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Innovation, Needs and Future Opportunities Working Group

Dan Montgomery, Chair, Working Group

Agenda Item D.1

IAASB CAG Meeting

New York, USA

March 11, 2014

Innovation, Needs and Future Opportunities Working Group (INFO WG)

Agenda

- INFO WG overview
  - Objectives
  - Identification and prioritization of topics
  - Possible recommended actions
- Integrated Reporting <IR>
  - Why important to the IAASB?
- Q&A

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INFO WG Terms of Reference – Objective

Explore emerging developments in the audit, assurance and related services fields for the purpose of assisting the IAASB in identifying opportunities for relevant and effective standard setting, or determining other potential actions, in a timely and informed manner

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INFO WG Terms of Reference – Responsibilities

- Identify areas of focus within the audit, assurance and related services fields that have particular relevance to users' information or assurance needs

- Make recommendations on specific topics for the IAASB to pursue, exploring those areas of focus by:
  – Undertaking further study or deliberation, as appropriate;
  – Acting as a focal point for liaison regarding research or input from external parties, as appropriate; and
  – Considering whether, in the public interest, audit, assurance, or related service needs should be addressed through standard-setting or other initiatives

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INFO WG Principal Activities

- Monitor emerging developments globally in audit, assurance and related services fields
- Identify emerging areas (topics) for further activities
- Consider market needs/demands for services in these emerging areas
- Consider audit and assurance implications, including threats to the relevance of IAASB standards
- Inform and update IAASB and CAG
- Recommend actions, up to and including standard-setting projects (new standards or revisions to existing standards)

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Topics of Interest Identified to Date

• **Integrated reporting <IR>**	
• Sustainability*	• "Front part" of annual report (e.g., management commentary,* KPIs,* non-GAAP measures)
• Internal control*	• Corporate governance*
• Conflict minerals/human rights	• Risk management*
• Cloud computing	• Cyber security
• Data analytics (includes "Big Data" and auditor's use of data analysis techniques)	• XBRL

* Topics with a relationship to <IR>

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How Topics Were Identified

- General awareness
- Discussions with IAASB CAG and other stakeholders
- Previous IAASB strategy consultations
- Staff preliminary research and analysis
- INFO group brainstorming

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Possible Actions that INFO May Recommend

Information Gathering
- Private outreach/dialogue
- Academic research

Follow-up Actions
- Thought piece/awareness (Staff publication/IAASB "position paper")
- Public outreach (e.g. roundtables, other fora)
- Consultation Paper or Discussion Paper (IAASB or jointly with IIRC or others)

Standard Setting Project
- Formation of task force (including suggestions for including outside expertise)

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Integrated Reporting – Relevance to IAASB

- Strategic thinking about, and alignment with, corporate reporting developments at an early stage in order to be able to devise a timely response when necessary

- Enhancing corporate reporting quality (<IR>) though the involvement of the profession in assurance by multidisciplinary teams

- Feedback to what we hear in our outreach

- Opportunity to align with IIRC's assurance paper and potential roundtables

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Q&A Session

- Do the Representatives have any questions or comments on the topics (other than <IR>) preliminarily identified by the INFO Working Group?

- In your view, should any of these topics be prioritized by INFO for additional monitoring or follow-up actions?

- What are, in your opinion, key trigger points to move a topic from monitoring to a recommendation for standard setting?

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