

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: : The Japanese Institute of Certified Public Accountants (JICPA)

Name or Person submitting Survey on behalf of the organization: : Sayaka Sumida

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.).

We believe that the circumstances surrounding audits will become increasingly diversified from 2020 onward. We expect audits for some of the advanced listed companies to become more complex due to innovations in technology and the increasingly complex business landscape, so that the needs for audit techniques based on advanced technologies will rapidly increase. Companies with such needs are not necessarily large companies. On the other hand, relatively small companies or non-profit organizations based on a traditional business model will continue to need financial statement audits. Such diversification of audited entities will likely to cause competed calls for direction for revision of ISAs.

In addition, as the importance of non-financial information increases, there will be increasing needs for some type of assurance for such qualitative information. As a result, there is increased expectation for a framework of new professional services that transcends the traditional assurance framework (reasonable assurance/limited assurance) or the AUP framework.

Accordingly, in order to develop international standards that address diverse audited entities with different needs, development of medium to long-term development policies should be explored to avoid constantly making less unessential revisions that result in changes of expressions and/or the structure of extant standards. Such policies address more fundamental aspects for example, determining whether or not to keep a single set of audit standards, or clarification of the assumed nature of audited entities. Based on that policy, it will be more important than ever to clearly prioritize the areas for developing new standards or revising existing standards.

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)**
- (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.

For key challenge ((a)), we agree with the views described in Section II.

For key opportunity to change the way IAASB undertakes its activities ((b)), we believe that the first example mentioned in Section II (a strategic review of the extant standards with a focus on whether they are fit-for-purpose in the evolving environment) will be beneficial. In addition, in order to address diverse audited entities with different needs, we believe it is necessary to review following matters as part of the strategic review.

- Need for clarification/categorizations of nature of audited entities assumed in the ISAs.
- Granularity of principles-based requirements
- Applicability of standard in global, and ensuring usage of plain English throughout standards from a translation perspective

In addition, we believe that it would be beneficial to develop guidance to supplement the standards.

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?

None.

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 : 5%

Audits and reviews of historical financial information : 45%

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 : 5%

Matters relating to audits of smaller and less complex entities : 15%

Total : 100%

Comments: ^{xx} As an overall image, it would be appropriate to devote half of the resources to maintenance and revision of the extant ISQC & ISAs, and use the other half for projects that address the prospects for the future. ^{xx} For quality control, we have allocated 5 % on the premise that the ongoing quality control project will be substantially completed by the end of December 2019. ^{xx} For audit standards, our allocated percentage mainly envisions the completion of the projects currently underway (i.e., those related to ISA 600, and revision of ISA 500 and other relevant ISAs such as analytical procedures to address issues arising from D&A). ISA 600 addresses issues that are mainly related to the issues for application of standards in practice. On the other hand, the project related to ISA500, which addresses the changes in audit techniques such as D&A through the use of technology and the concept of audit evidence, deals with fundamental matters in audit; therefore we believe the priority of resource allocation should be high. ^{xx} For other assurance engagements, we have allocated the percentage based on a view of increasing needs for assurance engagements for EER and services related to the advancement of technology. ^{xx} It is important to determine whether or not a single set of audit standards should be maintained, and to clarify the assumed nature of audited entities in the audit standards, through discussion of issues related to audits for SMEs.

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	0%	100%	
Audits and reviews of historical financial information	80%	20%	
Other assurance – EER engagements	90%	10%	
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.	70%	30%	

Comments: ^{xx} For quality control, we believe that supplemental guidance or tools to facilitate the implementation of revised ISQCs should be developed, and post-implementation monitoring should be conducted from 2020 onward. ^{xx} For development of revised standards, we believe that ISA 240 should be revised in line with revised ISA 315, and ISA 500 and ISA 520 should be revised to address the advancement of technology. ^{xx} For ISA implementation activities, we believe that post-implementation monitoring in relation to the revised ISA 315 and ISA 540 should be conducted. ^{xx} For assurance engagements related to EER, we allocated a higher percentage for (i) as we assume that guidance will be developed based on the existing framework of assurance engagements before the development of standards. ^{xx} We allocated a higher percentage for (i) in relation to other assurance engagements (other than EER engagements) and related engagements. For example, in relation to the assurance engagement for the service organization, due to advancing IT, we believe establishment of assurance standards equivalent to SOC2 and SOC3 in the U.S. will become important. Also, we believe the needs for new assurance engagements for virtual currencies will arise. At the same time, with the progress of IT usage, a certain level of resources should be allocated to (ii) as there is a need for development of material, etc. to support the implementation of ISAE 3402 for the service organization that does not currently engage with the service auditor to issue Type 1 or Type 2 reports.

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) For ISAs, we believe that the primary focus should be on a strategic review of the extant standards.
- (b) In terms of addressing new topics related to other assurance engagements to respond to advancing IT, prioritization should be made by considering various projects overall, including those related to the ISAs

and assurance engagements associated with EER.

(c) Revision of the extant standards focusing on changes of the structure and expressions should be withheld until a broad policy on the development of standards is determined.

(d) None.

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.

None. As mentioned in the answers for question 6 (a) and (b), we believe specific topics cannot be identified until prioritization has been made by considering various projects overall.

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)?

None.