

Envisioning the Future—Survey on the IAASB’s Future Strategy

Response ID:686 Data

7. SECTION III: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback:

The view of an organization.

Please Indicate:

2. Please complete

Name of Organization: : Canadian Auditing and Assurance Standards Board

Name or Person submitting Survey on behalf of the organization: : Jacqui Kuypers

3. Select from the following options that describe your organization:

National Standard Setter

Is this a/an:

Is this response on behalf of the global network?

Is this response on behalf of a regional or national firm?

Other Firm?

IFAC Member Body or Other Professional Organization

4. National auditing standards same as, or based on, the IAASB’s current International Standards on Auditing

Yes

Please specify which standards are used:

5. Other national standards same as, or based on, IAASB’s other standards (i.e., assurance, related services and reviews)

Yes

Please specify which standards are used:

Are you a listed or non-listed entity?

Small or Medium-Sized The concept of ‘smaller or less complex entities’ varies country by country, but ordinarily exhibits one or more of the following characteristics:Concentration of ownership and management in a small number of individuals.One or more of the following:Straightforward or uncomplicated transactions.Simple record keeping;Few lines of business and few products within business lines;Few formal internal controls; Few levels of management with responsibility for a broad range of controls; orFew personnel, many having a wide range of duties.

.Entity?

Please Indicate:

Do you apply International Standards of Supreme Audit Institutions (ISSAIs) for financial audits

Those Charged with Governance

Private Sector

Please specify in the box below.

Are you any of the following?

6. Please select the geographical region where you are based:

North America

8. SECTION IV - QUESTIONS FOR RESPONDENTS ABOUT THE IAASB'S STRATEGY FOR 2020-2023

7. 1. In your view, 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.).

We believe that the strategic environment in 2020 onward will include the following matters that will have implications for the IAASB's standards:

- increasing demands for assurance over reporting on key performance indicators and other non-GAAP measures;
- continuing and accelerating technological changes, including data analytics, AI, block chain, cryptocurrencies and beyond; and
- continuing requests from practitioners for support in performing audits of small and medium-sized entities.

The implications of the above matters on the IAASB's standards and how it approaches its projects include the following:

- The IAASB will need to make additional efforts to keep up with the pace of change to maintain ongoing relevance of standards. This includes considering new processes and solutions to provide timelier responses to rapidly emerging assurance issues.
- The IAASB may need to develop new standards or revise existing standards. This may have an impact on other standard setting projects underway. It will be important for the IAASB to establish appropriate project priorities.
- The IAASB will need to assess whether existing standards are fit-for-purpose and, if so, consider guidance and other communications to assist stakeholders in understanding how the standards apply to an evolving marketplace.

1. In your view, 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.). - Text Analysis

8. 2. Section II. Describes the additional challenges and opportunities that the IAASB has identified relating to its people, processes and technology, including possible changes that may arise from the MG consultation. 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 activities and focus; and(b)
- (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 III, but any views about matters that have not been mentioned are particularly welcome.

The IAASB set out challenges in its paper. We agree that these are some of the challenges that the IAASB will face. In addition, we have identified the following challenges as the most significant:

- Timeliness of standard-setting to meet the increasing pace of change
- The increasing technological sophistication of entities and audit firms
- Scalability of standards to smaller or less complex entities
- Adequacy of resources to complete standard-setting activities
- Balancing regulatory needs with the need for standards that can be adopted globally

Potential opportunities for change include the following:

- Working more closely with other National Standard Setters
- Undertaking research activities to stay ahead of the curve
- Being better able to issue non-authoritative guidance on a timely basis
- Considering better means of streaming projects to avoid bottlenecks

In particular, we'd like to highlight the following opportunities:

- There may be opportunities for the IAASB to be more involved in developing and issuing guidance to help practitioners in applying standards. This may result in reducing the immediate need for revisions to standards. As a result, the IAASB may be able to reallocate its limited resources to higher priority topics.
- The IAASB may need to consider its approach to projects. There may be an opportunity for the IAASB to develop different processes or approaches to projects in order to complete projects on a timelier basis, or to take on more projects at the same time. For example, the IAASB could ask other National Standard Setters to take the lead on certain projects, or provide staff and other technical resources.

We recognize that it may be difficult for the IAASB to plan for changes that may arise as a result of the MG consultation. The IAASB may need to react to changes after the MG completes its review. However, we recommend that the IAASB not wait. Rather, the IAASB should analyze its current processes to identify areas where changes could result in efficiencies. For example, in order to respond on a timelier basis to emerging, urgent issues (as noted above), the IAASB should consider developing a process separate from that followed in developing and revising standards. The IAASB could issue guidance to address urgent issues, followed by more thoughtful revisions to standards that follow its regular due process.

9. 3. 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?

We did not identify any specific projects that are not already identified in this paper. There are projects that the IAASB is just starting (including revisions to ISAs 500 and 600) that will continue into the first year or two of the strategic plan. In addition, we believe that technology changes, such as data analytics, AI, blockchain and cryptocurrency, as well as issues relating to audits of SMEs should continue to be of highest priority for the IAASB.

However, we do believe that there is an increasing need for the IAASB to engage better with National Standard Setters. There is a potential to leverage these relationships to more proactively identify strategic issues. Further, NSS can support the IAASB by completing research or non-authoritative activities.

9. THE FOCUS OF THE IAASB'S ACTIVITIES IN 2020–2023

10. 4. 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 : 0%

Audits and reviews of historical financial information : 50%

Other assurance- [EER](#) Emerging Forms of External Reporting (EER) refers to emerging forms of external

reporting by entities that increasingly provide non-financial information that goes beyond the traditional (financial statement) focus on the entity's financial position, financial; performance and impact on its financial resources. engagements : 15%

Other assurance (and related services) Related services pronouncements include: ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (currently being revised); ISRS 4410 (Revised), Compilation Engagements.) - other than EER engagements : 10%

Professional skepticism : 0%

Matters relating to audits of smaller and less complex entities : 25%

Total : 100%

Comments: The question above asks specifically about standard-setting projects. It was in this light that we determined the allocations. Quality control (0%) – significant revisions to quality control standards will be completed. There should be no need in 2020-2023 to make further revisions to standards. Audits and reviews (50%) – many of the emerging technological issues may have an impact on auditing standards. We believe the IAASB should continue to have a strong focus on considering revisions to ISAs to respond to these developments. EER (15%) and Other assurance (10%) – the IAASB will need to respond to increasing demands for assurance over information other than historical financial statements. Professional skepticism (0%) – we believe that the IAASB can respond to issues regarding professional skepticism in each standard, rather than as a separate project. Audits of SMEs (25%) – this is a significant area that the IAASB should be focusing on in the last two years of its current strategic plan. However, we believe that there may still be a need to respond in the early part of its next strategic period.

11. Please provide relative %; for each option by category to total 100%

	(i) Developing new or revised standards	(ii) Undertaking implementation activities	(iii) Apply efforts to both
Quality control		100%	
Audits and reviews of historical financial information	50%	50%	
Other assurance – EER engagements	50%	50%	
Other assurance (other than EER engagements) and related services) Related services pronouncements include: ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (currently being revised); ISRS 4410 (Revised), Compilation Engagements.	50%	50%	

Comments: Quality control – 100% implementation – the project to make significant revisions to the standards will be complete by the beginning of the next strategic planning period. At that point, the IAASB should be focused on activities to assist practitioners in successfully implementing the revised standards. Audits and reviews – apply efforts to both (50/50) – there will be ongoing demand for revisions to ISAs. At the same time, the IAASB will have completed significant changes to core standards, such as ISA 315, and to other complicated standards, such as ISA 540. The IAASB should take time to ensure that practitioners have the support they need to successfully implement the revisions. EER – apply efforts to both (50/50) – until further research is done, the IAASB cannot presuppose that changes will be required to standards. Guidance may be sufficient to set out how practitioners could apply existing standards. But the IAASB will not be able to assess this until sufficient research is done. Other assurance – apply efforts to both (50/50) – for the same reasons as EER above.

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

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(a) We don't believe a strategic review of the extant standards is necessary. It has only been 10 years since the clarity project was completed. There is no new evidence to suggest that the structure or presentation of the standards need further revising. However, the IAASB should give as much attention to its processes as it does to standard setting. The agenda for the next 2 years (and perhaps beyond) is filled with projects, with limited time available for the IAASB to step back and examine its processes to make sure they're fit for purpose (i.e., that they're relevant, timely, responsive, etc.).

(b) As previously noted, there are several current emerging issues that the IAASB should focus on over the next few years. These include data analytics, AI, blockchain, cryptocurrencies, assurance on key performance indicators and issues related to audits of smaller or less complex entities. Also, as noted above, the IAASB should ensure it has time available to consider its processes in addition to responding to new topics.

(c) No, the IAASB should not consider a moratorium on developing or revising standards. Considering the pace of change in the environment, if the IAASB stands still, it will fall behind and lose relevancy. To fill a perceived void, other organizations will step in to provide guidance. This could result in inconsistent application of international standards, or a decrease in the overall global acceptance of the standards. However, the IAASB could pause before identifying new issues to focus on strategic issues, such as its processes, as mentioned above.

(d) We think the IAASB should set aside time on its meeting agendas to work on revising its processes to improve timeliness of standard setting and use of resources. In particular, the IAASB should review the processes it follows when revisions to a standard are not necessary (i.e., when an issue can be resolved or addressed by issuing guidance). For example, in many cases, guidance to explain how the standards apply may be sufficient to address an emerging issue. The IAASB should have a process in place that would allow such guidance to be issued quickly. However, it seems that in practice, the IAASB follows a process similar to its due process for standards. As a result, it can take a relatively long time to develop and issue such guidance. The IAASB should consider whether it can develop a separate process that would result in such guidance being issued on a timely basis. This may help address the challenges identified in Question 2.

13. 7. 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.

We did not identify any topics other than those already mentioned in previous questions.

14. 8. 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)?

No.