

# Envisioning the Future—Survey on the IAASB's Future Strategy

Response ID:717 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: : XBRL International, Inc

Name or Person submitting Survey on behalf of the organization: : John Turner

### 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; or Few 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.

XBRL International is a not-for-profit \*global\* standards development organization that manages the XBRL specification for digital business reporting. XBRL is used by many countries and companies for regulatory reporting and, more recently, management reporting. More than 130 regulators in ~70 countries rely on the XBRL standard to facilitate digital business reporting amongst millions of companies, including financial statement disclosure for private and public companies.

(Please note that the "geographic region" checkbox does not include "Global Organization")

#### Are you any of the following?

#### 5. 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

**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 are concerned with evolving technology. The delivery of financial statements in structured, digital form is an increasing trend across the world, for both public and private companies. The use of Inline XBRL for public company financial statements that are both human and machine readable will be mandatory in the EU and US by 2021. Significant Asian markets (Japan, Taiwan) are working towards similar requirements and many others look set to follow. These financial statements lend themselves to automated consumption for a wide variety of end users through advanced analytics and AI. There are currently no assurance processes nor audit report processes that allow the digital consumption of the Auditors report or apply to the digital financial statements. This impacts the relevance of Audit for a growing proportion of users.

**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.*

**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?**

As described above, the IAASB should be cognisant of the rapid increase in structured, digital reporting by public companies in particular, including those environments that are leveraging resources such as the IFRS taxonomy to help with comparison, discovery and analysis.

## 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 : 50%

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 : 5%

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 : 5%

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

Total : 100%

**Comments:** We do \*not\* have a formally adopted perspective on this question, but it is required.

**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 <a href="#">related services</a> <a href="#">Related services pronouncements include: ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (currently being revised); ISRS 4410 (Revised), Compilation Engagements.</a>			

**Comments:**

**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.**

(b) Prioritize projects on new topics (as determined by the consultation on the IAASB's future strategy and priorities).

As investors continue to expand the use of digital analytics, we are concerned that the IAASB will fall behind market practice and expectations if it is unable to respond to new developments in technology in financial reporting (including the digitization of financial reporting). If the IAASB is unable to provide global standards for the conduct of audits that address some of these new issues there will be a fractured, regional or national response to these issues; and/or the relevance of the audit itself will be at risk.

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**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.**

Given the rapid rise of mandatory Inline XBRL financial statements filing (including in the US and EU) we believe that the standards setters need to consider what mechanisms will allow users to expand their reliance on these human and machine readable reports. Specifically, that means considering what audit or assurance processes should be completed in connection with the machine-readable components of the reports. More broadly, it means determining the format and content of auditors' reports. What do they need to say about the machine-readable components? In what format? To remain relevant in a digital world it is vitally important that the audit reports themselves are machine readable. Finally, how should the audit reports and the financial statements be linked and sealed? It's time for the audit profession and audit standards setter to think these modest questions through at a global level.

The consumption of digitised financial statements by a range of tools and systems provides significant and demonstrable benefits to the user community, as evidenced by regulatory policy in this field. The benefits of having audit opinions cover these digitised reports outweigh, in our view, the costs associated with a small addition to the existing set of audit/assurance procedures. Those benefits include enhancing the quality of these reports and ensuring the long-term relevance of the audit overall.

While the urgency of these issues perhaps relates to public company reporting, they also relate to private company reporting in a number of countries. We expect that government financial reporting will also rapidly migrate to digital form impacting the public sector.

We note that the rapidly falling costs associated with these technologies (including the availability of the freely licensed XBRL specifications, a range of open source technologies and significant competition) means that barriers to entry are low.

The effect of this is that emerging and developing markets are able to, and do, "leap frog" older disclosure mechanisms and adopt state of the art digital reporting frameworks relatively easily.

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**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)?**