

Meeting: IAASB Consultative Advisory Group
Meeting Location: New York
Meeting Date: September 11, 2012

Agenda Item F.4

Strategy and Work Program, 2012–2014

Objectives of Agenda Item

1. To provide a report back on proposals of the Representatives on the Strategy and Work Program, 2012–2014 (SWP), as discussed at the March 2012 CAG Meeting.

Project Status and Timeline

2. The IAASB approved the SWP at its March 2012 meeting.

March 6–7, 2012 CAG Discussion

3. Below are extracts from the draft minutes of the March 2012 CAG meeting,¹ and an indication of how the project Task Force or IAASB has responded to the Representatives' comments.

Representatives' Comments	Task Force/IAASB Response
Mr. Kuramochi noted that IOSCO supports the prioritization of the project on auditor reporting.	Support noted. [See paragraphs 8–9 and 27 of the SWP for discussion of the auditor reporting project.]
However, he suggested that the IAASB also continue to focus on disclosures and liaison with groups such as the European Securities and Markets Authority. He highlighted that as accounting becomes increasingly complex and disclosures more central to understanding the financial statements, auditors will continue to be challenged to ascertain what constitutes material disclosures.	Point accepted. Mr. Gunn noted that the topic of disclosures is a point of emphasis for the IAASB-IASB Liaison Working Group, and that IAASB plans to consider a project proposal on disclosures in 2012. [See paragraph 27 of the SWP for discussion of the future disclosures project. The project proposal is included for discussion at CAG Agenda Item E.]
Mr. Koktvedgaard supported the proposal to create the INFO Working Group ² as this would inform the projects on auditor reporting and professional	Support noted. [See paragraphs 16 and 43–44 of the SWP for

¹ The minutes will be approved at the September 2012 IAASB CAG meeting.

² The INFO Working Group is tasked with identifying and researching issues and actively monitoring relevant developments to inform longer term IAASB strategy and standard-setting activities

Representatives' Comments	Task Force/IAASB Response
skepticism.	discussion of the INFO Working Group.]
Mr. Waldron expressed support for prioritizing the auditor reporting project. He also indicated that the topic of preliminary announcements is also priority for the CFAI.	Support noted. [See paragraphs 8–9 and 27 of the SWP for discussion of the auditor reporting project, and paragraphs, and paragraphs 13 and 34–35 for discussion of the topic of preliminary announcements.]
Mr. Pannier expressed strong support for the work plan noting that the new projects were valuable.	Support noted.
Mr. Diomeda expressed support for the IAASB's timely revision to standards relating to reviews and compilations. He suggested that the IAASB explore a “building blocks approach” to standard setting to alleviate practical and implementation challenges for SMPs. Mr. Bluhm added that priority be given to the initiative to develop a document that seeks to improve users' understanding of audit, reviews and compilations.	Support noted. [See paragraphs 37–38 and 50 of the SWP.]
Ms. Sucher, commenting in her capacity as an observer and former CAG member, noted that she supports the Board's re-prioritizations but sees challenges. She also suggested that the IAASB's planned work on banking could include the broader topic of how auditors should interact with supervisors.	Point noted. Point accepted. The final strategy and work program was amended to reflect this point. [See paragraph 32 of the SWP.]
Messrs. Jusuf and Ratnayake suggested that the IAASB consider prioritizing the project to determine whether more specificity and guidance is needed in ISA 540.	Point accepted. The IAASB agreed this project could be better described and plans to form a working group to inform this future project later in 2012. [See paragraphs 29–31 of the SWP.]
Messrs. Hansen, Diomeda, Pannier and Kuramochi expressed support for the Staff Q&A on	Support noted.

Representatives' Comments	Task Force/IAASB Response
professional skepticism. Mr. Pannier suggested that the IAASB revisit the topics of professional skepticism and ISQC 1 after the release of the exposure draft of the Auditor Reporting.	[See paragraph 25 of the SWP.]
Mr. Johnson complimented the IAASB for its reaction to market developments, adding that timely communication about the IAASB's work will be important going forward in order to meaningful influence change. He applauded the IAASB's liaison and coordination initiatives, noting in particular IAASB leadership's meeting this week with European Commission rapporteurs.	Support noted. [See Appendix 2 of the SWP for a description of the IAASB's outreach and communication activities that are expected to continue.]
Mr. Hallqvist noted that in many jurisdictions management has significant influence on the appointment of the auditor and that the quality of an audit is enhanced when the auditor is directly accountable to the shareholders or owners of the company, independent of management in substance and in form. He recommended that the IAASB undertake a project addressing the importance of independence for audit quality. He also suggested that the auditor reporting project should give consideration to the influence of corporate governance on the audit.	Point taken into account. Prof. Schilder responded that part of the focus of the INFO Working Group would be to work with others to influence improvements in corporate governance. [See paragraphs 16 and 43–44 of the SWP for discussion of the INFO Working Group, and paragraph 27 of the SWP for discussion of the IAASB's current project on audit quality.]

Matters for CAG Consideration

- The Representatives are asked to note the Report Back above, in particular the changes made as a result of the CAG's comments.

IAASB Interaction with the IAASB CAG

- There are no substantive issues being raised for the purposes of the September 2012 IAASB meeting as the IAASB has approved the SWP at its March 2012 meeting. Accordingly, this report back serves as the final update to the CAG Representatives on this project.

Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

IAASB Strategy and Work Program, 2012–2014, issued in June 2012

<http://www.ifac.org/sites/default/files/publications/files/IAASB%20Strategy%20and%20Work%20Program%202012-2014-final.pdf>

Appendix

Project History

Project: IAASB Future Strategy and Work Program for 2012-2014

Summary

	CAG Meeting	IAASB Meeting
Project Commencement	March 2010	March 2010
Development of Proposed Strategy and Work Program (up to Consultation)	September 2010	September 2010 December 2010
Consultation	January 2011	January 2011
Report Back on Final Consultation Paper and Further Discussion	March 2011	-
Consideration of Respondents' Comments on Consultation	September 2011	September 2011 December 2011
Final approval of Strategy and Work Program	March 2012	March 2012

CAG Discussions: Detailed References

Project Commencement	<p><u>March 2010</u> See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5251 See CAG meeting minutes (in Agenda Item B of the following material): http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211</p>
Development of Proposed Strategy and Work Program (Up to Consultation)	<p><u>March 2010</u> See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5251 See CAG meeting minutes (in Agenda Item B of the following material): http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211 See report back on March 2010 CAG meeting (in paragraph 2 of the following material): http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5691 <u>September 2010</u> See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5691 See CAG meeting minutes (in Agenda Item G of the following material): http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6186 See report back on September 2010 meeting (in paragraph 8 of the following): http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5979</p>

<p>Report Back on Final Consultation Paper and Further Discussion</p>	<p><u>March 2011</u> See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5979 http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5980 See CAG meeting minutes (in Agenda Item E of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemA-Final_March_2011_Public_Minutes_APPROVED-v1-03.pdf See report back on March 2011 CAG meeting (in paragraph 7 of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemK-Strategy-V1-02.pdf</p>
<p>Consideration of Respondents' Comments on Consultation</p>	<p><u>September 2011</u> See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemK-Strategy-V1-02.pdf http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemK1-Strategy-2012-2014-v1-01.pdf http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemK2-Strategy-2012-2014-Summary-of-Significant-Comments-V1-01.pdf See CAG meeting minutes (in Agenda Item K of the following): http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_A-September_2011_Public_Minutes-APPROVED.pdf See report back on September 2011 CAG meeting (in paragraph 8 of the following): http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_D-Strategy_Report_Back-v1-02.pdf</p>
<p>Final Approval of Strategy and Work Program</p>	<p><u>March 2012</u> See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_D-Strategy_Report_Back-v1-02.pdf http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_D1-Strategy_2012-2014-Marked_from_Sept-v1-01.pdf http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_D2-Professional_Skepticism_Q&A-final.pdf See CAG meeting minutes (in Agenda Item D of the following): See draft March CAG meeting minutes at Agenda Item A. See report back on March 2012 CAG meeting in paragraph 3 of this CAG paper.</p>