

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

Response ID:560 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: : Crowe Global

Name or Person submitting Survey on behalf of the organization: : David Chitty

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

Other – Please specify

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

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

Please specify which standards are used:

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

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

4. Please specify in the box below.

International Network of Professional Firms

Are you any of the following?

5. 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

6. 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.).

The most important issues impacting upon the environment affecting IAASB's stakeholders are;

Audit quality and the confidence that stakeholders have in the audit. Audit failures and deficiencies reported by regulators receive significant attention. Failures / deficiencies may not be necessarily caused by standards themselves, but IAASB has to maintain standards that are perceived as robust and fit for purpose and that "learn" from experience.

Technology. The application of technology in the audit is changing rapidly. IAASB's standards run the risk of being seen as obsolescent and current proposals for new / revised standards are lagging behind what is happening in the market. The IAASB data analytics group has been disappointing in its activities, output and influence on standard setting.

Ever increasing global application of IAASB standards. Emerging and developing countries need support.

SME environment. This is vital to all economies and IAASB has to do more to support the application of its standards for SME audits.

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

7. 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.

We agree with the issues identified by IAASB in Section II.

In particular, we note:

IAASB has to be responsive to the MG process and whatever happens, be open to change in its operating model.

Prioritising actions and projects is essential, because of balancing projects, but too many IAASB projects seem to be taking too long to deliver and the time lag to the completion of current important projects in progress is too long.

IAASB has to better embrace technology and better reflect the rapidly changing environment in its standard setting.

The process for working with regulators to assess the impact of IAASB's current work programme on audit quality is important, and this process has to be transparent with practical output to support auditors.

An interpretations process makes a lot of sense.

The SME audit agenda has to be recognised and properly resourced. It is disappointing that it does not appear to have been mentioned in Section II.

8. 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 have been involved in various discussions, including hosted by Accountancy Europe and EGIAN, about the application of IAASB standards to SME audits. IAASB has to better resource this area and give it more priority.

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

9. 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 : 20%

Audits and reviews of historical financial information : 20%

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 : 10%

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 scepticism : 20%

Matters relating to audits of smaller and less complex entities : 20%

Total : 100%

Comments: Professional scepticism can be seen as overlapping with the other categories. The completion and successful implementation of the current work programme is essential. More resources have to be allocated to support SME audits, and the connected area of application of standards in emerging and developing countries.

10. 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			100%
Other assurance – EER engagements			100%
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.			100%

Comments: If we understand the question correctly, then IAASB effort has to be on both developing the body of standards to reflect the changing environment and expectations of standards, and undertaking relevant implementation activities. A 50 / 50 split in all areas would seem appropriate.

11. 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.

IAASB has to both keep existing standards under review and develop relevant new topics that respond to the environment and stakeholder needs. The current work programme has to be completed as soon as practicable, with the new / revised standards given appropriate implementation support. However, the wider body of standards is in need of review to reflect these changes and the wider issues IAASB Has identified.

12. 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.

Two areas we consider important are support for the audits of SMEs and support for implementation of standards in emerging and developing countries. These are both important for reliance on financial information and the wider economy.

In addition, IAASB has to continue its EER efforts, including assurance on integrated reports.

13. 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)?

IAASB has to be open to change in its operating model, whatever the outcome of the MG process. the current hosting arrangement with IFAC may need to be reassessed to increase the perceived independence of IAASB.