

**Meeting:** IAASB Consultative Advisory Group  
**Meeting Location:** New York, USA  
**Meeting Date:** March 9-10, 2015

## Agenda Item K.1

### The IAASB's Strategy for 2015–2019 and Work Plan for 2015–2016

#### Objectives of Agenda Item

1. To provide a report back on the Representatives' and Observers' comments on the [IAASB's Proposed Strategy for 2015–2019 and Proposed Work Program 2015–2016](#) (CP) as discussed at the September 2014 CAG Meeting.

#### Project Status and Timeline

2. At the September 2014 IAASB and CAG meetings, feedback from the CP and revised drafts were considered, with the IAASB approving [The IAASB's Strategy for 2015–2019](#) (Strategy) and [The IAASB's Work Plan for 2015–2016](#) (2015–2016 Work Plan) at that meeting. The final documents were published in December 2014 following the Public Interest Oversight Board's (PIOB) consideration of due process followed. Both of these documents, together with the Bases for Conclusions, are provided to the CAG as reference materials.
3. The Appendix to this paper provides a project history, including links to the relevant CAG documentation.

#### September 2014 CAG Discussion

4. Below are extracts from the draft minutes of the September 2014 CAG meeting,<sup>1</sup> and an indication of how the project Task Force<sup>2</sup> (TF) or IAASB has responded to the Representatives' and Observers' comments.

Representatives' Comments	Task Force/IAASB Response
STRATEGY FOR 2015 – 2019	
Ms. de Beer noted the CAG's previous support for the direction of the Strategy and 2015–2016 Work Plan and was pleased by the changes that had been made to the strategic objectives, and in particular, the enhancements made to the Work Plan.	Support noted.

<sup>1</sup> The September 2014 minutes will be approved at the March 2015 IAASB CAG meeting.

<sup>2</sup> The IAASB's Steering Committee served as the Task Force for this initiative.

<p>Mr. Koktvedgaard congratulated the IAASB on achieving the milestone of more than one hundred jurisdictions using, or committed to using, the clarified ISAs. However, he noted that the Strategy had no specific targets in relation to the next milestone and did not specifically address efforts to achieve the goal of increasing use of the ISAs globally, similar to an approach taken by the IASB. Mr. Ahmed agreed that defined goals would be useful. Mr. Koktvedgaard suggested the Strategy could highlight key regions in which the IAASB may target efforts towards adoption and implementation, for example the European Union in light of the recently issued regulation. He added that the rollout of the new and revised Auditor Reporting standards would provide a useful mechanism for promoting use of the IAASB's standards in some of these regions.</p>	<p>Point taken into account.</p> <p>Prof. Schilder acknowledged that the IAASB would like to work towards increasing the number of jurisdictions using its standards. He added that the IAASB will continue to monitor this, and work with groups within IFAC such as the Compliance Advisory Panel (CAP), which monitors developments in different jurisdictions. He explained that translation of the standards into other languages also helped facilitate the adoption of the standards, for example the Spanish translation had enabled a greater uptake in Spanish-speaking regions. Prof. Schilder specifically noted jurisdictions that were advancing on their plans for adoption of the ISAs, including the African Francophone countries, and some jurisdictions in South America and Russia. He added that progress was being made in Europe, as the ISAs were now recognized in the new regulation and directive, but cautioned that much work may still be needed before the ISAs would be adopted for Europe as a whole. However, most member states have already adopted them on a national basis. Therefore, the IAASB would be reluctant to identify “key regions” for adoption by 2020 as many regions would be important.</p> <p>The IAASB's extensive outreach activities, including in relation to promoting awareness of the new and revised Auditor Reporting standards, will provide continued opportunities to encourage use of the ISAs.</p> <p><i>[See the Second and Third Strategic Objectives (pages 6-12 and Appendix 2 of the Strategy)]</i></p>
<p>Ms. Blomme expressed support for the Strategy and 2015–2016 Work Plan. However, she expressed concern over the use of the term “financial reporting supply chain” in the third strategic objective, as the efforts of the IAASB to strengthen outreach and collaboration go beyond issues relating to the financial reporting supply chain. She suggested that consideration be given to using the term “corporate reporting supply chain.”</p>	<p>Point accepted.</p> <p>Prof. Schilder explained that the IAASB had considered doing so, but some concern was expressed that this would be viewed as excluding the public sector. After deliberation of the most appropriate term, the IAASB agreed that “reporting supply chain” would not intentionally exclude these stakeholder groups.</p>

	<i>[See the Third Strategic Objective (page 6 of the Strategy).]</i>
Ms. Blomme also noted that, while the factors guiding the identification of potential priorities and future actions made reference to entities of different sizes and complexities, she was unsure whether work in relation to small- and medium-sized entities (SMEs) would be a specific focus for the IAASB.	<p>Point taken into account.</p> <p>Prof. Schilder noted that changes to the 2015–2016 Work Plan, in particular to bring forward the work to revise the standard addressing agreed-upon procedures (AUP) engagements,<sup>3</sup> were done as a means of focusing on the needs of SMEs and small and medium practices (SMPs). He also added that post-implementation reviews of the recently revised compilation<sup>4</sup> and review<sup>5</sup> engagements standards were planned. He further pointed out the proportionality element of the planned project on the Quality Control standards, ISA 220<sup>6</sup> and ISQC 1.<sup>7</sup></p> <p><i>[See project descriptions relating to Quality Control and AUPs in the 2015–2016 Work Plan, paragraphs 12(f) and (h).]</i></p>
Mr. Ahmed noted support for the Strategy, in particular what the IAASB was going to do to achieve its mandate. However, he questioned why the IAASB had developed three new strategic objectives when its stated principal areas of focus seemed to adequately align with the IAASB's mandate. He also noted that the interaction between the principal areas of focus and the strategic objectives was unclear.	<p>Point taken into account.</p> <p>Prof. Schilder explained that the areas of focus were more general and visionary while the strategic objectives developed for the 2015–2019 period were intended to be more specific to the IAASB's focus for that period. For example, the IAASB would be focusing on the ISAs more than the current strategy and work program. Therefore the first strategic objective, together with the planned projects in the 2015–2016 Work Plan, describes in more detail how that will be accomplished. Ms. Healy further explained that the IAASB had challenged the TF as to whether the areas of focus were sufficiently detailed as a means of explaining the Board's strategic focus and therefore of greater impact. Prof. Schilder added that the strategic objectives would be</p>

<sup>3</sup> International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

<sup>4</sup> ISRS 4410 (Revised), *Compilation Engagements*

<sup>5</sup> International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>6</sup> ISA 220, *Quality Control for an Audit of Financial Statements*

<sup>7</sup> International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

	revisited for their continuing relevance through a mid-period review.
WORK PLAN FOR 2015–2016	
Ms. Blomme noted support to accelerate work on the AUP standard, as it is a widely used standard in Europe, especially for engagements on grant schemes of the EC. She added that consideration of the potential wider application of this standard will be important, as it is being used in relation to a wide range of subject matters. Ms. de Beer commented that this reference to the EU was an important perspective, especially in the context of consistency for these types of engagements.	Support noted and point taken into account. [See more details about the planned project on AUPs in the 2015–2016 Work Plan, paragraph 12(h).]
Messrs. Fukushima and James expressed concern about the possibility of lessening the requirements within ISQC 1 to address considerations for SMPs relating to proportionate application, in particular if SMPs were auditing listed entities. In their view, the requirements for quality control should not be diluted for certain types of entities, but should rather be able to be applied across all types of entities.	Point noted. Prof. Schilder clarified that the intent is not to change the work effort, but rather to determine whether more could be done within the standard or by other means to illustrate how ISQC 1 can be applied in a proportionate manner. [See project description on Quality Control in the 2015–2016 Work Plan, paragraph 12(f).]
Mr. Stewart questioned what the IAASB's plans may be with regard to monitoring changes in financial reporting frameworks that might lead to new or different expanded effort by auditors, in particular in relation to new accounting standards involving significant judgment. <sup>8</sup>	Point noted. Prof. Schilder acknowledged that further consideration may be needed on how to pro-actively monitor the future needs of auditors in light of new accounting requirement, beyond the current efforts of the IAASB-IASB Liaison Working Group. This was also noted in other outreach, notably at the last US Public Company Accounting Oversight Board Standing Advisory Group (SAG) meeting. He also noted that matters related to International Financial Reporting Standard (IFRS) 9, <i>Financial Instruments</i> , may be addressed in the project dealing with special audit considerations for financial institutions. [See the Third Strategic Objective in the 20, in particular page 11 in the Strategy, and more details

<sup>8</sup> For example, IFRS 9, *Financial Instruments*, which will become effective in 2018, and the revised *Revenue Recognition* standard once finalized

	<i>about the IAASB-IASB Liaison Working Group at the 2015–2016 Work Plan, Appendix, page 21.]]</i>
Ms. Lang noted support for the revisions that had been made, in particular the IAASB's acknowledgement of supporting SMEs and SMPs by including planned efforts to further consider hybrid engagements, as European Federation of Accountants and Auditors for SMEs (EFAA) values a focus on innovation.	<p>Support noted.</p> <p>Prof. Schilder added that careful consideration would be given whether to link hybrid engagements to AUP engagements, or to address as a separate initiative.</p> <p><i>[See more details about the planned project on AUPs in the 2015–2016 Work Plan, paragraph 12(h).]</i></p>
Mr. James noted that the International Organization of Securities Commissions (IOSCO) was pleased that changes had been made to allow for work to commence on more projects, as the majority of IOSCO's recommendations of areas on which the IAASB should focus were now included in the 2015–2016 Work Plan. However, IOSCO did not agree with plans to focus on a project on AUP engagements, in light of other competing priorities, for example, addressing issues relating to the use of experts.	<p>Point not accepted.</p> <p>Prof. Schilder explained that the 2015–2016 IAASB's Work Plan had been developed taking into account the broad range of stakeholders using its standards, and balancing all of their needs. He further explained that AUPs had been emphasized by many as an area where IAASB attention was needed, in particular because of the increasing use of ISRS 4400 in Europe, and the IAASB had responded accordingly.</p> <p>Issues relating to the use of experts is relevant to and will likely be further explored as part of the Quality Control and Financial Institutions projects.</p> <p><i>See more details about the planned projects on Quality Control and Financial Institutions in the 2015–2016 Work Plan, paragraphs 12(f) and 12(g).]</i></p>
Mr. James drew attention to a comment included in the Report Back and clarified that he was questioning whether the 2015–2016 Work Plan included sufficient time to plan for the IAASB's Strategy and Work Plan for from 2020 onwards, as the process seemed to involve considerable resource and time.	<p>Point accepted.</p> <p>Prof. Schilder acknowledged that time would need to be spent later in the strategy period and noted that this would be more evident in the 2017–2018 Work Plan rather than the 2015–2016 Work Plan. However, time for activities on the 2017–2018 Work Plan have been included in the activities planned for 2015–2016.</p> <p><i>[See Appendix to the 2015–2016 Work Plan]</i></p>
Ms. Molyneux supported the Board's approach to the Strategy, in particular the focus areas of quality control and group audits, as work on these areas would have the greatest impact. She suggested careful consideration be given to using appropriate	<p>Support noted.</p> <p>Prof. Schilder agreed, and noted that plans were already in place to find people with relevant experience in this area for the Working Group.</p>

experts in the project planned for financial institutions, as this would involve areas of special focus and a degree of depth of technical skills.	[See project descriptions for Financial Institutions in the 2015–2016 Work Plan, paragraph 12(g)]
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### 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.

### Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

IAASB Strategy for 2015–2019, <i>Fulfilling Our Public Interest Mandate in an Evolving World</i>	<a href="http://www.ifac.org/publications-resources/iaasb-strategy-2015-2019">http://www.ifac.org/publications-resources/iaasb-strategy-2015-2019</a>
IAASB Work Plan for 2015–2016, <i>Enhancing Audit Quality and Preparing for the Future</i>	<a href="http://www.ifac.org/publications-resources/iaasb-work-plan-2015-2016">http://www.ifac.org/publications-resources/iaasb-work-plan-2015-2016</a>
Basis for Conclusions: IAASB Strategy for 2015–2019	<a href="http://www.ifac.org/publications-resources/basis-conclusions-iaasb-strategy-2015-2019">http://www.ifac.org/publications-resources/basis-conclusions-iaasb-strategy-2015-2019</a>
Basis for Conclusions: IAASB Work Plan for 2015–2016	<a href="http://www.ifac.org/publications-resources/basis-conclusions-iaasb-work-plan-2015-2016">http://www.ifac.org/publications-resources/basis-conclusions-iaasb-work-plan-2015-2016</a>

## Appendix

### Project History

**Project: IAASB Strategy for 2015–2019 and 2015–2016 Work Plan**

#### Summary

	CAG Meeting	IAASB Meeting
Project Commencement		February 2013
Development of Proposed Strategy and Work Program (up to Consultation)	April 2013 September 2013	February 2013 April 2013 June 2013 September 2013 December 2013
Consultation	September 2013	September 2013 December 2013
Report Back on Final Consultation Paper and Further Discussion	March 2014	-
Consideration of Respondents' Comments on Consultation	September 2014	June 2014
Final approval of IAASB's Strategy for 2015–2019 and 2015–2016 Work Plan	September 2014	September 2014

#### CAG Discussions: Detailed References

Development of Proposed Strategy and Work Plan (up to Consultation)	<p><u>April 2013</u></p> <p>See IAASB CAG meeting material:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-CAG-Agenda_Item_G-Strategy-Cover_Sheet-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-CAG-Agenda_Item_G-Strategy-Cover_Sheet-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASBCAG-Agenda_Item_G.1-Strategy-ISA_Implementation_Monitoring_Preliminary_Report-final.docx">http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASBCAG-Agenda_Item_G.1-Strategy-ISA_Implementation_Monitoring_Preliminary_Report-final.docx</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-Agenda_Item_G.2_ISA_Implementation_Monitoring_Presentation-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-Agenda_Item_G.2_ISA_Implementation_Monitoring_Presentation-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASBCAG-Agenda_Item_G.2_ISA_Implementation_Monitoring_Presentation-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASBCAG-Agenda_Item_G.2_ISA_Implementation_Monitoring_Presentation-final.pdf</a></p>
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	<p><a href="#">Agenda_Item_G.4-Strategy-Survey.pdf</a></p> <p><b>Note:</b> The INFO Working Group is now addressed in Agenda Item D of the March 2014 meeting.</p> <p>See CAG meeting minutes (included as Agenda Item G of the following):</p> <p><a href="#">CAG April 2013 Meeting Minutes</a></p> <p>See report back on April 2013 CAG meeting:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J2-Strategy_Report_Back-Final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J2-Strategy_Report_Back-Final.pdf</a></p> <p><u>September 2013</u></p> <p>See IAASB CAG meeting material:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J-Strategy_Cover-Final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J-Strategy_Cover-Final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J1-Strategy_Consultation_Paper-Final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J1-Strategy_Consultation_Paper-Final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J2-Strategy_Report_Back-Final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_J2-Strategy_Report_Back-Final.pdf</a></p> <p>See report back on September 2013 CAG meeting at paragraph 8 of Agenda Item J at <a href="http://www.ifac.org/sites/default/files/meetings/files/20140311%20-IAASBCAG-Agenda_Item_J-Future_Strategy_and_Work_Program-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140311%20-IAASBCAG-Agenda_Item_J-Future_Strategy_and_Work_Program-final.pdf</a></p> <p>See CAG meeting minutes (included as Agenda Item J of the following):</p> <p><a href="#">CAG September 2013 Meeting Minutes</a></p> <p><u>March 2014</u></p> <p>See IAASB CAG meeting material:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140311%20-IAASBCAG-Agenda_Item_J-Future_Strategy_and_Work_Program-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140311%20-IAASBCAG-Agenda_Item_J-Future_Strategy_and_Work_Program-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_J1-Consultation_Paper_Strategy_and_Work_Program-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_J1-Consultation_Paper_Strategy_and_Work_Program-final.pdf</a></p> <p>See report back on March 2014 CAG meeting at paragraph 7 of Agenda Item L at:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L-IAASB_Future_Strategy_and_Work_Program-Report_Back_and_Issues-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L-IAASB_Future_Strategy_and_Work_Program-Report_Back_and_Issues-final.pdf</a></p> <p>See CAG meeting minutes (included as at Agenda Item B) at:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-Agenda_Item_B-IAASB_CAG_March_2014_Meeting_Minutes_Marked_for_CAG_Rep_Feedback-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140908-Agenda_Item_B-IAASB_CAG_March_2014_Meeting_Minutes_Marked_for_CAG_Rep_Feedback-final.pdf</a></p>
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	<p><u>September 2014</u></p> <p>See IAASB CAG meeting material:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L-IAASB_Future_Strategy_and_Work_Program-Report_Back_and_Issues-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L-IAASB_Future_Strategy_and_Work_Program-Report_Back_and_Issues-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L1-IAASB_Strategy_2015-2019%20-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item_L1-IAASB_Strategy_2015-2019%20-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item-L2-IAASB_Work_Plan_2015_2016-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASBCAG-Agenda_Item-L2-IAASB_Work_Plan_2015_2016-final.pdf</a></p> <p>See draft minutes of the September 2014 CAG Meeting at Agenda Item A at:</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/2015-03-09-Agenda_Item_A-Draft-IAASB_CAG_Sept_2014_Public_Sesssion-Meeting_Minutes-Marked_from_CAG.pdf">http://www.ifac.org/sites/default/files/meetings/files/2015-03-09-Agenda_Item_A-Draft-IAASB_CAG_Sept_2014_Public_Sesssion-Meeting_Minutes-Marked_from_CAG.pdf</a></p> <p>See report back on September 2014 CAG meeting:</p> <p>See paragraph 6 of this paper.</p>
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