

Meeting: IAASB Consultative Advisory Group (CAG)
Meeting Location: Virtual meeting
Meeting Dates: March 8–9, 2022

Agenda Item F.2

IAASB Work Plan for 2022–2023

Objective of Agenda Item

1. The objective of this agenda item is to report back on the IAASB CAG Representatives' comments on the IAASB's Work Plan for 2022–2023 (the Work Plan) at the September 2021 CAG meeting.

Project Status

2. The Work Plan was unanimously approved by the IAASB. The IAASB will formally release the Work Plan after confirmation is received from the Public Interest Oversight Board that due process was followed in April 2022.
3. The Work Plan sets out the IAASB's specific projects and activities that support its goal, strategic objectives and actions described in the Strategy for 2020–2023. The activities in the Work Plan focus on a number of substantial projects already underway at the start of 2022, which should be largely completed by the end of 2023. It furthermore explains that as capacity opens upon completion of these projects (at both the Board and Staff level), new projects will be started. With regard to new projects in the Work plan period, the Work Plan also describes actions in relation to sustainability and environmental social and governance (ESG) reporting and how the IAASB will select any other new projects commencing during the Work Plan period.
4. The **Appendix** 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.

Feedback

5. Extracts from the approved September 2021 IAASB CAG meeting minutes, as well as an indication of how the Task Force or IAASB has responded to the Representatives' comments, are included in the table below.

Representatives' Comments	Task Force/IAASB Response
Ms. Blomme noted that the European Union (EU) will require mandatory assurance on ESG reporting for all large entities within the EU. She highlighted that the requirement will initially be limited assurance but added that the expectation is that the EU will require reasonable assurance on all ESG reports within three to five years. In that	Mr. Seidenstein explained that the IAASB is closely following the developments around ESG reporting and that the Board is ready to act as needed. The IAASB believes that a fragmented market is not in the public interest. He furthermore noted that the IAASB's actions should be informed by the specific needs of stakeholders and gaps in existing

Representatives' Comments	Task Force/IAASB Response
<p>regard, she emphasized the importance of the IAASB developing a set of standards that provide assurance on ESG reporting. She added that if such standards are not available, the EU may select another set of standards or develop standards itself. She encouraged that the IAASB take the lead on assurance standards for ESG reporting. Mr. Thompson agreed and added that the market is currently fragmented as different standards, including ISAE 3000,¹ are currently used to provide assurance on ESG reporting. In that regard, he also noted that many non-CPAs are providing assurance on ESG reporting and that they don't need to comply with relevant ethical requirements and continuing professional development requirements which was of concern. Ms. Blomme noted that some stakeholders find ISAE 3000 confusing as it includes limited and reasonable assurance in one standard.</p> <p>Mr. Dalkin agreed that ISAE 3000 provides a solid basis for assurance on ESG reporting.</p>	<p>standards highlighted that ESG reporting standards also need to mature. Mr. Seidenstein added that the IAASB is in a good place to move forward on assurance on ESG reporting given the recently issued guidance on Extended External Reporting (EER) and our assurance standards (e.g., ISAE 3000 and ISAE 3410).² He encouraged the Representatives to inform their stakeholders about recent IAASB initiatives (e.g., EER guidance) and standards (e.g., ISAE 3000).</p> <p>In the December 2021 meeting, the IAASB agreed to a more explicit focused effort on sustainability and ESG reporting due to the urgency of rapidly changing developments in the environment. In doing so, it was agreed that a distinction should be made about the efforts related to audit versus efforts related to assurance.</p>
<p>Mr. Ishiwata noted that the demand for sustainability reporting and reporting on climate change is expected to grow quickly and suggested that sufficient resources need to be available to act, if needed. Mr. Yoshii and Ms. Manabat agreed. Mr. Yoshii noted several initiatives globally related to climate change disclosures and ESG reporting more broadly. He added that investors' decisions are influenced by climate change and that the disclosures are not always sufficient.</p>	<p>Mr. Seidenstein noted that the IAASB was actively considering a resource to support efforts in this area.</p> <p>In the December 2021 meeting the Board agreed to include in the Work Plan that the IAASB "decided to dedicate capacity and resources to the assurance of sustainability / ESG reporting."</p> <p>After the December 2021 meeting, the IAASB hired a dedicated staff resource to support efforts in this area.</p>
<p>With respect to Table B in the draft Work Plan, Ms. Blomme supported the topics on ISRE 2410,³ ISA</p>	<p>Support noted.</p> <p>As the IAASB's substantial projects currently</p>

¹ International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

² ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*

³ International Standards on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

Representatives' Comments	Task Force/IAASB Response
330 ⁴ and an Assurance Standard or Guidance on Climate Change Disclosures. Mr. Thompson supported the topics included in the draft Work Plan generally.	underway complete in 2022 and 2023, new topic(s) will be selected using the criteria set out in the IAASB's Framework for Activities.
Mr. Pavas noted that, similar to ESG reporting, different standards are being developed globally to provide assurance on internal control reporting and encouraged further consideration of this.	<p>Point noted.</p> <p>As explained in the IAASB's Framework for Activities, the IAASB categorizes any identified topics and uses qualitative criteria to prioritize those topics for further IAASB consideration. Category A includes all issues or challenges identified, that could relate to the IAASB's Standards, that are possible topics for future consideration by the IAASB. This includes topics that are not included in the Work Plan but that were raised by respondents' to the survey. At the time of selection of a new topic for the next project, all topics at that time will be considered against the criteria developed for selecting new topics.</p>
Mr. Bini noted that few investors responded to the survey and questioned whether that would have influenced the outcome of the ranking the eight themes. He added that investors are generally very interested in assurance on climate change disclosures.	<p>Point noted.</p> <p>Even though only a few investors respondents to the survey, their views are also obtained through other means (e.g., through the view of CAG Representatives, regulators and outreach events).</p>

⁴ ISA 330, *The Auditor's Responses to Assessed Risks*

Appendix

Project Details and History

Task Force Members

The Planning Committee served as the task force for this project. Members were:

- Tom Seidenstein, IAASB Chair;
- Len Jui, IAASB Deputy Chair;
- Julie Corden;
- Isabelle Tracq-Sengeissen; and
- Imran Vanker.

Summary

	IAASB CAG Meeting	IAASB Meeting
Survey	March 2021	March 2021
Development of Final Work Plan	September 2021	September 2021 December 2021

IAASB CAG Discussions: Detailed References

Survey	<u>March 2021</u> See IAASB CAG meeting material and meeting minutes (Agenda Item H): https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-march-8-9-2021-virtual
Development of Final Work Plan	<u>September 2021:</u> See IAASB CAG meeting material and meeting minutes (Agenda Item C): IAASB CAG Meeting – September 8-9, 2021 (Virtual)