

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

Response ID:689 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: : RSM

Name or Person submitting Survey on behalf of the organization: : Steve Whitcher

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:

Europe

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.).

Our view is that the demand for assurance services other than audit will grow in the same way as we have recently seen increased demand for reporting on areas such as sustainability and cybersecurity. The challenge will be to develop standards which are responsive to these new demands whilst at the same time remaining principles based.

The development by our clients of new technologies and ways of transacting, such as blockchain and cryptocurrencies, are already challenging auditors and they will continue to do so. The standards will need to evolve to meet these challenges and include more guidance around the use of data analytics and artificial intelligence. A particular issue in respect of audit evidence will be the current reperformance requirements which may be difficult to achieve in an environment where some audit activities may be performed using machine based learning.

Another challenge will continue to be the credibility of the profession. Recent, globally reported, concerns over perceived failures of external audits could lead to ever tighter regulation and inspection regimes. The ability of the IAASB to respond quickly to this challenge will be critical.

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.

Without a clear indication of the final proposed standard setting and funding structure from the MG, it is difficult to be definitive on these additional key challenges facing the IAASB. However, we agree with those set out in section II. Specifically, we would mention:

- Retaining principles based (rather than rules based) standards which are updated for changes in technology. This is a particular challenge which arises from the MG proposals to alter the composition of

the standard setting bodies.

- Ensuring that the global adoption of standards continues and that there is no return to national standard setting as a result of any new standard setting process which emerges from the MG consultation;
- Recruiting and retaining high caliber staff.

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?

Following on from the point regarding global adoption above, in our view it is important for the IAASB to work with other standard setters, eg in the US, to ensure that, eventhough they may issue different standards, the principles contained in the standards are as closely aligned as possible.

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 : 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 : 20%

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 : 20%

Professional skepticism : 10%

Matters relating to audits of smaller and less complex entities : 10%

Total : 100%

Comments: These priorities reflect our view that other assurance related activities will increase in importance and that quality control should always be a priority for the profession. Both professional skepticism and matters relating to smaller entities are important but the existing standards are not defective in these areas.

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	10%	90%	
Audits and reviews of historical financial information	10%	90%	
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.	50%	50%	

Comments: In the areas of quality control and audits of historical financial information the standards are well developed. They just need to remain up to date and be applied consistently. For other assurance engagements, more guidance is required as these grow in usage.

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.

Our view is that the existing standards should be revised to take account of recent technological changes, ie item (a).

Fundamentally the standards are based on sound principles but, given the increasing speed with which technology is moving, they do need updating.

The challenge is supporting auditors in the implementation of revised standards and therefore much of this may take the form of guidance rather than new requirements.

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.

Analytics, particularly data analytics, because there is a perception that the existing standards make it difficult to use these techniques. This topic is relevant to entities of all sizes and types because these techniques can be applied in many different scenarios. We do not consider that data analytics is only relevant to the larger/listed audit.

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)?

Speeding up the standard setting process whilst still retaining proper scrutiny would address issues raised by the MG. This will be particularly important in the areas of changing technology, particularly given the speed of change.

Adding professional technical staff who carry out detailed drafting would enable board members to devote more time to research and consultation on new or revised standards.