

Agenda Item H.1

For Reference

Developing the Work Plan for 2022–2023

Please note this paper was presented as **Agenda Item 2** in a [IAASB Mid-Quarter Board Call](#) in February 2021. This paper is presented to the IAASB CAG Representatives for **reference purposes**. There are no specific questions to the CAG and the questions posed in this paper are also not relevant to the CAG Representatives.

Objectives of the IAASB Discussion

To obtain the Board's input and agreement on the approach for developing the Work Plan for the period 2022–2023.

Approach to this agenda session at the Board Meeting:

The Chair and Senior Staff will introduce the topic and Board members will be asked for their comments in relation to the matters set out in this Agenda Item.

Background and Process to Develop the Work Plan for 2022–2023

1. Due process requires that the IAASB consult on the development of a work plan. The [IAASB's Due Process and Working Procedures](#) outline the process to be followed to develop its Strategy and Work Plans:
 - **Appendix 1** sets out the relevant due process steps.
2. The IAASB's current [Strategy](#) runs from 2020–2023 and the current [Work Plan](#) runs from 2020–2021. Therefore, the IAASB will need to approve a new work plan for the period 2022–2023, including consulting thereon, in accordance with due process by the end of 2021.
3. IAASB Staff continually update the forward project plan, and plan forward by at least 18 - 24 months. Current planning projections include the following projects underway at the start of 2022:
 - Audits of Less Complex Entities:
 - Development of separate standard – targeted to be complete December 2022.
 - CUSP Workstream – possible work in 2022 and 2023 arising from development of drafting principles and guidelines, and the Board's consideration of Working Group recommendations for possible further actions.
 - Audit evidence – planned exposure draft (ED) March 2022; targeted completion of project June 2023.
 - Fraud – an ED is targeted for September or December 2022 with an estimated completion late in 2023 or early 2024.
 - Going Concern – an ED is targeted for September 2022 with an estimated completion late in 2023.

- Implications for IAASB Standards of IESBA Project, *Definitions of Listed Entity and PIE* – If applicable, any IAASB standard-setting activities may be continuing into 2022.

The estimated target timing above takes into account a ‘normal’ progression for a project which may change as each of the projects progress. It also takes into account that the IAASB will return to an in-person format for Board meetings, which is also subject to change as the pandemic continues. In addition, that are a number of ongoing workstreams that may require Board plenary time during 2022/2023, for example in relation to Technology and Professional Skepticisms, as well as any post-implementation review activities (e.g., ISA 540 (Revised¹)).

4. From the above analysis of projects, the IAASB will likely have four to five substantial standard-setting projects in 2022 and 2023. This is based on current capacity of the Board and Staff resources, but may change as the IAASB transitions to the new “Monitoring Group model” (i.e., there may be additional capacity in the 2022–2023 Work Plan, but as this is unknown at this stage – this paper has been prepared on existing capacity).²
5. As can be observed from the work already underway at the commencement of 2022, there is little additional capacity for other substantial projects until potentially later in 2023. If capacity and resources open up more than expected, there may be more than one substantial project that can be started in 2023 (but would likely not be more than two new substantial projects commencing in 2023).
6. How new projects are selected (i.e., which new projects are selected) is explained below.

Consulting on the Work Plan for 2022–2023

7. It is essential that in moving forward with the approach to developing the Work Plan for 2022–2023 that a balance is struck between:
 - The need for transparency and public consultation, and the capacity of the Board to undertake new projects, such that if there are strong views on the next Work Plan, they are made known and taken into account;
 - The substantial projects that are already underway that will run into 2022 and 2023, and pivoting for new and unexpected developments; and
 - The concern for stakeholder fatigue in the current environment with regard to consultations and implementation of new or revised standards, in particular in light of other planned consultations in 2021, significant new and revised standards becoming effective from 2021 through 2023, and the need to consult on new projects.
8. The current topics on the Work Plan for 2020–2021 (with many extending into 2022 and 2023) have been included based on a strong steer from the IAASB’s stakeholders when the IAASB developed its 2020–2021 Work Plan (and Strategy for 2020–2023). The IAASB’s Consultative Advisory Group (CAG) and the Public Interest Oversight Board (PIOB) also supported these topics. Absent a significant shift in the environment, the Planning Committee is of the view that:

¹ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

² Any changes that have been communicated at the time that the consultation on the Work Plan for 2022–2023 takes place will be recognized in the consultation.

- The strategic objectives developed for the Strategy for 2020–2023 and governing the Work Plan for 2020–2021 continue to be appropriate and do not need to be revised for the Work Plan for 2022–2023.
 - Topics already on the Work Plan for 2020–2021 that continue into 2022 and 2023 should continue, with the IAASB taking a view towards prioritizing the completion of these projects.
9. The IAASB was in a similar position when developing the 2017–2108 Work Plan, with significant projects underway at the commencement of 2017. To meet the requirement to consult, a limited consultation was undertaken (in the form of a survey) to confirm the continuation (and completion) of the projects underway, with a consultation period of 90 days. The Planning Committee recommends the same approach for the consultation on the Work Plan for 2022–2023.
10. However, the nature of the survey will be different. Previously, the IAASB has consulted on stakeholder views about which specific projects should be included in its work plans. Going forward, it is intended that the IAASB will have a much more robust and transparent process for selecting the projects for its work plans through the Framework of Activities (see **Agenda Item 1-A, Framework for Activities**, Section I – Information Gathering and Research). The Framework for Activities will include specific criteria to help guide the IAASB with decisions about its next projects and initiatives. All possible projects and topics will be ‘collected’ in Category A within the “Information Gathering and Research Component,” and once it has met the relevant criteria will move to category B, C and/or a project or other action as appropriate.
11. All possible topics identified relating to the IAASB’s work will be included in Category A. There will be regular mechanisms for feeding into this category and scanning for possible topics for advancement to Category B (i.e., more focused information gathering regarding a topic to assess the issue and define specific challenges). Therefore, there will be a mechanism in place to identify new possible projects and initiatives that will rely on different sources, including but not limited to the consultations related to the IAASB’s strategy and work plans, although these may reinforce the current topics in Category A or provide new topics to add.
12. Accordingly, the survey will be developed taking into account the changes to the IAASB’s procedures and processes for identifying new workstreams or projects. The Planning Committee recommends that the consultation on the 2022–2023 Work Plan is in the form of a short, succinct survey, with two objectives:
- To confirm that stakeholders are supportive of continuing to progress and finish the work currently underway at the start of 2022.
 - To obtain views about the preferred order of future possible projects (i.e., those that are advancing because they meet ‘more’ of the criteria to move to Category B; see paragraphs 10-11 above) by asking for a ranking for the topics presented. This will help the IAASB if there is more than one project that could be selected through the process of considering the criteria under the Framework for Activities. A question could also be added to inquire whether there is something that is not on the list provided that is more important than the pool of projects presented that should be the IAASB’s next project, including an explanation of why it is more important.

13. The aim would be to limit the number of questions asked in the survey to focus on any changes we may need to make to current forecasts when developing the Work Plan for 2022–2023. At the same time there is value in obtaining stakeholders' views regarding the ranking of certain topics from Category A and exploring whether there may be other topics that warrant closer consideration by the IAASB.
14. The survey would need to set out sufficient information for stakeholders to understand the approach, in particular where the IAASB is in terms of capacity and Staff resources so as to manage expectations in terms of the possibility to commence new projects in the Work Plan period (i.e., would likely only be one or maybe two substantial projects much later in the Work Plan period).
15. It is proposed that this survey is published in April (see timetable below) with a 90-day comment period. The draft survey, after it has been cleared with the Planning Committee, will be circulated to the Board on a fatal flaw basis before it is published.

Way Forward

16. The following sets out the detailed timetable for the development of the Work Plan in 2021:

	2021 (unless otherwise noted)
Discussion with IAASB about approach to developing Work Plan for 2022–2023	February 10
Discussion with IAASB of final Framework for Activities	February 10
Discussion of approach to development of Work Plan 2022–2023 with CAG	March 2021 CAG meeting
Finalization of draft survey by Planning Committee	April 13
Circulate draft survey to Board on fatal flaw basis for 7 days	April 14
Publish survey on Work Plan for 2022–2023 for 90 days	April 28
Due date for responses	July 27
Analysis of comments from survey and development of draft Work Plan	August
Discussion of comments received from Survey on Work Plan for 2022–2023; Draft Work Plan for 2022–2023 — CAG and IAASB	September IAASB & CAG Meetings
Finalization of Work Plan for 2022–2023 by the Planning Committee	October & November

	2021 (unless otherwise noted)
Approval of final Work Plan for 2022–2023 by IAASB	December IAASB meeting
Approval of final Work Plan for 2022–2023 by PIOB	March 2022
Issuance of final Work Plan for 2022–2023	March 2022

Matters for Board Consideration

1. Board members are asked whether:
 - a) The proposed approach to the consultation comprising of a short survey is appropriate.
 - b) The suggested changes to the nature of questions to take into account the new process through the Framework of Activities is appropriate?
 - c) The timeline appears reasonable, including a 90-day consultation period.
2. The Board is asked whether there are any other matters that should be taken into account as the Planning Committee develops the survey for consultation.

Appendix 1

Relevant Extracts from the IAASB's Due Process and Working Procedures

1. IFAC's Standards-Setting Public Interest Activity Committees' (PIAC) Due Process and Working Procedures outline what is required of the IAASB when setting its strategy and work program, as follows:
 - The PIAC identifies potential new projects based on a review of national and international developments and on comments and suggestions from those who have an interest in the development of international pronouncements issued by the PIAC. To facilitate this process, the PIAC periodically develops and approves, based on appropriate consultation, a strategy and work program.
 - The PIAC is responsible for consulting with the PIAC's CAG on the identification and prioritization of projects to be undertaken by the PIAC. In particular, the PIAC's CAG is consulted on the PIAC's strategy and work program, including project priorities and any changes therein, to help establish their appropriateness. Where the PIAC's CAG has recommended a project for consideration by the PIAC, the Chair of the PIAC informs the PIOB and the PIAC's CAG of the decisions of the PIAC.
 - In setting its strategy and work program, the PIAC obtains the PIOB's conclusion as to whether the due process used to develop the PIAC's strategy and work program has been followed effectively and with proper regard for the public interest. The PIAC also obtains the PIOB's opinion, as at the date of that opinion, on the appropriateness of the items on the PIAC's work program, and its approval of the completeness of the strategy and work program from a public interest perspective. The PIAC adds to its work program those items that the PIOB resolves should, from a public interest perspective, form part of the PIAC's work program.
2. The Working Procedures further note that:
 - The PIAC's strategy review involves a formal survey of its key stakeholders to obtain views about issues that they believe should be addressed by the PIAC in the immediate future.
 - The development of the PIAC's strategy and work program includes the issue of a consultation paper for public comment, placed on the IFAC website where it can be accessed free of charge by the general public, for ordinarily no less than 60 days. The PIAC considers the results of the public consultation in formulating, as necessary, a revised strategy and work program.
 - The PIAC's strategy reviews and consultations are not anticipated to be an annual process.