

Meeting: IAASB Consultative Advisory Group (CAG)

Meeting Location: New York

Meeting Date: September 12–13, 2016

Agenda Item

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Open Session, Including an Update on Other IAASB Initiatives

Objectives of Agenda Item

1. The objectives of the agenda item are:
 - (i) To highlight a number of consultation documents that have been issued since the last CAG meeting, as a means of encouraging CAG Member Organizations to formally respond.
 - (ii) To receive presentations from CAG Member Organizations about matters that may be relevant to the IAASB's future work plans.

Background

Work Plan for 2017–2018

2. At its March 2016 meeting, the CAG had the opportunity to discuss matters relevant to the development of the IAASB's *Work Plan for 2017–2018*. CAG members were generally supportive of continuing with the Board's current focus and actions, in particular those related to enhancing audit quality that would be responsive to the International Forum of Independent Audit Regulators's survey of inspection findings.
3. Subsequent to the June 2016 IAASB meeting, the IAASB's Survey Consultation, *The IAASB's Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives*, was issued. The consultation seeks feedback from a wide range of stakeholders to assist the board in evaluating its priorities for 2017–2018 and allocating its resources—a full-time Chairman supported by a 17-person volunteer board and ten-person technical staff—in the best way possible. The survey is open for comment through September 30, 2016. **CAG Member Organizations are encouraged to formally respond to the survey in advance of the deadline.**
4. The IAASB generally believes that, absent a significant change in the external environment or a strong stakeholder view otherwise, the Board's initiatives should continue, albeit they may need to be re-prioritized. Feedback to this consultation will assist the Board in evaluating its priorities and allocating its resources in the best way possible, given the volunteer nature of the Board and staff complement. *Based on available current capacity and resources, it is unlikely that any significant new projects or initiatives can commence until at least 2018 without modifying the IAASB's current work plan and planned timelines.*

5. Notwithstanding a lack of capacity for new initiatives, the survey notes that, in 2017–2018 when progressing the above standard-setting projects, the IAASB will enhance its focus on the following two areas:
 - (i) *Consideration of matters related to small and medium practices and audits of small- and medium-sized entities*—Described further in paragraph 10 of **Agenda Item F**.
 - (ii) *Coordination with the International Ethics Standards Board for Accountants*—The IAASB has noted that there are issues in certain of its key projects that are likely to be of relevance to the International Ethics Standards Board for Accountants (IESBA), and could have potential implications to the *Code of Ethics for Professional Accountants* (the IESBA Code) (e.g., in relation to quality control and group audits). Similarly, matters under consideration by the IESBA may have implications for the ISAs or other IAASB International Standards. The IAASB and IESBA are therefore considering how best to coordinate in the context of specific topics, where necessary and appropriate. Although both Boards develop their work plans separately in consultation with their stakeholders and conduct their standard-setting activities independently, there are growing expectations from various stakeholders that the IAASB and IESBA will be well-coordinated due to the linkages between the ISAs and the IESBA Code.
6. The IAASB intends to finalize its *Work Plan for 2017–2018* at its December 2016 meeting. The CAG will have the opportunity to discuss feedback to the survey and the IAASB's draft work plan in a CAG teleconference on November 29, 2016. A preliminary timetable showing the potential way forward for the IAASB's current initiatives is included in Appendix 2 of **Agenda Item G.1**; however, this timetable has not yet been considered by the IAASB and is subject to change.

Integrated Reporting

7. At its March 2016 meeting, the CAG had the opportunity to discuss a draft of the Integrated Reporting Working Group's Discussion paper, *Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements*. The paper was released on August 17, 2016 and is open for comment through December 15, 2016. **CAG Member Organizations are encouraged to submit formal comments on the topic in advance of the deadline.**
8. The Discussion Paper is intended to facilitate an open discussion about the IAASB's potential role and where others can or need to play a role in a holistic and interactive process to support credibility and trust in these reports.
9. The Discussion Paper explores:
 - The factors that can enhance credibility and trust, internally and externally, in relation to emerging forms of external reports;
 - The types of professional services covered by the IAASB's international standards most relevant to these reports, in particular assurance engagements;
 - The key challenges in relation to assurance engagements; and
 - The type of guidance that might be helpful to support the quality of these assurance engagements.

It also sets out the principal findings from research and outreach regarding developments in emerging forms of external reporting (EER) frameworks and professional services most relevant to EER

reports, irrespective of whether such reports are part of the annual report or published as separate reports.

10. A [Frequently Asked Questions](#) page and At a Glance document have been created as additional resources.

Data Analytics

11. At its March 2016 meeting, the CAG had the opportunity to discuss matters related to the IAASB's initiative on data analytics. The CAG highlighted the importance of the outreach and consultation on the topic. Among other matters, the CAG suggested that the IAASB should seek to form a view about the implications of data analytics on audit quality, and how work on data analytics could be incorporated into projects on the Board's current work plan.
12. The Data Analytics Working Group's (DAWG) Request for Input, *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics*, was issued on September 1 and is open for comment through February 15, 2017. **CAG Member Organizations are encouraged to submit formal comments on the topic in advance of the deadline.**
13. This publication provides insights into the opportunities and challenges with the use of data analytics in the audit and outlines the insights gained from the DAWG's activities to date. The purpose of this publication is to:
 - Inform stakeholders about the IAASB's ongoing work to explore effective and appropriate use of technology, with a focus on data analytics, in the audit of financial statements; and
 - Obtain stakeholder input and perspectives on whether all of the considerations relevant to the use of data analytics in a financial statement audit have been identified.

The Request for Input includes specific questions to respondents about whether there are additional matters the DAWG should consider and what the appropriate next steps might be.

14. Supplementing this publication is a [call for nominations](#) for a newly formed Project Advisory Panel (PAP) to further advise the IAASB and the DAWG on developments relevant to standard setting. The objective of this PAP is to provide the IAASB's DAWG and staff with additional expert insight on strategic and technical aspects related to using data analytics in a financial statement audit. The composition of the PAP is intended to provide the DAWG with perspectives from practitioners who have expertise in the area of data analytics, and others with a particular expertise or interest in data analytics more broadly. This may include, for example, financial statement preparers, users of financial statements, internal auditors, audit committee members, regulators, audit oversight authorities, academics, national auditing standard setters, NSS and the International Federation of Accountant's member bodies.

Format of the Session and Papers to Be Referred to During the Discussion

15. The IAASB Deputy Chair will introduce the matters highlighted in this paper, with Respondents invited to raise any relevant comments. Separate presentations from CAG Member Organizations will form the basis for the majority of the session, with opportunities for questions during the presentations.

Matters for CAG Consideration

16. The first part of the session is intended to report back to the CAG on the publications that have been issued since the last CAG meeting. A fulsome discussion on these matters is not anticipated; however, CAG Representatives are welcome to raise any views they believe are relevant. For example, Representatives may wish to share relevant developments on integrated reporting or data analytics in their jurisdiction or by their constituencies. Also, as this session is at the close of the September 2016 CAG meeting, Representatives may wish to provide reflections on the Board's work plan and prioritization, in particular if their Member Organizations do not anticipate responding to the survey on the *Work Plan for 2017–2018*.
17. There will also be an opportunity for Representatives and Observers to raise questions related to the presentations from CAG Member Organizations. Any slide materials used for those presentations will be distributed under separate cover.

Material Presented – IAASB CAG Reference Papers

Survey on the IAASB's Work Plan for 2017–2018	http://www.ifac.org/publications-resources/iaasb-s-work-plan-2017-2018-and-continuing-relevance-its-strategic-objectives
Integrated Reporting Discussion Paper, <i>Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements</i>	https://www.ifac.org/publications-resources/discussion-paper-supporting-credibility-and-trust-emerging-forms-external
Data Analytics Request for Input, <i>Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics</i>	http://www.ifac.org/publications-resources/exploring-growing-use-technology-audit-focus-data-analytics?utm_source=IFAC+Main+List&utm_campaign=6517f54a77-IAASB_ED_Press_Release_9_1_169_1_2016&utm_medium=email&utm_term=0_cc08d67019-6517f54a77-80283673