

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

Response ID:742 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: : Grant Thornton International Limited

Name or Person submitting Survey on behalf of the organization: : Sara Ashton

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

Accounting Firm

4. Is this a/an:

[Global network](#) Some audit firms operate internationally through a network of firms. Network firms often share common methodologies and quality control and monitoring policies and procedures. Some networks also share guidance in relation to values, ethics, and attitudes, and have programs to enhance the [knowledge and experience of partners and staff.](#) (or firm within such a network)

5. Is this response on behalf of the global network?

Yes

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

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 are of the view that the potential issues arising from evolving technologies will have the greatest effect on the relevance and application of the auditing standards. The environment today demonstrates how quickly technologies are evolving, a simple example of this being the evolution over the past year of data analytics and the volume of data that can be analyzed in the conduct of an audit engagement.

Further, with the development of crypto currencies, blockchain and artificial intelligence, different auditing techniques and procedures may need to be applied and technological resources will replace human resources in the conduct of certain aspects of the audit.

Such an environment will require the IAASB to be in a position to provide more timely guidance on how auditors in practice can predict and respond to these types of changes whilst maintaining audit quality.

The IAASB should also investigate whether there is a need for guidance for assurance over key individual and non-financial performance indicators (KPIs) as firms increasingly use KPIs in their external reporting.

The IAASB needs to consider whether new standards are appropriate to address evolving technologies along with providing guidance that explains how to apply current standards to new technologies. Consideration could also be given using more innovative ways to provide this guidance, outside of the issuance of new standards, including the development of staff publications. Consideration could also be given to the development a conceptual or judgement framework could be developed, which the auditor could use and adapt to address individual scenarios versus having to address each scenario separately.

The IAASB could also focus more on providing staff guidance, for example, in the form of a "Q&A" publication, similar to that published with respect to the implementation of the suite of auditor reporting standards or in the form of a Staff Practice Alert such as the one published to address specific circumstances relating to the audit of group financial statements.

Other services that may become more prevalent in future environments could include a demand for fraud assurance, the use of continuous audits and the need for more timely certifications.

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) 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 key challenges identified by the IAASB.

We view the potential disruption resulting from the Monitoring Group consultation as perhaps the largest challenge, however, it does provide the IAASB with the impetus and opportunity to revisit established processes and practices.

Other than the issues raised from the Monitoring Group consultation we view the key challenges to be:

- to maintain a board that is not only focused on stakeholder group representation and diversity, but also comprises of members who can bring the appropriate expertise, skills and contributions to the table.
- Improving the speed and agility with which standards or guidance can be developed whilst maintaining quality;
- creating and maintaining auditing standards that will be fit for purpose for a number of years into the future and that do not quickly become out of date; and
- obtaining and retaining sufficient resources to publish standards and other guidance on a timely basis, which keeps up with the pace of change in the environment.

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 are not aware of any specific initiatives.

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 : 20%

Audits and reviews of historical financial information : 35%

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 : 5%

Professional skepticism : 10%

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

Total : 100%

Comments: The percentage allocated to quality control reflects the expectation that the current quality

control projects will close to completion when this strategy is implemented and assumes the focus will be more on the provision of implementation guidance. The percentage allocated to matters relating to audits of smaller and less complex entities assumes that such matters will continue to be considered as part all projects undertaken in addition to implementation guidance on projects currently underway. The percentage allocated to professional skepticism is based on the assumption that this will be an integral part of all projects undertaken and as such additional resource is considered less important. The percentage allocated to EER assumes that this will continue to be externally funded and little IAASB resource will be required. The percentage allocated to other assurance other than EER engagements is made on the assumption that the current Agreed-Upon Procedures project will either be completed or be close to completion.

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	25%	75%	100%
Audits and reviews of historical financial information	60%	40%	100%
Other assurance – EER engagements	50%	50%	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.	50%	50%	100%

Comments: Quality control – based on the assumption that the current projects will be completed early in 2020, the focus should be on providing implementation guidance for the new and revised standards. The percentage allocated to new or revised standards is representative of the potential time to complete the current projects in 2020. Audits and reviews of historical financial information – this allocation reflects that current and recently completed projects will require focus on the provision of implementation guidance in the 2020-2023 timeframe. Further, we are of the view that current ISAs that have not been updated beyond the updates resulting from the clarity project should be reviewed for continued relevance and the expectation that the IAASB will commence its own Audit Evidence project. EER engagements – this allocation assumes that the proposed guidance from the ongoing initiative is considered to be part of the new and revised standards option rather than implementation guidance and that the project continues if external funding beyond 2019 is not received. Other Assurance – this allocation reflects the current anticipated timeline with which to complete the Agreed-Upon Procedures project and the need for guidance on topics such as data analytics and other emerging technologies although it is unclear at this stage whether this will result in new or revised standards or guidance on how to implement existing standards in the context of emerging technologies.

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.

Although not presented as options above, we are of the view that the IAASB should first focus resources on the completion of the current priority projects, some of which are expected continue into the 2020-2023 strategy period. Once resources from these projects are released, the focus should be on providing implementation guidance for the completed and approved standards.

From the options presented above, before any new projects are undertaken, we believe that option a) would be the first logical step to firstly determine if there are any higher priorities than those currently identified. Once that exercise has been completed, this would provide information in relation to the prioritization of new projects and topics (option b), and the development of other support or guidance.

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 are of the view that the development and provision of implementation guidance is the highest priority for the IAASB, especially in light of the complexity of recently issued and proposed standards. It is imperative that these standards are consistently applied and result in high quality audits. This is especially relevant in the current regulatory environment.

Further, outreach performed, including that from the IAASB's Invitation to Comment, Enhancing Audit Quality in the Public Interest, has highlighted strong calls from all stakeholders for the provision of guidance and tools outside of that included in the standards and for practical examples of the application of the standards. This is especially relevant to small- and medium-sized entities. To ignore such calls would not be in the strategic interests of the IAASB.

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)?

Please note that the response to question 3 of the information about the respondent concerning geographical region should have been "Global Organization" however, this was not presented as an option.