



Meeting: IAASB Consultative Advisory Group (CAG)
Meeting Location: New York, United States of America
Meeting Date: March 5–6, 2019

Agenda Item

Proposed Strategy for 2020–2023 and Work Plan for 2020–2021—Cover

Objective of the Agenda Item

1. The objectives of this agenda item are to receive:
 - (a) A presentation to update Representatives on the IAASB's Proposed Strategy 2020–2023 and Work Plan for 2020–2021 (Proposed Strategy); and
 - (b) Feedback from Representatives on specific matters related to the IAASB's future strategy.

Project Status

2. The Proposed Strategy was approved by the IAASB for exposure in January 2019. The comment period closes on June 4th, 2019.
3. Since the September 2018 IAASB CAG meeting, the development of the IAASB's Proposed Strategy was discussed at the September and December 2018 IAASB Board meetings, as well as a Board teleconference call on January 22, 2019.
4. **Appendix A** to this paper provides a history of previous discussions with the IAASB CAG and IAASB on this topic, including links to the relevant IAASB CAG documentation.

Background

5. In developing the Proposed Strategy, the IAASB's Steering Committee (who acts as the Task Force for the development of the Strategy) was of the view that the Proposed Strategy should be understandable and easy to read for a wide range of stakeholders. To this end, the IAASB has presented its Proposed Strategy in a format that is targeted and succinct, keeping the text concise, and including several graphics and pictures to help with readability of the document. The IAASB is also mindful of the number of consultations out at the same time, and has presented a few broad questions to solicit feedback to help develop the final strategy for 2020–2023, which is expected to be finalized at the end of 2019.
6. With regard to the IAASB's *Strategy and Focus*, although largely similar to the IAASB's three strategic objectives in 2015–2019, the emphasis is now on how the IAASB will focus its core activities (described in "themes"). The Proposed Strategy sets out how the IAASB expects to manage delivery of the Work Plan, within its available capacity and resources.

7. Within the strategic focus, the following matters are highlighted:
- (a) The IAASB will focus more on supporting the implementation of the significant new and revised standards that have been recently completed or will be completed in 2019 and 2020.
 - (b) The IAASB has proposed to realign its activities into structured activity streams. Each of these activity streams are described in the Proposed Strategy, including how the IAASB will undertake the activities within each stream. Significant changes from the IAASB's current activities include:
 - A robust information-gathering and research activities phase; and
 - Mechanisms for addressing issue and challenges on a more timely basis, including further consideration of developing a process for 'limited-scope' revisions to standards and 'interpretations.'
8. The Proposed Strategy provides a broad outline of what each of these activities encompasses, but the IAASB will need to further develop specific processes and operating policies for each of these activities, having regard to the importance of due process. In March 2019, time has been planned for the Steering Committee to further develop its thinking on each activity, as well as Board plenary and breakout time for later in 2019.
9. The Consultation Paper also includes the IAASB's proposed Work Plan for 2020–2021 and presents the IAASB's planned activities in 2020 and 2021. A link to the IAASB's agenda for 2019 has also been presented for context as some projects carry over from the current strategy period. In addition to completing significant projects in progress at the start of 2019 (including ISA 315 (Revised)¹ and the Quality Management² projects) the IAASB intends to:
- (a) Accelerate the project to revise ISA 600;³ and
 - (b) Turn its focus to scoping and commencing a project on Audit Evidence.
- Both of these projects will consume substantial capacity of the Board in 2020 and going into 2021.
10. The Board still needs to work through the specific activities it plans to undertake in relation to supporting the effective implementation of its newly revised standards and how this might best be achieved through relationships with others (such as the International Federation of Accountants and the national standard setters). At this stage the detailed work plan reflects implementation activities in 2020 and 2021 of various newly revised ISAs, but limited Board plenary time. As the Board further explores these activities, it will also determine the time needed for discussions at quarterly Board meetings.
11. When the Board's significant ISA projects are completed, it is envisioned that more time will be spent on the 'research and information-gathering phase' for determining and scoping new projects. The

¹ International Standard on Auditing (ISA) 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

² The Quality Management projects include proposed International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (previously ISQC 1), ISQM 2, *Engagement Quality Reviews* and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

³ ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

Board time has been captured as ‘research activities’ at this stage as it is unknown what these projects may be. As we move closer to 2020 and specific topics that are being discussed by the Board become clearer, this time will be reallocated accordingly.

Matters for IAASB CAG Consideration

12. The IAASB’s *Proposed Strategy for 2020–2023 and Work Plan for 2020–2021* (**Agenda Item I.1**) will be used as a basis for the CAG discussion. The presentation will provide a general overview of, and update on, the final Proposed Strategy.
13. Representatives are asked to provide views on:
 - (a) The IAASB’s Proposed Strategy, in particular whether there are any matters the IAASB should consider as it develops its *Framework for Activities*.
 - (b) The IAASB’s Work Plan for 2020–2021, including whether there are any specific initiatives that have not been addressed that Representatives believe the IAASB should consider as it finalizes its Work Plan for 2020–2021.

Material Presented – IAASB CAG Papers

Agenda Item I.1 IAASB Proposed Strategy for 2020–2023 and Work Plan for 2020–2021

Appendix A

Project Details and History

Task Force Composition

The Steering Committee serves as the task force for this project. Members are:

- Arnold Schilder, IAASB Chairman
- Megan Zietsman, IAASB Deputy Chair (stepped down from the IAASB on February 22, 2019)
- Fiona Campbell (appointed IAASB Deputy Chair, effective February 22, 2019)
- Marek Grabowski
- Chuck Landes (rotated off the Board at the end of 2018)
- Imran Vanker
- Karin Fresh (Steering Committee member as from January 1, 2019)
- Len Jui (Steering Committee member as from January 1, 2019)

Summary

	IAASB CAG Meeting	IAASB Meeting
Strategy Survey	March 2018	March 2018
Consultation Paper	September 2018	September 2018 December 2018 January 22, 2019

IAASB CAG Discussions: Detailed References

Strategy Survey	<u>March 2018</u> See IAASB CAG meeting material and meeting minutes (Agenda Item H): http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny
Consultation Paper	<u>September 2018</u> See IAASB CAG meeting material and meeting minutes (Agenda Item L) http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-0