

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: : OECD Organisation for Economic Co-operation and Development

Name or Person submitting Survey on behalf of the organization: : Greg Medcraft (Director, Directorate for Financial and Enterprise Affairs)

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.

Intergovernmental organisation

Are you any of the following?

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

Europe

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 use of artificial intelligence (AI) and block chain might affect dramatically how the flow of information within companies will be recorded and how auditors can perform their duties. With such technologies, the work of auditors will be facilitated and therefore the value they provide will increasingly have to come for their judgement and critical thinking.

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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.

- a) Scalability of the IAASB's auditing standards. Despite the rise and visibility of large public enterprises, more and more companies are deciding to stay in the private domain for different reasons. At the same time, an increasing amount of funds is flowing into these companies via private equity firms, private debt funds, peer-to-peer lending, crowdfunding platforms, etc. Most of these corporations lack audited financial statements and it represents a challenge to have scalability of the auditing standards for this type of corporations to increase the quality of information and transparency available for investors. On the supply side, having high quality financial statement also helps companies to access alternative financing sources.
- b) The availability of new technologies that can potentially reduce the cost and time of auditing could also represent an opportunity to reach out to currently non-served segments of companies (i.e. mid-sized/small corporations).

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?

The OECD Corporate Governance Committee is finalising a Thematic Peer Review on Flexibility and

Proportionality of Corporate Governance Rules. The purpose of this peer review is to facilitate effective implementation of the G20/OECD Principles of Corporate Governance and to help policy makers, regulators and market participants to respond to developments that may influence the relevance and effectiveness of their existing corporate governance framework. IAASB can draw some interesting and helpful experiences from this work. The report covers 7 areas, describe based on country surveys how countries use different criteria to implement flexibility and proportionality, and it provides one country study by area on how these jurisdictions apply flexibility and proportionality. The report should be published before the end of 2018.

Blockchain technology is also priority topic at the OECD. Blockchain has the potential to transform the functioning of a wide range of industries. Its features can increase transparency and traceability, facilitate market access and improve the efficiency of transactions. The OECD will held on 4-5 September 2018 a conference on Distributed Ledgers: Opportunities and Challenge (more information

<http://www.oecd.org/fr/finances/oecd-blockchain-conference-2018.htm>)

Please see related documents and publications:

[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/CA/CG/RD(2018)1/REV1&docLanguage=En)

[cote=DAF/CA/CG/RD\(2018\)1/REV1&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/CA/CG/RD(2018)1/REV1&docLanguage=En)

[https://one.oecd.org/document/DAF/COMP/WD\(2018\)47/en/pdf](https://one.oecd.org/document/DAF/COMP/WD(2018)47/en/pdf)

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 : 30%

Professional skepticism : 35%

Matters relating to audits of smaller and less complex entities : 35%

Total : 100%

Comments: For rationale of this response, see Q1 and Q2

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			
Audits and reviews of historical financial information			
Other assurance – EER engagements			
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: Key focus on undertaking implementation activities, as mentioned before, scalability of the IAASB's auditing standards and the use of new technologies both requires a large effort in terms of implementation

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.

(a)

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.

The new technologies like AI and block chain available for companies and auditors may be an opportunity to extend audit services to mid-sized and small companies at a lower cost. Resources to be devoted to explore on how to scale the audit standards to such segment and the role of those available technologies in achieving this objective.

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)?