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: : Australian Auditing and Assurance Standards Board

Name or Person submitting Survey on behalf of the organization: : Matthew Zappulla, Technical Director

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

National Standard Setter

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

4. National auditing standards same as, or based on, the IAASB's current International Standards on Auditing

Yes

Please specify which standards are used:

5. Other national standards same as, or based on, IAASB's other standards (i.e., assurance, related services and reviews)

Yes

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:

Oceania

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.).

The AUASB has identified four key themes which we believe should drive the IAASB future strategy.

1) TECHNOLOGY
The impact of new and improved technologies on the conduct of the audit and the subject matter auditors are providing assurance on is the most pressing issue which needs to be incorporated into the IAASB's future strategy. Indeed, the IAASB should update its strategy and work plan as soon as possible to identify projects which ensure its standards are' fit for purpose' and as 'future proof' as possible. In particular:
a) There should be an encouraging of innovative audit and assurance techniques which increase the efficiency and effectiveness of the audit, and the standards should be reviewed to identify and remove any barriers to implementation or acceptance by practitioners, regulators and other stakeholders;
b) There needs to be a consideration in the current environment as to how assurance practitioners and other users of the standards access the standards, and whether the current structure and format of the standards facilitates these needs, and whether technology can be used to better facilitate decision making by standards-users; and
c) The existing suite of IAASB standards and guidance needs to be updated to incorporate new technologies that are already being applied to an entity's reporting information, such as different forms of cryptocurrencies being held on balance sheets and the use of blockchain to account for transactions.

2) EER
The broadening of Assurance offerings and the trend for stakeholders to demand different forms of information, as well as have this information assured, means the IAASB should place a greater focus in its strategy and work plan on developing assurance standards and guidance that meet user needs for external reporting beyond financial reporting. Whilst the current project on EER Assurance is a good start, it needs to have a greater focus from the IAASB going forward. Such a focus needs to include a recognition that the current IAASB Assurance Framework (which segments the standards between those addressing 'traditional' forms of assurance over historical financial information and other non-financial or non-historical information) may no longer be fit for purpose as the information needs and reporting information demanded by stakeholders evolves, often being a hybrid of different types of subject matter.

3) SMP/SME AUDITS
The momentum and goodwill created in 2017 on this topic has dissipated and it is incumbent on the IAASB to urgently prioritise its work to evaluate whether the current suite of auditing and assurance standards retain their ability to be efficiently and effectively applied across all audits, regardless of their size and complexity. Whilst the initial attempts to build scalability into recent revisions to the standards have been admirable, they often do not go far enough. The increased influence of regulators and their desire for the ISA's to include greater complexity and more prescriptive elements increases the divide between the needs for audits of listed or PIE entities and audits in the SME space. Recent updates to the ISA's (e.g. ISA 540) have often been directed at listed or other public-interest entities, resulting in standards being longer and

more complex.

The current IAASB project on SME consultation needs to be scaled up and given a higher priority. The IAASB needs to urgently mark out a way forward on this issue to give confidence to the profession and reduce the risk of alternative approaches to this topic creating more confusion and uncertainty. Otherwise it may diminish the IAASB's relevance when it comes to standards in the SME market segment, which is a significant driver of economic activity and represents a very large portion of entities subject to audit around the globe.

4) VALUE OF THE TRADITIONAL ASSURANCE PRODUCT/INCREASING THE RELEVANCE OF THE IAASB's STANDARDS

In an environment where there is a loss of trust in many institutional settings, the ability in the current market to derive value from assurance is under increased threat. The complexity of subject matter and reporting environments is increasing, so the burden of more complex auditing and assurance standards that increase work effort, whilst at the same time practitioners are finding it more difficult to extract value and recover costs, places the profession under economic pressure, diminishes their relevance and acts as a potential inhibitor to the ability to attract the best resources to the profession.

Whilst the IAASB's mandate as a standards setter does not address all the factors that drive this issue, a critical part of its future strategy must be that the IAASB, and other relevant parties focus on enhancing not only the quality of audit and assurance standards, but also identify and implement measures that enhance the value and benefits of audit and assurance in the current environment. New standards or revisions to existing standards need to firmly focus on these environmental factors when being developed by the IAASB, and there should be a greater emphasis from the IAASB on developing guidance and tools that supports implementation by practitioners and informs all stakeholders about the critical role audit and assurance has in the global environment.

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)
(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.

The AUASB's submission to the Monitoring Group Consultation included a comment that, based on our observations of the IAASB's recent activities, we consider that current standard-setting board processes (including task force activities) could be streamlined, for example through:

• A reduction in the detail of meeting papers produced. This would assist in making the boards' deliberations more accessible and transparent to interested stakeholders, particularly where English is not the native language;

• Implementing additional and more flexible staffing arrangements for each standard-setting board could be used. For example, we encourage increased outreach and interaction with National Standards Setters (NSS) to support the activities of the IAASB; and

• The increased use of technology as part of the boards' operations, such as the webcast of meetings and other standard-setting board events. This could improve efficiency, reduce costs, whilst also enabling greater collaboration with stakeholders across all parts of the world.

Additionally, the AUASB believes the IAASB needs to be more agile and prioritise post implementation reviews to more promptly and effectively identify where there is a need for more guidance and/or issues to be addressed in recently revised standards. This is particularly the case as the application of ISA 540 and ISA 315 will require considerable implementation support due to their increased complexity and detail.

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?

In its current work plan the AUASB has launched a number of Strategic Projects aimed at improving guidance and supporting implementation of the current suite of AUASB standards. Whilst some of these have a primarily domestic focus, many would be relevant to a global audience such as a project focusing on Public Sector auditing issues, a mapping of the current auditing standards to areas users have identified as challenging implementation issues when applying new technologies on audits (including data analytics), assurance of EER and work on additional FAQs and guidance to support the implementation of auditor reporting in its 2nd year.

In 2017 the AUASB released revised versions of two Australian specific Assurance Standards – ASAE 3100 Compliance Engagements designed to help assurance practitioners promote a high-quality and consistent approach on assurance engagements on compliance; and ASAE 3500 Performance Engagements which is targeted at Performance Audits performed in the public sector.

In addition we continue to work closely with our colleagues in New Zealand at the NZAuASB supporting their development of an auditing standard on service performance information. The AUASB may decide to issue a similar standard in future and we would encourage the IAASB to consider whether a global project addressing this topic has merit as part of its response to developments in the EER space.

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 : 5%
Audits and reviews of historical financial information : 50%
Other assurance- EEREmerging 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 servicesRelated 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 : 10%
Professional skepticism : 5%
Matters relating to audits of smaller and less complex entities : 15%

Total : 100%
Comments: The AUASB acknowledges the importance of all of these topics, and that the majority of time spent by the IAASB needs to continue to be in its core offering addressing audits and reviews of historical

financial information, particularly with respect to reviewing and enhancing the IAASB's standards to consider the impact of emerging technologies and other environmental factors. In particular the need to address matters relating to audits of smaller and less complex audits and EER Assurance matters are considered to be a high priority for the AUASB, consistent with our response to which global trends or issues the IAASB should be considering in our response to Question 1. We expect the work on professional scepticism currently performed with the IESBA no longer needs to have as much emphasis and the work on quality control standards should diminish as revised versions of ISQC 1 and ISA 220 are already in progress.

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	0%	100%	0%
Audits and reviews of historical financial information	40%	60%	0%
Other assurance – EER engagements	40%	60%	0%
Other assurance (other than EER engagements) and related servicesRelated services pronouncements include:ISRS 4400, Engagements to Perform Agreed-0Upon Procedures Regarding Financial Information (currently being revised); ISRS 4410 (Revised), Compilation Engagements.	50%	50%	0%

Comments: The AUASB fully supports the IAASB taking a greater role supporting the effective global implementation of the IAASB's standards. A key part of this is developing guidance materials and providing educational support for the 120+ National Standards Setters (NSS) who adopt the ISA's in their jurisdictions. Accordingly all of the responses above indicate our preference for the IAASB to undertake a greater portion of their current resources on implementation support activities. In particular, as we see the actual or perceived complexity and granularity of certain ISA's (such as 540, 315 and ISQC 1) increase the need for the IAASB to develop and promote practice aids that drive consistency and reduce barriers to effective implementation are critical. A key factor that will aid implementation support and greater adoption is greater two way interaction with the NSS community. The NSS community are those which are charged with implementing the international standards in their national jurisdictions. As indicated at the recent IAASB NSS Meeting in Vienna, the AUASB is willing and able to support the IAASB in its engagement with the NSS network and play a facilitative role.

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.

Connected to our response in question 1, the AUASB would support that the IAASB prioritise a strategic review of extant standards, but with a specific focus on incorporating issues associated with new and evolving technologies and assessing the scalability and implementation challenges for SME audits before prioritising new projects. This would also allow time for implementation of the new standards currently under development and planned for approval in the next 18 months to come into effect.

We believe that the IAASB's work plan can be designed to address a strategic review of extant standards whilst still addressing improvements to the existing assurance framework. Key to this is a revision of the IAASB's existing practices to improve the timeliness and transparency of the standard-setting process which may be achieved with the assistance of some of the suggestions we have included in the AUASB's response to question 2 of this survey.

Additionally, the AUASB suggests that there is an opportunity to reduce the complexity and increase the scalability of the IAASB's existing standards. For example, the IAASB could consider allocating a specific weighting or importance to each requirement in the ISAs. I.e. At the moment each of the required paragraphs in an ISA are considered equal - however, an approach of hierarchical or weighted requirements could be applied to achieve these objectives.

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.

Refer to the four areas included in our response to Question 1 of this survey – the AUASB believes that the IAASB's priority when considering developing new, or revising existing, standards or related guidance for the period 2020—2023 should be focused on the impact of new and emerging technologies on the IAASB standards, a greater emphasis on standards and guidance providing assurance over EER, the need to address implementation issues in the SMP/SME market segment and a need to ensure the IAASB's standards and guidance focus on measures that increase the value of the traditional assurance product.

Given the various factors impacting on the value of the audit described in our response to Question 1 of this survey, one consideration the IAASB may consider as part of its future strategy is to review and update its Standards governing the conduct of review engagements. With so many competing pressures on what constitutes the requirements for an audit, perhaps a solution is for the IAASB to reconsider how the different needs of stakeholders could be met by positioning review engagements as a genuine alternative to an audit rather than just a poorer option which is how they are sometimes currently perceived. Additionally, the reporting requirements within the standards on review engagements need to updates as soon as possible to align them with the changes made to the ISAs in respect of the auditor reporting project in recent years.

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)?

Refer to the AUASB's previous response in Question 2 of this survey, where we have we suggested that current IAASB processes (including task force activities) could be streamlined, for example through:

• A reduction in the detail of meeting papers produced;

• Implementing additional and more flexible staffing arrangements; and

• The increased use of technology as part of the boards' operations to improve the transparency and accessibility of the board's activities.