

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

Response ID:579 Data

7. SECTION III: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback:

A personal view.

2. Please Indicate:

Name : G Gorgulho

Please complete

Select from the following options that describe your organization:

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; or Few 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.

3. Are you any of the following?

IAASB Observer

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

Africa-Middle East

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

5. 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.).

Assurance requirements will be on the increase. The main reason for this is the environment that we are currently facing. Primarily this has to do with the increased complexity of accounting standards in response to ever changing times. Management's approach to achieving target results are impacting the reporting requirements whereby business principles are being overridden by target requirements. The complexity of accounting standards (being an attempt to respond to the environment) is facilitating opportunities for suspect practices.

The approach to assurance services needs to be considered as a serious and high priority. The standards, in my view, are currently a top down approach. In other words, the standards try and respond to the most complex as the baseline. Inevitably this means that a SME (which number far more than the larger entities) has to make an adjustment when having an assurance engagement performed.

If the standards were focused with a bottom up approach it would be far easier and more effective for the IAASB to issue proclamations to respond to increasing complexities in the environment. The result would be a more robust approach to standard setters, assurance responses would be more focused and appropriate and engagements would be more cost effective and focused.

This would also allow appropriate responses by regulators when considering both risk of Engagements and focus of reviews.

Further, consideration must be given to the approach assurance practitioners are approaching assurance engagements. It is my view that, the more regulators take an approach to ensure the letter of the standards are adhered to, the more the assurance practitioners will approach the engagement on a checklist basis. This may very well hamper the achievement of a quality assurance result.

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6. 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) 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.

Automated audit process are becoming common place. The reliance on AI responses in the audit process will become the norm.

Consideration needs to be taken into refocusing on basic principles. Therefore increased focus on basic accounting principles, how and source of initial transaction recording, business understanding and similar needs to be emphasized. Assessment of management integrity must also be emphasized.

This will result in the above being combined with the AI assurance results facilitating an approved audit outcome.

7. 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?

Specific review and approach of regulators and member bodies is required. International consistent compliance is of paramount importance.

Thus, a review process of members should be considered.

Further, the concept of public interest and risk classification of Engagements both from a regulator and practitioner point of view needs to be considered and either greater clarity or improved guidance be issued to both members and regulators.

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

8. 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 : 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 : 15%

Professional skepticism : 10%

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

Total : 100%

Comments: In line with my previous comments

9. 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	35%	35%	30%
Audits and reviews of historical financial information	40%	35%	25%
Other assurance – EER engagements	40%	35%	25%
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.	45%	35%	20%

Comments: This is based on a decision on the approach to be taken in future. If it changes to a bottom up approach the standards will have to be revised and additional guidance/pronouncements given to respond to increased complexity as they arise. The effect would be a speedier response time to complex issues as they arise.

10. 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.

This is based purely on approach to be taken. I believe a fundamental strategic decision needs to be taken on the future approach on the building of standards and pronouncements supporting those standards (bottom up).

11. 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.

As stated previously I really believe that approach needs to be reconsidered.

Standards need to be developed that result in the execution thereof not being under question. The further audit response would then be based on the entity size and complexity of the transaction base etc.

12. 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)?

None at this juncture. A lot would depend on whether a strategic decision is made as stated in my previous responses in this

survey.