

IAASB's Strategy for 2020–2023 and Work Plan for 2020–2021—Discussion

Objectives of the IAASB Discussion

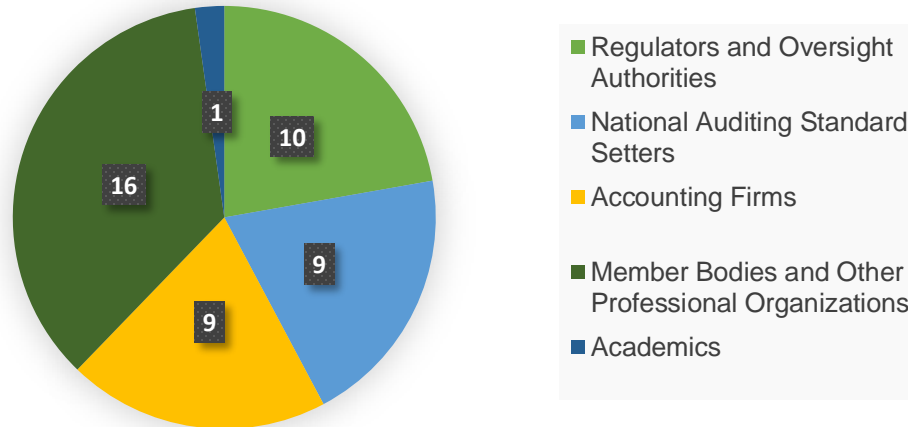
The objectives of this agenda item are to discuss a revised proposed draft of the IAASB's Strategy for 2020–2023 (the Strategy) and Work Plan for 2020–2021 (the Work Plan) in light of respondent's comments to the Consultation Paper (CP), *Proposed Strategy for 2020–2023 and Work Plan for 2020–2021*.

Introduction

1. Since the comment period on the CP closed, the Steering Committee (which acts as the Task Force for the development of the IAASB's Strategy and Work Plans) has focused on enhancing the Strategy and Work Plan based on the feedback received from respondents.
2. The CP included in one document the proposed direction for the Strategy, Work Plan and, as part of the Strategy, a description of the a new "Framework for Activities" (which was still to be developed should there be support for the direction). For the purpose of the final Strategy and Work Plan, which needs to be approved at the end of 2019 for 2020 onwards, the different aspects of the CP have been separated into three separate documents:
 - *Strategy*—describing the strategic objectives, and broad actions within each strategic objective, of the IAASB for the period 2020–2023. The revised proposed Strategy is included in **Agenda Item 10-A**, with the significant proposed changes to the CP described below.
 - *Work Plan*—sets out the detailed projects and activities to be undertaken in the first work plan within the strategy period (i.e., 2020–2021). This has been separated from the Strategy because it covers a different period, and will need to be replaced in 2022 with the Work Plan for 2022–2023. The revised proposed Work Plan is included in **Agenda Item 10-B**, with the proposed significant changes to the CP described below.
 - *Framework for Activities*—will describe the IAASB's processes, procedures and criteria (where appropriate) to help the IAASB to select, prioritize and scope its work by setting out processes, procedures, and criteria for making decisions about how best to deploy its resources. The Framework for Activities does not form part of the Strategy and Work Plan as it is intended to be longer-term but is described within each of these documents as it forms an integral part of how the IAASB undertakes its work. The Framework for Activities is not required to be approved as part of the Strategy and Work Plan (which is subject to due process). However, the Framework for Activities will be developed with the IAASB's input and guidance. It is intended that an initial draft of the Framework will be developed for the December 2019 IAASB discussions (and to support the descriptions thereof in the Strategy and Work Plan).
3. **Appendix 1** to this agenda item contains an overview of the Steering Committee's members and activities since June 4, 2019.

Respondents’ Comments and Way Forward

4. The CP on the proposed Strategy and Work Plan was open for 120 days and ended on June 4, 2019. In total forty-five letters were received, including responses from four Monitoring Group members; Basel Committee on Banking Supervision (BCBS), International Association of Insurance Supervisors (IAIS), International Forum of Independent Audit Regulators (IFIAR) and International Organization of Securities Commissions (IOSCO).
5. A list of respondents to the IAASB’s Consultation Paper on the Strategy and Work Plan is included in **Appendix 2**.



6. Notwithstanding that some stakeholder groups, such as investors, those charged with governance and public sector, were not well represented within the responses, the Steering Committee is of the view that additional responses from these groups would not necessarily result in significant changes to the proposed changes as the respondents who did comment were broadly supportive of the direction and focus. In addition, the Strategy and Work Plan will be discussed on all outreach over the next 3-4 months, some of which is with representatives from these groups, and any further input will feed back into the development of the final Strategy and Work Plan, before the expected approval in December 2019.

Presentation of Respondents’ Comments

7. Staff has used NVivo to assist with the analysis of comments. A summary of the comments relating to each section of the Strategy and Work Plan is included in **Appendix 3**. The summary of Nvivo comments related specifically to the Framework for Activities will be presented in December 2019 together with the draft of the Framework for Activities.

High-Level Summary of Respondents’ Comments and Proposed Changes

8. Respondents to the CP were broadly supportive of the proposals, in particular the direction and areas of focus. In light of the strong support of the matters set out in the CP, the Steering Committee has used the CP as a base for the final Strategy and Work Plan, with changes made:
 - To address comments made on specific matters; and
 - To further develop these documents into a final Strategy and Work Plan.

9. Notwithstanding the strong support overall, there were some areas where mixed messages were received, including:
- Strong support for the continuing efforts with regard to audits of less complex entities (LCEs), in particular from member bodies and those supporting small- and medium-practices (SMPs) / small- and medium-sized entities (SMEs), while other respondents, in particular regulators and audit oversight bodies (including members of the Monitoring Group), had the view that the IAASB should focus on public interest entities and therefore that there should be less focus on work in this area.
 - Some respondents encouraged the IAASB to consider how it could speed up its standard-setting activities while others encouraged the IAASB to slow down and spend the time needed to properly undertake its work.
 - Some respondents encouraged the IAASB to consider a period of stability once its significant audit quality and quality management projects are complete, while others note a wide range of projects that should be considered by the IAASB.

Broad Changes Proposed

10. The broad support from respondents for the areas of focus set out in the CP have helped the Steering Committee in finalizing the IAASB's goal for the period 2020 to 2023. In order to link the IAASB's goal to the work it intends to undertake, the Steering Committee has the view that strategic objectives are needed to help describe "how" the goal will be achieved and better articulate our focus areas (i.e., cascading down to the projects and activities that are committed to in order to achieve the goal). In developing the strategic objectives, the Steering Committee has used the themes from the CP that were consulted on (and supported) to shape the broader three strategic objectives as set out in **Agenda Item 10-A**. The strategic actions within the strategic objectives help provide sharper focus for the activities to achieve that particular objective.
11. Where appropriate, some of the themes previously set out in the CP have been combined to form a broader strategic objective, however the underlying aspects attributable to the theme has not been lost. For example, Theme A, Theme B and Theme C from the CP have been combined under the strategic objective to *'develop and maintain the IAASB's International Standards and supporting materials that are in the public interest and contribute to trust in financial and other reporting.'* The themes from the CP, however, have been included as the specific strategic actions within this strategic objective, and are broadly similar to the themes set out within the CP. The other strategic objectives relate to Themes D and E within the CP more directly.
12. The Steering Committee acknowledges that the strategic objectives, in particular the first one relating to the development and revision of the standards, is very broad. However, on balance, the Steering Committee believes that the strategic actions better articulate the different work streams within that objective, therefore illustrating the diversity of the IAASB's intended actions directly relating to its standards, while keeping the strategic objectives at an appropriately high level.
13. Other broad changes within the proposed revised Strategy include:
- Rearticulating the 'Environmental Drivers' as the 'Strategic Drivers' (although the content has remained very similar) to reflect the importance of these matters in driving the IAASB's work.

- Linking the Strategy to the Work Plan (explained further below), and explaining the role of the Framework of Activities in the work of the IAASB, including a high-level description of the components of the Framework.

Significant Respondent Comments and Steering Committee Responses

14. In addition to the changes that have been explained above, which are primarily to develop ‘self-standing’ final documents, the Steering Committee has also made changes to address significant comments made by respondents to the CP. The table below sets out these significant comments made and the proposed response to address the comment.

Key Messages	Proposed Action by the Steering Committee
<i>Overarching Comments</i>	
<p>Concern was expressed that it was not clear how the various sections in the Strategy and Work Plan were linked, or tied in, in particular how the identified environmental drivers were linked to the proposed strategic themes and the work planned in the Work Plan.</p>	<ul style="list-style-type: none"> • The linkages between the environmental drivers and proposed strategic themes and strategic actions have been made clearer, primarily through a diagram (see Page 5 of Agenda Item 10-A). The Steering Committee considered various ways of better illustrating this linkage (for example, matching them in a table) but believes that the diagram holistically shows the relationships. • The linkages between the Strategy and the Work Plan have been strengthened, including: <ul style="list-style-type: none"> ○ Enhancing the linkages between the three strategic objectives (and the strategic actions therein) in the Strategy, and the planned projects in the Work Plan, by organizing the projects and work streams in the detailed Work Plan table on page 4 in Agenda Item 10-B by strategic objective and strategic action, and by color coding the relevant headers to match; and ○ Enhancing the linkages between the Framework for Activities and the projects and work streams, included in Appendix 1 of the Work Plan, by specifying for each project and work stream to which activity within the Framework it relates.
<p>The IAASB were encouraged to explain who its key stakeholders are and include them in the Strategy, including clear messaging about the need to balance the needs of all its stakeholders.</p>	<p>The Steering Committee has added Appendix 1 to the Strategy (Agenda Item 10-A) that provides an overview of the IAASB’s key stakeholders. The list is based on the identification of the IAASB’s key stakeholders in the CP (within Theme E in the CP). The Steering Committee has also added Appendix 3 to the Work Plan (Agenda Item 10-B) that sets out the ongoing</p>

Key Messages	Proposed Action by the Steering Committee
	<p>outreach activities of the IAASB in reaching out to its key stakeholders, as well as others.</p> <p>With regard to balancing the needs of all stakeholders:</p> <ul style="list-style-type: none"> • Appendix 1 also explains that the IAASB works with many stakeholders, with a variety of expectations and needs that must be balanced and prioritized. • The introduction to the environmental drivers also highlights the need to balance the needs of all stakeholders. <p>Accordingly, the Steering Committee has the view that explaining that the needs of all stakeholders need to be balanced is sufficiently highlighted within the Strategy and no further changes are proposed.</p>
<p><i>Our Goal, Keys to Success and Stakeholder Value Proposition (Agenda Item 10-A, page 1)</i></p>	
<p>The IAASB was encouraged to refer to the <i>public interest</i> in ‘our goal.’ The IAASB was also encouraged to develop a definition or ‘framework’ for what public interest means.</p>	<p>The goal has been revised so that it explicitly refers to public interest.</p> <p>Although in agreement that it is important to understand what ‘public interest’ means in terms of its mandate, the IAASB also acknowledges that the term ‘public interest’ means different things to different stakeholders. As the IAASB navigates through its next Strategy period, it will be important to follow the work of others in this area, and determine whether further action, by the IAASB, is necessary.</p>
<p>This section was largely supported, with some less significant comments suggested (see Appendix 3).</p>	<p>The Steering Committee agreed not to make significant changes to this section in recognition of the support, but clarified and strengthened some of the language based on suggestions received from respondents.</p>
<p><i>Our Opportunities and Challenges – Environmental Drivers (Agenda Item 10-A, page 2)</i></p>	
<p>This section was largely supported, with some less significant comments suggested (see Appendix 3).</p>	<p>With the exception of rearticulating the header as ‘strategic drivers’ as explained above, the Steering Committee agreed not to make significant changes to this section in recognition of the support, but clarified and strengthened some of the language based on suggestions received from respondents.</p>
<p><i>Strategy and Focus (and Strategic Actions) (Agenda Item 10-A, page 4)</i></p>	

Key Messages	Proposed Action by the Steering Committee
<p>Support was expressed for the identified strategic actions, including:</p> <ul style="list-style-type: none"> • Strong support to progress and complete the projects underway at the start of 2020 (e.g.; Quality Management projects and ISA 600) and provide implementation support for these projects; • Support for developing the Framework for Activities; and • Enhancing collaboration with the International Ethics Standards Board for Accountants (IESBA). <p>Mixed views were expressed about the importance of the work being undertaken in relation to LCEs.</p>	<p>In recognition of the support, the Steering Committee has:</p> <ul style="list-style-type: none"> • Reconstituted the themes as strategic objectives, and strategic actions (as described in paragraphs 10–12 above). • Made the decision that the development of the Framework of Activities should be a focus area for the IAASB with a dedicated workstream (i.e., time and resources planned to properly develop the various components of the Framework). Accordingly, this has been reshaped into a strategic objective, and time on the detailed Work Plan has been allocated. <p>With regard to specific projects within the Work Plan, for those projects where standard-setting has commenced, the Steering Committee has continued to present these as priority projects until targeted completion in the detailed Work Plan. For those projects where standard-setting has not yet commenced, these projects will be progressed in accordance with the new processes and procedures within the new Framework of Activities. As such, the project on audits of LCE’s is within the Information Gathering and Research component and further IAASB work effort will be determined by the feedback from these activities.</p>
<p>The IAASB was encouraged to include more detail about the IAASB’s resources that will support the strategic actions (and projects and workstreams).¹</p>	<p>The Steering Committee does not believe that the strategy, which has purposefully been kept at a high-level, is the place to provide details about resources and how they are deployed. The Steering Committee has, however, broadly introduced resources as a consideration of the work that it does within the Strategy. Furthermore, the Steering Committee has provided a new description about how the IAASB determines its new activities and priorities, including the role of resources in this, in the proposed Work Plan. Further consideration about resources is set out below in paragraph 16.</p>
<p>The IAASB was encouraged to remain adaptable to accommodate any future changes arising from the Monitoring Group review.</p>	<p>Consistent with the view taken about presenting matters related to the Monitoring Group review in the CP, the Steering Committee still don’t believe that this needs to be explicitly covered within the final Strategy or Work Plan. As the</p>

¹ The Public Interest Oversight Board’s publication, *PIOB Public Interest Issues: IAASB Projects*, published in July 2019 also encouraged the IAASB to identify the resources to execute the SWP (strategy and work plan). The changes proposed within the Work Plan have also been developed with this in mind.

Key Messages	Proposed Action by the Steering Committee
	<p>Framework for Activities continues to be developed, and future Work Plans are developed, consideration of any changes arising because of this review will be further considered.</p> <p>However, the Steering Committee are also of the view that recognition of the Monitoring Group review could appropriately be recognized with The Chairman's Foreword, which will be presented at the December 2019 IAASB meeting for discussion.</p>
<p>It was noted that more emphasis on changing technologies and the impact on audits was needed.</p>	<p>The Steering Committee has recognized the strong messages encouraging more on technology, in particular in relation to its impact for audits. The Technology Working Group is in the process of developing a work plan (for the next 18 months) to provide non-authoritative guidance in relation to various aspects of technology and audits), and will also work with the Audit Evidence Working Group as it gathers more information regarding the scoping of a project on Audit Evidence. Both of these work efforts are explicitly reflected on the proposed detailed work plan and described in Appendix 1 to the Work Plan.</p> <p>In the last quarter of 2019, IAASB Staff will also be commencing activities to explore digitizing the IAASB's Handbook. No timeframe has yet been established as this initiative is in the exploration stage but efforts will have commenced by the time that the Strategy and Work Plan has been finalized in December 2019.</p>
<p><i>Framework for Activities</i></p>	
<p>It was highlighted that more is needed to understand the root causes of identified issues.</p>	<p>Part of the objective of the Information Gathering and Research component of the new Framework for Activities is to gather more information about causal issues that will help the IAASB better scope its projects (as well as identifying a response that is appropriate for the issue identified, for example may not necessarily be a full revision of a standard to address limited scope issues). The activities related to Information Gathering and Research are further described in the strategy (Agenda Item 10-A, page 6)</p> <p>As the Steering Committee more fully develops the Framework for Activities, however, it will remain mindful of respondents' comments that this element of the IAASB's work should be targeted and limited in time so that it does not detract from other</p>

Key Messages	Proposed Action by the Steering Committee
	<p>priorities (i.e., that there should be a balance in the time and efforts expended).</p>
<p><i>Deepen Our Connectivity and Collaboration Opportunities</i></p>	
<p>It was highlighted that with respect to collaboration with National Standard Setters (NSS), the collaboration should focus on how this coordination can be enhanced and formalized when the issues driving a national standard-setting projects have global relevance.</p>	<p>The Steering Committee has recognized that time and effort will be needed to further enhance collaboration efforts, for example with NSS but also with others where efforts are needed to encourage others to act. Accordingly, a line item has been added to the IAASB's detailed work plan reflecting these efforts.</p>
<p>With respect to collaboration with the IESBA, the IAASB has been encouraged to enhance and intensify the coordination efforts to ensure that the auditing and assurance standards are consistent with the IESBA</p>	<p>Over the last 12-18 months this work efforts has been increasing, and more time and effort has been spent on collaboration efforts. As a result, the Steering Committee has recognized that this may be substantial and has therefore added a workstream for these efforts onto the IAASB's detailed Work Plan, and described these efforts in Appendix 1 to the Work Plan (Agenda Item 10-B).</p>
<p><i>Work Plan for 2020-2021</i></p>	
<p>Set realistic timelines for the IAASB's projects included in the Work Plan.</p>	<p>In the Work Plan the Steering Committee updated the timelines in the 'Our Detailed Work Plan for 2020-2021' section based on the latest information and set timelines that are, in its view, realistic based on known information at this time. (See detailed table of projects in Agenda Item 10-B, page 3).</p> <p>The Steering Committee has also added work streams for activities which are either limited in their plenary time, or do not need plenary time, but do require time and efforts of Staff or Task Forces / Working Groups (for example, strengthening collaboration efforts with NSS or outreach activities). This is more reflective of where time and effort are needed and better illustrates where activity is taking place.</p>
<p>Various suggestions were received for future projects.</p>	<p>Based on the suggestions received, where a suggested project or activity is not already taken account of in the IAASB's planned activities in 2020 and 2021, the Steering Committee has included a list of possible projects for further IAASB consideration in Appendix 2 of the Work Plan (Agenda Item 10-B). These projects have been allocated to Categories B and C of the Information Gathering and Research component, and</p>

Key Messages	Proposed Action by the Steering Committee
	<p>form part of the pool of possible projects once capacity becomes available.</p> <p>In addition, this list in Appendix 2 notes other projects that have been identified during the course of the IAASB’s other work efforts, for example in the responses to ED-315.²</p>

15. In making the changes, the Steering Committee has remained mindful of not losing any of the important aspects of the CP, albeit that the information may have been repackaged within the Strategy and Work Plan as presented in **Agenda Items 10-A and 10-B**.

Determining Resources Available for New Projects

16. The IAASB has been called on to provide more about how it uses its resources. There is a balance in the detail that could be provided within the Strategy and Work Plan. The Steering Committee has broadly articulated the types of resources available for its work within the Strategy, and further explained how the resources are allocated within the Work Plan (below the detailed table of projects). However, what has been included does not provide a significant amount of details, and further consideration could be given to more, for example, further analysis could be undertaken to provide detail about capacity available to deliver certain new workstreams; or providing more detail about the number of hours available (volunteer, staff, other) and how these can be allocated to new work.

Development of Framework for Activities

17. High-level descriptions of the components of the Framework for Activities have been included in **Agenda Items 10-A and 10-B**. These descriptions broadly articulate the nature of the various components of the Framework for Activities, which was initially introduced in the CP (and supported by respondents). However, there is more time and effort needed to further explore the detailed processes and procedures, including relevant criteria needed (for example, when a topic being explored becomes a project, or how topics move from Category C to Category B of the Information Gathering and Research component). The development of these aspects of the Framework will help give transparency to why the IAASB has selected certain topics to pursue, and also help the IAASB focus its efforts in relation to the proposed strategic objectives (for example, one of the strategic objectives is a focus on developing this Framework).
18. The Steering Committee’s further consideration of the different aspects of the Framework will also focus on the planned implementation activities, which was strongly emphasized by respondents to the CP. Notwithstanding that the IAASB intends to focus more on implementation activities in its next strategy period, further thinking is needed to determine what the IAASB’s role is in relation to implementation activities and what the role of others is. The IAASB has limited resources and must therefore be mindful of what its responsibilities are in relation to implementation activities in its role as a global standard-setter. Therefore, as this component of the Framework is further developed, further reflection is needed about the types of activities that are appropriate, and the timing of these, as this will help the IAASB frame its responsibilities in this area. As part of this, the IAASB will also

² Proposed ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*

further consider where collaboration activities are needed to further support implementation efforts (for example, from NSS or the International Federation of Accountants).

19. It is intended that an initial draft of this Framework, as well as the related responses to the CP, are presented for discussion at the December 2019 IAASB meeting.

Matters for IAASB Consideration

- 1) The IAASB is asked for its views on the revised proposed Strategy as presented to the Board in **Agenda Item 10-A**, and specifically:
 - (a) Whether the Board agrees with the three strategic objectives, including the way they are articulated, and the related strategic actions, as presented on page 3 of **Agenda Item 10-A**;
 - (b) For views on whether the linkages between the sections that have been enhanced adequately illustrate how the documents and sections are linked; and
 - (c) For views on how the Framework for Activities has been described in the Strategy.
- 2) The IAASB is asked for its views on the Work Plan as presented to the Board in **Agenda Item 10-B**, and specifically:
 - (a) Whether the detailed table of work activities is complete;
 - (b) Whether more detailed information should be provided about resources (refer to paragraph 16) or whether the information included in **Agenda Item 10-B** is at an appropriate level for the Work Plan; and
 - (c) Whether the explanation about how new projects will be selected and prioritized is appropriate.
- 3) The IAASB is asked whether there are any other matters the Steering Committee should consider as it finalizes the Strategy and Work Plan for approval by the IAASB in December 2019.

Appendix 1

Steering Committee Members and Activities, Including Outreach

1. The Steering Committee serves as the task force for this project. Members are:
 - Tom Seidenstein, IAASB Chairman
 - Fiona Campbell, IAASB Deputy Chair
 - Karin French
 - Marek Grabowski
 - Len Jui
 - Imran Vanker

Steering Committee Activities

2. Comments to the Strategy and Work Plan were due by June 4, 2019. Since June 4, 2019, the Steering Committee met once physically (during the June Board meeting) and held three teleconferences to discuss the comments received and the way forward on the Strategy for and Work Plan.

Appendix 2

List of Respondents to the IAASB’s Consultation Paper on the Strategy for 2020-2023 and Work Plan for 2020-2021

NOTE: MEMBERS OF THE MONITORING GROUP ARE SHOWN IN **BOLD** BELOW.

#	Abbrev.	Respondent	Region
Regulators and Oversight Authorities (10)			
1.	BCBS	Basel Committee on Banking Supervision	GLOBAL
2.	CEAOB	Committee of European Auditing Oversight Bodies	EU
3.	CPAB	Canadian Public Accountability Board	NA
4.	ESMA	European Securities and Markets Authority	EU
5.	IAASA	Irish Auditing & Accounting Supervisory Authority	EU
6.	IAIS	International Association of Insurance Supervisors	GLOBAL
7.	IFIAR	International Forum of Independent Audit Regulators	GLOBAL
8.	IOSCO	International Organization of Securities Commissions	GLOBAL
9.	IRBA	Independent Regulatory Board for Auditors	MEA
10.	UKFRC	Financial Reporting Council – UK	EU
National Auditing Standard Setters (9)			
11.	AUASB	Australian Auditing and Assurance Standards Board	AP
12.	CAASB	Canadian Auditing and Assurance Standards Board	NA
13.	CNCC- CSOEC	Compagnie Nationale des Commissaires aux Comptes and the Conseil Superieur de l’Ordre des Experts-Comptables	EU
14.	HK-CPA	Hong Kong Institute of CPAs	AP
15.	IDW	Institut der Wirtschaftsprüfer	EU
16.	JICPA	The Japanese Institute of Certified Public Accountants	AP
17.	MAASB	Auditing and Assurance Standards Board of Malaysian Institute of Accountants	AP
18.	NBA	Nederlandse Beroepsorganisatie van Accountants	EU
19.	NZAASB	New Zealand Auditing and Assurance Standards Board	AP
Accounting Firms (9)³			
20.	BDO*	BDO International Limited	GLOBAL
21.	CI*	Crowe Global	GLOBAL

³ Forum of Firms members are indicated with a *. The Forum of Firms is an association of international networks of accounting firms that perform transnational audits.

22.	DTT*	Deloitte	GLOBAL
23.	ETY	ETY	MEA
24.	EY*	Ernst & Young Global Limited	GLOBAL
25.	GTI*	Grant Thornton International Ltd	GLOBAL
26.	KPMG*	KPMG IFRG Limited	GLOBAL
27.	PwC*	PWC International	GLOBAL
28.	RSM*	RSM International	GLOBAL
Member Bodies and Other Professional Organizations (16)			
29.	ACCA-CAANZ	Association of Chartered Certified Accountants - Chartered Accountants Australia and New Zealand	GLOBAL
30.	AE	Accountancy Europe	EU
31.	AICPA	American Institute of Certified Public Accountants	NA
32.	CPAA	CPA Australia	AP
33.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
34.	FACPCE	Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professionals Councils of Economic Sciences)	SA
35.	ICAEW	Institute of Chartered Accountants in England and Wales	EU
36.	ICAS	Institute of Chartered Accountants Scotland	EU
37.	ICPAU	Institute of Certified Public Accountants of Uganda	MEA
38.	IIA	Institute of Internal Auditors	Global
39.	ISCA	Institute of Singapore Chartered Accountants	AP
40.	MICPA	Malaysian Institute of Certified Public Accountants	AP
41.	NRF	Nordic Federation of Public Accountants	EU
42.	SAICA	South African Institute of Chartered Accountants	MEA
43.	SMPC	IFAC Small and Medium Practices Committee	GLOBAL
44.	WPK	Wirtschaftsprüferkammer	EU
Academics (1)			
45.	FAR	Foundation for Auditing Research	EU

Appendix 3

Summary of Respondent's Comments to the Strategy for 2020–2023 and Work Plan for 2020–2021

1. The summary of respondents' comments is intended to support the changes that will be discussed with the Board. These summaries therefore do not include all the matters raised by respondents. In arriving at its conclusions, however, all comments made by respondents have been considered by the Steering Committee.
2. To navigate between the actual responses in the letter received and the summaries related to respondents' comments presented in this Agenda Item, IAASB staff prepared an Excel summary spreadsheet (see **Agenda Item 10-D**). The Excel summary spreadsheet is in a tabular format setting out a listing of respondents and broad themes within the responses. The Excel summary spreadsheet indicates the level of support for the relevant proposals, as well as if a respondent had made an individual or editorial comment within that specific (broad) theme. The Excel summary spreadsheet links back to a report generated using NVivo (by question) (see **Agenda Item 10-E.1 to 10-E.5**).
3. Each NVivo report contains the full respondent answers to a specific question from the Strategy and Work Plan consultation. Collectively, all the comment letters received have been captured and coded within NVivo.

Question 1 – Our Goals, Keys to Success and Stakeholder Value Proposition and Environmental Drivers

Our Goals, Keys to Success and Stakeholder Value Proposition

Monitoring Group

4. One Monitoring Group member suggested the IAASB consider its approach to using and defining the term “public interest” in its strategy, including considering whether it is possible to draw on the Monitoring Group's draft framework (pending the release of the framework).

Other Respondents

5. Respondents generally supported the goal as set out in the Consultation Paper, but suggested that the goal should specifically refer to **public interest** because it is the public interest that is the overriding objective for standard-setting, and therefore the primary consideration in determining priorities and allocating resources.
6. Given the importance of the term public interest, other respondents suggested defining public interest or developing a ‘public interest framework’ to assist the IAASB to better understand and address different stakeholders' needs.
7. Related to the ‘Stakeholder Value Proposition’ it was suggested that more should be added in relation to the IAASB's resources, in particular others involved in the process (such as NSS, regulators etc.) and also to emphasize the need for the IAASB to obtain or maintain relevant skills and knowledge to keep pace with the developments of the profession and the business environment, as well as having individuals with expected technical proficiency in auditing and assurance.

Our Opportunities and Challenges – Environmental Drivers

Monitoring Group

8. One Monitoring Group member suggested the IAASB identify its key stakeholders and focus its efforts on proactively reaching out to those stakeholders to ensure that all relevant views are heard.
9. One Monitoring Group member noted that it is not always directly clear how the environmental drivers are reflected in the identified strategic themes and actions and that the **strategy should link the drivers and themes more clearly**.

Other Respondents

10. There was broad support for the identified environmental drivers, particularly for the environmental driver ‘advancement in, and use of, **technology**.’ Respondents highlighted that advanced technologies are increasingly affecting businesses. With respect to audits, it was highlighted that technology can significantly change the nature and extent of activities undertaken by auditors.
11. Similar to the Monitoring Group comment, respondents noted that it is not always directly clear how the environmental drivers are, or will, impact the IAASB’s International Standards and how they are reflected in the identified strategic themes and importantly, the IAASB’s future actions. It was therefore suggested that a clearer link between the identified environmental drivers and the proposed strategic themes and actions be made.
12. In addition, other key themes were noted by respondents including:
 - That it should be clearer within the strategy document that in considering the environmental drivers the IAASB **balanced the needs of all its stakeholders**.
 - Noting that stakeholder identification is not only about determining who the stakeholders are, but also about determining their specific needs and whether those needs are matters that should be addressed in the public interest. It was noted that clearer stakeholder identification may also assist the IAASB in identifying the best ways to manage the many expectations. However, respondents acknowledged that reconciling the needs of varying stakeholders, or prioritizing different and competing calls for action, is challenging.
 - With respect to the environmental driver ‘changing expectations and public confidence in audits’, it was suggested that the environmental driver be split as the way that this is articulated is unclear. It was also noted that the proposed Strategy and Work Plan links changing stakeholders’ expectations to fraud, and going concern. It was noted that these topics are not necessarily related to changing expectations, but instead related to shortcomings or failures in audit or a widening ‘expectation gap’ between what the public expects from an audit and what an audit is actually designed to do.
 - Understand the root causes of identified issues. It was noted that not all issues require a standard to be changed because the issues may relate, for example, to the implementation of a standard or be educational in nature. If a change to a standard is warranted, the issues need to be clear for the IAASB to process the changes efficiently and for the change to be effective. It was further noted that if the cause or nature of the issue is properly identified, it will result in a more responsive solution, including that this may also help with proportionality.

Question 2 – Strategy and Focus and Strategic Actions

General

Monitoring Group

13. Two Monitoring Group members suggested including **more detailed plans about how the targeted output would be achieved**, including providing more information about resources needed and how priorities are set as the IAASB develops its Work Plans.
14. Two Monitoring Group members noted that the **Monitoring Group's reforms** are likely to affect the IAASB, but any disruption caused by the transition should be minimized.

Other Respondents

15. Respondents agreed with the strategic actions identified by the Board but had various suggestions about how to further enhance the strategic actions. The following themes, that relate to one or more strategic actions, were identified:
 - Monitoring Group review—Respondents recognized that there is uncertainty regarding the IAASB's future operations due to the reforms being contemplated by the Monitoring Group. It was noted that these reforms are likely to affect the IAASB during the 2020-2023 strategy period and it was suggested that the IAASB remains adaptable to accommodate any future changes arising from the Monitoring Group review.
 - Resources—It was suggested including more detailed plans about how the IAASB's resources will be used for the various topics suggested in the strategic actions. It was also suggested that ways be identified to more effectively use the current Staff and Board members' time.

Strategic Theme A – Complete Our Major Audit Quality Enhancements and Enable Them To 'Take Root'

Monitoring Group

16. Three Monitoring Group members supported the revisions to ISA 315 (Revised), ISA 600 and the Quality Management standards, noting the importance of timely completion of these projects and the effective implementation of the changes.
17. One Monitoring Group member noted the importance of the post-implementation review of the auditor reporting standards and ISA 540 (Revised).

Other Respondents

18. With respect to Theme A, the following matters were noted:
 - The need for a period of stability—It was suggested that after the completion of the significant projects mentioned in Strategic Theme A, there should be a period of stability. This period of stability would allow the orderly and effective implementation of these standards and enable them to 'take root.'
 - Further consideration about the drafting approach to ISA 315 (Revised)—Respondents suggested that further consideration be given to whether the revised drafting approach to ISA 315 (Revised) (as presented to the Board in the March 2019 meeting) should be applied to

other standards currently under review (i.e., new exposure drafts being developed or when finalizing current projects).

Strategic Theme B – Further Challenge and Enhance the Fundamentals of Our International Standards

Monitoring Group

19. One Monitoring Group Member supported the IAASB's planned activities related to professional skepticism.
20. One Monitoring Group member suggested that when scoping new projects, if an issue affects several standards that those standards are all amended at the same time.

Other Respondents

21. Respondents urged the IAASB to place more emphasis on changing technologies and the impact on audits. It was noted that the current proposal to assess further implications of evolving technologies on the IAASB's standards is an insufficient response considering the pervasive impact on the future of auditing, and the potential for technology to revolutionize or disrupt the auditing profession. It was also noted that exploration of data analytics is already outdated from the perspective that firms are turning to the next wave of innovation in technology for audits. This includes technology such as artificial intelligence, robotics process automation and drones. It was suggested that further consideration be given to:
 - Developing a 'strategy' about how to address technology within the IAASB's standards.
 - Explore whether guidance on how new technologies and related advancements should be audited (crypto assets were mentioned, but it is a broader consideration).
 - Evaluate what changes may be necessary to the suite of audit evidence related standards (e.g., ISAs 500, 505, 520, 530).
22. Regarding IAASB considerations for new activities, respondents noted that the IAASB should take sufficient time to ensure that the proposed new or revised standards are understandable, scalable and have benefited from robust consideration of practical implications. It was also suggested before starting a new standard setting or implementation activity, information-gathering and research should be undertaken to understand the fundamental underlying issue(s).

Strategic Theme C – Develop Ways to Address Complexity, While Maintaining Scalability and Proportionality

Monitoring Group

23. Two Monitoring Group members were of the view that the project on less complex entities (LCE) is a low priority project as it is not addressing a key public interest issue (as the particular Monitoring Group members are focused on public companies).

Other Respondents

24. Respondents supported **digitizing the IAASB pronouncements** or start other interactive solutions to facilitate end user application of the standards themselves. It was suggested that the IESBA e-code might serve as a useful example of how such an approach could be applied in practice.

25. Other respondents strongly emphasized that the **project on less complex entities** (LCEs) should be prioritized, and that the IAASB's activities in the upcoming strategy period should go beyond information-gathering and research. Mixed views were expressed though about the way forward. As a possible way forward, it was suggested that separate auditing standards for less-complex entities be developed. It was noted that these standards should be based on the same principles as the ISAs. Respondents were of the view that separate auditing standards for LCEs could be developed in a much shorter timeframe than reengineering the current suite of ISAs. Others suggested applying the revised drafting approach for ISA 315 (Revised) (see paragraph 18 above) as a possible way to address the complexity of the standards.
26. Other matters raised by respondents included:
- Taking into account in the Strategy and Work Plan the matters that are raised by respondents to the LCE Consultation Paper.
 - Concerns that the IAASB has moved away from developing truly principles-based auditing standards, to longer, more rules-based, complex and detailed standards.

Theme D – Strengthen and Broaden Our Capability and Capacity to Respond by Innovating Our Ways of Working [summary to be presented in second Steering Committee call relating to the changes to the “Framework for activities” (also Question 3)]

Theme E – Deepen Our Connectivity and Collaboration Opportunities

Monitoring Group

27. Two Monitoring Group members highlighted the importance of closer collaboration with IESBA.
28. One Monitoring Group member supported outreach with the body that will succeed the International Accounting Education Standards Board (IAESB) and suggested to strengthen the collaboration with the International Accounting Standards Board (IASB) and investors.

Other Respondents

29. Respondents agreed that **the IAASB should collaborate with others** as set out in Theme E of the Strategy and Work Plan and specifically highlighted:
- With respect to collaboration with **NSS**, that the collaboration should focus on how this coordination can be enhanced and formalized when the issues driving a national standard-setting project have global relevance. In that respect it was suggested to consider using NSSs in developing non-authoritative guidance or other material. It was also noted that collaboration with NSSs minimizes the differences between the ISAs and locally adopted standards.
 - With respect to collaboration with **IESBA**, that enhancing the coordination efforts ensures that the auditing and assurance standards are consistent with the *International Code of Ethics for Professional Accountants (including International Independence Standards)*.
 - With respect to collaboration with the **IASB**, that closer interaction was encouraged to ensure that any emerging changes to the financial reporting environment are identified at an early stage. It was noted that this is of increasing importance due to the development of new complex accounting standards.

- With respect to collaboration with the body that will succeed the IAESB, it was noted that the IAASB should stay connected to the strategic issues related to education, specifically related to professional skepticism, and develop a working relationship with the newly created body.

Question 4 – Work Plan for 2020–2021

Monitoring Group

30. Two Monitoring Group members asked the IAASB to develop industry-specific non-authoritative guidance with respect to auditing accounting estimates for banks and insurance companies. They noted that ISA 540 (Revised) is a principle-based standard and that such guidance would support a proper implementation of ISA 540 (Revised) for audits of financial institutions.
31. Two Monitoring Group members acknowledged the importance of research and outreach but noted that there is a risk that if not suitably targeted, such activities could become too time consuming and delay the IAASB's work on projects. It was recommended that the IAASB establish clear targets and deadlines for research projects so that they do not become open ended projects.
32. One Monitoring Group member suggested:
 - Revising ISA 330 to reflect the revisions made to ISA 315 (Revised);
 - Evaluating the needs for revisions of the relevant auditors' responsibilities and work to be performed in connection to fraud and going concern, given that there is an expectation gap regarding the current provisions of the ISAs and the expectations of different stakeholder groups.
33. One Monitoring Group member included several suggestions for new projects, including ISA 540 (Revised), ISA 530, ISA 320, ISA 520 and ISA 620. The Monitoring Group member also supported the development of guidance on the use of technology in the audit.
34. One Monitoring Group member encouraged the IAASB to focus on the audit evidence project and to evaluate the needs for enhancements of the standards for areas related to the determination of the level and quality of evidence required, including any related consideration of materiality, audit sampling, and analytical procedures.

Other Respondents

35. Respondents highlighted the importance of setting realistic timelines for the IAASB's projects included in the Work Plan. It was noted that the proposed timing in the Work Plan is, in a number of cases, overly ambitious. In particular, it was questioned whether the timeline for the quality management standards, ISA 315 (Revised) and ISA 600 is achievable. Respondents noted that the timing for ISA 600 and ISA 315 (Revised) had already been changed since the publication of the Consultation Paper. Respondents were also of the view that the IAASB should take adequate time to produce robust standards, rather than to rush out standards to make a deadline.
36. Respondents had many suggestions for new projects that the IAASB should start, for example:
 - A project on audit evidence including ISA 500, ISA 505, ISA 520, ISA 530 and ISA 620;
 - Standards or non-authoritative guidance related to data analytics and new technologies (e.g., ISA 500, ISA 530 and ISA 330). Also see paragraph 21 above.

- A project to address the issues related to audits of LCE. Also see paragraph 25.
 - A project that enhances the auditor's responsibilities with respect fraud and going concern. It was noted that each of these areas have the potential to have a significant impact on the reputation and credibility of the audit profession and are important areas to reconsider in light of developments around the world.
 - Implementation support for recently revised standards such as ISA 315 (Revised) and the Quality Management Standards once complete.
 - Revising ISA 330 to reflect the revisions made to ISA 315 (Revised). It was noted that it is important to make sure that all the concepts in ISA 315 (Revised) are consistently used and aligned in ISA 330.
 - Post-implementation review of ISA 720 (Revised). A post-implementation of ISA 720 (Revised) could be informative given the practical issues in determining the scope of other information and also given the IAASB's project on extended external reporting.
 - Guidance on joint audit engagements. Several NSS members have already issued similar guidance in their jurisdictions, joint audits have recently been required in several countries and is being discussed in the United Kingdom as part of the debate on the future of the audit.
 - Revise ISRE 2410 and ISAE 3400. Respondents noted that both standards are not in clarity format but are used in practice around the world. It was suggested that the standards be drafted in clarity format with help from NSS (e.g. the Australian and New Zealand Auditing Boards are currently revising the local version of ISRE 2410).
37. With respect to the professional skepticism it was suggested:
- Embedding professional skepticism in the existing projects instead of a separate project of itself.
 - More clearly articulating the actions of the Professional Skepticism Working Group.
 - Developing non-authoritative guidance with examples to indicate what "professional skepticism looks like in practice."
38. With respect to the projects in the information-gathering and research phase, respondents noted that projects (like audit evidence, professional skepticism and LCEs) have been in that phase for a long time. They therefore recommend having a thorough monitoring system in place to monitor the progress of projects in that phase (although respondents understood and acknowledged that adequate information-gathering and research are necessary).

Question 5 – Other Matters

Monitoring Group

39. One Monitoring Group member noted that lessons should be learned based on previous experiences with the progression of the IAASB's agenda and incorporated in this Strategy and Work Plan. For example, the number of topics in the Work Plan seemed too many, and actual delivery may lag behind the expectations.

40. Another Monitoring group member noted that, following a loss of confidence in audit quality and the audit product in some jurisdictions, there is much discussion about the future of audit. Some of those discussions fall outside the scope of the IAASB's responsibilities but others may not, for example whether:
- The binary audit report remains the right model;
 - An audit should focus more on fraud or the entity's business models; and
 - Whether the scope of an audit should be changed. For example, should other parts of the annual report be the subject of a reasonable assurance report, or should there be a report on internal controls.

Other Respondents

41. Respondents highlighted the following other matters for the IAASB's consideration:
- It was suggested further emphasis be placed on the lessons learned from:
 - Post implementation reviews; and
 - Previous strategy and work plans;to see how they can be used to enhance the standards (based on post-implementation reviews) and the planning of future projects (based on previous strategy and work plans).
 - It was suggested educating stakeholders on the role and value of an audit, in the light of the decreasing confidence and trust in audits (at least in some countries) and a persistent expectation gap between what auditors are required to do and what stakeholders expect.
 - It was suggested monitoring developments that indicate changing demands and stakeholder needs for the audit. It was noted that this is of critical importance to maintaining the relevance of the audit in the current fast-changing environment, and is also necessary so that audit and assurance continue to appropriately serve the public interest. In that regard it was also noted that the environmental drivers should not be seen in isolation, but collectively in relation to the longer-term view of the audit profession and audit and assurance, and the role of the IAASB in this regard.