(Draft) IAASB WORK PLAN FOR 2017–2018

Planned Priorities and Actions for 2017–2018

1. In 2015–2016, the International Auditing and Assurance Standards Board (IAASB) commenced work, and has expended significant efforts, on revisions to a number of International Standards on Auditing (ISAs) and its International Standard on Quality Control (ISQC) 1.[1] The objective of these efforts is to address issues and challenges identified by the IAASB's ISA Implementation Monitoring project, as well as from feedback of its stakeholders, through meetings, inspection findings, outreach and roundtables. This work effort has reflected the IAASB's strong commitment to meeting the expectations of stakeholders regarding the application of the ISAs and ISQC 1, both of which serve a fundamental role in underpinning audit quality, in both the private and public sectors

2. Taking the efforts on the various projects currently underway at the start of 2017 into account, the IAASB's identified its planned priorities and actions for 2017–2018, with consideration also given to:

    ➢ The strategic objectives as set out in *The IAASB's Strategy for 2015–2019*, and stakeholders views on the continuing relevance of these strategic objectives.

    ➢ Certain factors guiding the identification of potential priorities and actions in its work plan.[2]

    ➢ The deployment of available resources, including Board capacity as well as Staff resources, in a way that has the greatest potential to serve the public interest.

    The IAASB publicly consulted its stakeholders on its planned priorities and actions for 2017–2018 through a survey.

3. In the responses to the 2017–2018 Work Plan consultation, the IAASB's stakeholders recognized the importance of completing work that was already in progress at the start of 2017, and supported the continuing prioritization of these projects. As part of the 2017–2018 Work Plan consultation, the IAASB also confirmed that its strategic objectives set out in *The IAASB's Strategy for 2015–2019* remain relevant. Accordingly, the IAASB determined that there is no need to reevaluate its focus on revising some of its key ISAs and ISQC 1, and agreed to continue prioritizing the projects already underway at the start of 2017.

4. Progress on each of the projects currently underway at the start of 2017 is at various stages, with some projects expected to be completed in the 2017–2018 period, while others will likely still be in progress, albeit nearly complete, at the end of 2018. The timetable for completion of the priority projects is ambitious, and every effort will be made to meet targeted dates. This will require hard work by the IAASB, its task forces and Staff, and will necessitate ongoing dialogue with its stakeholders. Therefore the IAASB will focus its efforts on its current key topics. New projects will be undertaken if and when it is realistically feasible.

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[1] ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

[2] See Appendix 1 of *The IAASB's Strategy for 2015–2019*.

5. For the 2017–2018 period, the IAASB is therefore planning to continue to prioritize the following in the public interest:

Completion of Current Standard-Setting Projects

➢ **Revision of ISA 540[3] including International Auditing Practice Notes (IAPN) or other publications (as appropriate) (Accounting estimates project)**

➢ **Revision of ISA 315 (Revised)[4] including IAPNs or other publications as appropriate (ISA 315 (Revised) project)**

➢ **Revision of ISQC 1 and ISA 220[5] including IAPNs or other publications as appropriate (Quality control project)**

➢ **Revision of ISA 600[6] including IAPNs or other publications as appropriate (Group audits project)**

New Standard-Setting Projects Commencing in 2017–2018

➢ **Agreed-upon procedures – revision of ISRS 4400[7]** ~~including further consideration about the more holistic issues involving agreed-upon procedures~~

➢ **Audit Evidence – including professional skepticism, data analytics and ISA 500,[8] with further consideration for including ISA 230,[9] ISA 520[10] and ISA 530[11] in the scope of the project**

6. While retaining flexibility in the projects it undertakes, the IAASB also recognizes that its priorities may change due to national or international developments during the period. At the same time, facts and circumstances may evolve and accordingly the progression of projects to completion may follow a different timeline from how the IAASB expects each project to progress (as presented in the Appendix). The IAASB will continue to monitor the progression of its priority projects, but will also be mindful of what its next priorities are as new projects or initiatives commence during the period.

~~6.~~7. The IAASB also agreed, with support from its stakeholders, to enhance its focus in 2017–2018 on:

Consideration of matters related to small and medium practices (SMPs) and audits of small- and medium-sized entities (SMEs)—As part of each project and initiative, the IAASB will continue to focus on understanding the issues and implementation needs of SMPs, including consideration of the ability of the ISAs and the IAASB's standard addressing quality control at the firm level to be applied in a manner proportionate with the nature and size of the firm or engagement. At the same time, the IAASB will also continue to consider its International Standards that address services for entities that do not require an audit of financial statements. As part of this effort, in January 2017,

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3   ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

4   ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

5   ISA 220, *Quality Control for an Audit of Financial Statements*

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

7   International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

8   ISA 500, *Audit Evidence*

9   ISA 230, *Audit Documentation*

10   ISA 520, *Analytical Procedures*

11   ISA 530, *Audit Sampling*

the IAASB will co-host a working conference to facilitate dialogue on the challenges of SMPs using the ISAs and discuss the needs of stakeholders relating to the range of other services being provided to SMEs.

Coordination with the International Ethics Standards Board for Accountants (IESBA)— ~~The IAASB~~ As the IAASB's projects are progressed in 2017–2018, there may be matters that impact the *Code of Ethics for Professional Accountants* (the IESBA Code) ~~has noted that there are issues in certain of its key projects that are likely to be of relevance to the 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 recognizes the importance of coordinating with the IESBA on matters that may impact the IESBA Code. The IAASB and IESBA will therefore continue to coordinate in the context of specific topics, through aligning efforts by Staff and the relevant Boards where necessary and appropriate, and through periodic leadership communications.~~.~~

~~7.~~8. As the IAASB's new and revised Auditor Reporting standards[12] are implemented globally, the IAASB will continue to undertake activities for the effective implementation of its new and revised Auditor Reporting standards. The IAASB will also ~~, including the~~ commence~~ment~~ ~~its~~ of a post-implementation review on these new and revised standards. The post-implementation review will also include evaluation of the key audit matters requirements, as well as disclosures relating to going concern and materiality, and review of the implementation of revised ISA 720.[13]

~~8.~~9. Furthermore, the IAASB understands the importance of liaison and dialogue with key stakeholders about matters relating to its priority projects, as well as for effective implementation of its standards and laying the foundation for its future efforts. Through its substantial outreach program and other activities to support its efforts, the IAASB will therefore continue to focus on continued liaison and further development of relationships with key stakeholders.

Considerations in Setting the IAASB's Work Plan for 2017–2018

~~9.~~10. The IAASB recognizes the importance of organizing and conducting its activities in the most effective and efficient way, and the need for ongoing consideration of opportunities to enhance the way it operates. Further, there is need for ongoing consideration of the overall capacity of the IAASB and its staff complement, by exploring opportunities to expand that capacity, for example through collaboration with others (e.g., national auditing standard setters (NSS), IAASB Technical Advisors (TAs), subject-matter experts from the firms and regulatory community, and others) on particular projects or by sharing staffing resources. The IAASB will continue to consider the most effective and efficient way of progressing its projects, taking into account other available resources as needed.

~~10.~~11. In the 2017–2018 period, the IAASB will focus on its standard-setting activities on its priority projects. Outreach and direct interaction with interested stakeholders, and development of

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[12] New and revised auditor reporting standards in the ISA 700 series, and revised ISA 570, *Going Concern,* were approved in September 2014 and are effective for periods ending on or after December 15, 2016.

[13] ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

communications relating to individual projects, will be undertaken as needed. In addition to standard-setting, for each of the projects underway the IAASB will also continue to determine the need for:

(a)   Implementation guidance in the form of a non-authoritative International Practice Note or in some other form; or

(b)   Staff publications.

11.12. The Appendix sets out the IAASB's current plan of how the projects will progress to completion (the "timetable"). However, taking into account the fundamental nature of the revisions to the standards currently being worked on, as well as the complexity of the issues and the interrelationship between the standards (including the need to sequence some of the revisions), the IAASB recognizes that the timeline may change as the Task Forces and Board continue to progress the revisions. The timetable will be posted on the IAASB's website and updated on a quarterly basis, with any changes made clearly explained on the timetable. The IAASB will also communicate changes to stakeholders as appropriate through the IAASB's ongoing outreach.

Recognizing the Need to Remain Flexible to Ensure the IAASB is Fulfilling Its Public Interest Mandate

12.   The initiatives specified for the period 2017–2018 represent the IAASB's current best thinking of how to deliver on its strategic objectives. However, the IAASB also recognizes the need to be flexible, both in the projects it has identified as priority projects and in its approach to future work plans. Through ongoing discussions and outreach with others,[14] the IAASB will monitor national and international developments to continually assess the prioritization of its future planned projects. As necessary, the IAASB is prepared to strategically reallocate resources, or prioritize one or more project(s) to commence sooner, even though doing so may mean deferral of work on other projects.

13.   The IAASB also notes that consideration of additional projects or the acceleration of work on specific projects may be possible through additional support by others, for example, NSS or researchers, or other steps to enhance resources available to the IAASB.

Descriptions of Projects and Initiatives Included in the 2017–2018 Work Plan

14.13.   The following depicts the priorities and actions the IAASB expects to undertake in 2017–2018.

15.14.   With regard to the IAASB's current priorities as set out in paragraph 5 above, standard-setting activities are already currently underway, or will commence early in 2017. The project proposals for the relevant projects set out the IAASB's proposed actions, including standard-setting and other activities planned. Below is a summary of the priority projects and targeted milestones, as well as a link to the relevant IAASB project page, which sets out the progress on each project to date, including relevant documents such as the IAASB's approved project proposal, IAASB and CAG agenda papers and minutes, and other published documents in relation to the project. The targeted milestones for each of the priority projects set out below represent the IAASB's current views of the expected timeframes for completion. As described above, these milestones may change from what is currently indicated.

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[14]   Including the IAASB Consultative Advisory Group (CAG), regulators, the Public Interest Oversight Board (PIOB), NSS, practitioners and other key stakeholders, and through ongoing monitoring by the Innovation Working Group (see paragraph 15).

Current Priority Projects

Accounting Estimates – ISA 540

This project addresses the revision of ISA 540, to establish more robust requirements and appropriately detailed guidance to foster audit quality by driving auditors to perform appropriate procedures in relation to accounting estimates and related disclosures .The project may also include the development of non-authoritative guidance and other support tools, such as International Auditing Practice Notes, Staff publications, project updates or other materials.

Targeted milestones:

- Exposure Draft of revised ISA 540 approved by IAASB—March 2017
- Final revised ISA 540 approved by IAASB—targeted March 2018[15]
- Development of IAPNs or other non-authoritative guidance as needed during 2017 and 2018

The project page, containing more information about the progress of this project, can be found [here]

ISA 315 (Revised)

This project addresses the revision of ISA 315 (Revised), to establish more robust requirements and appropriately detailed guidance to drive auditors to perform appropriate risk assessment procedures in a manner commensurate with the size and nature of the entity. The organization and structure of the standard will also be considered to determine how it can be modified to promote a more effective risk assessment. The project may also include the development of non-authoritative guidance and other support tools, such as IAPNs, Staff publications, project updates or other materials.

Targeted milestones:

- Exposure Draft of revised ISA 315 (Revised) approved by IAASB—Targeted March 2018
- Final revised ISA 315 (Revised) approved by IAASB—Targeted March 2019
- Development of IAPNs or other non-authoritative guidance as needed during 2017 and 2018

The project page, containing more information about the progress of this project, can be found [here]

Quality Control

This project addresses revisions to ISQC 1 and ISA 220. The revisions to ISQC 1 includes strengthening and improving a firm's management of quality incorporating a quality management approach for all engagements performed under the IAASB's International Standards by incorporating a quality management approach and fostering the scalability of the standard, and enhancing the requirements and application material. The revisions to ISA 220 includes strengthening aspects of the quality management for individual engagements. The project may also include the development of non-authoritative guidance and other support tools, such as IAPNs, Staff publications, project updates or other materials.

Targeted milestones:

- Exposure Drafts of revised ISQC 1 and ISA 220 approved by IAASB—Targeted December 2017
- Final revised ISQC 1 and ISA 220 approved by IAASB—Targeted December 2018
- Development of IAPNs or other non-authoritative guidance as needed during 2017 and 2018

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[15] The finalization of the revisions to ISA 540 will depend on the nature and volume of responses received, and may be earlier, or later, than currently indicated.

The project page, containing more information about the progress of this project, can be found [here]

Group Audits

This project addresses revisions to ISA 600 to strengthen the auditor's approach to a group audit and clarify the role of ISA 600 in relation to the other ISAs. The project may also include the development of non-authoritative guidance and other support tools, such as IAPNs, Staff publications, project updates or other materials.

Targeted milestones:

- Exposure Drafts of revised ISA 600 approved by IAASB—Targeted June 2018
- Final revised ISA 600 approved by IAASB—Targeted June 2019

Development of IAPNs or other non-authoritative guidance as needed during 2017 and 2018

The project page, containing more information about the progress of this project, can be found [here]

Initiatives Underway and New Projects to Commence in 2017–2018

Agreed-Upon Procedures (Initiative already underway—to become a new project to revise ISRS 4400)

A Working Group has beenwas set up in 2015 to explore the need to:

- Revise ISRS 4400; and
- Consider whether standard-setting or other activities may be appropriate for engagements that use a combination of procedures derived from reviews, compilation and agreed-upon engagements (also known as 'multi-scope engagements'), in light of the existing standards that may be applicable to these standards in the IAASB's current suite of standards.

Initial discussions on these matters have taken place at several IAASB meetings. The IAASB agreed to explore the topic further through consultation, with a Discussion Paper, *Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards*, setting out the various matters on AUP engagements [issued] in November 2016, with a comment deadline at the end of March 2017.

The IAASB has agreed that, subject to support from its stakeholders in the responses to the Discussion Paper, a project to revise ISRS 4400 should commence. Accordingly, tThe scope of a new project on this topic will comprise the revision of ISRS 4400. Further consideration of the IAASB's actions in relation to the other aspects of this projectthe Discussion Paper including as it relates to multi-scope engagements is still to be determined, and may include a revision of ISRS 4400. The scope of the project will be determined once the responses have been analyzed and the IAASB has considered the appropriate actions.

The project page, containing more information about the progress of this initiative, can be found [here]

Audit Evidence (New project)

The scope of a project on Audit Evidence would need to be considered by the IAASB, as there may be many relevant areas in the ISAs affected by a project on this topic. As a minimum, this project would likely include data analytics, professional skepticism (see further information on activities relating to professional skepticism below) and ISA 500. Further consideration may also be given to whether, and how, it should encompass the need for possible revisions to ISA 230 (including the impact of further

consideration of professional skepticism), ISA 520 , and ISA 530. Initial work on scoping the project could commence once the responses from the consultation on data analytics have been received and analyzed. Therefore, later in 2017, initial activities by a working group for this project and discussions with the IAASB on the appropriate scoping of the project could help determine what would be included in a project proposal, with more significant standard-setting activities planned for 2018 (i.e., once ISA 540 has been completed and additional Board capacity becomes available).

Professional Skepticism (Initiative already underway)

The objective of this initiative is to explore how to effectively respond to issues related to professional skepticism. The Professional Skepticism Working Group continues to work with the other Task Forces and Working Groups, as appropriate, to consider how to strengthen requirements and guidance in key standards currently under revision to emphasize the importance of the application of professional skepticism and set forth expectations about how professional skepticism is expected to be applied in other ISAs under revision, including ISA 540, ISA 315 (Revised), ISQC 1, ISA 220, and ISA 600. Further consideration of other aspects of professional scepticism will be included in a new project on Audit Evidence (see above).

The project page, containing more information about the progress of this project, can be found [here]

Data Analytics (Initiative already underway)

The objectives of this initiative are to explore emerging developments in the effective and appropriate use of technology, including data analytics, to enhance audit quality, and explore how the IAASB can most effectively respond to these emerging developments. Once the responses to the IAASB's Request for Input, *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics*, have been considered, the IAASB will consider the most appropriate way forward. Aspects of this topic will be included in the future project on Audit Evidence (see above), while coordination with other task forces and working groups on the impact of data analytics on individual ISAs will continue as the revisions to ISA 540, ISA 315 (Revised), ISQC 1, ISA 220 and ISA 600 are progressed.

The project page, containing more information about the progress of this project, can be found [here]

Other Initiatives and IAASB Ongoing Activities

Innovation Working Group

16.15.   While standard setting remains a priority, the IAASB also recognizes the importance of preparing for the future. The IAASB's Innovation Working Group monitors developments in emerging areas of audit, assurance and related services and makes recommendations to the IAASB on specific topics for the IAASB to pursue, including when there is a need for a standard-setting response. These recommendations will take into account:

(a)   Wwhether there is a visible market demand for other aspects related to audit or, assurance and related services in the public interest; and, including

(a)(b) tThe potential need for the IAASB to enhance the quality of engagements that are currently conducted on a widespread basis internationally or expected to be in the near future.

The Innovation Working Group reports to the IAASB annually on emerging areas identified by the IAASB, CAG and NSS where further attention by the Innovation Working Group or by separate working groups are needed.

Other Other IAASB Initiatives and Activities

16. In 2014 a separate working group was established to explore developments relating to the demand for assurance on integrated reports. In exploring developments related to assurance on integrated reports, the working group broadened its considerations to include other forms of external reporting. In August 2016 the Integrated Reporting Working Group published a Discussion Paper, *Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements*. The responses to this Discussion Paper will be analyzed during 2017, and an appropriate way forward determined.

17. In addition to the ongoing activities, during 2017–2018 the IAASB will also continue to monitor pronouncements from the International Accounting Standards Board (IASB) for auditability and verifiability issues, as well as to consider whether there is a need for the IAASB to address the auditor's efforts in relation to new or amended financial reporting pronouncements (in particular, those that require the application of significant judgment) through changes to the ISAs or other outputs. In addition, the IAASB will continue to liaise and collaborate with the IASB on topics of mutual interest (e.g., in the context of the IASB's Disclosures and Materiality projects).

Other Relevant Considerations

18. Determining the most appropriate actions to enhance the quality of engagements conducted using the IAASB's standards, including whether changes to the standards are necessary to do so, is an important consideration. As the IAASB progresses the revisions to its standards, and as it starts to consider new projects later in the work plan period, the IAASB will continue to consider whether standard-setting is deemed to be needed and appropriate, or whether there is another possible action to address the issue.

19. Once projects are in nearing finalization, the IAASB will need to consult with its stakeholders to determine an appropriate effective date for any changes to the standards or for new standards, balancing the demand for changes with an appropriate amount of time to allow such changes to be implemented in practice.

20. For example, feedback from various stakeholders has cited the need to continue to allow for ongoing national adoption and implementation of the clarified ISAs before introducing significant changes to them. Changes to national auditing standards arising from translation and the legislation process, and changes to firms' audit methodologies, take time in order for the IAASB's standards to be adopted and effectively implemented. Also, the importance to audit quality of auditor education, training and implementation guidance, in particular for SMPs, cannot be underestimated.

Quarterly Timetable for IAASB Projects

21. The planned timing of the IAASB's priority projects and other activities is presented in the Appendix.

Appendix

The following timetable presents the IAASB's current thinking about how each of the projects will be progressed, and is updated quarterly ~~as appropriate~~. These milestones may be reached earlier, or later, than currently indicated. An updated quarterly timetable can be found on the IAASB website (the quarterly timetable can be found [==here==]).

Project	2017					2018			
	March	**June**	**Sep**	**Oct**	**Dec**	**March**	**June**	**Sep**	**Dec**
Current Priority Projects									
Auditing Accounting Estimates - ISA 540	Approval of ED		Very high-level feedback from ED	Full review of ED comments and revised draft	First read of final standard	Approval of final standard			
Special Audit Considerations Relevant to Financial Institutions		Discussion of principles to be addressed in IAPN #1 addressing supervisors	Consideration of IAPN #1 for exposure			~~Review and Completion of IAPN #1~~	Review and Completion of IAPN #1~~Need for IAPN #2 considered~~	Need for IAPN #2 considered	
Risk Assessment - ISA 315 (Revised)	Issues	Issues	First read of ED	-	Second read of ED	Approval of ED		Very high-level feedback from ED	Full review of ED comments and revised draft
IAPN/Other Staff Document - ISA 315 (Revised)						Consideration of ~~N~~need for, and if needed, development of, IAPN / Other Staff document ~~considered and developed~~			
Quality Control at the Firm level - ISQC 1	Discussion of QMA and issues	First read of ED	Second read of ED	-	Approval of ED		Full review of ED comments ~~and revised draft~~	First read of revised draft~~final standard~~	Approval of final standard

Project	2017					2018			
	March	**June**	**Sep**	**Oct**	**Dec**	**March**	**June**	**Sep**	**Dec**
Quality Control at the Engagement Level - ISA 220	Issues	First read of ED	Second read of ED	-	Approval of ED		Full review of ED comments ~~and revised draft~~	First read of ~~revised draft~~final ~~standard~~	Approval of final standard
Group Audits	Issues	Issues	Issues	-	First read of ED	Second read of ED	Approval of ED		Full review of ED comments and revised draft
Professional Skepticism	Professional skepticism aspects addressed in each project above as appropriate; evidence aspect to be further considered as part of the "Evidence" project								
Data Analytics	Data analytics aspects addressed in each project above as appropriate; evidence aspect to be further considered as part of the "Evidence" project								
New projects in 2017–2018									
Agreed-Upon Procedures - ISRS 4400		Full review of comments to DP		Project proposal and issues			First read of ED ISRS 4400	Second read of ED ISRS 4400	Approval of ED ISRS 4400
Evidence - ISA 500 (includes PS & DA)	Very high-level feedback of DA RFI	Full review of comments to DA RFI and issues		Project proposal and issues		Issues	Issues	Issues	First read of ED
Other Projects / Initiatives									
Integrated Reporting / Emerging Forms of External Reporting (EER)		High-level feedback on comments to EER DP	~~Review of comments on EER DP~~	Review of comments on EER DP ~~Determine way forward~~	Determine way forward				

Project	2017					2018			
	March	**June**	**Sep**	**Oct**	**Dec**	**March**	**June**	**Sep**	**Dec**
Innovation			Update				Update		
IASB Liaison					Update				Update
IESBA Coordination	Update					Update			
SMP Activities	SMP Working Conference	Activities as necessary							
AR Implementation	Updates as needed / commencement of post-implementation review in Q4 2017, including experience with Key Audit Matters, and disclosures about going concern and materiality								
Strategy / Work Plan						Begin process for Strategy Survey for 2020-2024 Strategy and consultation on 2019 / 2020 Work Plan	Finalization of Strategy Survey		Finalization of 2019 / 2020 Work Plan and Strategy Consultation for 2020–2024