



## Agenda Item

# 6

**Meeting:** IAASB Meeting  
**Meeting Location:** Brussels, Belgium  
**Meeting Date:** February 12–14, 2013

### Developing the IAASB's Future Strategy

#### Objective of Agenda Item

1. To obtain the IAASB's views on:
  - (a) The period for which the IAASB's future Strategy should cover; and
  - (b) The design of the planned stakeholder survey which forms part of consultation process for the development of IAASB's future Strategy.

#### Task Force

2. Consistent with prior strategy consultations, the Steering Committee serves as the task force for this project. Members are:
  - Arnold Schilder, IAASB Chairman
  - Dan Montgomery, IAASB Deputy Chair
  - Jean Blascos
  - Jon Grant
  - Caithlin McCabe
  - Tomokazu Sekiguchi

#### Background

3. The IAASB's Due Process and Working Procedures outline the process to be followed to develop the IAASB's Strategy and Work Program (SWP) (see Appendix 1). The IAASB's current SWP covers the period 2012—2014.
4. To have a plan in place, approved by the IAASB with due process confirmed by the Public Interest Oversight Board (PIOB) prior to the commencement of the next SWP period (2015), the IAASB typically needs to begin its efforts to develop its SWP 18-20 months in advance.
5. At its December 2012 meeting, the Steering Committee agreed that the strategy consultation process utilized to develop the current SWP remains largely appropriate. This includes:
  - (i) A stakeholder survey;
  - (ii) Targeted consultations; and

(iii) A consultation paper.

This process provides for consultation with a variety of stakeholders and utilizes existing processes and relationships.

6. The first step in the process – the stakeholder survey ((i) above) – is designed to solicit views about matters of strategic relevance to the IAASB. The survey is made available on the IAASB's public website through use of an online survey tool. All stakeholders are invited to respond to the survey, including, among others:
  - Current and former IAASB members, technical advisors and official observers
  - IAASB Consultative Advisory Group (CAG) Representatives
  - Forum of Firms
  - Regulatory and oversight organizations
  - The International Accounting Standards Board (IASB) and other international organizations
  - National auditing standard setters
  - Regular respondents to IAASB exposure drafts
  - IFAC boards and committees and IFAC member bodies
  - Etc.
7. The input from the stakeholder survey is used to inform the development of a consultation paper (CP) on IAASB's future SWP. The survey will also be used as the basis for a general discussion on the IAASB's current projects and future strategic direction with the IAASB CAG at its April and September 2013 meetings. (Following the normal development process, a draft of the CP on IAASB's SWP would be discussed at the September 2013 IAASB meeting, followed by approval of the CP in December 2013.)
8. In addition to the survey findings, consultations with the IAASB CAG and targeted consultations, other input to the CP includes sources such as:
  - The findings from the ISA Implementation Monitoring project,<sup>1</sup>
  - Innovation, Needs and Future Opportunities (INFO) Working Group,<sup>2</sup> and
  - Other projects, initiatives, developments and liaison activities.
9. Appendix 2 identifies the timetable necessary to finalize the SWP before January 1, 2015. In order to meet the timetable, the proposed stakeholder survey needs to be made available by early March 2013.

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<sup>1</sup> Preliminary findings from the ISA Implementation Monitoring Project will be presented to the IAASB in April 2013, with the final findings presented at the June 2013 IAASB meeting.

<sup>2</sup> The INFO initiative is expected to commence in the first-half of 2013.

## Matters for IAASB Consideration

### Period Covered by IAASB's Future Strategy

10. IAASB's current, and previous, SWPs have been developed using a three-year time period.
11. Based on experience and feedback received on past strategy consultations, there is the view that three years may be too short for purposes of setting IAASB's strategy, taking into account the time necessary to develop standards with due process. In addition, some stakeholders have expressed the view that the IAASB strategy consultation process is too frequent.
12. In light of these observations, the Steering Committee believes that the IAASB should consider a longer period for purposes of its future strategy. It believes that extending the IAASB's strategy period will enable a better understanding by stakeholders of the IAASB's medium-to-longer term priorities, and provide a suitable context for purposes of IAASB's decisions on specific initiatives.
13. In considering a longer strategy period, the Steering Committee also notes the plan to establish the INFO Working Group in 2013 to identify and research issues and actively monitor relevant developments that may provide input to specific work streams for the IAASB to pursue. This, in conjunction with input from the IAASB CAG and from IAASB's ongoing outreach activities, should serve to keep the IAASB informed of strategic and emerging issues of relevance throughout the period of its strategy.
14. The Steering Committee has also noted that as developments occur, there is a need to establish a work program that is both realistic and specific in terms of timing of deliverable. The Steering Committee therefore believes that a shorter period for the Work Program itself may be appropriate. A two-year period for the IAASB Work Program (updated bi-annually based on input from, among others, the IAASB CAG, the INFO Working Group, and monitoring of relevant developments) would enable the IAASB to better forecast its shorter-term deliverables and to be more responsive to emerging needs, within the context of its longer-term strategy.
15. Accordingly, the Steering Committee recommends that:
  - The IAASB's future Strategy should cover a five-year period (2015–2019); and
  - The IAASB's Work Program should cover a two-year period (2015–2016), updated bi-annually.
16. Subject to the IAASB's views, the Steering Committee intends to discuss the matter of the strategy cycle for the IAASB with the PIOB at its February meeting. Views on this proposed change in time period for the IAASB SWP would also be sought from stakeholders as part of the proposed stakeholder survey.

### Matter for IAASB Consideration

1. Does the IAASB agree that the Strategy should cover a five-year period, and the Work Program a two-year period?

## Stakeholder Survey

17. Previous stakeholder surveys on the IAASB's future strategy included comprehensive lists of possible projects that could be undertaken from both a strategic and work program perspective.
18. Concern, however, had been expressed that the content of IAASB's stakeholder survey and formal CP is largely duplicative, and that organizations may not have the resources to formally respond to both efforts.
19. The Steering Committee believes there is a need to revisit the approach taken to the stakeholder survey. Rather than highlighting a lengthy list of projects and asking respondents to identify top priorities, it noted that it would be more appropriate and more beneficial for the survey to be conducted at a broader level, using open-ended questions about significant matters that should influence the IAASB's future priorities. This approach would help avoid repetition of the same information in the CP later in the year on projects, and also encourage broader views from respondents.
20. The Steering Committee also noted that surveying on specific projects at this stage may add little value in advance of findings from the ISA Implementation Monitoring project and other initiatives (e.g., Auditor Reporting) which may signal the need for specific projects. Further, a survey on specific possible future projects at this time may possibly be seen to prejudge some of the outcomes from the ISA Implementation Monitoring project or the work of the INFO Working Group.
21. In contrast to a long, detailed survey, a more focused approach would also enable the IAASB to better leverage opportunities to solicit targeted feedback from investors and analysts. These stakeholders will likely have views as to how the IAASB could best respond to the changing environment, which will inform the development of the IAASB's medium-term strategy.
22. In considering the design of the survey, the Steering Committee noted the importance of provide stakeholders with appropriate context to understanding the factors that will affect the IAASB's capacity in the period commencing 2015, including:
  - A description of where the IAASB is expected to be at with its major projects.
  - How certain projects, such as the ISA Implementation Monitoring Project, will inform the IAASB about areas within the extant ISAs that may require further consideration.
  - How the INFO Working Group<sup>3</sup> is intended to inform the IAASB's longer-term strategy. .

### Matter for IAASB Consideration

Agenda Item 6-A sets out a proposed Stakeholder Survey for purposes of IAASB's strategy review.

The IAASB is asked for its views on Agenda Item 6-A, including the proposed questions for respondents.

### Material Presented

Agenda Item 6-A      Proposed Stakeholder Survey - IAASB Future Strategy

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<sup>3</sup> The INFO initiative is expected to commence in the first-half of 2013.

**Action Requested**

23. The IAASB is asked to consider the matters noted above and to provide input to the proposed Stakeholder Survey presented in Agenda Item 6-A. Taking into account the Board's input, the Steering Committee will finalize the survey by the end of February 2013.

## Appendix 1

### Relevant Excerpts 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 IOB and the PIAC's CAG of the decisions of the PIAC.
  - In setting its strategy and work program, the PIAC obtains the IOB'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 IOB'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 IOB 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.

## Appendix 2

### Timetable

The following represents the timetable necessary to finalize the SWP before January 1, 2015:

Activity	Timing
IAASB input on proposed stakeholder survey	February 2013
Survey released publicly	March 1, 2013
Survey discussed with CAG	April 2013
Comments for survey close	May 1, 2013
Targeted consultations with stakeholders	April 2013 – July 2013
Results analyzed and incorporated into first draft of the CP for discussion with the Steering Committee	July 2013
First read of CP at IAASB and CAG meetings the CP	September 2013
Approval of CP by IAASB	December 2013
Comment period for CP closes (90-day comment period)	April 15, 2014
Full review of comments received on consultation and discussion of revised Strategy and Work Program with IAASB and CAG	September 2014
Approval of SWP by IAASB	December 2014
Issuance after confirmation by PIOB that due process was followed	Early 2015