

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: : Hong Kong Institute of Certified Public Accountants

Name or Person submitting Survey on behalf of the organization: : Selene Ho

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

IFAC Member Body or Other Professional 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?

4. IFAC Member Body or Other Professional Organization

IFAC Member Body, Affiliate or Regional 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?

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

Asia

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.).

This document has identified a number of factors that are likely to have a significant impact on the environment by 2020 and beyond. We believe that the need for audit services will remain but the shape and delivery may need to significantly change. As stakeholders would like more transparency and information (financial and non financial), we believe that the demand for other forms of assurance services may grow. The impact of technology will see a change in the way audits are carried out. The IAASB's International Standards must continue to be robust and based on solid principles that can accommodate the changes that are expected and as yet unexpected. The IAASB's efforts may shift to developing standards outside audit. In addition the IAASB will have to ensure it has an organization and resources that can react to new and emerging issues

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) 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.

With the ongoing discussion and development of the Monitoring Group's review and the possible changes to the standard setting model, the IAASB will have to be nimble and reactive to keep all options open. We appreciate that the IAASB is fully engaged in this process and will have to demonstrate a capacity to adapt and accommodate change to avoid having change imposed by third parties.

To ensure effective global implementation of IAASB's standards, it would also be useful to establish a mechanism for collating and addressing implementation and application matters.

It is important that the IAASB heed the call for more efforts to support effective global implementation of the standards through publications, FAQs, "train the trainer" etc.

Non authoritative publications or guidance providing a high level overview of the requirements and key changes would help practitioners gain insight how to implement the standards.

FAQs can help to explain the requirements in the standards and how they are to be implemented in a specific circumstance.

"Train the trainer" sessions can provide national standard setters, firms, in particular the SMPs, to get in

depth understanding of the standard and ensure standards are implemented in a consistent manner.

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?

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 : 25%

Audits and reviews of historical financial information : 15%

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 : 20%

Professional skepticism : 20%

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

Total : 100%

Comments: Quality control – More practical guidance to support practitioners for the implementation of ISQC1 and ISQC 2. Audits of historical financial statements – There should be a period of stable period after the completion of the existing planned projects such as ISA 600, Audit Evidence. Other assurance – EER engagements – Given the increasing demand for such engagements, it would be useful for IAASB to develop standards in this area. Professional skepticism – Support IAASB's approach that aspects of professional skepticism will be considered as part of the IAASB's planned future project on Audit Evidence and will also continue to be considered within each of the individual projects currently underway. Matters relating to audits of smaller and less complex entities – to consider the needs of SMPs

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	20%	80%	
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.			

Comments: Quality control – IAASB should focus on implementation activities after the finalisation of ISQC 1 and ISQC 2 in 2020. Audits of historical financial information – ISA 600 should be near completion in 2020/2021. Efforts should be spent on implementation activities. Other assurance – EER engagements – Similar efforts should apply to both developing and implementation stages to ensure developing a robust standard and consistent application

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.**

Given the extent of adoption of the ISAs and the criticism of the quality of standards that are voiced by various groups it is important that the IAASB review the effectiveness of extant standards. However, this must not be to the detriment of the ability to react promptly and effectively to new issues and demands. In the current and likely future environment it is not feasible to declare a moratorium on new standards. The IAASB should consider 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.

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.

We appreciate IAASB's commitment to revising ISA 600 and the limitation on staff resources to expedite the project. Amongst the list of issues identified and possible responses in the IAASB's Project Update - Enhancing Audit Quality Focusing on Group Audits, the IAASB may consider clarifying the guidance relating to determining and applying component materiality in the context of ISA 320 in the interim period. The development of guidance on this topic may be undertaken separately as it does not require input from other task forces.

In addition, ISA 600 currently does not include guidance on dealing with auditors of associate entities. We believe that the development of such guidance and its inclusion in future standards would be useful to practitioners.

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)?

See comments in Q2 above.