 - Several respondents¹⁸³ supported prioritizing projects on new topics (option (b));

¹⁷⁹ NSS: JICPA

¹⁸⁰ ISAE 3402, *Assurance Reports on Controls at a Service Organization*

¹⁸¹ *Regulators and Oversight Authorities*: IRBA, NSS: IDW

¹⁸² *Regulators and Oversight Authorities*: UKFRC, NSS: AUASB, CNCC-CSOEC, IDW, HKICPA, JICPA, NBA, NZAuASB, *Accounting Firms*: EYG, ETY, GTI, PWC, RSM, *Public Sector*: OECD, *Member Bodies and Other Professional Organizations*: EFAA, ICAB, ICAEW, WPK, SMPC, *Individuals*: AYUNDA, BRAUDE, BRAVANTE, DIAZ, GORGULHO, HADJI-ALI, INNA, KOTHARI, MULEYA, MITRI, PAGOTO, PATNUGOT, PASION, PEDROSA, RABUSA, RICAFORT, SALIGUMBRA, SINSUAT, SPITTERS, VALINO, WALKER

¹⁸³ NSS: CAASB, JICPA, *Accounting Firms*: CHI, DTT, EYG, *Member Bodies and Other Professional Organizations*: AICPA, CPAA, XBRL, *Individuals* HADJI-ALI, INNA, GADIER, OSANO, RABUSA, SILANG

- Several respondents¹⁸⁴ supported a moratorium (option (c)) but there were some who were expressly opposed to, or did not support, a moratorium as explained below;
- Several respondents¹⁸⁵ supported other actions (option (d)).
- Some respondents¹⁸⁶ identified completing the IAASB's existing program of standard-setting as a priority.

Strategic Review

86. The rationale for supporting a strategic review of extant standards included:

- To allow time for implementation of changes currently under development to come into effect.¹⁸⁷
- Ensuring that the standards remain fit for purpose into the future.¹⁸⁸
- To address the criticism of the quality of the standards that have been voiced by various groups.¹⁸⁹
- A need to determine to what extent the development of non-authoritative guidance may be beneficial and on what specific topics.¹⁹⁰
- To identify if there are any higher priorities than those already identified.¹⁹¹
- To revise those standards that are more procedural than risk-based.¹⁹²

87. A few respondents¹⁹³ were opposed to a focus on a strategic review, noting that the clarity project was relatively recently completed, with no evidence to suggest that the structure or presentation of the standards need further revising.

Strategic Review or New Projects

88. Priority areas identified (in response to both options (a) and (b)) included:

- Many respondents¹⁹⁴ expressed support for addressing use of technology (for all assurance), including data analytics, blockchain, artificial intelligence and cryptocurrencies, and support for a related project on evidence.

¹⁸⁴ *Regulators and Oversight Authorities:* UKFRC, *NSS:* JICPA, *Accounting Firms:* PWC, *Member Bodies and Other Professional Organizations:* DNR, ICAEW, SMPC, *Individuals:* HADJI-ALI, INNA, MITRI, PASION, RABUSA

¹⁸⁵ *Regulators:* IRBA, UKFRC, *NSS:* CAASB, HKICPA, *Accounting Firms:* DTT, GTI, KPMG, PWC, *Member Bodies and Other Professional Organizations:* SAICA, *Individuals:* AYUNDA, ELAURZA, FLORES, HADJI-ALI, INNA, PASION, RABUSA, SALON

¹⁸⁶ *Accounting Firms:* CHI, GTI, PWC, *Member Bodies and Other Professional Organizations:* ACCA, AE

¹⁸⁷ *NSS:* AUASB, NZAuASB

¹⁸⁸ *NSS:* CNCC-CSOEC

¹⁸⁹ *NSS:* HKICPA

¹⁹⁰ *Accounting Firms:* EYG

¹⁹¹ *Accounting Firms:* GTI

¹⁹² *Regulators and Oversight Authorities:* UKFRC

¹⁹³ *Regulators and Oversight Authorities:* IRBA, *NSS:* CAASB

¹⁹⁴ *NSS:* AUASB, CAASB, CNCC-CSOEC, IDW, JICPA, NZAuASB, *Accounting Firms:* EYG, KPMG, PWC, RSM, *Member Bodies and Other Professional Organizations:* CPAA, EFAA, ICAB, ICAEW, SAICA, SMPC, WPK, XBRL, *Individuals:* AYUNDA, BRAVANTE, GADIER, MITRI, MULEYA, PATNUGOT, SINSUAT

However, a few respondents¹⁹⁵ noted limits to which other technologies can be considered for its impact on the ISAs in the near term, given the stage of maturity (e.g. artificial intelligence or blockchain). A respondents¹⁹⁶ suggested to make targeted updates to the ISAs to explicitly recognize how data analytics techniques can enhance the audit and how management may be using them, for example, to enhance internal control, and to continue to research and monitor developments relating to these evolving technologies.

A respondent recommended that a strategic review of the standards in light of evolving technologies should be undertaken as part of a research program. In addition this should extend to consider those standards that remain more procedural in their structure as opposed to risk-based.

- Several respondents¹⁹⁷ expressed a need to address issues related to audits of smaller or less complex entities.
- A respondent identified professional skepticism as a priority area.¹⁹⁸

New Projects

89. The rationale for prioritizing new projects, included the need to:

- Respond to the environment and stakeholder needs. The ISAs are the primary vehicle to protect the public interest and promote audit quality, therefore the priority should be to address issues in a timely manner, building on the principles-nature of the standards while keeping them “fit-for-purpose.”¹⁹⁹ A respondent²⁰⁰ cautioned against successive rounds of changes.
- Prioritizing projects that have the greatest impact on practitioners.²⁰¹

90. A few respondents²⁰² noted that the EER project is important for users and may lead to commencement of a standard-setting project later in the strategy period.

91. A respondent cautioned against prioritizing new topics given the challenges faced with the current suite of standard and due to resource constraints.²⁰³

92. Although not advocating the commencement of new projects not already planned by the IAASB, a respondent²⁰⁴ strongly suggested a more robust research program to support future standard-setting activities, with topics such as ISA 320²⁰⁵ and ISA 450²⁰⁶ to be prioritized, as well as further consideration for research activities related to ISA 620,²⁰⁷ ISA 330²⁰⁸ and ISA 500.

¹⁹⁵ NSS: CNCC-CSOEC, *Accounting Firms*: EYG

¹⁹⁶ *Accounting Firms*: EYG

¹⁹⁷ NSS: AUASB, CAASB, CNCC-CSOEC, IDW, NBA, NZAuASB, *Accounting Firms*: EYG, PWC, *Member Bodies and Other Professional Organizations*: AICPA, EFAA, ICAB, SMPC, WPK, *Individuals*: KOTHARI

¹⁹⁸ *Accounting Firms*: EYG

¹⁹⁹ *Accounting Firms*: CHI, DTT, *Member Bodies and Other Professional Organizations*: AICPA

²⁰⁰ *Accounting Firms*: DTT

²⁰¹ *Member Bodies and Other Professional Organizations*: CPAA

²⁰² NSS: IDW, JICPA, *Accounting Firms*: EYG

²⁰³ NSS: NZAuASB

²⁰⁴ *Regulators and Oversight Authorities*: UKFRC

²⁰⁵ ISA 320, *Materiality in Planning and Performing an Audit*

²⁰⁶ ISA 450, *Evaluation of Misstatements Identified during the Audit*

²⁰⁷ ISA 620, *Using the Work of an Auditor's Expert*

²⁰⁸ ISA 330, *The Auditor's Responses to Assessed Risks*

Moratorium

93. The rationale for supporting a moratorium included:
- Recognition of the current scale of changes to the ISAs and the need to facilitate an effective implementation phase to allow those changes to take root.²⁰⁹
 - Keeping up with new regulations and standards has been consistently ranked as one of the top challenges facing SMPs in surveys conducted by the International Federation of Accountants. The costs and burden of the adoption of revised standards is felt more acutely by SMPs, who may not have the necessary in-house resources to easily implement revisions. The IAASB must be sensitive to balancing the burden arising from changes to standards and the likely benefits to the public interest.²¹⁰
94. There were mixed views as to the length of any moratorium with a few respondents supporting a one to two years²¹¹, a few respondents preferring two years²¹², and a respondent suggesting a two to three year moratorium.²¹³
95. A respondent recommended a dedicated research program, which would reduce standard- setting activity and may make a formal moratorium unnecessary.²¹⁴
96. Some respondents²¹⁵ did not support a moratorium, noting that:
- A moratorium is not feasible due to the pervasive impact of key projects, noted above.²¹⁶
 - This approach lacks flexibility, given the need to be able to respond quickly to emerging matters.²¹⁷
 - The moratorium will make the IAASB fall behind and lose relevancy given the pace of change.²¹⁸
 - A moratorium is not appropriate at this time, given the need to address the perceived barrier to implementation of the standards by SMPs for SMEs.²¹⁹

Other Actions

97. Some respondents²²⁰ suggested setting time aside to focus on improving timeliness, transparency, relevance and so as to be seen to be responsive to calls for change and use of resources. Possible suggestions with respect to timeliness included:

²⁰⁹ *Accounting Firms: PWC, Member Bodies and Other Professional Organizations: DNR, ICAEW, SMPC*

²¹⁰ *Member Bodies and Other Professional Organizations: SMPC*

²¹¹ *Individuals: HADJI-ALI, RABUSA*

²¹² *Member Bodies and Other Professional Organizations: DNR, ICAEW, SMPC*

²¹³ *Accounting Firms: PWC*

²¹⁴ *Regulators and Oversight Authorities: UKFRC*

²¹⁵ *Regulators and Oversight Authorities: IRBA, NSS: CAASB, IDW, HKICPA, NZAuASB, Accounting Firms: EYG, Member Bodies and Other Professional Organizations: SAICA, Individuals: KOTHARI*

²¹⁶ *NSS: HKICPA, IDW, Accounting Firms: EYG*

²¹⁷ *Regulators and Oversight Authorities: IRBA, NSS: NZAuASB*

²¹⁸ *NSS: CAASB*

²¹⁹ *Member Bodies and Other Professional Organizations: IDW*

²²⁰ *Regulators and Oversight Authorities: IRBA, NSS: AUASB, CAASB, Accounting Firms: KPMG, Member Bodies and Other Professional Organizations: DNR, SAICA, Individuals: MITRI*

- Developing non-authoritative guidance or other staff documents (e.g., FAQs, thought leadership articles) during development/revision stages of new/extant standards to provide guidance to practitioners in the interim period.²²¹ Developing non-authoritative guidance or other staff documents may also be sufficient to address an emerging issue.²²²
 - Developing prioritization criteria, as a faster process is needed to meet stakeholder needs. These criteria may help to select those projects with the highest public interest first.²²³
 - The need to develop a deeper understanding of both pervasive challenges/areas of concern in respect of application of standards, as well as specific implementation challenges and considers solutions to address these that are more timely, and are not limited to the development of new, or revisions to existing, standards.²²⁴
98. Several respondents²²⁵ called for implementation support activities to improve consistency and effectiveness of application and emphasized the importance of post-implementation reviews.
99. Other comments included:
- The importance of the IAASB's collaboration efforts with other NSS to facilitate consistent and effective implementation of standards on a global basis.²²⁶
 - Work to improve the accessibility of standards, by simplifying the language used in the standards and enhancing the methods by which the standards are communicated and accessed.²²⁷
 - Consideration of interactive solutions both in terms of stakeholder outreach and standards development processes as well as in terms of the ability to use the standards themselves. It was suggested, for example, to explore innovations to move from a document-centric, paper-based set of individual standards to a more dynamic system, e.g., a smart database, to help increase user interaction with standards, as well as improve connectivity of the standards with each other as part of the overall audit process.
 - Creating an exchange platform in the sense of "best practice."²²⁸

Analysis of Responses to Question 7

I: Question Included in the Survey

100. The following question was asked in the survey:

²²¹ NSS: HKICPA, Accounting Firms: EYG

²²² NSS: CAASB

²²³ Regulators and Oversight Authorities: IRBA

²²⁴ Accounting Firms: KPMG

²²⁵ Regulators and Oversight Authorities: IRBA, NSS: IDW, CNCC-CSOEC, NZAuASB, Accounting Firms: CHI, DTT, EYG, GTI, PWC, RSM, Member Bodies and Other Professional Organizations: AE, AICPA, SAICA, SMPC, Individuals: AYUNDA, PAGOTO

²²⁶ Accounting Firms: DTT

²²⁷ Member Bodies and Other Professional Organizations: ACCA

²²⁸ Member Bodies and Other Professional Organizations: WPK

If there was a specific topic(s) that, in your view, should be the IAASB's priority(ies) when developing new, or revising existing, standards or related guidance for the period 2020—2023, what would it be, and why?

Where applicable, kindly indicate whether in your view the topic(s) (you have indicated) has particular relevance mainly for engagements for listed entities, small- and medium-sized entities (SMEs), or for entities of all sizes. Views in relation to matters of relevance to developing nations and the public sector are also encouraged.

II: Staff Analysis of Respondents' Views

Monitoring Group Response

101. One Monitoring Group member provided a list of topics or standards viewed to be appropriate priorities for the next few years²²⁹ and rated the following as having a high priority:

- ISA 540 (Revised) (key matters not addressed in the revised standard);
- ISA 530;²³⁰
- ISA 320;
- ISA 520;²³¹
- ISA 620; and
- Impact of new/evolving technologies on audit.

General Observations

102. Respondents provided diverse views on specific areas of focus, ranging from statements of support for areas explored in prior questions and suggestions for new priorities for the IAASB.

103. Various comments provided highlighted the following areas of priority:

- Many respondents²³² identified a need to focus on scalability of the ISAs, or standards and implementation guidance for auditing SMEs;
- Several respondents²³³ identified a need to focus on the use of technology (including data analytics);
- Some respondents, including a Monitoring Group member,²³⁴ prioritized a focus on EER assurance; and
- A few respondents²³⁵ highlighted the need to enhance the IAASB's processes.

²²⁹ Regulators: **IOSCO**

²³⁰ ISA 530, *Audit Sampling*

²³¹ ISA 520, *Analytical Procedures*.

²³² Regulators and Oversight Authorities: IRBA, NSS: AUASB, CNCC-CSOEC, NBA, Accounting Firms: CHI, ETY, GTI, Member Bodies and Other Professional Organizations: ACCA, AICPA, EFAA, ICAB, SMPC, WPK, Individuals: AYUNDA, BRAVANTE, GORGULHO, HADJI-ALI, KOTHARI, PAGOTO, PASION, SHOKO, TUMBAGHAN, WALKER

²³³ Regulators and Oversight Authorities: IRBA NSS: AUASB, CNCC-CSOEC, IDW, Accounting Firms: DTT, EYG, KPMG, RSM, Public Sector: OECD Member Bodies and Other Professional Organizations: CPAA, ICAEW, ICAB, Individuals: FLORES, OSANO, PATNUGOT, SINSUAT

²³⁴ Monitoring Group: **IOSCO**, IRBA, NSS: AUASB, IDW, Accounting Firms: CHI, Member Bodies and Other Professional Organizations: CPAA, Academics: LW Individuals: SILANG

²³⁵ Regulators and Oversight Authorities: IRBA, Accounting Firms: EYG, Individuals: ELAURZA, GORGULHO

Scalability of the ISAs, or Standards and Implementation Guidance for Auditing SMEs

104. Respondents who highlighted a focus on focus on scalability of the ISAs, or standards and implementation guidance for auditing SMEs had various suggestions how to address it, including:

- Simplification of the language in the standards, encouraging a “think simple first” approach. Complexity in the standards was highlighted as a barrier to implementation, for all entities, but particularly for SMPs and SMEs.²³⁶
- Implementation support²³⁷ and guidance for audits of SMEs and in emerging and developing countries.
- Consideration of whether the ISAs are fit-for-purpose or possibly whether to develop separate standards for auditing SMEs.²³⁸ An individual respondent²³⁹ held an opposing view, that the IAASB’s priority should be one set of international standards, applicable to all audits of financial statements, despite their size or complexity.
- Position review engagements as a genuine alternative to an audit.²⁴⁰ The respondent also suggested updating the review engagement standards to align with changes made to the ISAs with respect to the auditor reporting project.
- The SMPC urged the IAASB to reconsider how best to engage with SMEs/SMPs noting that while stakeholders of PIEs have more opportunity and resources to proactively respond to formal consultation, there is a need to hear the SME/SMP voice throughout the IAASB projects. For example, a greater emphasis and effort could be directed towards resources explaining the potential impact of new and revised standards and designed to raise awareness about proposals (e.g., developing more short videos). New innovative approaches should be explored on how feedback is obtained, which covers a range of different languages. Such initiatives may require more targeted engagement with both NSS and Professional Accountancy Organizations.
- A respondent²⁴¹ suggested performing research to inform SMP needs from a standards perspective, noting that International Forum of Independent Audit Regulators (IFIAR) inspections findings inform the Board on matters related to PIE audits.

Use of Technology

105. Respondents who prioritized a focus on use of technology, including data analytics and blockchain raised the following:

- Some respondents²⁴² noted the relevance of emerging technology to all entities, across all sectors, with a respondent²⁴³ emphasizing the importance for SMEs/SMPs. Emerging

²³⁶ Member Bodies and Other Professional Organizations: ACCA, EFAA, Individuals: WALKER

²³⁷ Regulators and Oversight Authorities: IRBA, NSS: AUASB, Accounting Firms: ETY, Individuals: WALKER

²³⁸ NSS: NBA, Member Bodies and Other Professional Organizations: AICPA, Individuals: BRAVANTE

²³⁹ Individuals: MITRI

²⁴⁰ NSS: AUASB

²⁴¹ Regulators and Oversight Authorities: IRBA

²⁴² Regulators and Oversight Authorities: NSS: CNCC-CSOEC, Accounting Firms: EYG, KPMG, RSM, Member Bodies and Other Professional Organizations: CPAA

²⁴³ Public Sector: OECD

technologies may be an opportunity to extend audit services to mid-sized and small companies at a lower cost.

- A Monitoring Group member²⁴⁴ noted the relevance of guidance on the use of technology in the audit (e.g., data analytics and machine learning), particularly in projects on sampling and substantive analytical procedures.
- A respondent²⁴⁵ prioritized a focus on the impact on both the type of evidence and the way in which evidence is gathered for all assurance engagements, not only audits.
- A respondent²⁴⁶ suggested prioritizing emerging considerations related to technology, both by the audited entity and the audit firm, when developing new or revising existing standards.
- A respondent²⁴⁷ prioritized the impact on the following ISAs in particular: ISA 300,²⁴⁸ ISA 315 (Revised), ISA 330, ISA 500, ISA 402.²⁴⁹

EER Assurance

106. A respondent²⁵⁰ who prioritized a focus on EER (and non-financial information) pointed to the importance of the IAASB remaining on the front foot in identifying how practitioners can enhance confidence in EER, and the need to provide practitioners with the framework and skills to do so effectively and consistently. This will support the relevance of the practitioners' role in this emerging field. A few respondents²⁵¹ highlighted that this is more likely to be relevant to listed entities, at least initially.

IAASB's Processes

107. Respondents who prioritized a focus on process related matters raised the following matters:

- A respondent²⁵² prioritized exploring how IAASB's processes can be improved in order to better understand and participate in the dialogue and development of solutions for emerging issues that present challenges to audit and assurance services.
- A respondent²⁵³ prioritized streamlining due process policy and including a proactive rapid response mechanism. In addition, a need to issue guidance on recurring inspections findings, taking into consideration the IFIAR report and root cause analyses was highlighted.
- A respondent²⁵⁴ also identified the need to prioritize continued engagement with other standard setting boards, especially the IESBA and IAESB, and continued engagement with regulators.

²⁴⁴ *Monitoring Group: IOSCO*

²⁴⁵ *Member Bodies and Other Professional Organizations: CPAA*

²⁴⁶ *Accounting Firms: DTT*

²⁴⁷ *NSS: IDW*

²⁴⁸ *ISA 300, Planning an Audit of Financial Statements*

²⁴⁹ *ISA 402, Audit Considerations Relating to an Entity Using a Service Organization*

²⁵⁰ *Member Bodies and Other Professional Organizations: CPAA*

²⁵¹ *Member Bodies and Other Professional Organizations: CPAA, Academics: LW*

²⁵² *Accounting Firms: EYG*

²⁵³ *Regulators and Oversight Authorities: IRBA*

²⁵⁴ *Regulators and Oversight Authorities: IRBA*

- A respondent²⁵⁵ prioritized the development of implementation guidance and tools outside of the standards and for practical examples of the application of the standards.
- A respondent²⁵⁶ noted further consideration is needed about how the IAASB engages with practitioners performing engagements for SMEs.

Other Topics

108. A diverse range of additional topics were identified as a priority by one or two respondents. The following topics were identified by at least two respondents:

- Revising ISA 600. These respondents encouraged the Board to continue to prioritize this project to the extent not finalized in the 2018-2019 agenda.²⁵⁷
- XBRL.²⁵⁸

Analysis of Responses to Question 8

I: Question Included in the Survey

109. The following question was asked in the survey:

Are there any other topics of interest or matters of relevance that you feel the IAASB should consider when conducting its strategic review, including those related to its the way that the IAASB undertakes its activities (e.g., changes to address matters highlighted in the MG review)?

II: Staff Analysis of Respondents' Views

110. Some respondents emphasized that the process of standard setting should be done strategically and revised to reduce the time it takes for current standard setting²⁵⁹ (also see discussion in paragraphs 31 to 43). The respondents further noted examples of how the process could be strategically improved through:

- The use of more experienced staff to do the detailed drafting of the standards;²⁶⁰
- Reduction in the lengthy detail of the board meeting papers, thus making them clearer and more accessible to a wider audience;²⁶¹
- Increased use of technology (this includes task force meetings as well as the Boards' operations to improve the transparency and accessibility of the board's activities);²⁶²
- Only amending current standards as opposed to creating new standards or changing the fundamentals of a standard;²⁶³ and

²⁵⁵ *Accounting Firms*: GTI

²⁵⁶ *Member Bodies and Other Professional Organizations*: SMPC

²⁵⁷ *NSS*: HKICPA, *Accounting Firms*: DTT

²⁵⁸ *Monitoring Group*: IOSCO, *Member Bodies and Other Professional Organizations*: XBRL, *Individuals*: MAKELA

²⁵⁹ *NSS*: AUASB, NZAuASB, *Accounting Firms*: CHI, RSM *Member Bodies and Other Professional Organizations*: AICPA, CPAA

²⁶⁰ *Accounting Firms*: RSM, *Member Bodies and Other Professional Organizations*: AICPA

²⁶¹ *Member Bodies and Other Professional Organizations*: AUASB

²⁶² *NSS*: AUASB, NZAuASB, *Accounting Firms*: RSM

²⁶³ *Member Bodies and Other Professional Organizations*: CPAA

- The use of diagrams and flowcharts to illustrate the relationships between the standards and which standards apply to different entities in different circumstances.²⁶⁴
111. The following other topics of interest or matters of relevance were identified by respondents:
- A few respondents²⁶⁵ noted that the IAASB should consider giving training to professionals or hold at least one national seminar in each geographical location on a rotational basis as this would publicize the role of the IAASB among its stakeholders and enlist their support. Another respondent was supportive of the continuing efforts and focus on IAASB outreach activities.²⁶⁶
 - A respondent²⁶⁷ noted the following issues to be considered by the IAASB:
 - Whether the current standards are addressing the growing expectation gap regarding auditor responsibilities on various issues (including fraud, going concern, materiality and non-compliance with laws and regulations), and how to respond to the public's expectations that auditors should respond to the resilience and sustainability of their clients' businesses. The respondent particularly referred to enhancing engagement and communication with stakeholders in the audit quality value chain, particularly in relation to audit committees.
 - How new projects will stand up to future challenges, e.g. the Key Audit Matters project was extensive, but benefits have yet to be seen in the application thereof.
 - Whether standard-setting should be research-based and influenced by research performed on audit failures, inspections findings and experiences, and common issues identified from regulators.
 - How to be more inclusive and expand its reach beyond the 128 countries. This suggests the consideration of the need for a model that promotes inclusiveness and fairness, and also makes members feel empowered for the IAASB to remain relevant in terms of expanding its assurance standards.
 - A respondent²⁶⁸ noted that, due to the fact that the final analysis and report of the Monitoring Group review has yet to be issued at the time of the survey, that it is entirely premature to seek to implement measures that were suggested in the initial report. The respondent felt that writing robust standards that are less susceptible to disruption involves taking more, rather than less, time for the due process for standards in its current process. Another respondent was supportive of the IAASB's efforts to consider changes driven by the Monitoring Group review.²⁶⁹
 - A respondent²⁷⁰ noted that there is a need in their jurisdiction for clarifying the distinction between the terms "public interest entity" and "listed entity."

²⁶⁴ *Member Bodies and Other Professional Organizations:* CPAA

²⁶⁵ *Individuals:* KOTHARI, RICKAFORT

²⁶⁶ *Accounting Firms:* DTT

²⁶⁷ *Regulators and Oversight Authorities:* IRBA

²⁶⁸ *NSS:* IDW

²⁶⁹ *Accounting Firms:* KPMG

²⁷⁰ *Member Bodies and Other Professional Organizations:* WPK

- A respondent noted that consideration should be given to adapting the existing audit model to address fundamental issues relevant to the evolving needs of stakeholders.²⁷¹
- A respondent suggested considering whether the current structure and format of an audit needed to be changes in light of technology advances to enhance efficiency and effectiveness of the audit.²⁷²

²⁷¹ *Member Bodies and Other Professional Organizations: AE*

²⁷² *NSS: AUASB*